MMBB Financial Services 2018 Annual Report

A Financial Services Ministry™

Your Plan Your Path Your Future

Your Plan
Your Path
Your Future

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Planning Your Path to Financial Wellness

Following a path or pathway is integral to the way we live our lives. Whether it is a physical path on a road or a set of goals on a career path, it moves us from points A to B. But before you start your journey, you should have a plan.

To reach a destination where you've never been before, determining a route in advance can be an efficient and effective way to assure success. Using a GPS or a physical map to guide you will more than likely help you travel the right roads and avoid the possibility of never reaching your destination.

> You show me the path of life. In your presence there is fullness of joy; in your right hand are pleasures forevermore.
>
> Psalms 16:11 (NRSV)

When a minister prepares a sermon, he or she decides on the scripture and the theme, conducts biblical research and creates an outline to guide him or her during the writing process. Without preparation, the sermon may lack purpose and cohesion, and listeners may not follow the message.

As the builder prepares to build a house, he or she relies on an architectural plan before laying the first brick. Without such a plan, the builder could construct a home unsuitable for occupancy instead of one with a solid foundation.

At MMBB, planning is also essential to the way we serve our members and carry out our mission. Helping you start on the right path to financial wellness is the core of MMBB's ministry. Financial planning is key to financial wellness. It gives you a solid foundation for reaching your goals. Our financial experts guide you every step of the way on your financial journey, helping you steer toward your financial objectives.

We can also help your church or faith-based organization evaluate a current plan or create its first retirement and benefits program from the ground up.

Life is filled with many twists and turns, some of which can be difficult to navigate. MMBB is here to help you decide which way to turn when dealing with a challenge.

MMBB's Strategic Pastoral Excellence Program Is Changing Lives

As part of our emphasis on planning, we have continued our Strategic Pastoral Excellence Program (SPEP), one of the initiatives under our Lilly Endowment Inc. grant. It is a robust three-year program designed to increase financial confidence and competency. The expectation is that the clergy and their spouses who are accepted into the program will engage in a transformative experience that will strengthen their financial wellness and well-being. We are working with young ministers, helping them to develop financial plans that will free them up to focus on their ministry. Ministers who are engaged in their second or third calls and lay church leaders are also benefiting from the program.

SPEP participants work with our CERTIFIED FINANCIAL PLANNER™ professionals to help them decide what to do now and what to do next on their journey to financial well-being. One attendee said that not only was her CFP® a good listener, but that she was also very helpful in asking the right questions. This is a remark that we heard from other participants who have worked with our CFP®s. Participants also attend sessions on debt management, taxes, compensation and retirement planning.

Because planning is so crucial to financial goals, MMBB CFP®s encourage SPEP participants to create a budget by breaking down any and all expenses. They show members how to make their financial goals part of their budgets and how their budgets can be a tool to help them think ahead.

As one SPEP attendee said, "This group has given me the courage to overcome my inability to be intentional about tracking my expenses. Now I am able to make better decisions about how I spend my money."

One couple reported that they had begun to thank God for their money matters and that also gave them the ability to change their money attitudes. Perhaps most significant is that many couples cited increased ability to pay down their debt, which was a major stressor in their lives.

SPEP is designed to also help participants break the cycle of poor money management habits that are sometimes unconsciously rooted in participants' upbringings. We aim to shift their mindsets to have a positive effect on their families, their congregations and future generations. Many pastoral leaders explained that they were not only the go-to person in their congregations but also in their extended families. One pastor, who was single, shared how he was thought of as "Uncle Money Bags" by his nieces and nephews, and even his sisters and brothers. Pastoral leaders found that by learning to say no initially, it reinforced their decisions to save more and give more in meaningful ways.

In 2018, two of our four cohorts that met offsite included several lay leaders. There was an emphasis on communications between pastoral and lay leaders and how the laity can be advocates for pastoral leaders in their congregations. The inclusion of the laity was not only well received, but it provided for richer conversations during the SPEP offsite. It was also helpful for clergy and laity to hear the same information at the same time. We observed that when there is real communication secrecy decreases.

Relationships between cohort members grew in their first year together, as they had the chance to connect even more intentionally through quarterly conference calls and offsite meetings. These relationships with other cohort members have created "safe spaces" for difficult discussions, giving participants the assurance that they are not alone. This has allowed them to learn from each other as they share best practices. SPEP members have not only worked to keep each other accountable for information shared but have also encouraged each other to build the confidence to change their financial stories.

A sustainability grant of $493,000 from the Lilly Endowment awarded in 2018 for the Strategic Pastoral Excellence Program runs through 2021. We look forward to extending this program to even more members.

Leveraging Our Publication Resources
In 2018, MMBB unveiled a new identity including a fresh public image with a new logo, messaging and color scheme that expresses the connection between faith and finance.

MMBB revitalized various publications including *Getting Started on the Road to Retirement,* which has a crisp new look, and the *News and Notes* annuitant newsletter. We added more lifestyle content on topics about healthy aging to help annuitants enjoy their golden years.

Three of our certified financial planning professionals appeared in an edition of *Church Executive* to discuss how to approach some of the biggest financial challenges for the clergy. Our *Tomorrow* newsletter included a three-part series discussing tax reform and how the Tax Cut and Jobs Act of 2017 may affect your finances. Other articles covered the Lilly Initiative's Debt Stress Pilot Program, and a series concerning what members and spouses need to know when dealing with the death of an MMBB member. We also introduced a new column called Ask the CFP®, where our staff of CERTIFIED FINANCIAL PLANNER™ professionals answer your financial planning questions. We are taking advantage of every publication resource possible to assist members with improving their financial wellness.

I have taught you in the way of wisdom; I have led you in right paths.

Proverbs 4:11 (NKJV)

Providing More Sophisticated Service Solutions

We completely revamped the satisfaction survey to focus on the overall satisfaction of those we serve so that we can enhance our response to members' needs. Our Customer Relationship Management System lets us provide surveys in real-time so that we can address customer concerns immediately. We value member feedback and review it regularly to improve our service delivery.

When you went to college or seminary, you may have developed a plan to take coursework that would lead you on your path to a degree. You more than likely consulted with a counselor to make sure you took the appropriate courses for your major and to earn enough credits to graduate.

Similarly, our financial planners provide education that helps members navigate their way to increased financial literacy and wellness. Our financial planners are not driven by commissions and do not sell products: They are driven by ministry and therefore, this service is offered at no cost as a benefit of membership.

As one member commented, "MMBB is committed to building God's kingdom and helping you to be better kingdom builders."

We launched MMBB FINANCIAL PLANNERS, LLC, a wholly owned subsidiary of The Ministers and Missionaries Benefit Board (MMBB) to support financial literacy, wellness and personal financial planning among those we serve. We realize that financial planning is personal and specific to each individual, so it should be separate from MMBB Financial Services. MMBB Financial Planners, LLC, was created to be a readily identifiable entity dedicated to better customizing our financial coaching to individual members.

In 2018, staff continued to take advantage of new educational opportunities resulting in designations that are intended to enhance financial coaching and planning for you. A more specialized core of CFP®s with additional expertise can take a more comprehensive look at your finances to help you determine if you have enough money to retire and to aid you in tackling monetary issues beyond retirement. The service center now has individuals who are qualified with the designations:

- Wealth Management Certified Professional® (WMCP®) which takes a holistic view of a members' finances.
- Behavioral Financial Advisor™ (BFA™) that takes into account research on why people make financial decisions, which helps members focus on long-term goals rather than financial markets.

Give careful thought to the paths for your feet and be steadfast in all your ways.

Proverbs 4:26 (NIV)

Our webinars, seminars and workshops teach members and their spouses about topics that will assist them in mapping out their financial goals. Last year, we offered six webinars: financial planning basics, retirement income planning, college planning, social security, long-term care planning and estate planning. MMBB provided 19 seminars and workshops, and 500 members attended Autumn Quest events. Autumn Quest workshops are designed to help members anticipate, plan and shape their retirement.

Roads are sometimes long and winding, but we are here to help members navigate the twists and turns that may arise on the path to financial well-being. Fundraising is a priority in those efforts. In 2018, through the Heritage of Sharing ministry, we awarded just under $4 million in grants and aid to assist members in need. This fundraising effort allowed us to provide emergency assistance, medical subsidies and educational grants to members and temporary premium assistance to churches in times of financial stress. Heritage of Sharing also enabled us to support the ministry through scholarships to career development centers for ministers and those seeking ordination.

Technology

We increased our efforts to strengthen our cybersecurity and deployed additional measures to protect our members' and employers' confidential data. As in previous years, MMBB met all cybersecurity compliance requirements mandated by the New York State Department of Financial Services for financial services organizations.

In 2018, we expanded our security awareness training for employees and implemented a new email screening system to enhance our efforts to maintain a safe environment for conducting business. This, in turn, allows us to increase safeguards to member and employer nonpublic information as we apply best practices for minimizing the risk of exposure.

During 2018, we completed testing of Ariel recordkeeping systems in order to launch the first phase of the project in January 2019. Ariel provides online financial and retirement/benefits solutions that will enhance MMBB's ability to offer state of the art financial services, increase operational efficiencies and reduce cyber risk. The next phase in the effort, the Ariel Employer Portal, will position us to serve our employers more effectively as we transition from paper to online invoicing. It will also allow employers to perform certain activities online themselves through a self-service model. The paperless environment is faster and easier for employers and increases the accuracy of information. We are looking forward to rolling out additional features of the Employer Portal to enhance member and employer experiences.

Investment Strategy

2018 proved to be a challenging year for the capital markets, which is reflected in the investment performance of MMBB's funds. Most notably, fears over trade wars and a global economic slowdown triggered volatility in the fourth quarter. As a result, the United States stock market experienced a nine percent drop in the broad equity indices in December. We continue to exert rigorous oversight of all assets under management.

MMBB's Investment Committee approved a restructuring of the international equity asset class fund including changing money managers who comprise the asset class. The new architecture of the international equity asset class facilitates a better balance between growth and value stocks and allows us to significantly reduce management fees.

Early in 2018 MMBB launched the Fossil Fuel-Free Balanced Fund ("FFFBF"), expanding to 10 the number of fund options available to members. FFFBF offers environmentally sensitive members the ability to invest in a diversified fund of equities and fixed income, while excluding fossil fuels from their investments. The FFFBF implements excellent governance by using several screens to validate the exclusion of fossil fuels. MMBB continues to offer its original Balanced Fund and its New Horizons Fund, both diversified options.

At MMBB, we understand that a turbulent stock market may be a cause for concern for members who are retired as well as those nearing retirement. Despite economic factors and actuarial adjustments, the Annuity Fund had positive returns in 2018 resulting in an annuity payout value of $73.45 per unit that is modestly increased for 2019: 0.08 percent above the 2018 payout of $73.39. The payout was approved by MMBB's Board of Managers at the Fall 2018 MMBB Board meeting. The Annuity Payout Value is determined on September 30 each year using the higher of three values: either the actual value of a unit of the Annuity Fund as of September 30; or the six-month average value of a unit of the Annuity Fund as of September 30; or the downside guarantee of 95 percent of the current payout value.

MMBB is here to help if the current value of the annuity payout puts stress on your finances. Our emergency funds provide assistance should you have to make choices about how to afford basic needs like food or medical services.

We live out our mission when we help our members achieve their financial goals. It is a joy for us to witness the transformation of people's financial lives. It is a blessing to walk and work with our members on their journeys toward financial well-being. We continue to be inspired knowing that our ministry is making a difference in the lives of clergy, their families and their congregations.

Louis P. Barbarin
Chief Executive Officer

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, are 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 MMBB's Balanced Fund.

The Balanced Fund seeks to provide a diversified, medium volatility option that balances assets that traditionally have higher growth potential with others that typically are more stable.

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 2018, there were 59 deaths of preretired members, and MMBB paid $3,521,446 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 2018, there were 101 deaths of retired members, totaling $818,667 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.

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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 this year for RMMO is "Extending Our Hands to Our Neighbors." The 2018 offering receipts totaled $1,016,772, a decrease of 0.8% when compared with the 2017 receipts of $1,024,706. Of this amount, $437,212 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; 3,497 checks were distributed in 2018 ranging from $50 to $276. The average check was $171.

Since 1980, eligible retired ABC lay employees have received comparable Thank You checks from MMBB's legacy funds. In 2018, a total of $97,499.46 was distributed to 773 recipients for this purpose.

RMMO Contributors

MMBB gratefully acknowledges the following people who contributed $500 or more to the 2018 Retired Ministers and Missionaries Offering:

Carol F. Sutton

William J. Watko

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 2008. *Dollar amounts in thousands except for accumulation unit value* and average compensation.*

	2018	2017	2008	Percent Change 2017–2018	Percent Change 2008–2018
Managing the Resources					
Market Value of Total Net Assets	$2,429,907	$2,713,953	$1,905,895	(10.47%)	27.49%
Meeting the Obligations					
Comprehensive Plan					
Net Assets	$1,863,236	$2,084,079	$1,489,312	(10.60%)	25.11%
Benefits Paid	$ 132,199	$ 126,792	$ 132,784	4.26%	(.44%)
Accounts Receiving Deposits	4,573	4,762	5,745	(3.97%)	(20.40%)
Annuities**	6,293	6,316	5,425	(.36%)	16.00%
Accumulation Unit Value*	$55.53	$60.07	$28.10	(7.56%)	97.62%
Retirement Only Plan					
Net Assets	$ 66,550	$ 71,158	$ 16,886	(6.48%)	294.11%
Benefits Paid	$ 3,678	$ 3,278	$ 4,736	12.20%	(22.34%)
Accounts Receiving Deposits	2,334	2,484	1,466	(6.04%)	59.21%
Annuities	286	251	48	13.94%	495.83%
Member Contribution Plan					
Net Assets	$ 234,845	$ 260,872	$ 166,030	(9.98%)	41.45%
Benefits Paid	$ 15,730	$ 15,065	$ 18,815	4.41%	(16.40%)
Accounts Receiving Deposits	2,401	2,607	1,825	(7.90%)	31.56%
Annuities	1,226	1,201	1,075	2.08%	14.05%
Deductible Employee Contribution Account					
Net Assets	$ 1,292	$ 1,539	$ 1,572	(16.05%)	(17.81%)
Benefits Paid	$ 133	$ 112	$ 256	18.75%	(48.05%)
Annuities	26	29	75	(10.34%)	(65.33%)
MMBB Death Benefit Plan					
Reserve	$ 28,668	$ 32,866	$ 24,670	(12.77%)	16.21%
Benefits Paid	$ 4,382	$ 3,322	$ 2,014	31.91%	117.58%
MMBB Special Benefits Fund					
Reserve	$ 87,422	$ 97,818	$ 85,045	(10.63%)	2.79%
Benefits Paid	$ 3,242	$ 3,624	$ 4,101	(10.54%)	(20.95%)
Assisting Ministers, Missionaries and Lay Employees					
Assistance to Ministers and Missionaries	$ 3,529	$ 3,343	$ 4,544	5.56%	(22.34%)
Benefits Paid to Lay Employees	$ 409	$ 370	$ 404	10.54%	1.24%
Fund Balance of Legacy Funds	**$ 146,526**	**$ 164,102**	**$ 127,125**	**(10.71%)**	**15.26%**
Average Compensation/Ministers	**$ 58,707**	**$ 57,912**	**$ 48,986**	**1.37%**	**19.84%**
Average Compensation/Lay	**$ 40,635**	**$ 40,128**	**$ 39,751**	**1.26%**	**2.22%**

Parentheses indicate decrease. N/A indicates not applicable.

* Balanced Fund. On October 1, 2005, the Balanced Fund was split 10 to 1. The per-share values for prior years have been revised to reflect this change.

** Restated using revised definitions.

Investment Review

The year 2018 began on a high note. For the first half of the year global stock markets soared, and MMBB's investments soared along with them, certain of them nearly touching 30%. Although the U.S. stock market continued to exhibit strength through the third quarter, cracks began to emerge internationally. Europe turned negative over political uncertainties and trade tensions. Emerging markets were challenged by competition from higher U.S. interest rates, trade disputes and turmoil in Turkey, Argentina and Venezuela. By the fourth quarter, volatility had worked its way around the globe, and equities declined sharply across most regions and sectors.

The result was that the year 2018 was nearly a mirror image of 2017: in 2017 MMBB's International Blended Equity Fund was the top performing of the 10 investment options. In 2018 the reverse was true. In 2017 all three of MMBB's U.S. equity options (the U.S. Equity Index Fund, the U.S. Blended Equity Fund and the Social Awareness Fund) posted strong double-digit returns; in 2018 all three declined in value. Fortunately in the first quarter of 2019 the U.S. stock market staged a strong rally and all of these three options participated in it. One thing did not change: MMBB's two low-risk options, the Stable Value Fund and the Money Market Fund, both earned modest, but positive, returns.

The bond market faced two headwinds in 2018: Credit conditions tightened with the Federal Reserve continuing to raise interest rates, and the turn in investor sentiment spurred bond market participants to seek safety, causing instruments that were not Treasuries to decline. The result can be seen in MMBB's U.S. Bond Fund, which declined slightly for the year.

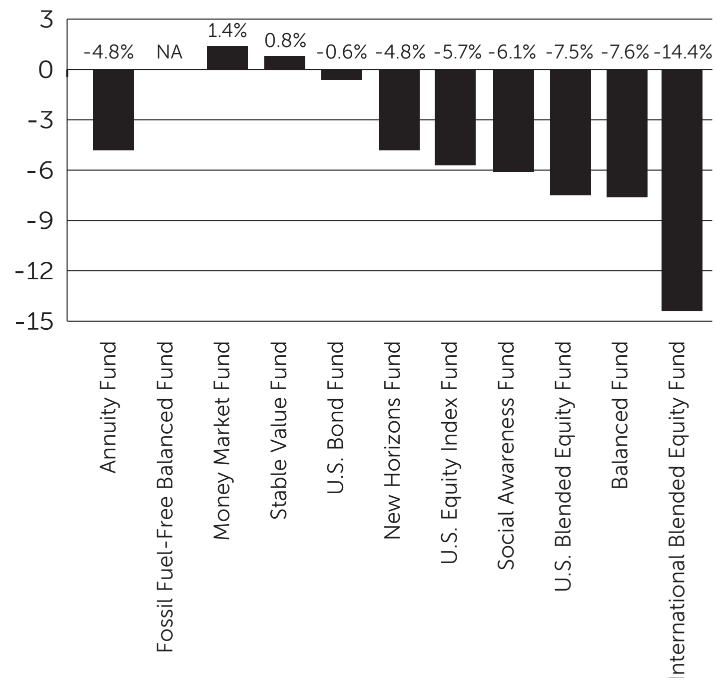
In the spring of 2018 MMBB's Fossil Fuel-Free Balanced Fund joined the Balanced Fund and the New Horizons Fund as the third multi-asset class investment option for members' unannuitized assets. Each of the three funds is constructed differently, their risks and opportunities detailed on MMBB's website. What they have in common, however, is serving as diversified, medium-risk options that are able to take advantage of MMBB's institutional buying power.

MMBB's Balanced Fund is the default option for members still accumulating assets prior to retirement. At year-end assets in the Balanced Fund stood at over $1 billion, giving MMBB the wherewithal to manage a very diversified portfolio. The Balanced Fund's decline of over 7% for the year was a reflection of the global markets in which it is invested. Its three largest asset classes, U.S. equity, non-U.S. developed markets equity and emerging markets equity each detracted approximately 2% in value. Diversification into hedge funds and short duration bonds provided some cushion, but their comparative impact was modest.

The New Horizons Fund shares investments with MMBB's Annuity Fund. It is more diversified than the Balanced Fund, incorporating not only stocks, bonds and hedge funds as the Balanced Fund does, but segments of 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. 2018 was the year when this strategy paid off. In contrast to the Balanced Fund, which declined over 7%, the New Horizons/Annuity Funds declined less than 5%. The New Horizons/Annuity Funds experienced the same difficulties as the Balanced Fund, but had the benefit of private investments providing a positive offset of 1.0% and real estate a similar 0.7% impact.

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, 2018



Investments Under Management

Investments Under Management

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

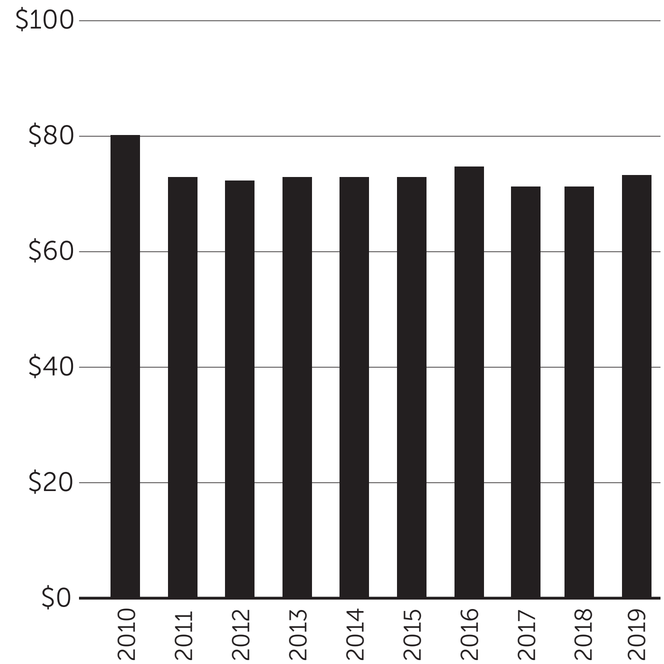
	2018	Percentage of Market Value	2017	Percentage of Market Value	2008	Percentage of Market Value
Assets						
Cash and Cash Equivalents						
U.S. Cash and Cash Equivalents	**$ 94,446**	**3.92%**	$ 293,006	10.87%	$ 175,477	9.32%
Non-U.S. Cash and Cash Equivalents	**–**	**0.00%**	–	0.00%	128	0.01%
Total Cash and Cash Equivalents	**94,446**	**3.92%**	293,006	10.87%	175,605	9.33%
Debt Obligations						
U.S. Treasury Obligations & Government Agency	**131,630**	**5.46%**	98,159	3.64%	81,577	4.33%
Mortgage Related	**108,325**	**4.49%**	132,034	4.90%	–	0.00%
Asset-Backed	**65,074**	**2.70%**	24,801	0.92%	–	0.00%
Corporate Bonds	**183,818**	**7.62%**	178,476	6.62%	39,572	2.10%
International Bonds	**112,239**	**4.65%**	121,284	4.50%	–	0.00%
Other Bonds	**52,014**	**2.16%**	63,061	2.33%	–	0.00%
Total Debt Obligations	**653,100**	**27.08%**	617,815	22.91%	121,149	6.43%
Equities						
U.S. Common Stock	**651,273**	**27.00%**	764,048	28.33%	332,440	17.67%
Non-U.S. Common Stock	**524,051**	**21.73%**	604,876	22.43%	51,805	2.75%
Preferred Stock	**–**	**0.00%**	–	0.00%	–	0.00%
Non-U.S. Preferred Stock	**–**	**0.00%**	–	0.00%	757	0.04%
Total Equities	**1,175,324**	**48.73%**	1,368,924	50.76%	385,002	20.46%
Interest/Dividends Receivable	**–**	**0.00%**	–	0.00%	1,847	0.10%
Pooled Funds	**491,242**	**20.37%**	433,297	16.07%	1,201,698	63.86%
Receivables for Securities Transactions	**–**	**0.00%**	–	0.00%	30,768	1.63%
Forward Currency Contracts	**86,428**	**3.58%**	58,602	2.17%	–	0.00%
Investment Choices Receivables	**–**	**0.00%**	–	0.00%	82	0.00%
Valuation Margin	**–**	**0.00%**	–	0.00%	5,124	0.27%
Futures Contracts	**4,150**	**0.17%**	3,846	0.14%	42,939	2.28%
Securities Lending Collateral	**113,167**	**4.69%**	111,126	4.12%	28,561	1.52%
Total Assets	**2,617,857**	**108.54%**	2,886,616	107.04%	1,992,775	105.88%
Liabilities						
Securities Sold, But Not Yet Purchased	**–**	**0.00%**	7,278	0.29%	47	0.00%
Short Sales	**–**	**0.00%**	–	0.00%	77,349	4.11%
Payables for Securities Transactions	**2,174**	**0.10%**	1,538	0.06%	808	0.03%
Written Options	**–**	**0.00%**	471	0.00%	–	0.00%
Foreign Tax Dividend	**–**	**0.00%**	–	0.00%	5	0.00%
Forward Currency Contracts	**86,428**	**3.58%**	58,602	2.17%	–	0.00%
Futures Contract	**4,150**	**0.17%**	3,846	0.14%	–	0.00%
Management, Advisory and Services Fees	**–**	**0.00%**	3,523	0.13%	2,058	0.11%
Investment Choices Liabilities	**–**	**0.00%**	3,586	0.13%	2,096	0.11%
Securities Lending Liability	**113,167**	**4.69%**	111,126	4.12%	28,561	1.52%
Total Liabilities	**205,919**	**8.54%**	189,970	7.04%	110,924	5.88%
Net Assets	**$ 2,411,938**	**100.00%**	$2,696,646	100.00%	$ 1,881,851	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 2019 is $73.45.

The annuity unit payout values for 2010–2019 are shown on the graph to the right. Retired members experienced increases in their annuities two times during this period.

Annuity Payout Values 2010–2019



Legacy Funds (The Endowment)

On December 31, 2018, the value of MMBB's legacy funds (the endowment) was $146,526,000.

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.

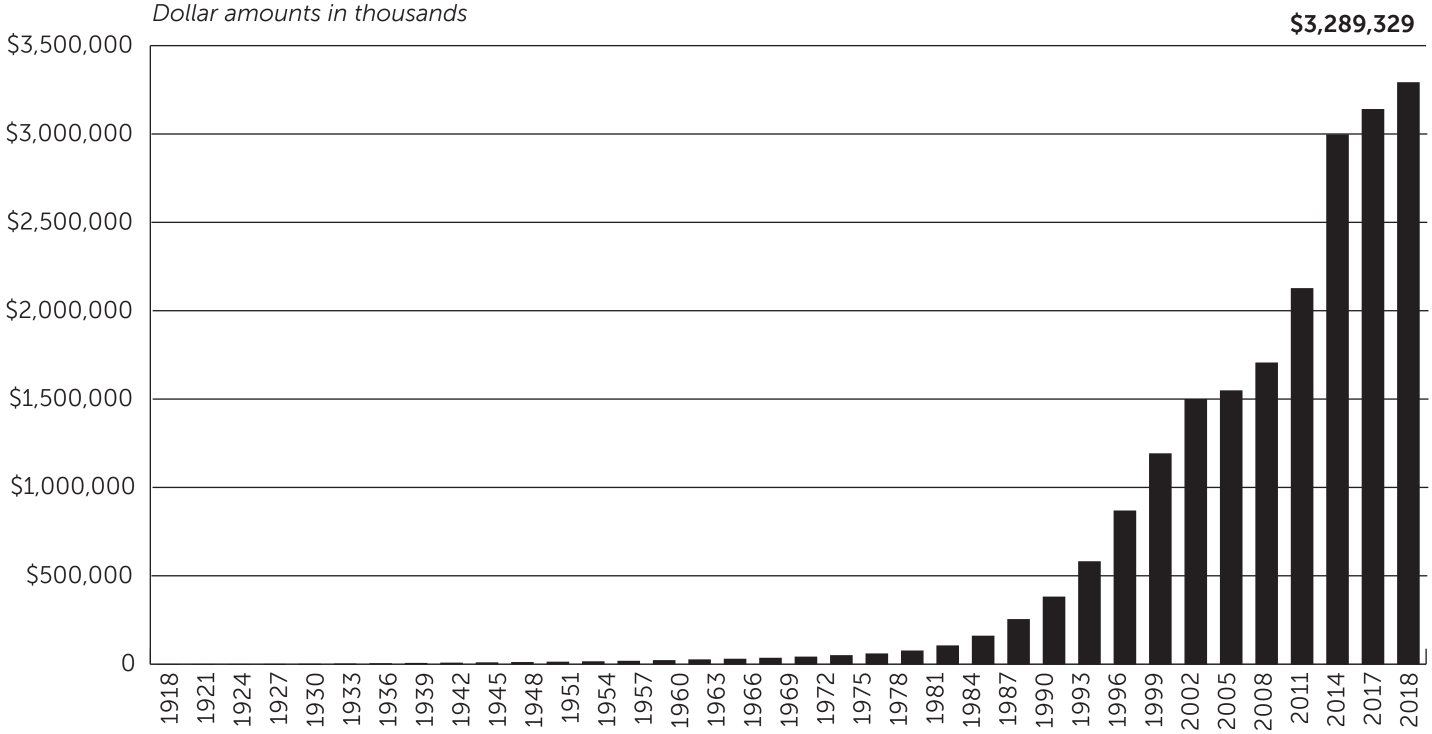
Resources from the endowment also provide benefits for plan members over and above contractual plan benefits. These include strategic premium assistance, educational grants, emergency financial assistance and a subsidy to help eligible annuitants purchase medical coverage.

Legacy Funds

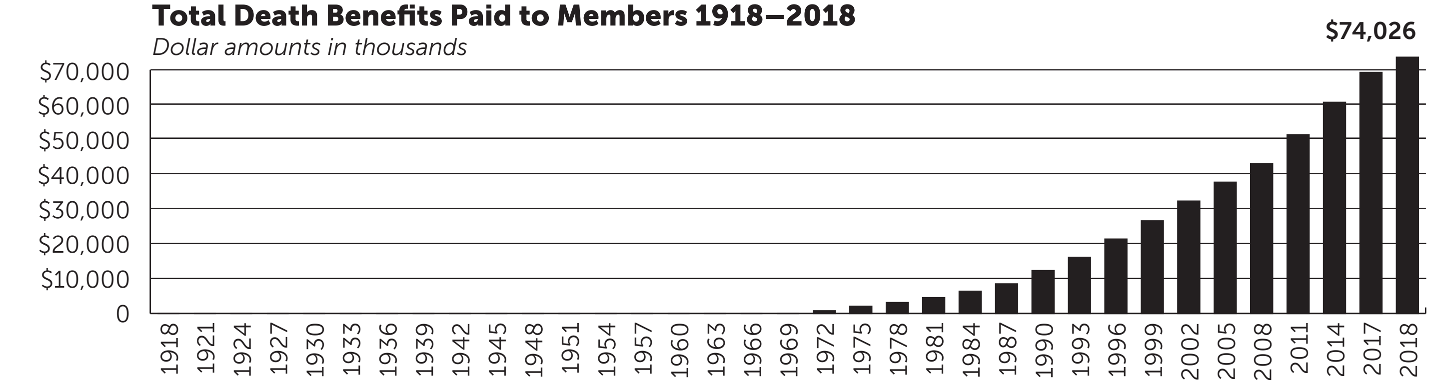
Dollar amounts in thousands

	2018	2017	2008
Balance, December 31	**$146,526**	$164,003	$127,125
Number of Beneficiaries			
Annual Grants	61	64	55
Emergency Assistance	321	299	268
Gift	25	27	5
Lay Employees Retirement Allowance	3	5	23
Premium Aid, including Strategic Premium Assistance	13	16	42
Lay Thank You Checks	773	744	639
Medicare Supplement	716	803	1,591

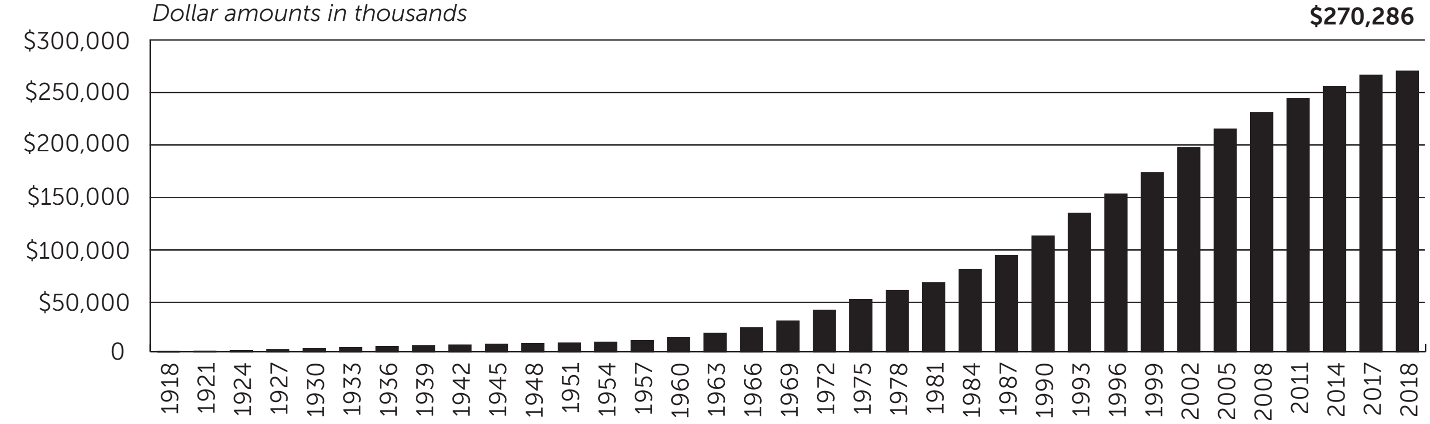
Total Retirement Benefits Paid to Members 1918–2018
Dollar amounts in thousands



Total Death Benefits Paid to Members 1918–2018
Dollar amounts in thousands



Cumulative Noncontractual Benefits Paid by MMBB 1918–2018
Dollar amounts in thousands



Independent Auditor's Report

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

We have audited the accompanying 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, 2018, 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.

Management's Responsibility for the 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; this includes 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, information regarding the combined net assets available for benefits of The American Baptist Churches Retirement Plans as of December 31, 2018, and the changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit of the combined financial statements was conducted for the purpose of forming an opinion on those combined statements as a whole. The accompanying combining schedule of changes in net assets available for benefits presented on page 34 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 benefit 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 benefit 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 auditing standards generally accepted in the United States of America. 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

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Management's Discussion and Analysis section preceding the combined financial statements are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic combined financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

BDO USA, LLP

New York, New York
April 25, 2019

Independent Auditor's Report

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

We have audited the accompanying 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, 2018, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Ministers and Missionaries Benefit Board of American Baptist Churches as of December 31, 2018, 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.

Other Matters

Supplementary Information

Our audit of the consolidated financial statements 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 35 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 auditing standards generally accepted in the United States of America. 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

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Management's Discussion and Analysis section preceding the consolidated financial statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

BDO USA, LLP

New York, New York
April 25, 2019

American Baptist Churches Retirement Plans Financial Statements

Combined Statement of Net Assets Available for Benefits

As of December 31, 2018 (in thousands)

Assets	
Receivables, Net	$ 9,603
Investments Under Management	2,144,432
Due from MMBB	12,464
Total Assets	**$2,166,499**
Liabilities	
Accounts Payable and Accrued Expenses	$ 576
	576
Net Assets	
Retirement Plan	1,863,236
Tax-Deferred Annuity	66,550
The Annuity Supplement	234,845
Deductible Employee Contribution Account	1,292
Total Net Assets Available for Benefits	**2,165,923**
Total Liabilities and Net Assets Available for Benefits	**$2,166,499**

See Notes to Financial Statements.

Combined Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 2018 (in thousands)

Additions	
Premiums	$ 49,394
Net Investment Loss from Investment Under Management	(131,099)
Transfer from MMBB	2,473
Total Reductions	**(79,232)**
Deductions	
Benefits	151,740
Investment Management Fees	20,753
Total Deductions	**172,493**
Net Decrease	**(251,725)**
Net Assets Available for Benefits, Beginning of Year	**2,417,648**
Net Assets Available for Benefits, End of Year	**$2,165,923**

See 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, 2018 (in thousands)

Assets	
Cash and Cash Equivalents	$ 6,266
Receivables	4,067
Investments Under Management	267,535
Investment in Tenancy in Common	4,573
Other Assets	3,633
Mortgages Receivable	2,081
Securities Lending Collateral	113,167
Fixed Assets, Net	3,300
Total Assets	**$404,622**
Liabilities	
Accounts Payable and Accrued Expenses	$ 3,674
Due to Retirement Plans	12,464
Retired Ministers and Missionaries Offering	306
Securities Lending Payable	113,167
Accrued Postretirement Benefits	11,027
Total Liabilities	**140,638**
Net Assets	
Without Donor Restrictions:	
Legacy Funds	145,652
General Fund	–
Death Benefit Plan	28,668
Special Benefits Fund	87,336
Total Without Donor Restrictions	**261,656**
With Donor Restrictions	**2,328**
Total Net Assets	**263,984**
Total Liabilities and Net Assets	**$404,622**

See Notes to Financial Statements.

Consolidated Statement of Activities

For the year ended December 31, 2018 (in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Premiums	6,921	–	6,921
Contributions	2,259	364	2,623
Legacies and Annuity Agreements	9	–	9
Kewa Rental Income	1,688	–	1,688
Investment Loss, Net	(18,337)	–	(18,337)
Net Assets Released from Restrictions Upon Satisfaction of Donor-Imposed Stipulations	2,685	(2,685)	–
Total Reductions	**(4,775)**	**(2,321)**	**(7,096)**
Expenses			
Program Activities	14,700		14,700
Supporting Activities	10,339	–	10,339
Total Expenses	**25,039**	**–**	**25,039**
Change in Net Assets Before Decrease in Additional Postretirement Benefits Obligation	**(29,814)**	**(2,321)**	**(32,135)**
Decrease in Additional Postretirement Benefits Obligation	**12**	**–**	**12**
Change in Net Assets	**(29,802)**	**(2,321)**	**(32,123)**
Net Assets, Beginning of Year	**291,458**	**4,649**	**296,107**
Net Assets, End of Year	**261,656**	**2,328**	**263,984**

See 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, 2018 (in thousands)

Cash Flows from Operating Activities:	
Change in Net Assets	$(32,123)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation and Amortization	603
Net Loss on Investments	18,337
Benefit Obligation	(12)
Decrease in Assets:	
Receivables	439
Investment in Tenancy in Common	172
Other Assets	46
Mortgages Receivable	465
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	98
Due to Retirement Plans	747
Retired Ministers and Missionaries Offering	(24)
Accrued Postretirement Benefits	(212)
Net Cash Used in Operating Activities	**(11,464)**
Cash Flows from Investing Activities:	
Purchases of Fixed Assets	(588)
Proceeds from Sale of Investments	59,119
Purchases of Investments	(45,249)
Capital Contribution to Tenancy in Common	(125)
Net Cash Provided by Investing Activities	**13,157**
Net Increase in Cash and Cash Equivalents	**1,693**
Cash and Cash Equivalents, Beginning of Year	**4,573**
Cash and Cash Equivalents, End of Year	**$ 6,266**
Supplemental Disclosures of Cash Flow Information:	
Cash Paid for Interest	$ 28
Cash Paid for Taxes	$ 108

See Notes to Financial Statements.

Notes to Financial Statements

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. The Board'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 2018, MMBB's contribution was $1,030.

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, Medical Plan, the Lilly Fund and the MMBB Financial Planners, LLC. The Legacy Funds and Lilly Funds are administered in accordance with the terms of the donors. 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 American Baptist 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. Income is also available for operating expenses of the Retirement Plans, the Death Benefit Plan and the Special Benefits Fund. The Medical Plan was frozen effective December 31, 2014.

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. 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

Notes to Financial Statements

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.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available, the accounts of the Board are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified into funds according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. As of February 18, 2011, 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 Plan's 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, Medical Plan, 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 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 restriction, 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. Transfers to pay benefits are recognized when earned. Rental income is recognized when earned.

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, 2018, the incentive fees were $889. MMBB charges an administrative fee of up to an annualized 50 basis points (0.5%). The fee applies to all funds under the Board's management other than the Legacy Funds and Lilly Fund. This fee is charged in addition to the investment management fee that applies to each fund. Currently, the Board has implemented a 50-basis-point fee that is assessed pro rata daily across all funds, (a current exception is the treatment of the Money Market Fund; due to the low interest rate environment of recent years, MMBB has temporarily waived a portion of the administrative charge for the Money Market Fund. As of the end of 2018 investors in MMBB's Money Market Fund effectively experienced an annual administrative charge of 0.20%, rather than the full 0.50%) which means that for every $100 under management, the administrative fee equals $0.50 each year. For the year ended December 31, 2018, MMBB charged an administrative fee to the funds of approximately $12 million. 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 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.

Notes to Financial Statements

Securities and Portfolio Valuation

Financial instruments are carried at fair value. Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("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 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 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 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 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 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 ("NAV") 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 2 of the fair value hierarchy.

Notes to Financial Statements

Private Equity and Fund of Funds: Private Equity and Fund of Funds comprise approximately 7.79% of the Board's investments and consist of investments in infrastructure, energy, secondary equity, timber and commingled funds. 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 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 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.

Futures Contracts: The Board invests in futures contracts to maintain its exposure to asset classes in accordance with the targets through its overlay investment manager. 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 $12.07 million as of December 31, 2018. As part of its due diligence process, MMBB surveyed its overlay manager, 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.

Investment return, net is reported in the Consolidated Statements 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 statement of changes in net assets available for benefits its net investment income (loss) from its interest in Investment 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 $40.05 million for MMBB and for the Retirement Plans for the year ended December 31, 2018.

Foreign Currency

The Board has investments in several international equity funds. 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, 2018, the target spending rate for the General Fund was set not to exceed 5.0% pursuant to this policy. The actual spending rate for this time period was 4.35%.

Cash Equivalents

The Board considers all investments with an original maturity of three months or less to be cash equivalents. The Board maintains most of its cash balances at one major financial institution. At times, the amounts on deposit at this institution 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 Investment Under Management includes cash and cash equivalents amounting to $95.

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, 2018, there was no allowance for doubtful accounts. Loans receivable as stated in the financial statements are deemed by management to be fully collectible.

The amount and age of net loans receivable that are outstanding at December 31, 2018, 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
$ –	$ –	$ –	$ –	$8,636	$8,636

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, 2018:

	Loans Receivable	Date on Which the Information Was Updated for the Credit Quality Indicator
Performing	$ 8,636	12/31/2018
Nonperforming	–	12/31/2018

The remaining receivables amounting to $967 for the Retirement Plans pertains to the premium receivables from participating employees. The receivable as reported in MMBB's consolidated statement of financial position is mainly comprised of the 50-basis-point fee 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, 2018. If a mortgage receivable is in default, management will assess the ultimate collectability of principal and interest on the mortgage receivable. As of December 31, 2018, the total allowance for doubtful accounts for mortgages receivable amounted to $81.

The amount and age of net mortgages receivable that are outstanding at December 31, 2018, 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
$ –	$ –	$ –	$ –	$2,081	$2,081

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, 2018:

	Mortgages Receivable (Net)	Date on Which the Information Was Updated for the Credit Quality Indicator
Performing	$ 2,081	12/31/2018
Nonperforming	–	12/31/2018
Total	$2,081	

Kewa, Inc.

MMBB's 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.

Notes to Financial Statements

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. MMBB capitalizes certain expenses that extends 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, 2018, depreciation and amortization was approximately $603.

Estimated Useful Lives (in Years)	
Leasehold Improvements	10–20
Furnishings	10
Equipment and Computer Software	3–5
Buildings	25–30
At December 31, 2018, Fixed Assets, Net Comprised of	
Leasehold Improvements	$ 5,797
Furnishings	1,711
Equipment and Computer Software	14,494
Buildings	5,838
	27,840
Less: Accumulated Depreciation and Amortization	**(24,540)**
	$ 3,300

Payment of Benefits

Benefits are recorded when paid. Claims expenses are recorded when incurred.

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 programmatic. Grants that are restricted in purpose including the Lilly grant and the Ives Fund are classified as programmatic. All other expenses are considered supporting activities. A summary of MMBB's functional allocation of expenses is as follows:

Program Activities:	
RMMO	51
Non-Contractual Benefits	3,938
Benefits	7,583
Professional Fees	170
Administration Expenses	77
Interest Expense	28
Payments to the Retirement Plan	2,473
Financial Wellness	380
Total Program Activities:	**14,700**

Supporting Activities	
Salaries and Benefits	12,113
Sponsorships	30
Professional Services	5,055
Publications and Printing	821
Travel, Biennial Mission Summit	600
Rent and Utilities	1,054
Financial Planning	43
Hardware/Software	67
Outreach	658
Depreciation and Amortization	603
Kewa Operating	1,495
Administrative charge to the retirement plans (50 basis points)	(12,200)
Total Supporting Activities	**10,339**

Net Asset Classifications

ASC 958-205, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enhanced Disclosures for All Endowment Funds," is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. This statement provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. 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 UPMIFA, makes 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. The law imposes a requirement on organizations to act prudently when spending endowment assets while allowing the organizations to appropriate endowment funds, including the principal, taking into account the uses, benefits, purposes and duration for which the fund was established. NYPMIFA applies to New York not-for-profit, education and religious corporations, associations organized and operated exclusively for charitable purposes, and certain trusts.

Notes to Financial Statements

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, 2018, 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. For the year ended December 31, 2018, there were no interest or penalties recorded or included in the financial statements. As of December 31, 2018, the years still subject to examination by a taxing authority are 2015 through 2017.

Recently Adopted Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities." ASU 2016-14 amends financial statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for annual reporting periods beginning after December 15, 2017. MMBB has adopted and reflected this pronouncement in these financial statements.

In February 2017, the FASB issued ASU No. 2017-06 "Employee Benefit Plan Master Trust Reporting." ASU 2017-06 requires an employee benefit plan within the scope of Topics 960, 962 or 965 to present its interest in a master trust and the change in its interest in the master trust as single line items in the statement of net assets available for benefits and the statement of changes in net assets available for benefits, respectively. In addition, the amendments update and align the disclosure requirements for an interest in a master trust across Topics 960, 962, or 965. The amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Plan management is currently evaluating the impact of the adoption of ASU No. 2017-06 on the Retirement Plans' financial statements.

3. Liquidity and Availability of Resources

The following table reflects MMBB's financial assets as of December 31, 2018, 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, 2018
Cash and Cash Equivalents	6,266
Premium Receivables	4,067
Investments Under Management	267,535
Total financial assets available within one year	**277,868**
Less:	
Amounts unavailable for general expenditures within one year, due to purpose restrictions:	112,744
Total financial assets available to management for general expenditure within one year	**165,124**

General Operating Expenses

Total needs to fund the daily operational activities of MMBB are approximately $25,000 annually. In excess of $16,000 comes from fees, premiums and other sources with the shortfall funded by income generated by Investments Under Management.

Special Benefits and Death Benefits

Special and Death Benefits are funded through premiums and investment income. Current combined premiums are approximately $4,700 annually and total combined expenses are approximately $10,000 annually. The difference between premiums and expenses are funded by investment returns from investments under management.

As per valuations from our MMBB actuaries, both the Special Benefits and Death Benefit plans are funded in excess of 100%.

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, 2018, are in a Master Trust. MMBB and the Retirement Plans have an allocable interest in the Master Trust. At December 31, 2018, MMBB and the Retirement Plans interest in the net assets of the Master Trust was $268 (11%) and $2,144 (89%), 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 as of December 31, 2018:

Equity	$ 1,175
Fixed Income	651
Hedge Fund of Funds	301
Private Equity and Fund of Funds	188
Commodities	2
U.S. Cash and Cash Equivalents	95
	$2,412

The following table presents the changes in the net assets of the Master Trust for the year ended December 31, 2018:

Net depreciation in fair value of Investments	$ (143)
Net Transfers	(3)
Received from plan accounts	252
Received from Trustee	12
Distribution to plan accounts	(380)
Payments to participants	(19)
Administrative Expenses	(4)
Net decrease in Net Assets	**(285)**
Net Assets beginning of year	**2,697**
Net assets end of year	**$2,412**

At December 31, 2018, the cost basis and fair value of Investments Under Management for the Board were $1,005 and $2,412, 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, 2018.

The table below represents the total investment assets and liabilities under management as of December 31, 2018.

	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Assets				
Equity:				
Domestic Small/ Mid Cap	$ 68	$ –	$ –	$ 68
Domestic Large Cap	309	–	–	309
Domestic All Cap	277	–	–	277
International Developed Small/ Mid Cap	51	–	–	51
International Developed All Cap	330	–	–	330
Emerging Markets	230	–	–	230
Fixed Income:				
U.S. Treasury	75	–	–	75
U.S. Government Agency	10	–	–	10
Mortgage-Related	–	108	–	108
Asset-Backed	–	65	–	65
Investment Grade Corporate	–	169	–	169
High Yield Corporate	–	15	–	15
Inflation-Linked	47	23	–	70
International Developed	–	52	–	52
Emerging Markets	–	89	–	89
Securities Lending Collateral	113	–	–	113
	$ 1,510	**$ 521**	**$ –**	**$ 2,031**

Other Investments at NAV or Equivalent:[1]	
Hedge Fund of Funds	$ 301
Private Equity and Fund of Funds	188
Commodities	2
	491
U.S. Cash and Cash Equivalents[2]	**95**
Total Assets	**$ 2,617**

Notes to Financial Statements

	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Liabilities				
Fixed Income	–	2	–	2
Forward Currency Contracts	–	86	–	86
Futures Contracts	4	–	–	4
Securities Lending Liability	113	–	–	113
Total Liabilities	**$ 117**	**$ 88**	**$ –**	**$ 205**
Total Investments Under Management				**$2,412**

[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 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, 2018. In addition, there were no transfers between levels during the year ended December 31, 2018.

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 overlay manager as of December 31, 2018, and lists the net realized gain/(loss) and net change in unrealized gain/(loss), as included in the net investment loss in the statement of changes in net assets available for benefits of the trust for the year ended December 31, 2018.

The below notional amounts which are representative of fair value are presented as of December 31, 2018, 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	$86	$(86)	$.44	$.18
Futures Contracts	$16	$(4)	$(5)	$(2)

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, 2018:

Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund of Funds:				
Equity Long-Short Funds[a]	$249	$–	Quarterly	45–90 days
Multi-Strategy Fund[b]	38	–	Monthly	5 days
Event-Driven Funds[c]	14	–	No Redemptions Allowed	N/A
Private Equity and Fund of Funds[d]	188	140	No Redemptions Allowed	N/A
Commodities[e]	2	–	Quarterly	45–90 days
Total	**$491**	**$140**		

[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 includes an investment in a fund that seeks to maximize returns through a combination of different equity and fixed income strategies. The management of the fund may invest in domestic and international stocks, domestic and international fixed income, commodities, forwards and futures, as well as engage in currency hedging. By allocating its assets among a varied group of strategies, the fund aims to achieve its investment target with lower volatility than any single underlying strategy.

[c]*This class includes investments in funds of hedge funds that seek to profit from the overall shifts in the economic environment. Investments in this class include both equity and fixed income and may include equity in distressed companies, leveraged loans, consumer and corporate loans, and high yield bonds. The managers of the underlying funds identify those segments of the market that are in distress and invest with the strategy that a turnaround in the economy will produce acceptable returns with a low correlation to the traditional bond and equity markets.*

[d]*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.*

[e]*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. At December 31, 2018, cash aggregating $12.07 million was deposited with broker-dealers. Of this amount, $4.15 million was to satisfy margin requirements. These balances, which are included in Investments Under Management, earn interest. 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, 2018, 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 statement of net assets. The Board participates in a securities lending program whereby its custodian may lend its securities to certain borrowers based on, among other things, their creditworthiness in exchange for collateral initially equal to at least 102% of the value of the securities on loan and is thereafter maintained at a minimum of at least 102% of the fair value of the securities loaned. The fair value of the securities on loan to each borrower is monitored daily and the borrower is required to deliver additional collateral if the fair value of the collateral falls below 100% of the fair value of the securities on loan. At December 31, 2018, the fair value of the loaned securities and the amount of the collateral were $110 million and $113 million, respectively. The collateral is equal to 103% of the loaned securities at year end. Under the guidance provided in ASC 860-10, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," the Board recognizes the collateral as an asset and a corresponding liability, which is reported in the statement of financial position. The Board receives compensation, which is net of investment earnings on the collateral, and these earnings are divided between the board and the custodian. The Board's portion of this income, included in the consolidated statement of activities, was $282 for the year ended December 31, 2018.

Notes to Financial Statements

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 statement of financial position at December 31, 2018. The assumed health care cost trend rates for pre-Medicare and post-Medicare were 7.00% and 5.75%, respectively, for 2018. The assumed health care cost trend rates will gradually decline to 4.5% (the ultimate trend rate) in the year 2023. Increasing the assumed health care cost trend rates by one percentage point would increase the postretirement benefit obligation as of December 31, 2018, by $1,660 and increase the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for 2018 by $66. Decreasing the assumed health care cost trend rates by one percentage point would decrease the postretirement benefit obligation as of December 31, 2018, by $1,373 and decrease the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for 2018 by $54. A weighted-average discount rate of 4.09% was used to determine the postretirement benefit obligation and net periodic postretirement benefit cost. The postretirement benefit obligation presented in the financial statements at December 31, 2018, 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 $340. Included in decrease in additional postretirement benefit obligation is a net gain of $12, which is not reflected in net periodic postretirement benefit cost at December 31, 2018. The net periodic postretirement benefit cost recognized in the financial statements was $361 for the year ended December 31, 2018.

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	$ 11,251
Service Cost	11
Interest Cost	418
Actuarial Gain	(81)
Retiree Drug Subsidy Received	–
Benefits Paid	(572)
PBO at End of Year	**$11,027**

PBO Breakout	
Retirees and Surviving Spouses	$ 7,953
Preretired Fully Eligible	3,074
Total PBO	**$11,027**

Change in Plan Assets:	
Fair Value of Plan Assets at Beginning of Year	$ –
Employer Contribution	572
Benefits Paid	(572)
Fair Value of Plan Assets at End of Year	**$ –**

Reconciliation of Funded Status at End of Year:	
Unfunded Status	$ 11,027
Amount Recognized	**$11,027**

Amounts Recognized in the Statement of Financial Position Consist of:	
Current Liabilities	$ 513
Noncurrent Liabilities	10,514
Accrued Postretirement Benefits	**$ 11,027**

Amounts Recognized in Other Changes in Statement of Activities Consist of:	
Net Actuarial Gain	$ (80)
Recognized Prior Service Credit	68
Total Amount Recognized	**$ (12)**

Components of Net Periodic Postretirement Benefit Cost for the Year	
Service Cost	$ 11
Interest Cost	418
Recognition of Prior Service Cost	(68)
Net Periodic Expense	**$361**

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

Gross Estimated Future Benefit Payments Without Subsidy Are as Follows:	
Year ending December 31,	
2019	$ 565
2020	587
2021	623
2022	655
2023	680
2024–2028	3,532
Total for the Next 10 Years	**$6,642**

Estimated Future Subsidy Payments Are as Follows:

Year ending December 31,	
2019	$ 41
2020	47
2021	51
2022	56
2023	59
2024–2028	340
Total for the Next 10 Years	**$594**

7. Investment in Tenancy in Common

MMBB invested 25% in 588 Associates, LP, a limited partnership formed to purchase the Mission Center property located in King of Prussia, Pennsylvania. MMBB had also invested a 25% ownership interest in 588 Associates GP, LLC, a Pennsylvania limited liability company set up to manage the Mission Center. 588 Associates GP, LLC, was the general partner in 588 Associates, LP, with a 1% ownership interest. Effective September 30, 2016, 588 Associates, LP, was terminated and the operating agreement of 588 Associates GP, LLC, was amended and restated to continue its purpose of operating and administering the Mission Center on behalf of the owners. On October 1, 2016, a Tenancy-In-Common was created and MMBB's 25% ownership interest in 588 Associates, LP, and 1% ownership interest in 588 Associates, GP, LLC, were transferred to the Tenancy-In-Common. MMBB records its investment in the Tenancy-In-Common in accordance with the equity method of accounting. The equity interest in this Tenancy-In-Common at December 31, 2018, was $4.5 million. An Officer of MMBB is also an Officer of the Tenancy-In-Common.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available subject to purpose restrictions as follows:

Subject to expenditure for specified purpose:

	2018
Ives Estate Fund	$ 874
MMBB Financial Wellness Project for Pastoral Leaders and Their Congregations	205
MMBB Financial Wellness Project for Pastoral Leaders and Their Congregations-Phase II	714
Planning Grant for MMBB Financial Wellness	25
Bridges: Colloquia for Cultivating Ministry	250
MMBB Financial Wellness Project for Pastoral Leaders and Their Congregations: Sustainability	260
Total Net Assets with Donor Restriction	**$2,328**

9. 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, 2018, all invested assets at fair value that are included in MMBB's Ives Fund are as follows:

Asset Class	**Total**
U.S. Equity	$ 48
International Equity	40
Fixed Income	38
Hedge Fund of Funds	15
Private Equity Funds	25
Tactical Asset Allocation	14
Commodities	3
Cash	5
Total	**$188**

Notes to Financial Statements

The following table provides a reconciliation of the change in MMBB's Ives Fund net assets for the year ended December 31, 2018:

	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. In 2018, MMBB had an annual target spending policy for its endowment assets at a rate not to exceed 5%. The actual spending rate was 4.35% for 2018. MMBB expects its endowment funds, over time, to provide an average rate of return of approximately 7.11%. Actual returns in any given year may vary from this amount. MMBB measures performance of the endowment funds according to a custom blended benchmark.

10. Commitments and Contingencies

MMBB has entered into several noncancelable operating leases for office space and equipment. At December 31, 2018, the aggregate future minimum payments for these commitments were as follows:

Year ending December 31, (in thousands)	
2019	$2,063
2020	1,260
2021	1,260
2022	1,260
2023	1,260
Thereafter	2,520

Rent expense under these leases for 2018 was $824, which is included in MMBB supporting activities.

As of December 31, 2018, the Board was committed to contributing approximately $140 million 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, $28 million is expected to be drawn down in 2019, $28 million in 2020, $21 million in 2021, $21 million in 2022, $14 million in 2023, $14 million in 2024, $7 million in 2025 and $7 million in 2026. 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 $3,000 with a bank that expires on June 30, 2019. Interest at December 31, 2018, was 4.95%. As of December 31, 2018, there was no outstanding balance on the line of credit.

11. Subsequent Events

The Board's management has performed subsequent event procedures through April 25, 2019, 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

For the year ended December 31, 2018 (in thousands)

	Retirement Plan	Tax-Deferred Annuity Plan	The Annuity Supplement	Deductible Employee Contribution Account	Total
Additions					
Premiums	$ 29,084	$ 6,943	$ 13,367	$ –	$ 49,394
Net Investment Loss from Investments Under Management	(108,977)	(5,991)	(16,031)	(100)	(131,099)
Transfer from MMBB	2,473	–	–	–	2,473
Total Reductions	**(77,420)**	**952**	**(2,664)**	**(100)**	**(79,232)**
Deductions					
Benefits	132,199	3,678	15,730	133	151,740
Investment Management Fees	17,923	645	2,171	14	20,753
Total Deductions	**150,122**	**4,323**	**17,901**	**147**	**172,493**
Net Decrease Before Transfer of Net Assets	**(227,542)**	**(3,371)**	**(20,565)**	**(247)**	**(251,725)**
Transfer of Net Assets	**6,699**	**(1,237)**	**(5,462)**	**–**	**–**
Net Decrease	**(220,843)**	**(4,608)**	**(26,027)**	**(247)**	**(251,725)**
Net Assets, Beginning of Year	**2,084,079**	**71,158**	**260,872**	**1,539**	**2,417,648**
Net Assets, End of Year	**$1,863,236**	**$66,550**	**$234,845**	**$1,292**	**$2,165,923**

Supplementary Information

Ministers and Missionaries Benefit Board Consolidating Schedule of Activities

For the year ended December 31, 2018 (in thousands)

	Legacy Funds	Death Benefit Plan	Special Benefits Fund	Lilly Fund	MMBB Financial Planners, LLC	General Fund	Total
Additions							
Premiums	$ –	$ 2,330	$ 2,330	$ –	$ –	$ 2,261	$ 6,921
Contributions	796	–	–	510	–	1,317	2,623
Legacies and Annuity Agreements	9	–	–	–	–	–	9
Kewa Rental Income	1,688	–	–	–	–	–	1,688
Investment Loss, Net	(9,248)	(2,146)	(6,814)	–	–	(129)	(18,337)
Total Reductions	**(6,755)**	**184**	**(4,484)**	**510**	**–**	**3,449**	**(7,096)**
Expenses							
Program Activities							
RMMO	–	–	–	–	–	51	51
Non-Contractual Benefits	–	–	–	–	–	3,938	3,938
Benefits	(41)	4,382	3,242	–	–	–	7,583
Professional Fees	–	–	170	–	–	–	170
Administration Expenses	–	–	–	–	77	–	77
Interest Expense	14	–	14	–	–	–	28
Payments to the Retirement Plans	–	–	2,473	–	–	–	2,473
Financial Wellness	–	–	–	380	–	–	380
Total Program Activities	**(27)**	**4,382**	**5,899**	**380**	**77**	**3,989**	**14,700**
Supporting Activities							
Salaries and Benefits	–	–	–	195	338	11,580	12,113
Sponsorships	–	–	–	–	–	30	30
Professional Services	–	–	–	–	–	5,055	5,055
Publications and Printing	–	–	–	–	–	821	821
Travel, Biennial Mission Summit	–	–	–	–	–	600	600
Rent and Utilities	–	–	–	–	–	1,054	1,054
Financial Planning	–	–	–	–	–	43	43
Hardware/Software	–	–	–	–	–	67	67
Outreach	–	–	–	–	–	658	658
Depreciation and Amortization	603	–	–	–	–	–	603
Kewa Operations	1,495	–	–	–	–	–	1,495
Administrative Charge to the Retirement Plans (50 basis points)	–	–	–	–	–	(12,200)	(12,200)
Total Supporting Activities	**2,098**	**–**	**–**	**–**	**–**	**7,708**	**10,339**
Total Expenses	**2,071**	**4,382**	**5,899**	**195**	**338**	**11,697**	**25,039**
Change in Net Assets Before Decrease in Additional Postretirement Benefits Obligation and Transfer of Net Assets	**(8,826)**	**(4,198)**	**(10,383)**	**(65)**	**(415)**	**(8,248)**	**(32,135)**
Decrease in Additional Postretirement Benefits Obligation	**12**	**–**	**–**	**–**	**–**	**–**	**12**
Change in Net Assets Before Transfer of Net Assets	**(8,814)**	**(4,198)**	**(10,383)**	**(65)**	**(415)**	**(8,248)**	**(32,123)**
Transfer of Net Assets	**(8,663)**	**–**	**–**	**–**	**415**	**8,248**	**–**
Change in Net Assets	**(17,477)**	**(4,198)**	**(10,383)**	**(65)**	**–**	**–**	**(32,123)****
Net Assets Beginning of Year	**164,003**	**32,866**	**97,719**	**1,519**	**–**	**–**	**296,107**
Net Assets, End of Year	**$146,526**	**$28,668**	**$87,336**	**$1,454**	**$ –**	**$ –**	**$263,984***

** Total net assets at year end consist of Without Donor Restriction $261,656, and With Donor Restriction $2,328.*

*** Change in net assets for the year consists of Without Donor Restriction ($29,802) and With Donor Restriction ($2,321).*

Administration

Management Team

Louis P. Barbarin
Chief Executive Officer

Brett Baehr
Chief Financial Officer and Treasurer

Michael Belkin
Chief Technology Officer

James R. Cook
Senior Manager, Large Employer/Mergers & Acquisitions

Candace Cox
Chief Investment Officer

Sara E. Day
Director of Development

William H. Foster
Senior Manager, Marketing & Strategic Relationships

Matthew D. Hoffman
Chief Client Services Officer

Perry J. Hopper
Associate Executive Director

Michael Lattis
Senior Manager, Research and Analytics

Denise E. Peart
Chief Legal and Compliance Officer

Vincent J. Schera
Chief Human Resources Officer

Yvette Vanterpool
Chief Communications Officer

William J. Watko
Financial Services Director

Senior Benefits Specialists

Keith R. Davenport (Senior Manager, Service Center)
Kevin Collier
Grace L. Cruz
Brian K. Haynes
Oscar R. Lanza
Jaswick Williams

Financial Planning

Colin E. Nass, CFP®, RICP® (Senior Financial Planning Manager)
Augustine H. Bau, CFP®
Melody S. Chartier, CFP®
James R. Cook, CFP®
Sara E. Day, CFP®
Matthew D. Hoffman, CFP®, ChFC®
Patricia L. Hunter, CFP®
Alina Parizianu, MBA, CFP®
Paul Weers, CFP®

Retirement Benefits Consultants

Clifton Morgan (Senior Manager)
Augustine H. Bau
Miriam Chacón-Peralta
David K. Hinson
William J. Key

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Dean, Smith School of Christian Ministries
Palmer Theological Seminary, Retired, and Senior Minister, Shiloh Baptist Church
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ICMA-RC
Investment Committee Member

Lifetime Honorary Member

John W. Reed
Ann Arbor, Michigan
Professor of Law Emeritus
University of Michigan
(deceased: March 6, 2018)

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Alinda Capital Partners, LLC
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American Century Investments
Kansas City, Missouri

American Securities Partners
New York, New York

Barlow Partners
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The Investment Fund for Foundations
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Oaktree Capital Management
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Parametric
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Pinnacle Natural Resources, LP
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RBC Global Asset Management (U.S.) Inc.
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Rockpoint Group
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SJF Ventures
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SVB Capital
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TA Realty
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Boston, Massachusetts

Investment Consultant

Mercer
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Actuarial Counsel

Buck
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Mercer
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