

# 2020 Financial Statements

## Combined Financial Statements

For Years Ended:  
December 31, 2020 and 2019

Report of Management

Report of Independent Auditors



**The Pension Boards**  
United Church of Christ, Inc.

WHERE FAITH AND FINANCE INTERSECT

## **Our Mission**

Operating at the intersection of faith and finance, we are caring professionals partnering with those engaged in the life of the church to provide valued services leading to greater financial security and wellness.

## **Our Vision**

The Pension Boards delivers benefits and services from the intersection of faith and finance, providing clergy, lay employees, and all persons served with the peace of mind that comes through greater financial security and better health. The Pension Boards achieves these results through:

- thought leadership regarding faith-based, socially responsible investing,
- professional investment expertise that enhances returns,
- a comprehensive mix of products and services that meet diverse needs,
- innovative application of technology,
- outreach to all settings of the UCC and the greater church, and
- fees and expenses that are at or below industry average.



## The Pension Boards

United Church of Christ, Inc.

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### Report of Management

We have prepared the accompanying combined financial statements of The Pension Boards-United Church of Christ, Inc. (the "Pension Boards") for the years ended December 31, 2020 and 2019. We are responsible for the content, integrity, and objectivity of the financial information presented in this Annual Report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The statements include amounts based on management's best estimates and judgments.

We believe that the financial statements present fairly in all material aspects the financial condition and results of operations for the Pension Boards for the periods presented in this report. The 17-member Board of Trustees, all of whom are independent of the Pension Boards' internal management, oversees the financial statements through its Audit Committee. The Audit Committee is responsible for the appointment of independent public accountants and for approving their compensation.

The Pension Boards' financial statements have been audited by RSM US LLP, independent auditors, whose report appears on Page 3. The independent auditors, engaged to express an opinion on the financial statements, meet periodically with, and have been given free access to, the Audit Committee, without management present, to discuss internal controls, auditing, and financial reporting matters.

The Pension Boards recognizes its system of internal control plays an important role for reliable financial statements. The system is designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and executed in accordance with management's authorization. The control environment is enhanced by the selection and training of competent management; maintaining the highest standards of conduct by employees; appropriately segregating duties and delegating authority; and communicating accounting and operating policies and procedures to Pension Boards' employees.

Brian R. Bodager  
President/Chief Executive

John E. Linzey  
Officer Chief Financial and Operations Officer

March 29, 2021

## Independent Auditor's Report

Board of Trustees  
The Pension Boards – United Church of Christ, Inc.

### Report on the Financial Statements

We have audited the accompanying combined financial statements of The Pension Boards – United Church of Christ, Inc. (the Pension Boards), which comprise the combined statements of financial position as of December 31, 2020 and 2019, the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pension Boards – United Church of Christ, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

New York, New York  
March 29, 2021

**THE PENSION BOARDS-UNITED CHURCH OF CHRIST, INC.  
COMBINED STATEMENTS OF FINANCIAL POSITION**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>ASSETS</b>		
Cash	\$ 4,175,004	\$ 1,795,812
Investments	3,737,443,197	3,480,740,835
Investments held for others managed by Generations Investment Services, Inc	8,150,414	4,670,520
Collateral provided by securities borrowers	64,572,875	132,638,723
Accrued investment income receivable	13,694,518	13,222,601
Receivable from brokers for securities sales	1,207,530	2,079,943
Fixed assets	458,016	609,461
Loans issued by Generations Financial Resources, Inc.	58,551	-
Other assets	6,438,312	5,874,032
<b>TOTAL ASSETS</b>	<u>\$ 3,836,198,417</u>	<u>\$ 3,641,631,927</u>
<b>LIABILITIES AND NET ASSETS</b>		
Payable to securities borrowers	\$ 64,572,875	\$ 132,638,723
Payable to brokers for securities purchases	319,980	892,065
Health benefits payable	3,758,053	3,761,968
Deferred health benefits premiums	1,456,208	497,977
Amounts due to others managed by Generations Investment Services, Inc.	8,150,414	4,670,520
Accrued expenses and other liabilities	14,823,314	9,004,511
<b>Total liabilities</b>	<u>\$ 93,080,844</u>	<u>\$ 151,465,764</u>
<b>ANNUITY PLAN NET ASSETS</b>		
Annuitant fund	\$ 2,208,289,400	\$ 2,028,148,981
Accumulation fund	1,247,327,417	1,196,091,226
<b>Total Annuity Plan net assets</b>	<u>3,455,616,817</u>	<u>3,224,240,207</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Benefit services fund	145,558,580	135,284,507
Operating fund	4,376,712	5,261,445
Generations Companies	1,067,595	-
<b>Total net assets without donor restrictions</b>	<u>151,002,887</u>	<u>140,545,952</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Ministerial Assistance fund	88,594,857	80,965,277
Operating fund	47,903,012	44,414,727
<b>Total net assets with donor restrictions</b>	<u>136,497,869</u>	<u>125,380,004</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,836,198,417</u>	<u>\$ 3,641,631,927</u>

See notes to Combined Financial Statements.

**THE PENSION BOARDS-UNITED CHURCH OF CHRIST, INC.  
COMBINED STATEMENTS OF ACTIVITIES**

	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>
<b>REVENUES AND OTHER SUPPORT</b>		
Investment return, net	\$ 401,925,531	\$ 520,215,618
Health services premiums	57,756,000	58,981,588
Employer pension contributions	30,395,594	30,238,844
Member pension contributions	8,401,899	8,276,261
Christmas Fund appeal	1,807,720	1,522,345
Lilly Endowment Grant receipt	-	1,000,000
Our Church's Wider Mission	299,764	280,099
Donations and legacies	239,444	841,818
Generations Investment Services, Inc. management fees	19,760	-
Generations Financial Resources, Inc. loan interest	537	-
Other	745	18,392
<b>Total revenues and other support</b>	<b>500,846,994</b>	<b>621,374,965</b>
<b>EXPENSES</b>		
Pension payments to annuitants	149,582,878	148,942,689
Partial withdrawals and lump-sum payments	18,212,204	16,764,654
Health services claims	58,762,140	59,190,872
Health services costs	4,932,690	5,713,435
Administrative costs	11,523,696	13,134,172
Ministerial Assistance grants	2,541,365	2,806,052
Ministerial Assistance programs and administrative costs	2,340,611	2,509,070
<b>Total expenses</b>	<b>247,895,584</b>	<b>249,060,944</b>
<b>INCREASE IN NET ASSETS</b>	<b>\$ 252,951,410</b>	<b>\$ 372,314,021</b>
<b>COMPOSITION OF CHANGE IN NET ASSETS</b>		
Increase in Annuity Plan net assets	231,376,610	343,840,107
Increase in net assets without donor restrictions	10,456,935	14,915,569
Increase in net assets with donor restrictions	11,117,865	13,558,345
<b>INCREASE IN NET ASSETS</b>	<b>\$ 252,951,410</b>	<b>\$ 372,314,021</b>
Beginning net assets	3,490,166,163	3,117,852,142
<b>Ending net assets</b>	<b>\$ 3,743,117,573</b>	<b>\$ 3,490,166,163</b>

See notes to Combined Financial Statements.

**THE PENSION BOARDS-UNITED CHURCH OF CHRIST, INC.  
COMBINED STATEMENTS OF CASH FLOWS**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from members and employers for pension plan	\$ 40,123,094	\$ 38,576,121
Cash received from members and employers for health services premiums	59,143,425	58,571,147
Cash received from Our Church's Wider Mission	262,761	301,434
Cash received from Christmas Fund appeal	1,812,522	1,527,147
Cash received from contributors	273,293	872,667
Cash received by Generations Investment Services, Inc. from external parties	2,575,325	1,835,869
Cash received from the Lilly Endowment Grant	-	1,000,000
Cash received from income on investments	77,309,761	87,115,645
Cash received from investment management fees paid to Generations Investment Services, Inc.	9,760	-
Cash received from loan interest paid to Generations Financial Resources, Inc.	342	-
Miscellaneous receipts (payments)	745	18,392
Payments made to annuitants, members, and beneficiaries from the pension plan	(167,834,464)	(167,054,305)
Payments made to participants and providers for health services claims and costs	(58,707,992)	(59,057,430)
Cash paid to employees, suppliers, and providers of services	(30,553,921)	(30,261,580)
Grants disbursed	(2,915,365)	(1,512,134)
Net cash used in operating activities	(78,500,714)	(68,067,027)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	3,297,581,356	3,284,836,462
Purchase of investments	(3,216,678,588)	(3,215,099,393)
Purchase of equipment	(22,862)	(114,118)
Net cash provided by investing activities	80,879,906	69,622,951
<b>NET INCREASE IN CASH</b>	2,379,192	1,555,924
<b>NET CASH, BEGINNING OF YEAR</b>	1,795,812	239,888
<b>NET CASH, END OF YEAR</b>	\$ 4,175,004	\$ 1,795,812
Securities received by Generations Investment Services, Inc. from external parties	\$ -	\$ 2,834,651

See notes to Combined Financial Statements.

# THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

### 1. ORGANIZATION

**The Pension Boards-United Church of Christ, Inc.** (the “Pension Boards”), an Affiliated Ministry of the United Church of Christ (“UCC”), provides retirement, disability, life insurance, medical, dental, and vision benefits for clergy and lay employees of the UCC, its predecessor religious denominations, and UCC-related organizations, through the administration of retirement and other benefit plans. As an Affiliated Ministry of the UCC, the Pension Boards is able to serve all other ministries of the UCC. The Pension Boards also acts as the investment-holding corporation and manages investments in commingled pools of common investment types.

**United Church Board for Ministerial Assistance, Inc.** (“Ministerial Assistance”) holds, manages, and distributes funds to provide direct support to authorized ministers and lay church employees of the UCC whose circumstances call for compassionate responses, and offers specialized initiatives and insightful witness to promote sustainable ministry within the church. Ministerial Assistance maintains The Christmas Fund for the Veterans of the Cross and the Emergency Fund to receive contributions from an annual church-wide appeal. These contributions help provide small pension supplementation, health benefits supplementation for retirees, emergency grants, and Christmas “thank you” checks to lower-income retirees and their spouses/partners.

The Pension Boards is the plan sponsor of **The Annuity Plan for the United Church of Christ**, as amended, (the “Annuity Plan”), which is a defined contribution plan and is a tax-exempt retirement income account program described in section 403(b)(9) of the Internal Revenue Code of 1986, as amended (“Code”). The Annuity Plan is a Church Plan within the meaning of Code section 414(e) and is not subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Pension Boards is the Trustee of the Annuity Fund Trust, which was established to hold in trust money and other property of the Annuity Plan on behalf of and for the benefit of members and beneficiaries of the Annuity Plan.

#### **Annuity Plan - Accumulation Fund**

The Pension Boards maintains a separate account or accounts for each member. Member and employer contributions are credited to members’ accounts and are invested according to instructions received from members. Contributions may be allocated by members, in five percent (5%) increments, among any or all of the following investment funds: the Pension Boards’ Stable Value Fund, the Pension Boards’ Bond Fund, the Pension Boards’ Equity Fund, the Pension Boards’ Balanced Fund, six Pension Boards’ Target Annuity Date Funds, and the Northern Trust Global Sustainability Index Fund. Effective December 31, 2020, we closed the Target Date Annuity Date Fund (TAD) 2020 and opened to our membership TAD 2045 and TAD 2050 for member and employer contributions. Investment results are credited or charged to members’ accounts in accordance with provisions of the Annuity Plan. With prior online or written notice, members may change their allocations of current account balances and future contributions, effective the first day of the following month. The accounts of active and inactive members who have not yet annuitized are included in the Accumulation Fund in addition to retirement savings account contributions made by or on behalf of annuitants and lump sum transfers by members at the time of annuitization.

## **THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

#### **1. ORGANIZATION (continued)**

##### **Annuity Plan - Annuitant Fund**

Reserves for Annuitants, which contain funds designated to provide for annuity payments to annuitant members, are included in the Annuitant Fund. Upon retirement, all or a portion of the value of a member's individual accumulation account in the Annuity Plan is transferred to Reserves for Annuitants and is used to fund actuarially-determined monthly benefit payments of a variable amount. Members may choose between two available annuities (Basic and Participating, as described below). Both annuities provide a lifetime income for members; all but one of the payment options make provision for beneficiaries named by the members. Monthly retirement income is determined based upon the age of the member (and that of a Joint Annuitant, if applicable), the amount of assets in a member's accumulation account, and the form in which the benefit will be paid (for example, Single Life Annuity, or Joint and Survivor Annuity), using an assumed investment rate of return of 4% per year. Annuitants may elect to receive either a Basic or a Participating Annuity. The Basic Annuity has supporting investments in public fixed-income securities and in private alternative fixed income. The Participating Annuity has supporting investments comprised of equity securities, fixed-income, and real and other private assets with a target allocation of 55% to equities, 35% to fixed-income securities, and 10% to real and other private assets.

##### **Benefit Service Fund and Welfare Plan Trust**

The Pension Boards is also a plan sponsor of church welfare benefits plans, including plans providing employer group medical, long-term and short-term disability, death benefits, dental benefits, and vision benefits ("Welfare Plans"). The Pension Boards established the Welfare Plans Trust to hold title to certain assets of the Welfare Plans for the sole and exclusive benefit of the participants of the Welfare Plans. The Welfare Plans Trust is held within the Benefit Services Fund. The Benefit Services Fund includes net assets and activities relating to Welfare Plans. Self-insured short-term disability, medical, dental, and vision plans are administered by third-party administrators. The Pension Boards also offers members a life insurance and long-term disability income benefit plan, which is underwritten by an independent commercial insurance carrier.

##### **Generations Financial Resources, Inc.**

Generations Financial Resources, Inc., is a controlled affiliate of The Pension Boards-United Church of Christ, Inc. The Corporation is an exempt non-profit corporation under Section 501(c)(3) of the Code organized exclusively for religious and charitable purposes to support the mission, and for the benefit, of the Pension Boards, including to promote financial literacy of clergy members of the United Church of Christ as well as to offer loans for refinancing a portion of their education debt on more favorable terms. Generations Financial Resources aims to further the Faith and Finance mission of the Pension Boards by improving the financial wellness of UCC clergy.

# **THE PENSION BOARDS–UNITED CHURCH OF CHRIST, INC.**

## **NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

### **1. ORGANIZATION (continued)**

#### **Generations Investment Services, Inc.**

Generations Investment Services, Inc. is a controlled affiliate of The Pension Boards-United Church of Christ, Inc. The Corporation is an exempt non-profit corporation under Section 501(c)(3) of the Code organized exclusively for religious and charitable purposes to support the mission, and for the benefit, of the Pension Boards. Generations Investment Services utilizes investment principles that incorporate Environmental, Social, and Governance (ESG) criteria to provide UCC and related entities with options and that are in alignment with their faith and values. The Pension Boards also offers additional investment related services to support client operations as needed.

#### **Operating Fund**

In addition to the Accumulation, Annuitant, Ministerial Assistance, and Benefit Service Funds described in Note 1, the financial statements include the Operating Fund. The Operating Fund includes net assets and activities relating to the administrative functions of the Pension Boards. The Operating Fund pays for the other funds' expenses and is reimbursed through the monthly net settlement process.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting and Combination**

The accompanying combined, accrual basis, comparative financial statements include the assets, liabilities, activities, and cash flows of the Pension Boards (which include Benefit Services and Operating Funds), Ministerial Assistance, the Annuity Plan, Generations Financial Resources, Inc., and Generations Investment Services, Inc. on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All inter-corporate balances have been eliminated in the combination. Included within the Pension Boards is a consolidated entity, 475 Fund, Ltd., an exempted company with limited liability, incorporated under the laws of the Cayman Islands. The Pension Boards owns 100% of the voting shares of 475 Fund, Ltd., which was established to hold investments in hedge funds, managed on a discretionary basis, by an external investment manager. Please see Note 4 for additional information.

#### **Use of Estimates**

The preparation of financial statements in conformity with 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 and realized and unrealized gains and losses during the reporting period. The fair values of investments represent the most significant estimates and assumptions. Actual results could differ from those estimates and assumptions.

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments

Investments under management are commingled and held by the Pension Boards' custodial bank pursuant to a Master Custody Agreement. The Investment Committee of the Board of Trustees is responsible for supervising the Pension Boards' investment program.

The Statement of Investment Policy of the Pension Boards establishes guidelines relating to permissible investments and to diversification, liquidity, duration, concentration, and quality of investments. This policy permits the purchase and sale of S&P 500 Index futures contracts by an external investment manager to equitize cash in the management of the S&P 500 Index strategy. The policy also permits the Chief Investment Officer ("CIO") to use certain exchange-traded futures to shift among asset classes and managers within the Pension Boards' Equity Fund and to rebalance the Pension Boards' Balanced Fund among asset classes subject to certain restrictions. Pension Boards staff continue to monitor adherence to the policy and guidelines by investment managers. Fixed-income futures and Swaps usage by the Core Fixed Income team were approved by the Investment Committee of the Board of Trustees.

Investments are reported at fair value in accordance with FASB, Accounting Standards Codification ("ASC") Topic No. 820, Fair Value Measurement. Securities traded in active markets on national and international securities exchanges are valued at closing prices on the last business day of each year presented. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Note 4 provides additional information concerning fair value measurement including valuations of non-marketable securities.

Investment transactions are accounted for on the date the securities are purchased or sold, which is the trade date. A corresponding payable to or receivable from the transaction counterparty is recorded until cash and securities are exchanged on the settlement date. Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Realized gain or loss represents the difference between the proceeds received on a sale of a security and its historical cost. Unrealized appreciation or depreciation is the difference between the fair value of a security and its historical cost.

Investments denominated in non-U.S. dollar currencies are translated at the exchange rates in effect at each financial statement date. Gains and losses from the sale of such investments are translated at the exchange rates in effect at the transaction date.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, liquidity, and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the combined statements of financial position.

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue Recognition

Employer and member pension contributions and benefit services premiums are recorded when received. Benefit Services premiums that are received prior to the insured period are shown as deferred health benefits premiums on the accompanying combined statements of financial position.

Donations and legacies are recognized as revenue in the year in which the unconditional promise to give is received.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Account Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a comprehensive guidance on the recognition of revenue earned from contracts with customers arising from the transfer of goods and services, accounting for certain contract costs and new disclosures. The Pension Boards adopted this accounting standard in 2020 and recorded management fee revenue for Generations Investment Services, Inc. when earned. The total management fee revenue was \$19,760 for the year ended December 30, 2020, and is recorded in the accompanying combined financial statements.

### Investment Held for Others managed by Generation Investment Services, Inc.

The Pension Boards sponsored the establishment of Generations Investment Services, Inc. The assets, liabilities, and activities of Generations Investment Services, Inc. are consolidated into the combined financial statements of the Pension Boards.

It is the policy of Pension Boards and Generations Investment Services, Inc. management that assets received from external entities for the purpose of investment management by Generations Investment Services, Inc. will not be allocated to the net assets of Pension Boards, and thus have no impact on the combined statement of activities. Assets returned to external entities by Generations Investment Services, Inc. also bear no impact to the combined statement of activities. The policy is consistent with FASB issued *ASC 958-605-25 – Transfers of Assets to a Not-for-Profit Entity of Charitable Trust That Raises or Holds Contributions for Others*; wherein Generations Investment Services, Inc. accepts assets in an agent capacity and transfers of assets are not contributions, which would otherwise impact net assets.

Amounts managed by Generations Investment Services, Inc. for other entities are recorded as asset investments held for others managed by Generations Investment Services, Inc., with offsetting liability amounts due to others managed by Generations Investment Services, Inc. in the combined financial statements.

Investment management fee income due to Generations Investment Services, Inc. are included in the combined statement of activities and increase the net assets in the combined financial statements accordingly. Expenses incurred by Generations Investment Services, Inc. will be included in the combined statement of activities and decrease the net assets in the combined financial statements.

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income Taxes

The Pension Boards, a New Jersey nonprofit corporation, and Ministerial Assistance, a Connecticut non-stock (nonprofit) corporation, are private organizations exempt from federal income tax under Section 501(c)(3) of the Code. The Annuity Plan is exempt from federal income tax as a retirement income account plan under Section 403(b)(9) of the Code. The Welfare Plans Trust is exempt from tax pursuant to Section 501(a) of the Code. While exempt from federal income tax, the Pension Boards, Ministerial Assistance, the Annuity Plan, and the Welfare Plans Trust are subject to tax on income unrelated to their exempt purposes.

To the extent certain investments in limited partnerships generate income, the Pension Boards is required to pay federal and state income taxes. The Pension Boards annually files Internal Revenue Service Form 990-T tax returns. For the years ended December 31, 2020 and 2019, there were no interest or penalties recorded or included in the combined financial statements.

Included within the Pension Boards is a consolidated entity, 475 Fund, Ltd., a Cayman Islands exempted company, which is treated as a corporation for U.S. federal income tax purposes; there is no direct taxation in the Cayman Islands. The 475 Fund, Ltd. intends to conduct its business in a manner to meet the requirements of a safe harbor provision under the Code whereby the 475 Fund, Ltd. should not be subject to U.S. federal income tax. The Pension Boards is the sole shareholder of the 475 Fund, Ltd. which, for U.S. tax purposes, is a controlled foreign corporation. It is not anticipated that unrelated business taxable income will be generated by the 475 Fund, Ltd.

ASC Topic No. 740, Income Taxes, requires management to evaluate tax positions taken by the Pension Boards and to recognize a tax liability (or asset) if the Pension Boards has taken an uncertain position that more likely than not would not be sustained upon examination by the authorities. The definition of "tax position" includes an entity's status as a tax-exempt nonprofit entity. Management believes there are no material uncertain positions that require recognition in the accompanying combined financial statements.

### Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, a new authoritative guidance on leasing transactions. The guidance will require organizations that lease assets—referred to as "lessees"—to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. This accounting standard will be applicable to the Pension Boards for calendar year 2021. The Pension Boards anticipates recording a related right-to-use asset and an offsetting liability related primarily to office space leases.

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.****NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**3. NET ASSETS**

Net Assets are classified as Annuity Plan, Net Assets Without Donor Restrictions, and Net Assets With Donor Restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Annuity Plan**

Comprised of net assets of the Annuitant Fund and the Accumulation Fund. Please see Note 1 for additional information.

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed stipulations, or for which the donor-imposed restrictions have expired, may be used for any purpose in performing the operations of the organization. Net assets without donor restrictions may be directed to specific uses by action of the Board of Trustees.

**Net Assets With Donor Restrictions**

Net assets that are subject to donor-imposed restrictions. These restrictions may be for finite periods or for specific purposes. When a restriction is fulfilled or when a specified period ends, amounts may be reclassified to net assets without donor restrictions. Donors may stipulate perpetual restrictions, which must be adhered to indefinitely.

The changes in net assets by composition through December 31, 2020 are as follows:

**Changes in Net Assets by Composition**

	Annuity Plan	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net Assets at December 31, 2019	\$ 3,224,240,207	\$ 140,545,952	\$ 125,380,004	\$ 3,490,166,163
<b>Revenues and other support:</b>				
Our Church's Wider Mission	-	-	299,764	299,764
Christmas Fund donations	-	-	1,807,720	1,807,720
Gifts and other receipts	-	21,082	239,404	260,486
Lilly Endowment (Grant Receipt)	-	-	-	-
Income from Pilgrim Memorial Fund	-	2,111,098	-	2,111,098
Interfund transfers	(8,082,445)	8,082,445	-	-
Health services premiums	-	57,756,000	-	57,756,000
Annuity Plan contributions	38,797,493	-	-	38,797,493
Investment return, net	368,456,644	17,386,525	13,971,264	399,814,433
Total revenues and other support	<u>399,171,692</u>	<u>85,357,150</u>	<u>16,318,152</u>	<u>500,846,994</u>
<b>Expenses and grants and Endowments</b>				
Grants	-	(91,690)	(2,449,675)	(2,541,365)
Programs costs	-	-	(393,823)	(393,823)
Health services claims and costs	-	(63,694,830)	-	(63,694,830)
Payments to annuitants	(167,795,082)	-	-	(167,795,082)
Administrative costs	-	(11,113,695)	(2,356,789)	(13,470,484)
Total expenses and grants	<u>(167,795,082)</u>	<u>(74,900,215)</u>	<u>(5,200,287)</u>	<u>(247,895,584)</u>
Increase in net assets	<u>231,376,610</u>	<u>10,456,935</u>	<u>11,117,865</u>	<u>252,951,410</u>
Net Assets at December 31, 2020	<u>\$ 3,455,616,817</u>	<u>\$ 151,002,887</u>	<u>\$ 136,497,869</u>	<u>\$ 3,743,117,573</u>

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**3. NET ASSETS (continued)**

The changes in net assets by composition through December 31, 2019 are as follows:

**Changes in Net Assets by Composition**

	Annuity Plan	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net Assets at December 31, 2018	\$ 2,880,400,100	\$ 125,630,383	\$ 111,821,659	\$ 3,117,852,142
<b>Revenues and other support:</b>				
Our Church's Wider Mission	-	-	280,099	280,099
Christmas Fund donations	-	-	1,522,345	1,522,345
Gifts and other receipts	-	38,268	821,942	860,210
Lilly Endowment (Grant Receipt)	-	1,000,000	-	1,000,000
Income from Pilgrim Memorial Fund	-	2,139,776	-	2,139,776
Interfund transfers	(9,470,309)	9,212,172	258,137	-
Health services premiums	-	58,981,588	-	58,981,588
Annuity Plan contributions	38,515,105	-	-	38,515,105
Investment return, net	480,502,654	21,826,244	15,746,944	518,075,842
Total revenues and other support	<u>509,547,450</u>	<u>93,198,048</u>	<u>18,629,467</u>	<u>621,374,965</u>
<b>Expenses and grants and Endowments</b>				
Grants	-	(244,000)	(2,562,052)	(2,806,052)
Programs costs	-	-	(905,184)	(905,184)
Health services claims and costs	-	(64,904,307)	-	(64,904,307)
Payments to annuitants	(165,707,343)	-	-	(165,707,343)
Administrative costs	-	(13,134,172)	(1,603,886)	(14,738,058)
Total expenses and grants	<u>(165,707,343)</u>	<u>(78,282,479)</u>	<u>(5,071,122)</u>	<u>(249,060,944)</u>
Increase in net assets	343,840,107	14,915,569	13,558,345	372,314,021
Net Assets at December 31, 2019	<u>\$ 3,224,240,207</u>	<u>\$ 140,545,952</u>	<u>\$ 125,380,004</u>	<u>\$ 3,490,166,163</u>

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

##### Stable Value Fund Investments

At December 31, 2020 and 2019, the portfolio included institutional money market fund shares and synthetic guaranteed investment contracts held for liquidity and total return strategies. The Liquidity Strategy includes an underlying fixed-income security portfolio of asset-backed and mortgage-backed securities, U.S. government notes, and a book value, fully-benefit-responsive wrap contract issued by one insurance company, rated “AA+” by S&P. Constant duration synthetic guaranteed investment contracts is a Total Return Strategy consisting of an underlying fixed-income security portfolio of corporate bonds, U.S. government notes, asset-backed and mortgage backed securities, and book value, fully-benefit-responsive wrap contracts. They were issued by a non-U.S. investment bank and a U.S. retirement insurance and annuity company, each rated “AA+” by S&P. The Pension Boards has contracted for fully-benefit-responsive wrap agreements that permit members to make routine withdrawals and transfers as permitted by the Annuity Plan, at a stable unit value of \$1.00. Stable value investments are reported at contract value, which approximates fair value. For 2020 and 2019, the average yield and annualized crediting interest rates of the portfolio were 2.22% and 2.37%, respectively. Crediting rates are set monthly and are not less than zero.

##### Short-Term Investments

Short-Term Investments consists of institutional money market fund shares.

##### Fixed-Income Investments

Fixed-Income Investments include corporate bonds, U.S. government notes and bonds, U.S. government agency and commercial asset-backed and mortgage-backed securities, emerging markets debt funds, high-yield bond funds, and income loan trust fund.

The emerging market debt funds invest primarily in local currency and U.S. dollar-denominated emerging market fixed-income securities and derivative instruments that are economically tied to an emerging market country. Performance of the emerging market debt funds is linked to those countries’ currencies, markets, economies, or ability to repay loans. Investing in emerging markets has special risks such as currency market volatility, and political and social instability.

High Yield investments are made up of a diversified portfolio of U.S. dollar-denominated high-yield bonds with an emphasis on debt securities below investment grade. High-yield bonds are debt securities that are rated below investment grade (rated “Ba” or lower by Moody’s or “BB” or lower by Standard & Poor’s). Investing in high-yield bond funds is subject to credit risk, market volatility, interest rate risk, and liquidity risk.

The income loan trust fund invests in floating rate senior loans and other senior floating rate debt instruments issued by U.S. and Non-U.S. corporations and other business entities. Investing in senior loan funds is subject to credit risk, interest rate risk, liquidity risk, country risk, redemption/withdrawal risk, and dilution risk.

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

##### Equity Investments

Common Stock includes domestic and international issues diversified among 10 investment managers at December 31, 2020, with various investment styles. At December 31, 2020 and 2019, common stock included approximately 39.54% and 39.34%, respectively, in non-U.S. securities. Investments in non-U.S. securities add certain risks related to the currency of the foreign markets in which the securities are issued. Those investments with currency risk are spread over 36 different foreign countries for both December 31, 2020 and 2019, with 27 and 28 different currency denominations at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, non-U.S. investments include securities purchased in the currencies of non-U.S. developed nations (88.9% and 87.9%, respectively) and in U.S. dollars (11.1% and 12.1%, respectively).

Equity funds include emerging markets, non-U.S. developed markets, U.S. Small-Cap equity funds, and the Northern Trust Global Sustainability Index Fund. Equity funds are recorded at the reported net asset value on the day of valuation.

Emerging markets funds purchase a broad and diverse group of securities associated with emerging markets, including frontier markets (emerging market countries in an earlier stage of development). Investments in emerging markets may be more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. Additional restrictions may be imposed under other conditions. Frontier market countries generally have smaller economies or less-developed capital markets and, as a result, the risks of investing in emerging market countries are magnified in frontier market countries.

The non-U.S. developed market fund invests primarily in a diversified portfolio of non-U.S. equity securities. At December 31, 2020, this portfolio included 69 stocks, representing 22 countries. At December 31, 2019, this portfolio included 68 stocks, representing 23 countries. Equities in non-U.S. developed markets accounted for 79.1% and 79.8% of the portfolio, with emerging markets accounting for 20.9% and 20.2%, at December 31, 2020 and 2019, respectively.

The U.S. Small-Cap equity fund invests in a broad and diverse group of readily marketable common stocks of U.S. small-cap companies. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

The Northern Trust Global Sustainability Index Fund is a registered mutual fund with enhanced environmental, social, and governance (ESG) criteria, based on the MSCI World ESG Index, which measures not only the traditional investment performance of publicly-traded companies, but also the quality of their performance in ESG factors and sustainability.

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

##### Other Investments

Other Investments include participation in the United Church Funds, Inc. (“UCF”), an Associated Ministry of the UCC, and investments in hedge funds and real and other private assets.

##### *Participation in United Church Funds, Inc.*

The Pension Boards is the income beneficiary of the Pilgrim Memorial Fund (“PMF”), a perpetual endowment fund held by UCF. Under the terms of the endowment, income calculated at five percent (5%) of the five-year moving average of PMF as of the previous September 30 is distributed quarterly by UCF to the Pension Boards. The interest in the PMF endowment fund is included in Investments in the combined statements of financial position and is valued based on the fair market value of the investments held in the UCF Beyond Fossil Fuels Balanced Fund, Alternatives Fund, and the Moderate Balanced Fund at December 31, 2020 and at December 31, 2019. Based on this valuation, the Pension Boards’ investment in the PMF is included at Level 3 in the fair value hierarchy. For the years ended December 31, 2020 and 2019, no additional funds were invested in the PMF. There were no transfers into and out of Level 3 for the years ended December 31, 2020 and 2019. The combined statements of activities include income received from PMF of \$2.11 million and \$2.14 million in 2020 and 2019 respectively, and the changes in the Pension Boards’ interest in the PMF of \$2.93 million in 2020 and \$3.3 million in 2019, and were classified in investment return, net.

##### *Hedge Funds (475 Fund, Ltd.)*

Hedge Funds are interests in limited partnerships and investment companies, that use a variety of investment strategies and whose portfolios may comprise U.S. and non-U.S., publicly and non-publicly traded equity and debt securities, options, derivatives (futures), and commodities. The 475 Fund, Ltd. was established to hold investments, managed on a discretionary basis by an external investment manager. The Pension Boards’ agreement with the external investment manager remained in effect through December 31, 2020 and extends automatically for additional one-year terms thereafter. As of December 31, 2020, 88.92% of the Fund’s assets may be liquidated within 12 months or less; 97.96% of the Fund’s assets may be liquidated with 24 months or less; and 100% of the Fund’s assets may be liquidated with 36 months or less. As of December 31, 2020 and 2019, there are no unfunded commitments related to hedge fund investments. As of December 31, 2019, 88.20% of the Fund’s assets may be liquidated within 12 months or less; 96.04% of the Fund’s assets may be liquidated with 24 months or less; and 100% of the Fund’s assets may be liquidated with 36 months or less.

The Pension Boards’ hedge fund investments utilize various strategies such as:

- **Relative value:** Managers attempt to capture pricing inefficiencies/differentials between related securities while trying to minimize the impact of general market movements.
- **Long/Short equities:** Managers make long and short investments in equity securities that are deemed to be under- or over-valued.

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

- **Opportunistic/macro:** Managers invest in a wide variety of instruments using a broad range of primarily directional strategies. It is common for portfolio managers in this strategy to assume an aggressive risk posture relying on a combination of macroeconomic models, fundamental research, and quantitative algorithms.
- **Credit:** Managers may take long or short positions in corporate bonds, loans, credit derivatives, convertible bonds, asset-backed securities, equities, and equity derivatives. In most cases, portfolio managers will take long or short positions that reflect fundamental views on underlying credits.
- **Merger arbitrage/event-driven:** Managers seek to make profitable investments by investing in securities of companies involved in mergers, acquisitions, restructurings, liquidations, spin-offs, or other special situations that alter a company’s financial structure or operating strategy.

In accordance with ASC Topic No. 820, *Fair Value Measurement*, the Pension Boards uses the net asset value reported by each fund as a practical expedient to estimate the fair value of the Pension Boards’ interest therein. The Pension Boards’ hedge fund investments, by strategy type, at December 31, 2020 and 2019 were as follows:

	2020 Fair Value	2019 Fair Value
<b>Hedge Funds</b>		
Relative Value	\$ 21,204,701	\$ 29,485,574
Long/Short Equities	68,691,755	37,601,508
Opportunistic/Macro	14,859,874	11,869,574
Credit	14,853,579	13,473,337
Merger Arbitrage/Event Driven	1,246,176	820,405
<b>Total Hedge Funds</b>	<b>\$ 120,856,085</b>	<b>\$ 93,250,398</b>

*Real and Other Private Assets*

Real and other private assets may include real estate, energy-related investments, infrastructure, hard and soft commodities, and other strategies that derive their value from their physical properties. Leverage may be utilized in real estate strategies to enhance yields of various investments and/or facilitate the diversification of the portfolio. At December 31, 2020, the Pension Boards had 13 private equity investments with a fair value of \$87 million. Eleven (11) out of the 13 investments have remaining investment periods ranging from 1-9 years, during which time the investments of \$61.7 million cannot be liquidated. One Real Asset investment of \$342,001 has an indefinite investment period, and one Real Asset investment of \$25 million may be redeemed at the end of any quarter with 65 days’ written notice. At December 31, 2019, the Pension Boards had 11 private equity investments with a fair value of \$72.8 million. Nine (9) out of the 11 investments have remaining investment periods ranging from 2-10 years, during which time the investments of \$46.6 million cannot be liquidated.

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

One Real Asset investment of \$361,376 has an indefinite investment period, and one Real Asset investment of \$25.8 million may be redeemed at the end of any quarter with 65 days' written notice. The Pension Boards is not permitted to redeem these investments until the termination of the investment period. The fair value of these investments is based upon the Pension Boards' share of the fair value of the partnership. Because of the inherent uncertainty of the valuations of these investments, the estimated fair values may differ, perhaps materially, from the values that would have been used had a ready market for the investments existed. Unfunded commitments at December 31, 2020 and 2019 were \$47.4 million and \$41.5 million, respectively.

Investment return, net includes realized gains (losses) on investment sales, change in unrealized appreciation (depreciation) on investments held at year-end, earned investment income, and investment management costs. The net amounts are comprised of the following:

<b>Investment return, net</b>	2020	2019
Realized gains on investment sales	\$ 109,772,744	\$ 140,179,018
Unrealized appreciation on investments	230,990,831	304,426,744
Earned investment income	79,629,165	89,835,991
Investment management costs	(18,467,209)	(14,226,135)
<u>Total investment return, net</u>	<u>\$ 401,925,531</u>	<u>\$ 520,215,618</u>

#### Derivative Financial Investments

##### *Equity Futures*

Equity Futures contracts are used by an external investment manager to equitize cash in the management of the S&P 500 Index strategy and can be used by the CIO for asset rebalancing purposes. Such futures contracts trade on recognized exchanges and margin requirements are met by pledging cash and cash equivalents. The contracts are liquid instruments, usually with a 90-day settlement period, and their prices are observable daily on a nationally recognized exchange. The market value of open equity futures contracts was approximately \$8.8 million and \$9.5 million at December 31, 2020 and 2019, respectively. The maximum gross notional exchange-traded equity futures position open for both 2020 and 2019 to equitize cash was \$10 million and \$9.6 million, respectively. Futures contracts require daily cash settlement of the prior day's change in fair value. These settlements total a gain of \$1.5 million and a loss of \$2.1 million for the years ended December 31, 2020 and 2019, respectively, and are recorded in the accompanying combined financial statements as a component of Investment return, net.

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

##### *Fixed-Income Futures*

Fixed-income futures contracts are used as a simple and cost-effective tool to better manage portfolio interest rate exposure without reducing portfolio yield or selling attractive and illiquid bonds. Purchases of Treasury futures would increase interest rate exposure (duration); conversely, sales of Treasury futures would lower interest rate exposure. The Pension Boards had two open fixed-income futures contracts as of December 31, 2020. The market value of open fixed-income futures contracts was approximately \$99.4 million and \$5.2 million at December 31, 2020 and 2019, respectively. The maximum gross notional exchange-traded fixed-income futures position open for 2020 and 2019 was \$100.1 million and \$196,000, respectively. Futures contracts require daily cash settlement of the prior day's change in fair value. These settlements had no impact on the accompanying combined financial statements.

##### *Interest Rate Swaps*

Swaps are marked to market and unrealized appreciation or (depreciation) on derivatives contracts is recorded at each Valuation Date. An interest rate swap is an agreement between two parties where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate (most often LIBOR). The Pension Boards enters interest rate swap contracts with the objective to hedge its interest rate exposure, and/or for speculative trading purposes. Entering interest rate swap contracts involves the risk of dealing with counterparties and their ability to meet the terms of the contract. Market risk exists with such contracts to the extent that the underlying index or benchmark rates change. The realized and unrealized gain of the interest rate swap contract were \$24,483 and \$97,866 respectively for the year ended December 31, 2020, and are recorded in the accompanying combined financial statements as a component of Investment return, net. The realized and unrealized loss of the interest rate swap contract were (\$36,684) and (\$48,753), respectively, for the year ended December 31, 2019. The market value of the swap contract was (\$58,804) and (\$164,562) at December 31, 2020 and 2019, respectively, and is included in the fair value hierarchy investment assets and liabilities footnote as a component of Corporate Bonds under Fixed Income Investments section.

##### **Fair Value Hierarchy**

The fair value of a financial instrument is the amount 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 (the exit price). All financial instruments that are measured and reported on a fair value basis are classified according to a fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The three levels of fair value hierarchy are:

## THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

- **Level 1:** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. The types of investments generally included in this category are exchange-traded equities, short-term money market instruments, actively-traded U.S. Government bonds and notes, and exchange-traded mutual funds. The fair values of these securities are generally based on quotations obtained from national securities exchanges.
- **Level 2:** Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Where securities are not listed on an exchange, quotations are obtained from brokerage firms. Level 2 investments generally included in this category are corporate bonds and non-exchange traded equities, debt, and mutual funds.
- **Level 3:** Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A review of fair value hierarchy classifications is conducted annually. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications of the fair value hierarchy are reported as transfers in/out of the category as of the beginning of the period in which the reclassifications occur.

Investments Measured at Net Asset Values: As a practical expedient, the Pension Boards uses net asset value (“NAV”) as the fair value for certain investments. The practical expedient is applied to measure the fair value of investments in certain entities that do not have a quoted market value price but calculate NAV per share or its equivalent, including an income loan trust fund, an emerging market commingled equity fund, cash collateral provided by securities borrowers, hedge funds, and real and other private assets. These securities are excluded from the Fair Value Hierarchy level classification. Instead, these securities are disclosed separately and shown as a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the combined financial statements.

The emerging markets equity fund may be redeemed at the beginning of each calendar month by giving prior notice on or before the fifteenth (15<sup>th</sup>) day of the prior month; and income loan trust fund may be redeemed on the 15<sup>th</sup> day of the month by giving prior notice on or before the fifteenth (15<sup>th</sup>) day of the prior month. As of December 31, 2020 and 2019, there are no unfunded commitments related to the income loan trust fund, or the emerging markets equity fund.

Please see Hedge Funds (475 Fund, Ltd.) and Real and Other Private Assets paragraphs for the redemption periods of the Hedge Funds and the Real Asset investments.

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The following table sets forth by level within the fair value hierarchy investment assets and liabilities as of December 31, 2020:

	Investments as of December 31, 2020			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>Stable Value Investments:</i>				
Institutional Money Market Fund shares	\$ 6,604,638	\$ -	\$ -	\$ 6,604,638
<i>Liquidity Strategy:</i>				
Asset-backed and Mortgage-backed securities	-	23,625,310	-	23,625,310
U.S. Government Notes	3,696,966	-	-	3,696,966
<i>Total Return Strategy:</i>				
Corporate Bonds	-	78,354,621	-	78,354,621
U.S. Government Notes	51,695,370	-	-	51,695,370
Asset-backed and Mortgage-backed securities	-	17,465,228	-	17,465,228
<i>Short-term Investments:</i>				
Institutional Money Market Fund shares	87,111,480	-	-	87,111,480
<i>Fixed-Income Investments:</i>				
Corporate Bonds	-	1,018,510,470	-	1,018,510,470
U.S. Government Notes and Bonds	127,754,976	-	-	127,754,976
Asset-backed and Mortgage-backed securities	-	251,249,230	-	251,249,230
Emerging Markets Debt Funds	21,900,536	41,810,822	-	63,711,358
<i>Equity Investments:</i>				
<i>Common Stock:</i>				
U.S. Large-Cap Equity	712,364,558	-	-	712,364,558
Non-U.S. Developed Markets	378,664,813	-	-	378,664,813
U.S. Small and Mid-Cap Equity	112,799,670	-	-	112,799,670
<i>Equity funds:</i>				
Emerging Markets Funds	138,460,319	-	-	138,460,319
Non-U.S. Developed Markets	115,775,855	-	-	115,775,855
U.S. Small-Cap Equity Funds	108,163,051	-	-	108,163,051
Northern Trust Global Sustainability Index Fund	26,831,782	-	-	26,831,782
<i>Other Investment:</i>				
Participation in United Church Funds, Inc.	-	-	45,458,929	45,458,929
<b>SUB-TOTAL INVESTMENTS</b>	<b>\$1,891,824,014</b>	<b>\$ 1,431,015,681</b>	<b>\$ 45,458,929</b>	<b>\$ 3,368,298,624</b>
<b>INVESTMENTS VALUED AT NAV AS A PRACTICAL EXPEDIENT</b>				
Emerging Market Equity Fund (Equity Investments)				\$ 93,021,378
Income Loan Trust Fund (Fixed-Income Investments)				76,402,585
Hedge Funds (Other Investments)				120,856,085
Real and Other Private Assets (Other Investments)				87,014,939
<b>TOTAL INVESTMENTS VALUED AT NAV AS A PRACTICAL EXPEDIENT</b>				<b>\$ 377,294,987</b>
<b>TOTAL INVESTMENTS</b>				<b>\$ 3,745,593,611</b>
<b>COLLATERAL PROVIDED BY SECURITIES BORROWERS</b>				
Cash collateral (Valued at NAV as Practical Expedient)	\$ -	\$ -	\$ -	\$ 12,052,389
Non-cash collateral	-	52,520,486	-	52,520,486
<b>TOTAL COLLATERAL PROVIDED BY SECURITIES BORROWERS</b>	<b>\$ -</b>	<b>\$ 52,520,486</b>	<b>\$ -</b>	<b>\$ 64,572,875</b>

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The following table sets forth by level within the fair value hierarchy investment assets and liabilities as of December 31, 2019:

	Investments as of December 31, 2019			
	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<i>Stable Value Investments:</i>				
Institutional Money Market Fund shares	\$ 13,443,389	\$ -	\$ -	\$ 13,443,389
<i>Liquidity Strategy:</i>				
Asset-backed and Mortgage-backed securities	-	32,358,665	-	32,358,665
U.S. Government Notes	5,221,904	-	-	5,221,904
<i>Total Return Strategy:</i>				
Corporate Bonds	-	32,697,513	-	32,697,513
U.S. Government Notes	83,434,064	-	-	83,434,064
Asset-backed and Mortgage-backed securities	-	14,846,350	-	14,846,350
<i>Short-term Investments:</i>				
Institutional Money Market Fund shares	92,903,198	-	-	92,903,198
<i>Fixed-Income Investments:</i>				
Corporate Bonds	-	673,332,403	-	673,332,403
U.S. Government Notes and Bonds	362,077,671	-	-	362,077,671
Asset-backed and Mortgage-backed securities	-	204,373,574	-	204,373,574
Emerging Markets Debt Funds	54,796,502	57,170,158	-	111,966,660
<i>Equity Investments:</i>				
<i>Common Stock:</i>				
U.S. Large-Cap Equity	630,158,268	-	-	630,158,268
Non-U.S. Developed Markets	334,944,880	-	-	334,944,880
U.S. Small and Mid-Cap Equity	93,038,653	-	-	93,038,653
<i>Equity funds:</i>				
Emerging Markets Funds	115,655,172	-	-	115,655,172
Non-U.S. Developed Markets	136,084,365	-	-	136,084,365
U.S. Small-Cap Equity Funds	105,197,880	-	-	105,197,880
Northern Trust Global Sustainability Index Fund	21,783,534	-	-	21,783,534
<i>Other Investment:</i>				
Participation in United Church Funds, Inc.	-	-	42,516,447	42,516,447
<b>SUB-TOTAL INVESTMENTS</b>	<b>\$2,048,739,480</b>	<b>\$ 1,014,778,663</b>	<b>\$ 42,516,447</b>	<b>\$3,106,034,590</b>
<b>INVESTMENTS VALUED AT NAV AS A PRACTICAL EXPEDIENT</b>				
Emerging Market Equity Fund (Equity Investments)				\$ 105,841,867
Income Loan Trust Fund (Fixed-Income Investments)				107,448,761
Hedge Funds (Other Investments)				93,250,398
Real and Other Private Assets (Other Investments)				72,835,739
<b>TOTAL INVESTMENTS VALUED AT NAV AS A PRACTICAL EXPEDIENT</b>				<b>\$ 379,376,765</b>
<b>TOTAL INVESTMENTS</b>				<b>\$3,485,411,355</b>
<b>COLLATERAL PROVIDED BY SECURITIES BORROWERS</b>				
Cash collateral (Valued at NAV as Practical Expedient)	\$ -	\$ -	\$ -	\$ 11,540,774
Non-cash collateral	-	121,097,949	-	121,097,949
<b>TOTAL COLLATERAL PROVIDED BY SECURITIES BORROWERS</b>	<b>\$ -</b>	<b>\$ 121,097,949</b>	<b>\$ -</b>	<b>\$ 132,638,723</b>

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

**Securities Lending Program**

The Pension Boards participates in a securities lending program with various brokers and dealers in securities through its custodian bank. It is the policy to hold, as collateral, cash, or short-term fixed-income securities in amounts at least equal to or greater than the market value of the investments on loan until the loaned securities are returned. By the end of the business day on which securities are delivered to the borrower, collateral equal to 102% of the market value of a loaned U.S. security and/or 105% of a non-U.S. security, including any accrued interest, is obtained from the borrower.

The cash collateral obtained is invested in the Northern Institutional Liquid Asset Portfolio Fund and is measured at NAV per share as provided by the issuer. There are no known or anticipated redemptions, no unfunded commitments, and no notice required to sell the shares/units at any given time. The fair value of the non-cash collateral was \$52.5 million and \$121.1 million at December 31, 2020 and 2019, respectively. The fair value of the non-cash collateral under a securities lending program is based upon quoted market close prices for identical securities from the exchanges upon which they trade. For securities for which market prices are not readily available, fair values are determined by a pricing service based upon quoted market close prices for similar issues, dealer quotes or pricing models utilizing market observable inputs from comparable securities. Amortized cost of short-term financial instruments, including time deposits, repurchase agreements, commercial paper, and other short-term investments approximates the fair value of these instruments. The fair value of securities on loan was \$64.6 million and \$132.6 million at December 31, 2020 and 2019, respectively. Loaned securities in the program include equities and fixed income.

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**5. LEASE COMMITMENTS**

The Pension Boards has entered several non-cancelable operating leases for office space, software, and equipment. At December 31, 2020, the aggregate future minimum payments for these commitments were as follows:

<b>Total</b>	
<b>Lease Commitments</b>	
<b>Year Ending</b>	<b>Amount</b>
2021	\$ 830,844
2022	733,270
2023	733,270
2024	733,270
2025	733,270
2026	733,270
2027	733,270
2028	733,270
2029	488,847
	<b>\$ 6,452,581</b>

The annual lease amount for rent is subject to modification based upon actual operating costs of the building. The Pension Boards' rental expense for the years ended December 31, 2020 and 2019 was \$725,175 and \$827,339, respectively.

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.****NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**6. ENDOWMENTS**

Endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Endowment funds are administered in accordance with the laws of the state in which the corporations are incorporated and are accounted for in accordance with GAAP. The Board of Trustees has interpreted these laws to anticipate maintenance of the original gift; however, these laws also permit the appropriation of funds from both the original gift and the accumulated investment return following specific criteria set out in these laws.

Board-designated funds functioning as endowments include the original principal amounts of certain gifts and legacies received that have no donor-imposed restrictions on their use and related accumulated gains and losses and income. These funds, which can be used for the general purpose of the corporation to which they were donated, are classified as net assets without donor restrictions. At December 31, 2020 and 2019, Board-designated funds functioning as endowment are \$2.8 million and \$3.8 million, respectively.

During 2020 and 2019, endowments were invested in the Equity, Bond, and Balanced Funds of the Pension Boards.

Endowment net asset composition as of December 31, 2020, is as follows:

**Endowments**

	Without Donor Restrictions	With Donor Restrictions	Total
Designated to function as endowment	\$ 2,826,482	\$ -	\$ 2,826,482
Donor-restricted gifts to be maintained in perpetuity	-	5,792,256	5,792,256
Accumulated investment earnings on gifts	-	6,588,816	6,588,816
Total endowments	<u>\$ 2,826,482</u>	<u>\$ 12,381,072</u>	<u>\$ 15,207,554</u>

Endowment net asset composition as of December 31, 2019, is as follows:

**Endowments**

	Without Donor Restrictions	With Donor Restrictions	Total
Designated to function as endowment	\$ 3,802,614	\$ -	\$ 3,802,614
Donor-restricted gifts to be maintained in perpetuity	-	5,792,148	5,792,148
Accumulated investment earnings on gifts	-	4,403,128	4,403,128
Total endowments	<u>\$ 3,802,614</u>	<u>\$ 10,195,276</u>	<u>\$ 13,997,890</u>

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.****NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**6. ENDOWMENTS (continued)**

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

**Changes in Endowments**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at December 31, 2019	\$ 3,802,614	\$ 10,195,276	\$ 13,997,890
Donations	40	2,107,861	2,107,901
Transfer from annuity plan net assets	8,059,528	-	8,059,528
Income from the Pilgrim Memorial Fund	2,111,098	-	2,111,098
Appropriation for grants and expense	(11,482,752)	(1,858,736)	(13,341,488)
Investment return	1,385,954	1,936,671	3,322,625
Grant to Generations Financial	(1,050,000)	-	(1,050,000)
Endowment net assets at December 31, 2020	<u>\$ 2,826,482</u>	<u>\$ 12,381,072</u>	<u>\$ 15,207,554</u>

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

**Changes in Endowments**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at December 31, 2018	\$ 4,027,982	\$ 8,590,167	\$ 12,618,149
Donations	22,892	1,971,781	1,994,673
Transfer from annuity plan net assets	9,195,309	-	9,195,309
Income from the Pilgrim Memorial Fund	2,139,776	-	2,139,776
Appropriation for grants and expense	(11,885,875)	(1,833,001)	(13,718,876)
Investment return	302,530	1,466,329	1,768,859
Endowment net assets at December 31, 2019	<u>\$ 3,802,614</u>	<u>\$ 10,195,276</u>	<u>\$ 13,997,890</u>

In addition to the endowment net assets described above, the Pension Boards has a perpetual interest in the Pilgrim Memorial Fund as described in Note 4.

**THE PENSION BOARDS-UNITED CHURCH OF CHRIST, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**7. COMBINED ACTIVITIES BY FUND**

The combined activities by fund for the year ended December 31, 2020 are as follows:

	ANNUITANT FUND	ACCUMULATION FUND	BENEFIT SERVICES FUND	MINISTERIAL ASSISTANCE FUN	OPERATING FUND	GENERATION COMPANIES	TOTAL
<b>REVENUES AND OTHER SUPPORT</b>							
Investment return, net	\$ 242,094,341	\$ 126,362,303	\$ 16,212,903	\$ 10,482,978	\$ 6,773,006	\$ -	\$ 401,925,531
Health services premiums	-	-	57,756,000	-	-	-	57,756,000
Employer pension contributions	-	30,395,594	-	-	-	-	30,395,594
Member pension contributions	-	8,401,899	-	-	-	-	8,401,899
Christmas Fund appeal	-	-	-	1,807,720	-	-	1,807,720
Our Church's Wider Mission	-	-	-	299,764	-	-	299,764
Generations Investment Services management fees	-	-	-	-	-	19,760	19,760
Generations Financial Resources loan interest earned	-	-	-	-	-	537	537
Donations and legacies	-	-	-	239,404	40	-	239,444
Interfund transfers	87,628,956	(95,711,401)	-	(410,000)	7,442,445	1,050,000	-
Other	-	-	-	-	745	-	745
Total revenues and other support	329,723,297	69,448,395	73,968,903	12,419,866	14,216,236	1,070,297	500,846,994
<b>EXPENSES</b>							
Pension payments to annuitants	149,582,878	-	-	-	-	-	149,582,878
Partial withdrawals and lump-sum payments	-	18,212,204	-	-	-	-	18,212,204
Health services claims	-	-	58,762,140	-	-	-	58,762,140
Health services costs	-	-	4,932,690	-	-	-	4,932,690
Administrative costs	-	-	-	-	11,520,994	2,702	11,523,696
Ministerial Assistance grants	-	-	-	2,449,675	91,690	-	2,541,365
Ministerial Assistance programs and administrative costs	-	-	-	2,340,811	-	-	2,340,811
Total expenses	149,582,878	18,212,204	63,694,830	4,790,286	11,612,684	2,702	247,895,584
<b>INCREASE IN NET ASSETS</b>	<b>\$ 180,140,419</b>	<b>\$ 51,236,191</b>	<b>\$ 10,274,073</b>	<b>\$ 7,629,580</b>	<b>\$ 2,603,552</b>	<b>\$ 1,067,595</b>	<b>\$ 252,951,410</b>
DECEMBER 31, 2019 NET ASSETS	2,028,148,981	1,196,091,226	135,284,507	80,965,277	49,676,172	-	3,490,166,163
INCREASE IN NET ASSETS	180,140,419	51,236,191	10,274,073	7,629,580	2,603,552	1,067,595	252,951,410
DECEMBER 31, 2020 NET ASSETS	\$ 2,208,289,400	\$ 1,247,327,417	\$ 145,558,580	\$ 88,594,857	\$ 52,279,724	\$ 1,067,595	\$ 3,743,117,573

The combined activities by fund for the year ended December 31, 2019 are as follows:

	ANNUITANT FUND	ACCUMULATION FUND	BENEFIT SERVICES FUND	MINISTERIAL ASSISTANCE FUND	OPERATING FUND	TOTAL
<b>REVENUES AND OTHER SUPPORT</b>						
Investment return, net	\$ 297,472,187	\$ 183,030,467	\$ 21,401,219	\$ 12,270,532	\$ 6,041,213	\$ 520,215,618
Health services premiums	-	-	58,981,588	-	-	58,981,588
Employer pension contributions	-	30,238,844	-	-	-	30,238,844
Member pension contributions	-	8,276,261	-	-	-	8,276,261
Christmas Fund appeal	-	-	-	1,522,345	-	1,522,345
Our Church's Wider Mission	-	-	-	280,099	-	280,099
Donations and legacies	-	-	-	818,926	22,892	841,818
Lilly Grant Receipts	-	-	-	-	1,000,000	1,000,000
Interfund transfers	78,987,815	(88,458,124)	(258,137)	258,137	9,470,309	-
Other	-	-	-	17,440	952	18,392
Total revenues and other support	376,460,002	133,087,448	80,124,670	15,167,479	16,535,366	621,374,965
<b>EXPENSES</b>						
Pension payments to annuitants	148,942,689	-	-	-	-	148,942,689
Partial withdrawals and lump-sum payments	-	16,764,654	-	-	-	16,764,654
Health services claims	-	-	59,190,872	-	-	59,190,872
Health services costs	-	-	5,713,435	-	-	5,713,435
Administrative costs	-	-	-	-	13,134,172	13,134,172
Ministerial Assistance grants	-	-	-	2,562,052	244,000	2,806,052
Ministerial Assistance programs and administrative	-	-	-	2,509,070	-	2,509,070
Total expenses	148,942,689	16,764,654	64,904,307	5,071,122	13,378,172	249,060,944
<b>INCREASE IN NET ASSETS</b>	<b>\$ 227,517,313</b>	<b>\$ 116,322,794</b>	<b>\$ 15,220,363</b>	<b>\$ 10,096,357</b>	<b>\$ 3,157,194</b>	<b>\$ 372,314,021</b>
DECEMBER 31, 2018 NET ASSETS	1,800,631,668	1,079,768,432	120,064,144	70,868,920	46,518,978	3,117,852,142
INCREASE IN NET ASSETS	227,517,313	116,322,794	15,220,363	10,096,357	3,157,194	372,314,021
DECEMBER 31, 2019 NET ASSETS	\$ 2,028,148,981	\$ 1,196,091,226	\$ 135,284,507	\$ 80,965,277	\$ 49,676,172	\$ 3,490,166,163

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**8. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing plan administration, investment management, programs, and other activities are summarized on a functional basis through December 31, 2020:

	Ministerial Assistance	Endowment Fund	Benefit Service Fund	Annuity Fund	Management and General	Generations Companies	Total
Salaries and benefits	\$ 1,993,922	\$ -	\$ 1,451,440	\$ -	\$ 7,055,539	\$ -	\$ 10,500,901
Professional services	59,198	-	3,344,410	-	1,289,533	-	4,693,141
Pension payments to annuitants	-	-	-	167,795,082	-	-	167,795,082
Health service claims	-	-	58,762,140	-	-	-	58,762,140
Grants and Programs	2,449,675	91,690	-	-	-	-	2,541,365
Facilities	37,641	-	122,836	-	1,118,954	-	1,279,431
Depreciation	-	-	-	-	151,390	-	151,390
Information technology	2,359	-	2,537	-	874,160	-	879,056
Fundraising	140,824	38,242	-	-	153,500	-	332,566
Travel	65,570	-	9,618	-	106,992	-	182,180
Banking services	41,097	-	-	-	247,222	2,702	291,021
Other	-	-	1,849	-	485,462	-	487,311
Total expenses by function	\$ 4,790,286	\$ 129,932	\$ 63,694,830	\$ 167,795,082	\$ 11,482,752	\$ 2,702	\$ 247,895,584

The costs of providing plan administration, investment management, programs, and other activities are summarized on a functional basis through December 31, 2019:

	Ministerial Assistance	Endowment Fund	Benefit Service Fund	Annuity Fund	Management and General	Total
Salaries and benefits	\$ 1,315,616	\$ -	\$ 1,358,968	\$ -	\$ 6,855,819	\$ 9,530,403
Professional services	22,061	52,133	3,708,686	-	1,413,629	5,196,509
Pension payments to annuitant	-	-	-	165,707,343	-	165,707,343
Health service claims	-	-	59,190,872	-	-	59,190,872
Grants and Programs	3,467,236	244,000	-	-	-	3,711,236
Facilities	48,258	-	27,852	-	866,165	942,275
Depreciation	6,356	-	25,226	-	1,361,352	1,392,934
Information technology	2,747	-	2,884	-	165,307	170,938
Fundraising	-	43,603	256,724	-	407,856	708,183
Travel	45,342	-	254,555	-	826,471	1,126,368
Banking services	163,506	-	78,540	-	156,552	398,598
Other	-	-	-	-	985,285	985,285
Total expenses by function	\$ 5,071,122	\$ 339,736	\$ 64,904,307	\$ 165,707,343	\$ 13,038,436	\$ 249,060,944

**THE PENSION BOARDS—UNITED CHURCH OF CHRIST, INC.****NOTES TO COMBINED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

**8. FUNCTIONAL ALLOCATION OF EXPENSES (continued)**

Certain costs have been allocated among Annuitant Funds, Accumulation Funds, Ministerial Assistance functions, and general management of the organization. Such allocations are determined on an equitable basis according to the following methods:

<u>Expense</u>	<u>Allocation Method</u>
Salaries and benefits	Time and effort
Professional services	Full-time equivalent
Programs	Time and effort
Facilities	Square footage
Depreciation	Square footage
Information technology	Time and effort
Fundraising	Time and effort
Travel	Time and effort
Banking services	Time and effort
Other	Time and effort

**9. AVAILABILITY AND LIQUIDITY**

The Pension Boards has \$22.3 million and \$14.9 million of financial assets available within one (1) year of the balance sheet date to meet cash needs for general expenditure consisting of cash, marketable securities, and accrued investment income receivable and other at December 31, 2020 and 2019, respectively. The organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, cash in excess of daily requirements is invested in short-term money market accounts.

At December 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure are as follows:

	2020	2019
Financial assets at year end		
Cash	\$ 4,175,004	\$ 1,795,812
Investments	3,737,436,103	3,480,740,835
Accrued investment income receivable and other	17,356,739	17,322,380
Total financial assets	<u>3,758,967,846</u>	<u>3,499,859,027</u>
Less amounts not available to be used within one year		
Net assets with donor restrictions	(136,497,869)	(125,380,004)
Annuity plan net assets	(3,455,616,817)	(3,224,240,207)
Benefit service funds net assets	(145,558,580)	(135,284,507)
Total amounts not available within one year	<u>(3,737,673,266)</u>	<u>(3,484,904,718)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 21,294,580</u>	<u>\$ 14,954,309</u>

**THE PENSION BOARDS-UNITED CHURCH OF CHRIST, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
Years Ended December 31, 2020 and 2019

**10. SUBSEQUENT EVENTS**

The Pension Boards has evaluated through March 29, 2021 subsequent events that occurred after the combined financial statements' date but before these statements are issued. There were no significant subsequent events that adversely impacted our combined statements of financial position, combined statements of activities, and combined statement of cash flow in the fiscal 2021.

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**The Pension Boards**  
United Church of Christ, Inc.

WHERE FAITH AND FINANCE INTERSECT