THE BOARD OF PENSIONS
OF THE PRESBYTERIAN CHURCH (U.S.A.)

2019

Statement of Management Responsibility and Independent Auditor's Report

COMBINED FINANCIAL STATEMENT AND SUPPLEMENTAL SCHEDULES AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017, 2018, AND 2019

THE BOARD OF PENSIONS
OF THE PRESBYTERIAN CHURCH (U.S.A.)

Statement of Management Responsibility

The management of The Board of Pensions of the Presbyterian Church (U.S.A.) is responsible for the preparation and integrity of the accompanying combined financial statements. The statements are prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on our best judgments and estimates.

Management has established and maintains internal accounting controls and procedures to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded, and reported properly. In our opinion, these internal accounting controls provide this assurance and the financial records are reliable.

The Board of Pensions is governed by an independent Board of Directors elected by the General Assembly of the Presbyterian Church (U.S.A.). The independent auditors, Deloitte & Touche LLP, are recommended by the Audit and Compliance Committee of the Board of Directors and approved by the Board of Directors.

The Audit and Compliance Committee meets with the independent auditors, management, and the internal auditors periodically to discuss internal accounting controls, as well as auditing and financial reporting matters. The independent auditors review with the Audit and Compliance Committee the scope and results of the audit. To help ensure auditor independence and objectivity, the Audit and Compliance Committee meets with both the independent and internal auditors without management present.

The report of the independent auditors, based upon their audits of the combined financial statements, is contained in this financial report.

The Reverend Frank Clark Spencer
President

Michael F. Fallon Jr.
Executive Vice President and
Chief Financial Officer

March 10, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Pensions of the Presbyterian Church (U.S.A.)
Philadelphia, Pennsylvania

We have audited the accompanying combined statements of net assets available for benefits and statements of accumulated plan benefit obligations of The Board of Pensions of the Presbyterian Church (U.S.A.) (the "Board of Pensions") as of December 31, 2017, 2018 and 2019, and the related combined statements of changes in net assets available for benefits and changes in accumulated plan benefit obligations for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Board of Pensions' 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.

Auditors' 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 Board of Pensions' 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 Board of Pensions' 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 combined net assets available for benefits and accumulated plan benefit obligations of The Board of Pensions of the Presbyterian Church (U.S.A.) at December 31, 2017, 2018 and 2019, and the combined changes in its net assets available for benefits and accumulated plan benefit obligations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of benefits provided for the years ended December 31, 2017, 2018 and 2019; administrative expenses for the years ended December 31, 2017, 2018 and 2019; and changes in net assets available for benefits by program and activity for the years ended December 31, 2017, 2018 and 2019 are presented for the purpose of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the Board of Pensions' management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

March 10, 2020

The Board of Pensions of the Presbyterian Church (U.S.A.)

December 31, 2017, 2018 and 2019

(000's Omitted)

Combined Statement of Net Assets Available for Benefits	2017	2018	2019
Assets			
Investments – at fair value (Notes 2, 4)	$ 10,598,099	$ 9,799,463	**$ 11,189,342**
Operating cash	2,304	1,776	**1,246**
Dues receivable, net (Note 2)	2,718	2,851	**2,343**
Christmas Joy Offering receivable	303	407	**355**
Other assets (Note 2)	33,103	29,898	**30,200**
Total Assets	10,636,527	9,834,395	**11,223,486**
Liabilities			
Bank drafts payable	1,085	617	**475**
Accrued expenses and other liabilities	30,175	32,384	**32,961**
Current medical benefit obligations (Notes 2, 5)	16,406	14,624	**16,384**
Future medical benefit obligations (Notes 2, 6)	7,220	7,220	**5,594**
Total Liabilities	54,886	54,845	**55,414**
Net Assets Available For Benefits	$ 10,581,641	$ 9,779,550	**$ 11,168,072**

Net Assets Available For Benefits By Program	2017	2018	2019
Retirement Programs			
Pension Plan	$ 8,658,320	$ 7,959,463	**$ 9,005,604**
Retirement Savings Plans	708,488	672,654	**844,325**
Other Plans	4,381	3,637	**5,116**
Total Retirement Programs	9,371,189	8,635,754	**9,855,045**
Death and Disability Programs			
Death and Disability Plan	856,886	759,514	**878,769**
Supplemental Death and Disability Plans	43,985	42,630	**50,422**
Total Death and Disability Programs	900,871	802,144	**929,191**
Healthcare Programs			
Medical Plan	159,239	198,672	**222,348**
Medicare Supplement Plan	18,487	18,895	**22,263**
Dental Plan	2,385	2,633	**3,136**
Total Healthcare Programs	180,111	220,200	**247,747**
Assistance Program	129,470	121,452	**136,089**
Total Net Assets Available For Benefits By Program	$ 10,581,641	$ 9,779,550	**$ 11,168,072**

The accompanying notes are an integral part of the combined financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

Years Ended December 31, 2017, 2018 and 2019

(000's Omitted)

Combined Statements of Changes in Net Assets Available for Benefits	2017	2018	2019
Additions To (Deductions From) Net Assets			
Investment Income (Loss) (Notes 2, 4)			
Investment income	$ 121,850	$ 139,609	**$ 146,145**
Net gains (losses)	1,396,483	(577,000)	**1,626,034**
Net Investment Income (Loss)	1,518,333	(437,391)	**1,772,179**
Contributions (Note 3)			
Benefits Plan Dues	281,752	294,353	**293,444**
Retirement Savings Plans	41,914	48,711	**56,266**
Medicare Part D Subsidy	10,736	9,139	**13,855**
Christmas Joy Offering	1,147	1,262	**1,402**
Other	2,974	1,574	**2,407**
Total Contributions	338,523	355,039	**367,374**
Other			
Decrease in future medical benefit obligations (Note 6)	2,414	–	**1,626**
Total Additions	1,859,270	(82,352)	**2,141,179**
Deductions From Net Assets			
Benefits provided	629,381	661,445	**693,137**
Administrative expenses	54,604	58,294	**59,520**
Total Deductions	683,985	719,739	**752,657**
Increase (Decrease) in Net Assets Available for Benefits	1,175,285	(802,091)	**1,388,522**
Net Assets Available for Benefits			
Beginning of Year	9,406,356	10,581,641	**9,779,550**
End of Year	$ 10,581,641	$ 9,779,550	**$ 11,168,072**

The accompanying notes are an integral part of the combined financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

December 31, 2017, 2018 and 2019

(000's Omitted)

Statements of Accumulated Plan Benefits	2017	2018	2019
Pension Plan			
Actuarial Present Value of Accumulated Plan Benefits (Notes 2, 7, 13)			
Participants currently receiving benefits	$ 4,044,803	$ 4,039,040	**$ 4,560,587**
Other participants	2,549,704	2,292,343	**2,695,236**
Total Vested Benefits	6,594,507	6,331,383	**7,255,823**
Non-Vested Benefits	6,242	5,925	**8,956**
Total Accumulated Pension Plan Benefits	$ 6,600,749	$ 6,337,308	**$ 7,264,779**
Death and Disability Plan			
Actuarial Present Value of Accumulated Plan Benefits (Notes 2, 7, 13)			
Vested Benefits	$ 167,931	$ 159,646	**$ 171,065**
Non-Vested Benefits	95,335	86,302	**93,523**
Total Accumulated Death and Disability Plan Benefits	$ 263,266	$ 245,948	**$ 264,588**

The accompanying notes are an integral part of the combined financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

Years Ended December 31, 2017, 2018 and 2019

(000's Omitted)

Statements of Changes in Accumulated Plan Benefits	2017	2018	2019
Pension Plan			
Increase (decrease) during the year attributable to:			
Interest, as a result of the decrease in the discount period	$ 223,101	$ 203,866	**$ 230,235**
Plan changes (Note 8)	121,100	250,500	**228,142**
Benefits accumulated and actuarial experience	62,548	108,192	**85,675**
Change in interest rate assumption (Note 7)	384,396	(428,147)	**782,492**
Change in other assumptions (Note 7)	(50,615)	(15,104)	**–**
Benefits paid	(368,431)	(382,748)	**(399,073)**
Net Increase (Decrease)	372,099	(263,441)	**927,471**
Accumulated Plan Benefit Obligations			
Beginning of Year	6,228,650	6,600,749	**6,337,308**
End of Year	$ 6,600,749	$ 6,337,308	**$ 7,264,779**
Death and Disability Plan			
Increase (decrease) during the year attributable to:			
Interest, as a result of the decrease in the discount period	$ 9,212	$ 8,038	**$ 8,854**
Plan changes (Note 8)	384	396	**11,296**
Benefits accumulated and actuarial experience	4,511	8,501	**(5,058)**
Change in interest rate assumption (Note 7)	11,914	(12,875)	**23,419**
Change in other assumptions (Note 7)	59	(229)	**–**
Benefits paid	(24,676)	(21,149)	**(19,871)**
Net Increase (Decrease)	1,404	(17,318)	**18,640**
Accumulated Plan Benefit Obligations			
Beginning of Year	261,862	263,266	**245,948**
End of Year	$ 263,266	$ 245,948	**$ 264,588**

The accompanying notes are an integral part of the combined financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

Notes to Combined Financial Statements
Years Ended December 31, 2017, 2018 and 2019

1. DESCRIPTION OF THE ORGANIZATION AND THE BENEFITS PLAN

The Board of Pensions of the Presbyterian Church (U.S.A.) (the "Board of Pensions") administers a comprehensive benefits program for the members of The Benefits Plan of the Presbyterian Church (U.S.A.) (the "Benefits Plan") as well as programs that provide financial assistance to eligible members (the "Assistance Program").

Eligibility for membership in the Benefits Plan is open to employees of the Presbyterian Church (U.S.A.) (the "Church") or any board, agency or local church under the jurisdiction of the Church; any employment approved by the General Assembly, Presbytery, or Synod of the Church; and any employees whose employment was approved by the Board of Pensions and who commenced eligible service. The complete provisions and summary description of the Benefits Plan have been published and made available to Benefits Plan members.

The Benefits Plan is a Church Plan as defined in Section 414(e) of the Internal Revenue Code and in Title 1 of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Benefits Plan has not elected to be subject to ERISA. The Board of Pensions files Form 990-T, Exempt Organization Business Income Tax Return, with the Internal Revenue Service. Form 990-T is available for public inspection at the Board of Pensions' offices during normal business hours.

The Board of Pensions groups its Benefits Plan and other programs for reporting and management purposes into categories that are briefly described below. The Board of Pensions partners with a number of third-party organizations to provide claims administration and management services. Members should refer to the Benefits Plan documents for a complete description of the coverage and other programs.

The Board of Pensions adopted changes to the Benefits Plan that affected benefits provided in 2017 and in future years. See Note 3 for a description of how these changes affect the funding of the Benefits Plan.

RETIREMENT PROGRAMS – The retirement programs are part of the Benefits Plan and consist of:

- **The Pension Plan** is a defined benefit plan and provides lifetime income benefits (based on accrued service and salary), as defined by the plan's formula, to members and eligible survivors during retirement. The assets of the pension plan are held under a trust agreement.

- **The Supplemental Retirement Plan** is an unfunded, nonqualified deferred compensation plan for employees of the Board of Pensions whose pension accruals, under the Pension Plan, are restricted by compensation and benefit limits imposed by the Internal Revenue Code.

- **The Retirement Savings Plans** include a 403(b)(9) defined contribution plan and a 401(k) plan. The 403(b)(9) plan is available to church workers to supplement their retirement income and serves as a primary retirement plan to employees not enrolled in the Pension Plan. The 401(k) plan is available to employees of the New Covenant Trust Company, a subsidiary of the Presbyterian Church (U.S.A.) Foundation.

- **The Chaplains Deposit Fund** (the "Fund") provides benefits for military personnel to achieve comparable benefits to those members covered under the Benefits Plan. The Board of Pensions administers the Fund on behalf of the Presbyterian Council for Chaplains and Military Personnel.

DEATH AND DISABILITY PROGRAMS – The death and disability programs are part of the Benefits Plan and consist of:

- **The Death and Disability Plan** includes death benefits, payable upon a member's death to the member's eligible survivors and provides members with long-term disability benefits should they become disabled. Members who are receiving disability benefits continue to receive Medical Plan benefits and continue to accrue pension credits if they were participating in the Pension Plan immediately before becoming disabled. The Death and Disability Plan is a self-funded plan.

- **The Supplemental Death and Disability Benefits Plans** are available to members of the Death and Disability Plan to provide additional protection to beneficiaries. This coverage is available subject to eligibility criteria. For members who become disabled while in active service, any supplemental death benefits coverage in effect for the member, the member's spouse and family, is continued at no charge to the member while he/she is receiving disability benefits under the Death and Disability Plan.

HEALTHCARE PROGRAMS – The healthcare programs are part of the Benefits Plan and consist of:

- **The Medical Plan** provides comprehensive medical benefits, including preventative care, hospitalization and medical/surgical coverage, prescription drug coverage, behavioral health benefits, vision examinations and treatments, and resources to improve health and well-being. Members who retire or terminate and are not eligible for Medicare may continue their coverage under the Medical Continuation provisions. The Medical Plan is self-funded.

- **The Medicare Supplement Plan** is available to eligible retired members on a self-paid basis, and supplements the coverage provided by the Original Medicare (Parts A and B). It also provides Part D and supplemental prescription drug coverage. The Medicare Supplement Plan covers a range of medical services, supplies and outpatient prescription drugs. The Medicare Supplement Plan is self-funded.

OPTIONAL BENEFITS – The optional benefit programs consist of:

- **The Dental Plan** is an optional group dental plan that provides coverage for preventive and many basic and major services, subject to eligibility requirements. The Dental Plan is self-funded by the Board of Pensions.

- **The Vision Eyewear Coverage** program reimburses individuals enrolled for this benefit in accordance with a schedule of benefits. Vision Eyewear Coverage is an insured program underwritten by a third-party insurance carrier.

ASSISTANCE PROGRAM – The Assistance Program of the Board of Pensions provides financial assistance to eligible workers in the Presbyterian Church (U.S.A.) and their families, and to qualified retired church workers and their families for needs that lie beyond the scope of the Benefits Plan. The program provides a way for caring Presbyterians to support those who serve the Church during their times of need. The program offers nine distinct programs in one of three categories: retired church workers with financial and housing needs, church workers with urgent financial needs, and pastors with vocational leadership needs. The program is not part of the Benefits Plan and consists of:

- **The General Assistance Fund** consists of unrestricted gifts and provides special grants to eligible active and retired church workers and member education.

- **The Retirement Housing Fund** provides assistance in the form of income supplements for housing for eligible retired members.

- **The Benefit Supplement Fund** provides supplemental retirement income, based on need, to eligible retired church workers and to their surviving spouse and grants to active and retired church workers for special needs.

- **The Restricted Funds** are used for specific donor-designated purposes consistent with the mission of the Board of Pensions.

- **The Endowment Fund** invests gifts that are restricted as to use of principal and distributes income to donor-specified programs of the Board of Pensions.

2. SUMMARY OF ACCOUNTING POLICIES

BASIS OF PRESENTATION – The accompanying financial statements are prepared on a combined basis. The Board of Pensions presents its financial statements in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 960, *Plan Accounting – Defined Benefit Pension Plans* (ASC 960).

BASIS OF ACCOUNTING – The statements are prepared on the accrual basis of accounting.

INVESTMENTS – Investments and other financial instruments are reported at fair value in accordance with ASC Topic No. 820, *Fair Value Measurements* (ASC 820), as of the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for additional information on fair value measurements.

Realized and unrealized changes in fair values are recognized as net gains or losses during the period in which the changes occur. Investments in securities traded on domestic and foreign security exchanges are valued at the last reported sales price on the primary exchange of the respective security on the last business day of the period. Securities traded on the over-the-counter market and securities for which no sale was reported on the last business day of the period are valued at the latest available sales price or bid quotation. Securities transactions are accounted for on a trade-date basis. Investment income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Debt securities are reported using recent sales price when those issues trade frequently. Debt securities that do not trade frequently are reported at estimated fair values calculated by use of pricing matrices and models.

Marketable Diversifying Strategies includes investments in risk parity, commodity, real estate and inflation protection strategies. These investments include shares or units in commingled investment funds whose underlying holdings include both domestic and foreign, as well as equity, fixed income and real estate securities. These investments provide periodic liquidity and are reported at their estimated fair value.

The Board of Pensions uses the term "Private Partnerships" to include limited partnerships, investing in distressed debt, private equity, venture capital and real estate.

In the absence of readily determinable market values, management of the Board of Pensions values private partnerships at fair value, which ordinarily is the value determined by the respective general partners, in accordance with procedures established by the Board of Pensions. These investments are not traded, have restrictions on resale, and are subject to the terms of the partnerships' offering documents. Due to the inherent uncertainty in valuation, the estimated values may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Investments denominated in non-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. The fair values of derivatives (forward foreign exchange contracts and interest rate futures) are based on quoted market prices or dealer quotes. See Note 4 for additional information on investments.

DUES RECEIVABLE – Receivables represent dues that have been billed to employers and members. Receivables are reported net of an allowance for doubtful accounts of $356,000, $532,000, and $499,000 as of December 31, 2017, 2018 and 2019, respectively.

OTHER ASSETS – Other assets include notes receivables, subsidy amounts receivable from the federal government under Medicare Part D, prepaid expenses, property, capitalized software, and equipment.

PROPERTY AND AMORTIZATION – Capitalized internal-use software, leasehold improvements, and property and equipment with a net book value of $4,266,000, $5,901,000 and $4,022,000 at December 31, 2017, 2018 and 2019, respectively, are recorded at cost and included in other assets. Depreciation and amortization on such property is recorded on the straight-line basis over the estimated service lives of the assets or, in the case of leasehold improvements, over the remaining portion of the lease term, if shorter. Depreciation and amortization expense of $1,764,000, $2,259,000 and $1,988,000 for the years ended December 31, 2017, 2018 and 2019, respectively, is included in administrative expenses in the combined financial statements.

The Board holds an $11,200,000, five-year, 5%, interest-only collateralized note from the 2015 sale of condominium units occupied by retired Benefits Plan members and their survivors and is included in other assets in the combined financial statements. Under the terms of the sale, the residents may continue to live in their homes as long as they are physically able to do so. A $4,800,000 liability was recorded for the present value of future supplemental rent owed to the purchaser. The present value of the remaining liability was $3,984,000, $3,831,000 and $3,484,000 as of December 31, 2017, 2018 and 2019, respectively, and is included in accrued expenses and other liabilities in the combined financial statements.

PLAN LIABILITIES – Independent actuarial firms assist the Board of Pensions in determining certain liabilities of the Benefits Plan.

For the Medical Plan, these liabilities include the Current Medical Benefit Obligations for claims incurred but not reported at the end of the year and the Future Medical Benefit Obligations, an actuarially determined estimate of medical expenses expected to be paid in subsequent years for current plan participants.

For the Pension Plan and the Death and Disability Plan, liabilities include Accumulated Plan Benefits that reflect the actuarially determined future benefit payments. Accumulated Plan Benefits are attributable to services rendered by members through the reporting date. Such benefits are payable at a member's future retirement, death, disability, or termination of employment under the Pension Plan and the Death and Disability Plan.

LEASES – The Board of Pensions leases office space under an operating lease that contains rent escalation clauses, tenant incentives and requires the Board of Pensions to pay certain costs such as real estate taxes and common area maintenance. Rent expense for the non-cancellable portion of the operating lease, including scheduled rent increases, is recognized on a straight-line basis over the lease term.

BENEFITS PLAN DUES – The Board of Pensions recognizes revenue from Benefits Plan dues as collected.

For the Pension Plan, each employer simultaneously receives and consumes the Pension Plan benefits as the Board of Pensions administers the Pension Plan. Pension Plan dues are billed and recorded in the period that Pension Plan benefits are earned.

For the Death & Disability, Medical, and Optional Benefits Plans, members receive coverage during the plan year enrolled. For these Plans, each employer simultaneously receives and consumes Death & Disability, Medical, and/or Optional Benefits Plan coverage as the Board of Pensions administers these Plans. Dues for these Plans are also billed and recorded in the period that coverage is provided.

The Board of Pensions reports a high degree of collectability from Benefits Plan dues.

INCOME TAXES – The Board of Pensions is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from taxes on related income. The Board files U.S. federal tax and various state and local tax returns. U.S. federal tax returns remain open for the years ended December 31, 2016 through 2019.

The Board of Pensions evaluates its tax positions pursuant to the principles of FASB ASC Topic No. 740, *Income Taxes*, and has determined that there is no material impact on the Board of Pensions' financial statements. Accordingly, the Board of Pensions has not recognized federal or state deferred tax benefits related to cumulative unrelated business taxable losses.

Recent federal income tax reform, enacted into law under the Tax Cuts and Jobs Act of 2017 and the Further Consolidated Appropriations Act of 2020, includes certain provisions that affect tax-exempt organizations. These provisions include revisions to taxes on unrelated business activities and various other tax law changes. The adoption of these regulations is not expected to have a material impact on the combined financial statements.

NEW AUTHORITATIVE PRONOUNCEMENTS – The FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic No. 606) and *Other Assets and Deferred Costs - Contracts with Customers* (Subtopic No. 340-40). This ASU along with subsequent amending ASUs implement a single framework for revenue recognition ensuring that revenue is recognized in a manner that reflects the consideration to which the entity expects to be entitled to in exchange for goods and services. Although the adoption of this ASU in 2019 did not have a material impact on the combined financial statements, enhanced disclosures related to revenue from contracts with customers have been included in Note 2 under Benefits Plan Dues.

The FASB issued ASU 2016-01, *Financial Instruments – Overall; Recognition and Measurement of Financial Assets and Financial Liabilities* (Subtopic No. 825-10). This guidance addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The adoption of this ASU in 2019 did not have a material impact on the combined financial statements.

The FASB issued ASU 2016-02, *Leases* (Topic No. 842). The new ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. This ASU, and related subsequent amendments, are effective for reporting periods beginning after December 15, 2020. The Board of Pensions is evaluating the impact of the new standard on the combined financial statements.

The FASB issued ASU 2017-06, *Plan Accounting – Defined Benefit Pension Plans* (Topic No. 960), *Defined Contribution Pension Plans* (Topic No. 962), *Health and Welfare Benefit Plans* (Topic No. 965): Employee Benefit Plan Master Trust Reporting. The amendments in this ASU clarify presentation requirements for a plan's interest in a master trust and detailed disclosures of the plan's interest in the master trust. Although the adoption of this ASU in 2019 did not have a material impact on the combined financial statements, enhanced disclosures have been included in Note 4, Investments.

The FASB issued ASU 2018-08, *Non-for-Profit Entities; Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic No. 958). This update clarifies and improves current guidance about whether a transfer of assets (or reduction, settlement, or cancellation of liabilities) is a contribution (a nonreciprocal transaction) or an exchange (reciprocal) transaction. In addition, this update requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and determine if either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The adoption of this ASU in 2019 did not have a material impact on the combined financial statements.

The FASB issued ASU 2018-13, *Fair Value Measurement; Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement* (Topic No. 820). This update modifies the disclosure requirements on fair value measurements. This ASU is effective for reporting periods after December 15, 2019. The adoption of this ASU will not have a material impact on the combined financial statements.

USE OF ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefits obligations, and changes therein. Fair value of investments, benefits plan liabilities, and accumulated plan benefits represent the most significant estimates.

Actual results may differ materially from estimates. The estimates and assumptions used are based on the presumption that the Benefits Plan will continue indefinitely. Different accounting estimates and actuarial assumptions would be applicable if the Benefits Plan were terminated.

REPORT AND VALUATION DATES – Report dates are December 31, 2017, 2018 and 2019 unless otherwise indicated. The independent actuarial firms valued the obligations of the Benefits Plan as of the same dates.

3. FUNDING POLICIES

BENEFITS PLAN DUES – The Benefits Plan provides coverage to members under the Pension Plan, the Death and Disability Plan, the Medical Plan, and the Supplemental Benefits Plans. All pastors serving in called and installed positions, as defined by the Presbyterian Church (U.S.A.), are mandated to be enrolled in full participation.

With certain restrictions, employers may elect to enroll other eligible employees in the Benefits Plan, subject to the Benefits Plan provisions. Participation under the Benefits Plan is funded with dues paid by churches and other employing organizations.

Effective January 1, 2017, the Board of Pensions adopted changes to the Benefits Plan that affect benefits provided. Benefits for installed pastors ("Pastor's Participation") continued to include on a non-contributory basis participation in the Pension Plan, the Death and Disability Plan and the Medical Plan, providing preferred provider (PPO) medical benefits. Annual Pension, Death and Disability Plan dues were 12% of effective salary in 2017, 2018 and 2019. Medical Plan dues were 24.5% of effective salary in 2017 and 25% of effective salary in 2018 and 2019.

Effective January 1, 2017, employers have the option to offer benefits from various menu options on a stand-alone basis to eligible employees. Pension, Death and Disability Plan dues were 12% of a member's effective salary in 2017, 2018 and 2019. Annual Death and Disability Plan dues for members not participating in the Pension Plan were 3.5% of a member's effective salary in 2017 and 2.5% of effective salary in 2018 and 2019. For medical coverage, the cost is expressed in dollar-denominated coverage-level rates and may involve cost sharing by employees. Employing organizations may provide other ministers of the church with either Pastor's Participation or Menu-based options.

Effective January 1, 2019, churches have the option to offer benefits to young ministers through Pathways to Renewal. This plan brings young ministers into the Benefits Plan with the full benefits of Pastor's Participation at substantially reduced dues for five years. Annual Pension, Death and Disability Plan dues were 3% of effective salary in 2019. Medical Plan dues were 16.75% in 2019.

Supplemental Death Benefits, Supplemental Disability Benefits, the Dental Plan, and Vision Eyewear Coverage are available to all members subject to certain restrictions. Eligible retired members and their spouses can subscribe to the Medicare Supplement Plan. The Board of Pensions sets individual contribution rates and eligibility.

In 2018, the Board of Pensions transferred $45,000,000 from the Death and Disability Plan to the Medical Plan to create a high-cost claims reserve. The high-cost claims reserve was established to stabilize the impact of the Medical Plan's high-cost claims.

RETIREMENT SAVINGS PLANS – The Retirement Savings Plans contributions for individuals are at the discretion of the employing organization and the participant.

MEDICARE PART D SUBSIDY – Subsidies from the federal government of $10,736,000, $9,139,000, and $13,855,000 were recorded in 2017, 2018 and 2019, respectively, under the Medicare Part D Employer Group Waiver Plan (EGWP).

ASSISTANCE AND OTHER – Benefits provided under the Assistance Program are funded entirely by investment income, charitable gifts to the program, legacies, grants, endowments, and one-half of the net proceeds of the Christmas Joy Offering. The Assistance Program receives no funding from dues.

4. INVESTMENTS

The majority of the investment assets of the Benefits Plan and programs are commingled for investment purposes and are principally held in two master trusts, the Balanced Investment Portfolio and the Fixed Income Portfolio. The Benefits Plan and programs hold a 100%, undivided interest in the Balanced Investment Portfolio and the Fixed Income Portfolio. Other investments include assets of the Retirement Savings Plan and short-term investments. Independent investment advisors manage the investments according to guidelines approved by the Board of Pensions.

LIQUIDITY – The Balanced Investment Portfolio provides funding for pension, death and disability benefit payments, assistance and retirement housing programs, and expenses in excess of dues. The Fixed Income Portfolio provides funding for programs with generally shorter investment horizons. Other investments provide funding for the healthcare benefits payments and short-term cash requirements. Disruptions in the global markets and economic conditions may affect the demand for benefits, the ability of churches and employing organizations to pay dues, as well as the Board of Pensions' investment performance. Sufficient liquidity is maintained to meet the current needs of the Benefit Programs.

PRIVATE PARTNERSHIPS – Investments in short-term, fixed income and equity securities include investments through various limited partnerships that are exempt from registration under applicable state and federal law. The partnerships were formed to invest in distressed debt, private equity, venture capital and real estate.

Distributions of proceeds from sales of the underlying private partnership investments can occur throughout the term of the partnership. Partnership agreements contain substantial restrictions on the transfer of partnership interests.

There are certain risks normally associated with these investments, such as lack of liquidity, absence of readily determinable market values, exposure to non-traditional asset classes, and, upon termination of investments made through limited partnerships, the risk of reimbursement of some or all of previous distributions and commitment amounts. Where such exposure exists, the reimbursement period is limited by the terms of the partnership agreement or, if silent, by state law.

FOREIGN SECURITIES – Investments in short-term, fixed income and equity securities include investments in foreign financial instruments.

Such investments are subject to the risks normally associated with foreign investing, such as changes in foreign currency exchange rates, decreased liquidity, increased market volatility, and government instability.

DERIVATIVE FINANCIAL INSTRUMENTS – Investment managers retained by the Board of Pensions, subject to guideline approval, maintain active trading positions in derivative financial instruments. The Balanced Investment Portfolio held investments in futures and foreign currency forward contracts on December 31, 2019.

Interest rate futures contracts are commitments to either purchase or sell a financial instrument at a future date for a specified price. These instruments are used to add incremental value and to hedge or reduce investment risk. Although the contract or notional amounts of these instruments are not recorded on the financial statements, these instruments are recognized as either an asset or a liability, depending on the rights or obligations of the contract measured at fair value.

The contract may be settled in cash or through delivery of the underlying financial instrument. The market value of interest rate futures contracts was $44,360,000, $15,688,000 and $53,770,000 at December 31, 2017, 2018 and 2019, respectively.

Interest rate risk is limited due to daily cash settlement of the net change in value of open contracts, which represents the margin call that is recorded as an unrealized gain or loss. The margin balance of open interest rate futures contracts was a payable of $1,704,000 at December 31, 2017, a receivable of $159,000 at December 31, 2018, and a payable of $1,300,000 at December 31, 2019, and is included in investments. The average margin balance of open interest rate futures contracts was a payable of $659,000, $481,000 and $338,000 during 2017, 2018 and 2019, respectively.

Foreign currency forward contracts are agreements to exchange fixed amounts of two different currencies at a specified future date and at a specified future rate. These instruments are used to facilitate transactions in foreign securities, and as a hedge against specific transactions. The contracts are valued based upon the applicable foreign exchange rates and any resulting unrealized gains or losses are recorded in the financial statements. Realized gains or losses are recorded at the time the forward contract is closed or the currency is delivered.

Foreign currency forward contracts receivable had a fair value of $173,716,000, $141,145,000 and $232,998,000 at December 31, 2017, 2018 and 2019, respectively. The average fair value of foreign currency forward contracts receivable was $205,417,000, $207,028,000 and $243,943,000 during 2017, 2018 and 2019, respectively. Foreign currency forward contracts payable had a fair value of $179,545,000, $137,207,000 and $234,605,000 at December 31, 2017, 2018 and 2019, respectively. The average fair value of foreign currency forward contracts payable was $206,894,000, $206,685,000 and $241,727,000 during 2017, 2018 and 2019, respectively.

The following schedules reflect the fair value, the income earned, and the net gains and losses of all the investments of the Board of Pensions.

Fair Value of Investments ($ in millions)

Investments by Source	2017	2018	2019
Balanced Investment Portfolio			
Cash Equivalents and Short-term Investments	$ 280	$ 476	**$ 318**
Fixed Income			
Fixed Income Securities	1,423	1,473	**1,966**
Commingled Funds	1,151	1,151	**1,045**
Private Debt	195	153	**161**
Total Fixed Income	2,769	2,777	**3,172**
Equities			
Equity Securities	3,766	3,176	**3,629**
Commingled Funds	2,184	1,824	**2,303**
Private Equity	632	686	**703**
Total Equities	6,582	5,686	**6,635**
Real Estate			
Private Real Estate	–	63	**72**
Commingled Funds	53	53	**64**
Total Real Estate	53	116	**136**
Due for Securities Purchased	(223)	(168)	**(140)**
Receivable for Securities Sold	155	57	**57**
Interest and Dividends Receivable	19	16	**20**
Forward Foreign Exchange Contracts			
Receivable	174	141	**233**
Payable	(180)	(137)	**(235)**
Net Forward Foreign Exchange Contracts	(6)	4	**(2)**
Total Balanced Investment Portfolio	$ 9,629	$ 8,964	**$ 10,196**
Fixed Income Portfolio			
Cash Equivalents	$ 2	$ 13	**$ –**
Fixed Income Securities	59	35	**35**
Total Fixed Income Portfolio	$ 61	$ 48	**$ 35**
Other Investments			
Cash Equivalents	$ 135	$ 44	**$ 38**
Fixed Income Securities	65	70	**76**
Mutual Funds	708	673	**844**
Total Other Investments	$ 908	$ 787	**$ 958**
Total Investments	$ 10,598	$ 9,799	**$ 11,189**

Investments by Program	2017	2018	2019
Retirement Programs	$ 9,385	$ 8,652	**$ 9,872**
Death and Disability Programs	902	803	**930**
Healthcare Programs	188	229	**258**
Assistance Programs	123	115	**129**
Total Investments	$ 10,598	$ 9,799	**$ 11,189**

Investment Income ($ in millions)

Investment Income by Source	2017	2018	2019
Balanced Investment Portfolio			
Interest	$ 35	$ 39	**$ 53**
Dividends	63	73	**57**
Subtotal	98	112	**110**
Fixed Income Portfolio			
Interest	2	2	**1**
Subtotal	2	2	**1**
Other Investments			
Interest	2	4	**3**
Mutual Fund Dividends	20	22	**32**
Subtotal	22	26	**35**
Total Investment Income	$ 122	$ 140	**$ 146**

Net Gain (Loss) From Investments ($ in millions)

Net Gain (Loss) by Source	2017	2018	2019
Balanced Investment Portfolio			
Cash Equivalents	$ –	$ 1	**$ 1**
Fixed Income Securities	147	(48)	**189**
Equity Securities	1,174	(487)	**1,281**
Real Estate	(1)	11	**19**
Forward Foreign Exchange Contracts	(11)	7	**–**
Subtotal	1,309	(516)	**1,490**
Fixed Income Portfolio			
Fixed Income Securities	1	(2)	**2**
Subtotal	1	(2)	**2**
Other Investments			
Mutual Funds	86	(59)	**134**
Subtotal	86	(59)	**134**
Total Net Gain (Loss) by Source	$ 1,396	$ (577)	**$ 1,626**

FAIR VALUE MEASUREMENTS

ASC 820 requires disclosure regarding the relative objectivity of the data used to determine fair value. Investments must be categorized and reported according to the data inputs and valuation techniques used to measure fair value. The three classification levels of fair value are described as follows:

LEVEL 1: Assets or liabilities whose values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

LEVEL 2: Assets and liabilities whose values are determined using models or other valuation methodologies that utilize inputs that are observable either directly or indirectly, including; (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; (iii) pricing models whose inputs are observable for substantially the full term of the assets or liability and; (iv) pricing models whose inputs are derived principally from or corroborated by observable market data through correlation of other means for substantially the full term of the assets or liabilities.

LEVEL 3: Assets and liabilities whose values are determined using pricing models that utilize significant inputs that are primarily unobservable, discounted cash flow methodologies, or similar techniques, as well as assets and liabilities for which the determination of fair value requires significant management judgment or estimation.

The fair value of investments is ideally determined using observable market prices (Level 1); for a significant portion of the Board of Pensions' financial instruments no quoted market prices are readily available.

In instances where quoted market prices are not readily available, fair value is determined using present value (Level 2) or other valuation techniques (Level 3) appropriate for the particular investment. These techniques involve some degree of judgment and as a result are not necessarily indicative of the amounts the Board of Pensions would realize in a current market exchange. Different assumptions or estimation techniques may have a material effect on the estimated fair values.

The following table presents, by fair value classification, the investment securities of the Board of Pensions at fair value as of December 31, 2017, 2018 and 2019.

Investments at Fair Value by Classification

December 31, 2017 ($ in millions)

Investment Assets	Level 1	Level 2	Level 3	Total
Cash Equivalents and Short-term Investments	$ 414	$ 3	$ –	**$ 417**
Fixed Income Securities	477	1,070	–	**1,547**
Equities				
Equity Securities	3,766	–	–	**3,766**
Commingled Funds	2	–	–	**2**
Total Equities	3,768	–	–	**3,768**
Mutual Funds	708	–	–	**708**
Receivable for Securities Sold	155	–	–	**155**
Interest and Dividends Receivable	19	–	–	**19**
Forward Foreign Exchange Contracts Receivable	–	174	–	**174**
Investment Assets	$ 5,541	$ 1,247	$ –	**$ 6,788**
Investment Liabilities				
Due for Securities Purchased	$ (223)	$ –	$ –	**$ (223)**
Forward Foreign Exchange Contracts Payable	–	(180)	–	**(180)**
Investment Liabilities	$ (223)	$ (180)	$ –	**$ (403)**
Subtotal				**$ 6,385**
Other Investments				
Investments measured using NAV or its equivalent				**$ 4,213**
Total Investments – at fair value				**$ 10,598**

Investments at Fair Value by Classification

December 31, 2018 ($ in millions)

Investment Assets	Level 1	Level 2	Level 3	Total
Cash Equivalents and Short-term Investments	$ 533	$ –	$ –	**$ 533**
Fixed Income Securities	498	1,080	–	**1,578**
Equities				
Equity Securities	3,176	–	–	**3,176**
Commingled Funds	2	–	–	**2**
Total Equities	3,178	–	–	**3,178**
Mutual Funds	673	–	–	**673**
Receivable for Securities Sold	57	–	–	**57**
Interest and Dividends Receivable	16	–	–	**16**
Forward Foreign Exchange Contracts Receivable	–	141	–	**141**
Investment Assets	$ 4,955	$ 1,221	$ –	**$ 6,176**
Investment Liabilities				
Due for Securities Purchased	$ (168)	$ –	$ –	**$ (168)**
Forward Foreign Exchange Contracts Payable	–	(137)	–	**(137)**
Investment Liabilities	$ (168)	$ (137)	$ –	**$ (305)**
Subtotal				**$ 5,871**
Other Investments				
Investments measured using NAV or its equivalent				**$ 3,928**
Total Investments – at fair value				**$ 9,799**

Investments at Fair Value by Classification

December 31, 2019 ($ in millions)

Investment Assets	Level 1	Level 2	Level 3	Total
Cash Equivalents and Short-term Investments	$ 355	$ 1	$ –	**$ 356**
Fixed Income Securities	689	1,388	–	**2,077**
Equity Securities	3,629	–	–	**3,629**
Mutual Funds	844	–	–	**844**
Receivable for Securities Sold	57	–	–	**57**
Interest and Dividends Receivable	20	–	–	**20**
Forward Foreign Exchange Contracts Receivable	–	233	–	**233**
Investment Assets	$ 5,594	$ 1,622	$ –	**$ 7,216**
Investment Liabilities				
Due for Securities Purchased	$ (140)	$ –	$ –	**$ (140)**
Forward Foreign Exchange Contracts Payable	–	(235)	–	**(235)**
Investment Liabilities	$ (140)	$ (235)	$ –	**$ (375)**
Subtotal				**$ 6,841**
Other Investments				
Investments measured using NAV or its equivalent				**$ 4,348**
Total Investments – at fair value				**$ 11,189**

The following table presents the fair value, redemption frequency, and unfunded commitment for those investments whose fair value is not readily determinable and is estimated using net asset value per share or its equivalent.

Commingled Funds ($ In Millions)

	2017	2018	2019	Redemption Frequency and Notice Period
Fixed Income	$ 1,151	$ 1,151	**$ 1,045**	Monthly/ 5-90 days
Equity	2,182	1,824	**2,303**	Monthly/ 5-90 days
Real Estate	53	53	**64**	Monthly/ 5-90 days
Total	$ 3,386	$ 3,028	**$ 3,412**	

table continues on next page

Non-Marketable Investment Partnerships ($ In Millions)

	2017	2018	2019	Unfunded Commitment
Private Debt	$ 195	$ 153	$ 161	$ 97
Private Equity	632	686	703	412
Private Real Estate	–	63	72	82
Total	$ 827	$ 902	$ 936	$ 591
Grand Total	$ 4,213	$ 3,930	$ 4,348	

5. CURRENT MEDICAL BENEFITS OBLIGATIONS

The Benefits Plan allows medical claims to be submitted for payment up to 12 months from the date of service. The Board of Pensions utilizes an independent medical actuary to determine the estimated medical claims incurred but not reported, based on Benefits Plan experience.

6. FUTURE MEDICAL BENEFITS OBLIGATIONS

The Medical Plan provides eligible members and their families access to post-retirement and post-employment medical benefits following disability, termination, or retirement. The Board of Pensions utilizes an independent medical actuary to determine these estimated liabilities.

7. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are attributable to services rendered by members through the reporting date. Such benefits are payable at a member's future retirement, death, disability, or termination of employment under the Pension Plan and the Death and Disability Plan.

The Board of Pensions utilizes an independent pension actuary to calculate and determine the actuarial present value of accumulated plan benefits. The actuary adjusts the accumulated plan benefits to reflect the time value of money, the duration of payments, and the probability of payment between the valuation date and the expected date of payment.

The actuarial assumptions used in the valuations as of December 31, 2017, 2018 and 2019 were:

A. Investment returns and discount rate: 3.18% in 2017, 3.75% in 2018 and 2.76% in 2019, per annum, for both the Pension Plan and the Death and Disability Plan. The discount rate changes annually and reflects assumptions, at the benefits information date, to obtain a contract with an insurance entity to provide participants with their accumulated plan benefits.

B. Rates of mortality, disability, withdrawal and retirement, and family composition for non-retired members:

- 2017, 2018 and 2019 – as developed from the 2016 Mortality Assumption Study.

C. Rates of mortality for pensioners and disabled members:

- 2017 – Rates of mortality in accordance with the Society of Actuaries Annuity RP-2014 table, adjusted to reflect actual experience for the Benefits Plan, regressed to 2006 using MP-2014 and projected forward with generational improvement using Scale MP-2017.

- 2018 and 2019 – Rates of mortality in accordance with the Society of Actuaries Annuity RP-2014 table, adjusted to reflect actual experience for the Benefits Plan, regressed to 2006 using MP-2014 and projected forward with generational improvement using Scale MP-2018.

8. PLAN CHANGES

The Board of Pensions may voluntarily improve benefits and make other plan changes. During the period 2017 through 2019, the Board of Pensions made the following plan changes:

- An experience apportionment is an increase to the benefits of current pensioners and survivors and the pension credits of future pensioners. The Board of Pensions granted experience apportionments in the Pension Plan of 2.0%. 3.9% and 3.6%, effective July 1, 2017, 2018 and 2019, respectively. The effect of these experience apportionments increased the Pension Plan Accumulated Plan Benefits Obligations by $121,100,000, $250,500,000 and $228,142,000 as of December 31, 2017, 2018 and 2019, respectively.

- Amendments to the Death and Disability Plan fixed benefit limits were approved by the Board of Directors on March 16, 2019 and will be effective as of January 1, 2020. The changes increase the minimum salary continuation death benefit, increase the maximum death benefit basis, and change the maximum disability benefits basis. These benefit changes have the effect of increasing the accumulated Death and Disability Plan Benefits Obligations by $10,901,000.

9. SUPPLEMENTAL RETIREMENT PLAN

The Board of Pensions established a Trust for accumulating assets to assist in fulfilling its future obligations to participants in the Supplemental Retirement Plan. The Board of Pensions serves as trustee and, from time to time, contributes assets to the Trust. The assets of the Trust are commingled with other funds in the Balanced Investment Fund. The Board of Pensions contributed $291,000, $333,000 and $366,000 to the Trust in 2017, 2018 and 2019, respectively. As of December 31, 2017, 2018 and 2019, the fair values of the trust assets were $3,664,000, $3,742,000 and $4,689,000, respectively. The projected benefit obligation at December 31, 2017, 2018 and 2019 was $5,620,000, $5,680,000 and $7,348,000 respectively.

10. LINE OF CREDIT

The Board of Pensions maintains an unsecured committed $3,000,000 line of credit with a financial institution. Borrowings are payable on demand. The line of credit had no outstanding balance as of December 31, 2017, 2018 or 2019, is subject to annual renewal, and expires on September 15, 2020.

11. LEASE COMMITMENTS

The Board of Pensions has operating leases for office space. The term of the home office lease is through September 2028 with a contraction option in 2023. The Board of Pensions also leases office space for church consultants for periods generally less than three years.

Rental expense was $1,841,000, $1,684,000 and $1,598,000 for the years ended December 31, 2017, 2018 and 2019, respectively. The following is a schedule of future minimum rental payments.

Future Minimum Lease Payments

Year ending December 31:	Amount
2020	$ 1,925,000
2021	1,935,000
2022	1,973,000
2023	2,012,000
2024	2,050,000
Thereafter	8,027,000
Total	$ 17,922,000

12. ASSETS HELD IN TRUST BY OTHER ORGANIZATIONS

The Board of Pensions is the beneficiary of certain assets held in trust by several external organizations. Generally, these organizations have variance power that, among other things, means the organizations control the amount and timing of distributions of these assets. Consequently, these assets are not reflected in the combined financial statements. The net present value of the Board of Pensions' proportionate share of these assets totals $11,100,000, $10,852,000 and $11,770,000 as of December 31, 2017, 2018 and 2019, respectively.

Distributions received from these organizations are reported as other contributions in the amounts of $429,000, $403,000 and $413,000 for the years ended December 31, 2017, 2018 and 2019, respectively, and are primarily designated to support the Assistance Program.

13. SUBSEQUENT EVENTS

In accordance with FASB ASC Topic No. 855, *Subsequent Events* (ASC 855), the Board of Pensions has evaluated through March 10, 2020 subsequent events which occurred after the balance sheet date but before financial statements are issued.

At its March 2020 meeting, the Board of Pensions granted certain benefit increases.

The Board of Pensions granted a disability benefit increase of 2.0% for those receiving such benefits on December 31, 2019. This benefit increase will become effective as of July 1, 2020 and has the effect of increasing the actuarial present value of accumulated Death and Disability Plan benefits by approximately $396,000.

The Board of Pensions granted an experience apportionment, in the form of a 2.0% increase in retirement and survivor pension benefits for members and survivors receiving benefits on July 1, 2020, and a 2.0% increase in the pension credits accrued as of December 31, 2019. This benefit increase has the effect of increasing the actuarial present value of accumulated Pension Plan benefits by approximately $145,295,000.

The Board of Pensions has concluded that no other events or transactions have occurred that would require adjustments to, or disclosures in, the financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

Schedule 1

Years Ended December 31, 2017, 2018 and 2019

(000's Omitted)

Supplemental Schedule of Benefits Provided	2017	2018	2019
Retirement Programs			
Pension Plan			
Members' Pension	$ 297,675	$ 308,736	**$ 321,327**
Survivors' Pension	68,751	72,021	**75,627**
Pension Dues for Disabled Members	1,137	1,125	**1,091**
Member Education	868	866	**1,028**
Retirement Savings Plan	35,966	47,827	**50,235**
Total Retirement Programs	404,397	430,575	**449,308**
Death and Disability Programs			
Death and Disability Plan			
Disability Benefits	4,985	4,782	**4,797**
Salary Continuation	7,527	7,162	**6,919**
Death Benefits	2,014	1,014	**1,338**
Medical Dues for Disabled Members	9,736	7,822	**6,621**
Children's Education Benefit	256	215	**250**
Member Education	122	118	**133**
Supplemental Death Benefits Plan	1,387	909	**1,152**
Supplemental Disability Plan	36	36	**36**
Group Term Life	–	–	**50**
Total Death and Disability Programs	26,063	22,058	**21,296**
Healthcare Programs			
Medical Plan			
Medical Claims	125,853	128,224	**137,485**
Prescription Drug Claims	26,436	31,157	**32,245**
Medicare Part B Premiums Paid	247	234	**216**
Member Education	435	448	**525**
Medicare Supplement Benefits			
Medical Claims	12,959	13,657	**13,713**
Prescription Drug Claims	22,935	24,338	**24,862**
Dental Plan	4,968	5,288	**5,566**
Vision Eyewear Benefits	–	–	**331**
Total Healthcare Programs	193,833	203,346	**214,943**
Assistance Program			
Income Supplements	2,652	2,824	**2,832**
Emergency Grants	491	445	**187**
Retirement Housing Supplements	1,535	1,486	**1,464**
Minister Education Debt Assistance	83	69	**318**
Healthy Pastors Healthy Congregations	–	230	**2,345**
Other	327	412	**444**
Total Assistance Program	5,088	5,466	**7,590**
Total Benefits Provided	$ 629,381	$ 661,445	**$ 693,137**

The Board of Pensions of the Presbyterian Church (U.S.A.)

Schedule 2

Years Ended December 31, 2017, 2018 and 2019

(000's Omitted)

Supplemental Schedule of Administrative Expenses	2017	2018	2019
Personnel and Benefits			
Compensation	$ 20,600	$ 21,639	**$ 22,792**
Benefits	6,601	7,624	**7,971**
Employer Taxes	1,120	1,246	**1,298**
Other	652	713	**890**
Total Personnel and Benefits	28,973	31,222	**32,951**
Contract Services			
Outsourced Plan Administration	8,874	8,513	**6,831**
Health Promotion	1,336	1,759	**2,173**
Outsourced Support	2,634	3,070	**3,333**
Other Contract Services	1,137	1,319	**1,226**
Total Contract Services	13,981	14,661	**13,563**
Occupancy			
Rent, Maintenance and Utilities	2,328	1,973	**1,872**
Depreciation and Amortization	1,764	2,259	**1,988**
Insurance	567	422	**540**
Total Occupancy	4,659	4,654	**4,400**
Professional Services			
Actuarial	1,062	1,052	**1,188**
Consultant	1,012	1,780	**1,950**
Legal	709	736	**715**
Independent Audit	309	316	**316**
Total Professional Services	3,092	3,884	**4,169**
Travel and Meetings			
Staff and Consultant	846	1,019	**1,123**
Board of Directors	470	493	**463**
Benefits Consultations	354	195	**286**
Total Travel and Meetings	1,670	1,707	**1,872**
General Office	2,229	2,166	**2,565**
Total Administrative Expenses	$ 54,604	$ 58,294	**$ 59,520**

The Board of Pensions of the Presbyterian Church (U.S.A.)

Years Ended December 31, 2017, 2018 and 2019

(000's Omitted)

Supplemental Schedule of Changes in Net Assets Available for Benefits by Program and Activity

	Retirement Programs 2017	Retirement Programs 2018	Retirement Programs 2019	Death and Disability Programs 2017	Death and Disability Programs 2018	Death and Disability Programs 2019
Operating Activity						
Contributions						
Benefits Plan Dues	$ 60,942	$ 60,213	**$ 60,398**	$ 8,375	$ 8,077	**$ 8,005**
Retirement Savings Plans	41,914	48,711	**56,266**	–	–	–
Medicare Part D Subsidy	–	–	–	–	–	–
Christmas Joy Offering	–	–	–	–	–	–
Other	176	183	**190**	–	–	–
Total Contributions	103,032	109,107	**116,854**	8,375	8,077	**8,005**
Expenses and Obligations						
Benefits Provided	404,397	430,575	**449,308**	26,063	22,058	**21,296**
Administrative Expenses	22,251	24,189	**25,768**	4,073	4,011	**4,066**
Total Expenses and Obligations	426,648	454,764	**475,076**	30,136	26,069	**25,362**
(Decrease) Increase in Net Assets from Operating Activities	(323,616)	(345,657)	**(358,222)**	(21,761)	(17,992)	**(17,357)**
Investing Activity						
Investment Income	108,559	123,922	**130,471**	9,064	10,111	**9,966**
Net Gains (Losses)	1,251,989	(513,700)	**1,447,042**	121,482	(45,846)	**134,438**
(Decrease) Increase in Net Assets from Investing Activities	1,360,548	(389,778)	**1,577,513**	130,546	(35,735)	**144,404**
Other Activity						
Change in Future Medical Benefit Obligations	–	–	–	–	–	–
Transfers to (from)	–	–	–	–	(45,000)	–
(Decrease) Increase in Net Assets from Other Activities	–	–	–	–	(45,000)	–
(Decrease) Increase in Net Assets	1,036,932	(735,435)	**1,219,291**	108,785	(98,727)	**127,047**
Net Assets Available For Benefits						
Beginning of Year	8,334,257	9,371,189	**8,635,754**	792,086	900,871	**802,144**
End of Year	$ 9,371,189	$ 8,635,754	**$ 9,855,045**	$ 900,871	$ 802,144	**$ 929,191**

Schedule 3

Healthcare Programs 2017	Healthcare Programs 2018	Healthcare Programs 2019	Assistance Programs 2017	Assistance Programs 2018	Assistance Programs 2019	Combined Programs 2017	Combined Programs 2018	Combined Programs 2019
$ 212,435	$ 226,063	**$ 225,041**	$ –	$ –	**$ –**	$ 281,752	$ 294,353	**$ 293,444**
–	–	**–**	–	–	**–**	41,914	48,711	**56,266**
10,736	9,139	**13,855**	–	–	**–**	10,736	9,139	**13,855**
–	–	**–**	1,147	1,262	**1,402**	1,147	1,262	**1,402**
–	–	**–**	2,798	1,391	**2,217**	2,974	1,574	**2,407**
223,171	235,202	**238,896**	3,945	2,653	**3,619**	338,523	355,039	**367,374**
193,833	203,346	**214,943**	5,088	5,466	**7,590**	629,381	661,445	**693,137**
27,477	29,327	**28,850**	803	767	**836**	54,604	58,294	**59,520**
221,310	232,673	**243,793**	5,891	6,233	**8,426**	683,985	719,739	**752,657**
1,861	2,529	**(4,897)**	(1,946)	(3,580)	**(4,807)**	(345,462)	(364,700)	**(385,283)**
2,686	3,892	**4,116**	1,541	1,684	**1,592**	121,850	139,609	**146,145**
8,661	(11,366)	**26,667**	14,351	(6,088)	**17,887**	1,396,483	(577,000)	**1,626,034**
11,347	(7,474)	**30,783**	15,892	(4,404)	**19,479**	1,518,333	(437,391)	**1,772,179**
2,414	–	**1,626**	–	–	**–**	2,414	–	**1,626**
34	45,034	**35**	(34)	(34)	**(35)**	–	–	**–**
2,448	45,034	**1,661**	(34)	(34)	**(35)**	2,414	–	**1,626**
15,656	40,089	**27,547**	13,912	(8,018)	**14,637**	1,175,285	(802,091)	**1,388,522**
164,455	180,111	**220,200**	115,558	129,470	**121,452**	9,406,356	10,581,641	**9,779,550**
$ 180,111	$ 220,200	**$ 247,747**	$ 129,470	$ 121,452	**$ 136,089**	$ 10,581,641	$ 9,779,550	**$11,168,072**

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