KPMG

THE YOUNG MEN'S CHRISTIAN ASSOCIATION RETIREMENT FUND

Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
The Young Men's Christian Association Retirement Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of The Young Men's Christian Association Retirement Fund, which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of operations and changes in fund deficit and cash flows for the years then ended, and the related notes to 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 U.S. generally accepted accounting principles; 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 auditors' 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 Young Men's Christian Association Retirement Fund as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

September 29, 2021

THE YOUNG MEN'S CHRISTIAN ASSOCIATION RETIREMENT FUND

Balance Sheets

June 30, 2021 and 2020

(Dollar amounts in thousands)

		2021	2020
Assets:			
Investments and cash, at fair value:			
Cash and cash equivalents	$	599,277	594,670
Assets held under securities lending agreement		24,377	88,839
Domestic equities		357,834	211,429
Foreign equities		530,020	352,328
Corporate bonds		2	1
Common/collective trusts:			
Domestic equities		834,725	525,121
Foreign equities		528,443	539,727
Fixed maturities		644,787	519,122
Alternative investments:			
Hedge funds		1,779,719	1,867,176
Private equity		2,181,416	1,384,191
Real estate		435,827	317,612
Private energy		370,985	286,533
Distressed debt		427,111	346,181
Other investment assets		—	11,595
Total investments and cash		8,714,523	7,044,525
Amounts due from brokers		45,200	35,811
Investment income receivable		2,189	2,173
Variation margin receivable		13,233	4,086
Other assets		14,607	16,786
Total assets	$	8,789,752	7,103,381
Liabilities and fund deficit:			
Investment liabilities:			
Payable under securities lending agreement	$	24,377	88,839
Other investment liabilities		930	—
Total investment liabilities		25,307	88,839
Accumulated account balances and reserves:			
Accumulated account balances of the retirement plan		3,522,878	3,627,342
Accumulated account balances of the tax-deferred savings plan		869,542	905,331
Liabilities for future annuity benefits		4,336,317	3,272,642
Death and disability benefit reserves		202,729	239,565
Total accumulated account balances and reserves		8,931,466	8,044,880
Amounts due to brokers		4,413	7,478
Variation margin payable		9,832	14,956
Other liabilities		16,669	20,709
Total liabilities		8,987,687	8,176,862
Fund deficit		(197,935)	(1,073,481)
Total liabilities and fund deficit	$	8,789,752	7,103,381

See accompanying notes to financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION RETIREMENT FUND

Statements of Operations and Changes in Fund Deficit

Years ended June 30, 2021 and 2020

(Dollar amounts in thousands)

		2021	2020
Revenues:			
Consideration received to purchase life annuities	$	234,430	225,232
Net investment income:			
Interest and dividends		19,927	26,605
Investment expenses		(31,016)	(27,837)
Net investment income		(11,089)	(1,232)
Net realized gain on investments		338,890	124,340
Net unrealized gain/(loss) on investments		1,741,524	(122,700)
Total revenues		2,303,755	225,640
Benefits and expenses:			
Interest credited to accumulated account balances of plan participants		234,579	325,742
Changes in death and disability benefits		(34,190)	12,377
Future annuity benefits incurred		1,198,043	504,100
Administrative expenses		29,777	24,874
Total benefits and expenses		1,428,209	867,093
Net gain/(loss)		875,546	(641,453)
Fund deficit:			
Fund deficit, beginning of year		(1,073,481)	(432,028)
Fund deficit, end of year	$	(197,935)	(1,073,481)

See accompanying notes to financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION RETIREMENT FUND

Statements of Cash Flows

Years ended June 30, 2021 and 2020

(Dollar amounts in thousands)

	2021	2020
Cash flows from operating activities:		
Net gain/(loss)	$ 875,546	(641,453)
Adjustments to reconcile net loss to net cash used in operating activities:		
Noncash revenues, expenses, gains and losses included in income:		
Net unrealized (gain)/loss on investments classified as trading	(1,741,524)	122,700
Net realized gains on investments	(338,890)	(124,340)
Net bond discount amortization	(2)	(894)
Interest credited to accumulated account balances	234,579	325,742
Actuarial change in future annuity benefits incurred	951,766	265,824
Actuarial change in death and disability benefits	(22,344)	25,421
Depreciation and amortization	854	674
Change in assets and liabilities net of effects from:		
Proceeds from sale of investments sold, redeemed, or matured classified as trading:		
Fixed maturities	2	214,406
Equities	1,279,244	627,782
Alternative investments	943,192	787,008
(Loss)/gain on sale of derivatives	(47,912)	57,316
Cost of investments purchased classified as trading:		
Fixed maturities	(2)	(159,887)
Equities	(1,169,562)	(419,040)
Alternative investments	(649,320)	(789,082)
Increase in amounts due from brokers	(9,389)	(12,273)
(Decrease)/increase in amounts due to brokers	(3,054)	6,524
Increase in variation margin receivable	(9,146)	(2,833)
(Decrease)/increase in variation margin payable	(5,124)	10,285
(Increase)/decrease in investment income receivable	(16)	1,037
Annuity benefits paid	(310,468)	(290,795)
Death benefits paid	(10,528)	(9,553)
Net participant loan activity	703	(294)
Other	(8,760)	9,443
Net cash (used in)/provided by operating activities	(40,155)	3,718
Cash flows from investing activities:		
Net fixed asset purchases	(381)	(797)
Net cash used in investing activities	(381)	(797)
Cash flows from financing activities:		
Contributions from retirement plans	187,394	277,098
Lump-sum distributions	(142,251)	(107,952)
Net cash provided by financing activities	45,143	169,146
Net increase in cash and cash equivalents	4,607	172,067
Cash and cash equivalents, beginning of year	594,670	422,603
Cash and cash equivalents, end of year	$ 599,277	594,670

See accompanying notes to financial statements.

(1) Organization and Description of the Fund

The Young Men's Christian Association (YMCA) Retirement Fund (Fund) was incorporated in New York in 1921. The Fund is a not-for-profit corporation that is exempt from Federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (Code). As a church pension fund under Section 414(e)(3)(A) of the Code, the Fund is organized and operated for the purpose of providing retirement and other benefits for employees of participating YMCAs throughout the United States. The Fund sponsors the YMCA Retirement Fund Retirement Plan (Retirement Plan), which is a defined contribution, money purchase, church pension plan that is intended to satisfy the qualification requirements of Section 401(a) of the Code. The Retirement Plan is subject to the Employee Retirement Income Security Act of 1974 pursuant to Section 410(d) of the Code. The Fund also sponsors The YMCA Retirement Fund Tax-Deferred Savings Plan (Tax-Deferred Savings Plan), which is a church retirement income account plan as defined in Section 403(b)(9) of the Code. These plans are multiple employer plans under which Young Men's Christian Associations have elected to participate in order to provide retirement benefits for their employees (YMCAs).

The Fund is registered with the New York State Charities Bureau with respect to the solicitation and receipt of contributions for YMCA related initiatives. During fiscal year 2021, the Fund raised $226 and disbursed $126 for related program and fund raising expenses during the same period. The residual amount of $100 is reflected in other operating liabilities on the Balance Sheets. All receipts and disbursements were recorded in administrative expenses.

The Fund is domiciled in the State of New York and is examined every five years by the New York State Department of Financial Services (NYSDFS). The Fund is currently under examination by NYSDF for the five year period ended June 30, 2019. The examination will focus on various core Fund functions, including fiduciary, financial, actuarial, investment, risk management, information technology, and member treatment.

(2) Description of Plans

The following brief description of the plans is provided for general information purposes only. Participants should refer to the plan documents for complete information.

Participants do not direct the investment of their accounts. The Fund's Investment Committee and management to the extent delegated by the Board of Trustees of the Fund (Board of Trustees) are responsible for directing the investments of all assets of the plans sponsored by the Fund. Assets are commingled to achieve economies of scale and diversification. All contributions are received by the Fund and recorded in the accounts of participants. These amounts are reflected on the Balance Sheets of the Fund as accumulated account balances and reserves. Participant accounts earn interest credits as declared by the Board of Trustees in its sole discretion. The Fund also serves as plan administrator of the plans. However, YMCAs are responsible for timely enrollment of eligible employees and remittance of contributions.

(Continued)

(Dollar amounts in thousands)

At June 30, 2021 and 2020, the Fund's liabilities exceeded assets by $197,935 and $1,073,481, respectively. The improvement from fiscal year 2020 to 2021 is attributable to performance of the investment portfolio combined with the net effect of several resolutions the Board of Trustees passed during fiscal year 2021. The first resolution was to create new annuity tiers such that for all interest earned on accumulated balances as of July 1, 2021 the long term interest credit assumption is 4% and the annuity conversion factor assumption is 3% compared to 2% and 7% in fiscal year 2020. These changes resulted in a reduction in the deficit of $536,127. The second resolution changed the long term interest target on accumulated balances from 2% to 3% which increased the deficit by $459,343. The final resolution was to ensure that the total liability for each individual participant was at least equivalent to their corresponding account balance as of June 30, 2021. This change increased the deficit by $882,123. The effect of the changes discussed above are outlined in the table below:

Fund deficit as of June 30, 2020	$	(1,073,481)
Investment performance and census changes		1,680,885
Creation of new annuity tiers		536,127
Changing long term interest credit target on accumulated balances from 2% to 3%		(459,343)
Flooring of participant account balances		(882,123)
Fund deficit as of June 30, 2021	$	(197,935)

Management closely monitors cash flows and reserve requirements for benefit payments as well as investment market activity and believes that the Fund's assets will be sufficient over time to pay all obligations as they become due.

YMCAs have the option of selecting contribution rates which are based on a percentage of compensation for the Retirement Plan. The options range from 8% to 12%. A YMCA may also elect for its employees to participate on a noncontributory basis by remitting the total contribution or on a contributory basis by requiring mandatory payroll deduction. In response to the impact of the COVID-19 pandemic on participating YMCA's, the Board of Trustees passed a resolution permitting YMCAs to reduce their contribution rate to 1%, if needed for economic reasons. The ability to use this rate expired at the end of July 2021. Due to the continued economic uncertainty and the impact of COVID-19 on YMCAs, the Board of Trustees approved contribution rates of 4% and 6%, these rates are due to expire at the end of December 2021.

(Continued)

(Dollar amounts in thousands)

The Board of Trustees, also voted to change the frequency of setting the interest credit rate from twice a year to once a year effective June 30, 2021. The interest credit rate may include special dividends to retirees and additional interest credits to participants based on portfolio performance. Should additional interest credits be declared, such amounts are reported as participant dividends incurred in the Statements of Operations and Changes in Fund Deficit. No additional interest credits were declared in the reporting period shown below. Interest is credited to participant accounts daily. Account balance interest credits declared for the periods beginning July 2019 were as follows:

Declaration period	Total interest credits[1]
July 2019–December 2019	3 %
January 2020–June 2020	3
July 2020–December 2020	—
January 2021–June 2021	2
July 2021–June 2022:	
Post ‘95 balance	3
Post June 30, 2021 contributions	4
Interest on post June 30, 2021 contributions	4

(1) Interest credits are stated in annual terms.

A participant's contributions and interest thereon are maintained in the participant's Personal Account. In addition, each participant has an account attributable to YMCA contributions made on the participant's behalf, referred to as the YMCA Account. Contributions and interest thereon are maintained in accounts based upon the source of the contribution. Mandatory participant contributions and interest thereon are maintained in the participant's Personal Account. All employer contributions and interest thereon are maintained in the YMCA Account. Participants are immediately vested in contributions made on or after July 1, 2006. For calendar years 2021 and 2020, federal law limits total contributions to all Plan (Retirement Plan and Tax-Deferred Savings Plan) accounts to the lesser of $58 and $57, respectively, or 100% of a participants' annual compensation.

Normal retirement occurs when participants retire at age 62 or older. Early retirement occurs on or after age 55 but before age 62. Retirement benefits are based on the participant's Personal and YMCA Account balances plus any voluntary accounts. At retirement, account balances (except for certain small balances which may be paid in a lump-sum) are converted into a life annuity using annuity purchase tables then in effect.

In addition, the Retirement Plan provides a permanent disability retirement benefit for participants under the age of 60 with five or more years of Retirement Plan participation who become permanently and totally disabled. The pre-retirement permanent disability benefit is based on projections of contributions to age 60, with compensation fixed at the average of the five years immediately preceding the disability. Interest credits during this projected period are deemed to be at the regular rate, which is set at 3% per annum.

The Retirement Plan also provides death benefits. The pre-retirement death benefit for active participants provides the greater of $10 or the sum of the basic Personal and YMCA accounts at the time of death. The post-retirement death benefit is an additional amount based on the maximum annual retirement benefit derived from basic Personal Account and YMCA Account balances as determined at retirement. The Retirement Plan permits participants at retirement to use up to 90% of their post-retirement death benefit to permanently increase their retirement annuity. The remaining balance is payable as a death benefit. The plan was amended to state that any participant under age 55 as of January 1, 2019 will not be eligible to use up to 90% of the death benefit to permanently increase their retirement annuity. Instead the entire balance will be payable as a lump-sum distribution upon death. In addition, all new participants entering the plan on or after January 1, 2019 will not be entitled to any death benefit.

The Tax-Deferred Savings Plan permits YMCA employees to make pre-tax elective deferrals and rollover contributions. The Fund has a loan program permitting participants in the Tax-Deferred Savings Plan to borrow from their accounts a minimum of $1 up to a maximum equal to the lesser of $50 or 50% of their Tax-Deferred Savings Account balances. The loans are secured by the balances in participants' accounts. The loan balance is reflected in other assets on the Balance Sheets. Principal and interest is paid ratably through payroll deductions. Participants in the Tax-Deferred Savings Plan can elect separate benefit distributions with respect to their account balances under the Retirement Plan and the Tax-Deferred Savings Plan. In response to the Coronavirus Aid Relief and Economic Security Act the maximum amount of a participant loan has been increased to the lesser $100 or 100% of their Tax-Deferred Savings Account balances. This provision expired on September 22, 2020.

Participants who have severed employment from YMCAs may request a distribution of their account balances subject to conditions and circumstances described in the Plan documents.

(3) Summary of Significant Accounting Policies

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

(a) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and that affect the reported amounts of revenues, benefits and expenses during the reporting period. The global pandemic caused by COVID-19 has had an effect on the operations of the Fund. Some participating employers have had to cease operations due to governmental orders. Some participating employees have been furloughed or terminated resulting in an increase in requests for lump sum benefit payments and a number of YMCAs elected to reduce their contribution rates for their employees to 1%. While management believe these are all temporary conditions, they have the potential to effect the estimates of our liabilities if they were to become permanent. Actual results could differ from the estimates.

(b) Investment and Derivative Valuation and Income Recognition

Investments and derivatives are classified as trading and are stated at fair value in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC 820), *Fair Value Measurements and Disclosures*. See note 5 for further information on fair value.

Alternative investments that are not readily marketable primarily consist of limited partnerships, limited liability companies, private equity investments, diversified investment companies, and offshore funds whose portfolios comprise domestic and foreign, publicly and privately traded equity and debt securities, real estate, options, and commodities. The fair value of alternative investments that are not readily marketable are reported at net asset value (NAV), as a "practical expedient," in conformity with the provision of the FASB Accounting Standards Update (ASU) No. 2009-12 and No. 2015-07, *Fair Value Measurements and Disclosures (Topic 820): Investment in Certain Entities That Calculate Net Assets per Share (or Its Equivalent)*. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Liquidity of individual hedge funds vary based upon a number of factors and may include "gates," "holdbacks" and "side pockets" imposed by the manager of the hedge fund. The Fund does not consider redemption rights, including any restrictions on redemptions, in its determination of fair value.

Costs of equity securities sold are determined on the basis of average cost. Costs of fixed maturities are based on amortized value. Purchases and sales of investments are recorded on a trade-date basis. Amortization of discount or premium for fixed maturities is calculated on a straight-line basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

(c) Cash and Cash Equivalents

Cash equivalents consist of short-term investments such as commercial paper and U.S. Treasury Bills and U.S. Agencies with a maturity of three months or less.

(d) Assets Held under Securities Lending

The Fund participates in a securities lending program with its custodian bank which requires the custodian bank to hold collateral for securities loaned. The collateral is held in the form of cash, cash equivalents, fixed maturities and equities. In accordance with ASC 860, *Transfers and Servicing*, the Fund's share of collateral within the custodian bank's securities lending activities is recorded as an asset with a corresponding liability in the Balance Sheets.

(e) Fixed Assets

Purchases of furniture and fixtures, computer equipment, software and leasehold improvements in excess of $10 are recorded at cost in the other asset line of the Balance Sheets. Depreciation and amortization are provided on the straight-line method based on the estimated useful lives of the related assets or, in the case of leasehold improvements, the term of the lease, if shorter.

(Continued)

(Dollar amounts in thousands)

(f) Accumulated Account Balances

Accumulated account balances are equal to contributions received and allocated to participant accounts plus interest credited on those accounts less lump-sum distributions. At retirement, participants elect a form of annuity benefit, the consideration for which is provided from the respective accumulated account balances. Such amounts increase the liability for future annuity benefits.

(g) Actuarial Assumptions

The following interest rates and mortality tables are used when determining the present value of the estimated future benefits:

	2021	2020
Valuation assumptions:		
Composite interest rate discount for pre and post-retirement	5.0 %	5.0 %
Mortality table: RP-2014 blend of 75% Blue Collar and 25% White Collar Mortality Tables using the 2014 Buck Modified Improvement Scale for projection	✓	✓
Annuity conversion factors:		
Account balances pre '96 and subsequent interest accrued:		
Interest rate	8.0 %	8.0 %
Mortality table: 1951 Group Annuity Male Mortality table rated back 3 years	✓	✓
Account balances post '95 and subsequent interest earned:		
Interest rate	7.0 %	7.0 %
Mortality table: 1995 Buck Mortality table weighted 50% male/50% female	✓	✓
Account balances post '21 and subsequent interest earned:		
Interest rate post '21 contributions and interest	5.0 %	—
Interest rate post '95 interest	3.0 %	—
Mortality table: 2021 IRS Applicable Mortality for purposes of 417(e)	✓	✓
Interest crediting rates:		
Interest crediting rate for pre '96 account balance and subsequent interest	5.0 %	5.0 %
Interest crediting rate for post '95 balance on June 30, 2021	3.0 %	—
Interest crediting on post '95 balance on June 30, 2021	3.0 %	—
Interest crediting on post June 30, 2021 contributions and interest	4.0 %	—

When determining the actuarial liabilities, the Fund's actuary employed a composite discount rate of 5% and 5% along with the 2021 IRS applicable mortality table for the purposes of 417(e) and the RP-2014 blend of 75% Blue Collar and 25% White Collar Mortality Tables using the 2014 Buck Modified Improvement Scale for projection for the fiscal years ended June 30, 2021 and 2020, respectively. Consideration given to purchase life annuities is accepted from participants after reaching retirement age and is converted to a life annuity based on mortality tables and interest rates in effect. Account balances are projected to grow by the regular interest crediting rates of 5% and 3%. The third change was the flooring of participant account balances to ensure that the liability for each individual participant was at least equivalent to their corresponding account balance.

During fiscal year 2021 the Board of Trustees passed three resolutions effecting the actuarial assumptions used to value future liabilities in the June 30, 2021 actuarial valuation report. The first resolution increased the interest crediting assumption on account balances and accumulated interest from 2% to 3% increasing the Fund's deficit by $459,343. The second resolution was a creation of new annuity tiers. This resulted in a decrease in the Fund's deficit of $536,127. The third was to ensure that the liability for each individual participant was at least equivalent to their corresponding account balance. This change increased the deficit by $882,123.

(h) Death and Disability

The death benefit reserve is determined by using the RP-2014 blend of 75% Blue Collar and 25% White Collar Mortality Tables with the mortality improvements projected based upon the 2014 Buck Modified Improvement Scale used for both males and females. This table was modified based upon the actual experience of the Retirement Plan.

The disability reserve is based upon 20% of the disability rates New York State Teachers Retirement system. This table, with the adjustment, best reflects the actual experience of the Retirement Plan. An interest factor of 5% and 5% was used when valuing this reserve for the fiscal years ended June 30, 2021 and 2020, respectively.

The actual results of both benefits are closely monitored annually to determine if an adjustment to the assumption is needed.

(i) Tax Status

The Fund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Retirement Plan received a favorable determination letter, dated April 24, 2014, from the Internal Revenue Service (IRS) indicating that it meets all of the requirements of a qualified pension plan under the Internal Revenue Code. GAAP requires the Fund's management to evaluate tax positions taken by the Fund and recognize a tax liability (or asset) if the Fund has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the Fund's tax positions, and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the Fund's financial statements. The IRS generally has the ability to examine an organization's activity for up to three years. There are no IRS audits, of the Fund, currently in progress.

(j) Subsequent Events

Management has evaluated subsequent events through September 29, 2021, the date the financial statements were available to be issued and no events have occurred subsequent to the balance sheet date and before the date of evaluation that would require disclosure.

(Continued)

(Dollar amounts in thousands)

(4) Accumulated Account Balances and Reserves

(a) Changes in Future Annuity Benefits

The following table represents changes to the liabilities for future annuity benefits:

		2021	2020
Balance, beginning of period	$	3,272,642	2,876,037
Interest credit allocations		176,100	183,300
Annuity benefits paid		(310,468)	(290,795)
Consideration received to purchase life annuities		234,430	225,232
Death benefits converted to life annuities		11,847	13,044
Actuarial adjustments:[1]			
Annuity reserves [2]		57,673	323,452
Annuity purchase rate differential [3]		(713,701)	586,762
Account valuation discount [4]		1,607,794	(644,390)
Balance, end of period	$	4,336,317	3,272,642

(1) The Actuarial adjustments for fiscal year 2021 are the result of the valuation assumption changes discussed in note 2 and 3(g).

(2) The Annuity Reserve is the actuarially estimated cost to provide life annuities to current retirees based upon mortality and monthly annuity amount. At June 30, 2021 and 2020, the balance in this reserve was $3,623,427 and $3,453,845, respectively.

(3) The Annuity Purchase Rate Differential is a provision for the difference between the annuity conversion interest rate and discount rate at the time of annuity conversion. This reserve is for participants who are not currently retired. At June 30, 2021 and 2020, the balance in this reserve was $879,415 and $1,593,116, respectively.

(4) The Account Valuation Discount represents the combined effect of the interest rate discount and the interest crediting rate assumptions. Since the interest crediting rate is lower than the interest rate discount, the combined effect reduces the reserve requirement needed to support benefit payments. Both of these interest rates are discussed in note 3. At June 30, 2021 and 2020, the balance in this reserve was ($166,525) and ($1,733,080), respectively. The effect of 0% interest declaration for the period July 1 through December 31, 2020 of ($41,239) is also included in the fiscal year 2020 Account Valuation Discount.

(Dollar amounts in thousands)

(b) Changes in Accumulated Account Balances for the Retirement Plan and the Tax-Deferred Savings Plan

The following table reflects the changes in the accumulated account balances of the Plans sponsored by the Fund:

		2021		2020	
		Retirement plan[1]	Tax-deferred savings plan[2]	Retirement plan[1]	Tax-deferred savings plan[2]
Balance, beginning of period	$	3,627,342	905,331	3,579,081	875,236
Interest credit allocations		49,533	8,946	115,729	26,713
Contributions to participant accounts		114,557	72,837	189,481	87,617
Consideration given to purchase life annuities		(181,114)	(53,316)	(181,071)	(44,161)
Lump-sum distributions		(81,091)	(61,160)	(69,571)	(38,381)
Account balances transferred to the death benefit reserves		(6,349)	(1,534)	(6,307)	(1,078)
Participant loan defaults		—	(1,997)	—	(1,148)
Net participant loan interest and fees		—	435	—	533
Balance, end of period	$	3,522,878	869,542	3,627,342	905,331

(1) The Retirement Plan is a defined contribution, money purchase, church pension plan which is the primary vehicle used during the savings period of participants prior to retirement.

(2) The Tax-Deferred Savings Plan is a church retirement income account plan providing additional opportunities for participants to save tax deferred for retirement through elective, pre-tax contributions and rollover contributions.

(Dollar amounts in thousands)

(c) *Changes in Death and Disability Benefit Reserves*

The following table represents changes to the death and disability benefit reserves:

		2021	2020
Balance, beginning of period	$	239,565	229,358
Death benefit payments		(10,528)	(9,553)
Account balances transferred to the death benefit reserve		7,883	7,385
Death benefits converted to life annuities		(11,847)	(13,044)
Actuarial adjustments:			
Death benefit reserve		(22,462)	25,272
Disability benefit reserve		118	147
Balance, end of period	$	202,729	239,565

This reserve is the actuarial estimate of the amounts required to pay future death and disability benefits.

(5) Investments

(a) *General*

The Fund invests in a variety of investment asset classes. These include domestic equities, foreign equities, fixed maturity securities, common/collective trusts, alternative investments, futures, options, and swaps. Investment securities, in general, are exposed to various risks, such as interest rate, credit, foreign exchange and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonable to expect that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment assets and liabilities of the Fund. The Fund's exposure to a concentration of risk is mitigated by the diversification of investments and limits on sector and individual company holdings.

(b) *Fair Value Measurement*

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of the fair value hierarchy are as follows:

Level I – Investments that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date. The types of investments generally included in this category are exchange traded equities or debt, short-term money market instruments or actively traded U.S. Government or corporate obligations, common/collective trusts, master limited partnerships and exchange traded derivatives. The fair value of these securities is generally based on quotations obtained from national securities exchanges or based on the estimated fair value of the trust.

(Dollar amounts in thousands)

Level II – Investments valued using observable inputs such as quoted prices for identical securities in inactive markets or quoted prices for similar securities in active markets. Where securities are not listed on an exchange, quotations are obtained from brokerage firms. Level II investments generally included in this category are bonds, cash invested in short-term investment funds, and certain over-the-counter derivatives.

Level III – Unobservable inputs that are not corroborated by market data.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment’s underlying assets and liabilities. Investments measured at NAV are not classified. There have been no changes in the methodologies used at June 30, 2021 and June 30, 2020 and there were no transfers between fair value hierarchy levels for the year ended June 30, 2021.

The following table summarizes the valuation of the Fund’s portfolio investments based on the provisions of FASB ASC 820 fair value hierarchy levels as of June 30, 2021:

2021	Total	Level I	Level II	Level III
Assets:				
Cash equivalents	$ 449,657	—	449,657	—
Assets held under securities lending agreement	24,377	24,377	—	—
Domestic equities	357,834	357,834	—	—
Foreign equities	530,020	530,020	—	—
Corporate bonds	2	—	2	—
Derivate Contracts	13,182	13,182	—	—
Common/collective trusts:				
Fixed maturities	88,231	88,231	—	—
	1,463,303	1,013,644	449,659	—
Investments measured at NAV:				
Common/collective trusts:				
Domestic equities	834,725			
Foreign equities	528,443			
Fixed maturities	556,556			
Hedge funds	1,779,719			
Private equity	2,181,416			
Real estate	435,827			
Private energy	370,985			

(Dollar amounts in thousands)

2021		Total	Level I	Level II	Level III
Distressed debt	$	427,111			
		7,114,782			
Total	$	8,578,085	1,013,644	449,659	—
Liabilities:					
Derivative contracts	$	(14,112)	(14,112)	—	—

The following table summarizes the valuation of the Fund's portfolio investments based on the provisions of FASB ASC 820 fair value hierarchy levels as of June 30, 2020:

2020		Total	Level I	Level II	Level III
Assets:					
Cash equivalents	$	381,059	54,000	327,059	—
Assets held under securities lending agreement		88,839	88,839	—	—
Domestic equities		211,429	211,429	—	—
Foreign equities		352,328	352,328	—	—
Corporate bonds		1	—	1	—
Derivative contracts		18,945	18,945	—	—
		1,052,601	725,541	327,060	—
Investments measured at NAV:					
Common/collective trusts:					
Domestic equities		525,121			
Foreign equities		539,727			
Fixed maturities		519,122			
Hedge funds		1,867,176			
Private equity		1,384,191			
Real estate		317,612			
Private energy		286,533			
Distressed debt		346,181			
		5,785,663			
Total	$	6,838,264	725,541	327,060	—
Liabilities:					
Derivative contracts	$	(7,350)	(7,350)	—	—

(Dollar amounts in thousands)

The following table summarizes the unfunded commitments for the years ended June 30:

		2021	2020
Private equity	$	764,833	816,510
Private real estate		432,611	479,330
Private energy		99,614	130,283
Distressed debt		192,619	169,193
Total	$	1,489,677	1,595,316

These amounts represent the total unfunded commitments that could be called by the general partner. The Fund does not anticipate that the total unfunded commitments will be called.

(c) Alternative Investments

The Fund's alternative investments are diversified across a number of strategies and consist of domestic and foreign limited partnerships and limited liability companies. The strategies employed by these investments are detailed below:

(i) Hedge Funds

The Hedge Funds investments are separated into two distinct strategies:

a) Directional strategies pursue strong alpha combined with some exposure to equity markets. The Directional portfolio will be a net-long biased portfolio that, when combined with the Fund Long-Only Equity portfolios, optimizes to the Fund targeted amount of Equity risk. The major strategies is Long/Short Equity – invests primarily in funds that, in turn, invest in liquid, marketable securities, attempting to realize gains through the identification of mispriced securities.

b) Diversifying strategies pursue absolute returns and have little or no correlation to equity or credit markets. The major types of strategies are:

Global Macro – a strategy that typically bases its holdings, such as long and short positions in various equity, fixed income, currency, and futures markets, primarily on overall economic and political views of various countries.

Trend-Following – a strategy based on systematically capturing the momentum risk premium exhibited across the broad universe of futures markets (typically, global fixed income, currency, commodity, and equity futures markets). In general, trend-following strategies are liquid, transparent, and flexible in terms of targeted level of risk (i.e., volatility can be easily scaled up or down).

Various "Relative Value" and "Arbitrage" strategies that try to capitalize on price differences across a variety of asset classes including but not limited to Convertible Arbitrage, Merger Arbitrage, Fixed Income Arbitrage and Equity Market Neutral.

(Continued)

Illiquid diversifying strategies are those that are non-financial market-related and should be fundamentally uncorrelated with equities and other risk assets. Examples of such strategies are property catastrophe reinsurance, life insurance settlements, and litigation claims.

(ii) Private Equity

Private equity consists of three major strategies, Buyout, Growth Capital and Venture Capital. Buyout funds typically purchase significant equity stakes in established companies with the goal of increasing value through financial, operational, and strategic changes. Growth funds typically invest in rapidly growing but established businesses. Venture Capital funds provide capital and professional expertise to early stage businesses in exchange for equity ownership with the potential for significant growth and value creation.

(iii) Private Real Estate

Private real estate consists of two major strategies, Core/Core Plus and Value Added/Opportunistic. Core/Core Plus assets typically have low operational risk by virtue of being well occupied by creditworthy tenants. Value Added/Opportunistic invests in a broad range of property types with an objective of maximizing value through repositioning and/or enhancing properties.

(iv) Private Energy

Private energy consists of two major approaches: Resource-Based funds and Private Equity funds. Resource-based funds invest in oil and gas wells and attempt to improve production based on modern techniques. Private Equity-oriented funds invest in companies throughout the spectrum with the intent of improving value through management and process improvements, and accretive acquisitions.

(v) Distressed Debt

This strategy involves purchasing debt of companies in financial distress and holding that debt until settlement with the belief that the final value will be greater than the existing market value at the time of purchase.

(vi) Commodity Fund and Futures

These investments provide exposure to the U.S. commodity markets through Commodity Index Funds and other commodity related investments, providing additional diversification to the portfolio and some protection against inflation.

(Dollar amounts in thousands)

(d) Redemption periods for Alternative Investments and Common/Collective Trusts

The following table summarizes the investments at fair value by the various redemption and lock-up periods as of June 30:

Redemption period		2021	2020
Daily	$	689,988	607,311
Monthly		1,061,309	852,301
Quarterly		1,203,424	1,522,482
Annual		958,006	414,028
Lock-up(1)		3,290,286	2,389,541
Total	$	7,203,013	5,785,663

(1) The amount subject to redemption lock-up is set to expire as follows:

Fiscal year ending		2021	2020
2021	$	—	87,329
2022		87,029	214,288
2023		322,291	241,231
2024		638,799	508,762
2025 and thereafter		2,242,167	1,337,931
Total	$	3,290,286	2,389,541

(6) Securities Lending

The Fund's investment activities include participation in the security lending program of its custodian bank. This program involves the lending of securities to institutional investors in exchange for collateral in the form of cash, securities and letters of credit of at least 103% of the fair value of the loaned instruments.

(Dollar amounts in thousands)

While these financial instrument lending transactions may expose the Fund to credit and market risks in the event that the borrower is unable to fulfill its contractual obligations, the collateral held and the nature of the bank's program of oversight and controls provide risk management features. The collateral held is invested during the period securities are on loan. At June 30, 2021 and 2020, the value of the collateral held, and the value of the collateral to be repaid, as well as the fair values of loaned securities were as follows:

		2021	2020
Collateral to be repaid	$	24,377	88,839
Fair value of loaned securities:			
Domestic equities	$	14,155	75,053
Foreign equities		9,458	11,494
Total fair value of loaned securities	$	23,613	86,547

At June 30, 2021 and 2020, collateral held was reinvested in the following: Bank Deposits 0% and 10.1%, respectively; Corporate Bonds and Asset Backed Securities 70.3% and 18.1%, respectively; Government and Agency Bonds 29.7% and 71.8%, respectively. The fair value of the invested collateral was $40 less than the collateral to be repaid, at June 30, 2021.

(7) Derivatives

Derivatives are financial arrangements among two or more parties with returns linked to or "derived" from some underlying equity, debt, commodity or other asset, liability, or index. Derivative payments may be based on interest rates and exchange rates and/or prices of certain securities, commodities, or financial or commodity indices or other variables.

The Fund holds investments in futures, options, and swaps. These instruments are acquired and held 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.

These instruments may involve, to varying degrees, elements of credit and market risk in excess of amounts recognized in the financial statements. The Fund minimizes the credit (or repayment) risk in these instruments by entering into transactions with high-quality counterparties. The Fund manages market risk by establishing and monitoring limits as to the type and degree of risk that may be undertaken.

The Fund uses forward foreign currency contracts to facilitate transactions in foreign securities, and as a hedge against specific transactions. Such contracts are valued based upon the applicable foreign exchange rates and any resulting unrealized gains or losses are recorded in the Fund's financial statements. Realized gains or losses are recorded at the time the forward contract is closed or the currency is delivered. Risks in foreign currency contracts are managed through careful selection of counterparties.

(Dollar amounts in thousands)

The following is a summary of the fair value, realized gains and losses and changes in of the derivative instruments utilized by the Fund, categorized by risk exposure as of June 30, 2021 and 2020.

2021	Risk		Asset	Liability	Net	Realized gains/(losses)
Futures contracts	Interest rate	$	624	(354)	270	(4,116)
Futures contracts	Foreign currency		237	(947)	(710)	(2,706)
Futures contracts	Equity markets		8,832	(8,282)	550	(37,040)
Futures contracts	Commodity markets		139	(3,650)	(3,511)	2,543
Written option contracts	Foreign currency		—	—	—	(3,298)
Written option contracts	Interest rate		1,866	(516)	1,350	(1,091)
Written option contracts	Equity markets		1,074	(363)	711	(548)
Swaps	Equity markets		410	—	410	(1,656)
Total derivative instruments		$	13,182	(14,112)	(930)	(47,912)

2020	Risk		Asset	Liability	Net	Realized gains
Futures contracts	Interest rate	$	243	—	243	13,429
Futures contracts	Foreign currency		2	(530)	(528)	789
Futures contracts	Equity markets		14,106	(3,557)	10,549	37,485
Futures contracts	Commodity markets		606	—	606	789
Written option contracts	Foreign currency		1,526	—	1,526	4,354
Written option contracts	Equity markets		2,462	(3,263)	(801)	470
Total derivative instruments		$	18,945	(7,350)	11,595	57,316

Generally, the Balance Sheet location for asset derivatives is other investment assets and for liability derivatives is other investment liabilities.

Future contracts include cumulative gains and losses as reported in the notes. Only current day's variation margin is reported on the Balance Sheets.

The Fund's future contracts mature in December 2021.

(Dollar amounts in thousands)

(8) Investment and Administrative Expenses

(a) Investment Expenses

External management fees are paid to various investment managers in a variety of asset classes. They are typically based on the value of the assets under management. Internal investment expenses consists of the other costs related to investing the Fund's assets including but not limited to salaries, custodial costs and investment consulting costs. A summary of investment expenses is as follows:

		2021	2020
External management fees	$	21,321	18,472
Internal investment expenses		9,695	9,365
Total	$	31,016	27,837

(b) Administrative Expenses

A summary of administrative expenses is as follows:

		2021	2020
Technology	$	9,219	6,658
Occupancy		1,909	1,898
Administration		17,795	15,644
Depreciation		854	674
Total	$	29,777	24,874

(Dollar amounts in thousands)

(9) Fixed Assets

Office furniture and fixtures, computer equipment, and leasehold improvements are reflected in other assets on the Balance Sheets. At June 30, 2021 and 2020 the value of these assets are:

		2021	2020	Estimated useful lives
Furniture and fixtures	$	1,163	1,163	5 to 10 years
Computer equipment		1,537	1,156	3 to 5 years
Software		1,616	1,616	5 year life
Office equipment		165	165	5 year life
Leasehold improvements		5,072	5,072	Life of lease
		9,553	9,172	
Less accumulated depreciation and amortization		5,326	4,472	
Total net fixed assets	$	4,227	4,700	

(10) Employee Pensions

The Fund's employees participate in the Retirement Plan and the Tax-Deferred Savings Plan. Fund contributions to the Retirement Plan are a percentage of the participating employees' compensation. Participating employees can also contribute to the Tax-Deferred Savings Plan with pre-tax contributions. All contributions are credited to the employees' accounts semi-monthly. Total Fund contributions for all eligible employees for the years ended June 30, 2021 and 2020 aggregated $1,469 and $1,442, respectively.

(11) Commitments and Contingencies

Leases

In March 2013, the Fund entered into a non-cancelable operating lease agreement for office space at 120 Broadway, New York, NY. Lease payments commenced in January 2015 after a ten month free rent period. The lease will expire in December 2029. In addition to office space at 120 Broadway, the Fund had a non-cancelable operating lease agreement for storage space in the basement. This lease was due to expire in December 2029. Effective July 2021 the storage space lease was terminated.

On January 9, 2007, the Fund entered into a non-cancelable operating lease agreement for office space at 200 Metroplex Drive, Edison, NJ. The Metroplex facility was developed as a continuity site to ensure uninterrupted operation in the event the New York office becomes inaccessible. Lease payments commenced in April 2007 with an expiration date in April 2015. This lease was modified extending the expiration date to December 2024.

(Dollar amounts in thousands)

Future annual rent commitments are as follows:

	Office space New York, NY	Continuity site Edison, NJ	Storage space New York, NY
Year ending June 30:			
2022	$ 1,978	81	1
2023	1,978	81	—
2024	1,978	81	—
2025	2,077	43	—
2026	2,176	—	—
Thereafter	7,617	—	—
Total	$ 17,804	286	1

Total rental expenses including deferred rent expense for 120 Broadway amounted to $2,262 in 2021 and $2,146 in 2020. The free rent period at 120 Broadway started in March 2014 and ended in December 2014. The rent attributable to this period was recorded as rent expense with a corresponding deferred credit. This credit is being amortized to rent expense at the rate of $104 per year over the life of the lease starting in January 2015.

Letter of Credit

Under the terms of the 120 Broadway lease agreement, the Fund secured a letter of credit for $300 in favor of the landlord, 120 Broadway Holdings, LLC which is collateralized by a Certificate of Deposit. This letter of credit expires in May 2030. The annual fee for this letter of credit is 1/2 of 1%.