

**MISSIONARY SOCIETY OF CONNECTICUT  
CONSOLIDATED TRUST FUNDS**

Independent Accountants' Compilation Report

Financial Statements

December 31, 2021 and 2020



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of  
Missionary Society of Connecticut Consolidated Trust Funds

Management is responsible for the accompanying financial statements of Missionary Society of Connecticut Consolidated Trust Funds (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.



Hartford, Connecticut  
October 21, 2022

# Missionary Society of Connecticut Consolidated Trust Funds

## Statements of Financial Position

December 31, 2021 and 2020

(See Accompanying Notes and Independent Accountants' Compilation Report)

	2021			2020		
	Total Return	Eden	Total	Total Return	Eden	Total
<b>Assets</b>						
<b>Investments in marketable securities</b>						
Equities - common stocks	\$ 51,060,225	\$ 38,256,717	\$ 89,316,942	\$ 41,335,330	\$ 16,864,222	\$ 58,199,552
Equities - mutual funds and ETFs	11,717,061	3,078,590	14,795,651	38,711,611	3,598,552	42,310,163
Municipal bonds	3,744,553	3,408,349	7,152,902	3,949,704	1,541,442	5,491,146
U.S. and foreign bonds	17,593,240	8,206,877	25,800,117	18,650,112	3,445,254	22,095,366
U.S. government and agency obligations	5,072,649	5,415,209	10,487,858	6,798,850	2,520,057	9,318,907
<b>Total investments in marketable securities</b>	<b>89,187,728</b>	<b>58,365,742</b>	<b>147,553,470</b>	<b>109,445,607</b>	<b>27,969,527</b>	<b>137,415,134</b>
Cash - pending purchases	364,790	47,381	412,171	139,114	4,072	143,186
Investment in cash management	482,490	477,366	959,856	969,435	253,575	1,223,010
Dividends and interest receivable	144,180	113,554	257,734	191,440	55,591	247,031
<b>Total assets</b>	<b>\$ 90,179,188</b>	<b>\$ 59,004,043</b>	<b>\$ 149,183,231</b>	<b>\$ 110,745,595</b>	<b>\$ 28,282,765</b>	<b>\$ 139,028,361</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable	\$ 10,294	\$ 5,769	\$ 16,063	\$ 9,397	\$ 1,602	\$ 10,999
Payable to participants	508,809	224,552	733,361	376,154	153,050	529,204
<b>Total liabilities</b>	<b>519,103</b>	<b>230,321</b>	<b>749,424</b>	<b>385,551</b>	<b>154,652</b>	<b>540,203</b>
Net assets with donor restrictions	89,660,085	58,773,722	148,433,807	110,360,044	28,128,114	138,488,158
<b>Total liabilities and net assets</b>	<b>\$ 90,179,188</b>	<b>\$ 59,004,043</b>	<b>\$ 149,183,231</b>	<b>\$ 110,745,595</b>	<b>\$ 28,282,766</b>	<b>\$ 139,028,361</b>
Units shares outstanding	543,180	3,804,664		738,277	1,990,783	
Net asset value per unit	165.07	15.45		149.48	14.13	

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

# Missionary Society of Connecticut Consolidated Trust Funds

## Statements of Activities

For the years ended December 31, 2021 and 2020

(See Accompanying Notes and Independent Accountants' Compilation Report)

	2021			2020		
	Total Return	Eden	Total	Total Return	Eden	Total
Changes in net assets without donor restrictions:						
Investment income						
Interest income	\$ 2,196,608	\$ 805,347	\$ 3,001,955	\$ 2,279,875	\$ 539,102	\$ 2,818,977
Dividend income	1,627,859	632,072	2,259,931	1,732,103	394,014	2,126,117
Total investment income	<u>3,824,467</u>	<u>1,437,419</u>	<u>5,261,886</u>	<u>4,011,978</u>	<u>933,115</u>	<u>4,945,093</u>
Expenses						
Investment advisory fee	251,186	84,237	335,423	225,124	63,895	289,019
Custody services	32,378	11,039	43,417	34,060	8,812	42,872
Transfer agent fees	42,797	14,390	57,187	44,236	11,445	55,681
Subaccounting fee	41,858	14,066	55,924	42,674	11,041	53,715
MSC administrative fee	14,842	5,979	20,821	42,503	10,997	53,500
Miscellaneous expense	11,096	3,238	14,334	10,231	2,635	12,866
Accounting fee	2,692	908	3,600	3,337	863	4,200
Proxy voting service	26,644	6,784	33,428	23,540	6,090	29,630
Total expenses	<u>423,493</u>	<u>140,641</u>	<u>564,134</u>	<u>425,705</u>	<u>115,778</u>	<u>541,483</u>
Net investment income	<u>3,400,974</u>	<u>1,296,778</u>	<u>4,697,752</u>	<u>3,586,273</u>	<u>817,337</u>	<u>4,403,610</u>
Realized and unrealized gains on investments						
Net realized gains/(losses) on sale of investments	8,323,089	669,737	8,992,826	1,148,220	(58,959)	1,089,261
Net unrealized appreciation on investments	(968,802)	5,821,337	4,852,535	7,683,170	2,740,482	10,423,652
Net realized and unrealized gains on investments	<u>7,354,287</u>	<u>6,491,074</u>	<u>13,845,361</u>	<u>8,831,390</u>	<u>2,681,523</u>	<u>11,512,913</u>
Change in net assets resulting from operations	<u>\$ 10,755,261</u>	<u>\$ 7,787,852</u>	<u>\$ 18,543,113</u>	<u>\$ 12,417,663</u>	<u>\$ 3,498,860</u>	<u>\$ 15,916,523</u>

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

## Missionary Society of Connecticut Consolidated Trust Funds

### Statements of Activities (continued)

For the years ended December 31, 2021 and 2020

(See Accompanying Notes and Independent Accountants' Compilation Report)

	2021			2020		
	Total Return	Eden	Total	Total Return	Eden	Total
From operations						
Net investment income	\$ 3,400,975	\$ 1,296,777	\$ 4,697,752	\$ 3,586,273	\$ 817,337	\$ 4,403,610
Net realized and unrealized gains on investments	7,354,287	6,491,074	13,845,361	8,831,390	2,681,523	11,512,913
Change in net assets resulting from operations	10,755,262	7,787,851	18,543,113	12,417,663	3,498,860	15,916,523
Distributions to participants	(1,773,116)	(664,705)	(2,437,821)	(1,854,169)	(423,324)	(2,277,493)
Fund unit (principal) transactions						
Proceeds from sale of units	1,272,395	425,793	1,698,188	3,831,546	167,425	3,998,971
Units redeemed	(6,082,509)	(1,775,322)	(7,857,831)	(5,896,280)	(1,225,073)	(7,121,353)
Transfers	(24,871,991)	24,871,991	-	-	-	-
Change in net assets from fund unit transactions	(29,682,105)	23,522,462	(6,159,643)	(2,064,734)	(1,057,648)	(3,122,382)
Change in net assets	(20,699,959)	30,645,608	9,945,649	8,498,760	2,017,888	10,516,648
Net assets, beginning of year	110,360,044	28,128,114	138,488,158	101,861,284	26,110,224	127,971,508
Net assets, end of year	<u>\$ 89,660,085</u>	<u>\$ 58,773,722</u>	<u>\$ 148,433,807</u>	<u>\$ 110,360,044</u>	<u>\$ 28,128,114</u>	<u>\$ 138,488,158</u>

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

# Missionary Society of Connecticut Consolidated Trust Funds

## Notes to Financial Statements

December 31, 2021 and 2020

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

The Missionary Society of Connecticut Consolidated Trust Fund (“CTF” or the “Fund”) was established in 1955. The Missionary Society of Connecticut (“MSC”) established the Fund for the purpose of merging several of its own funds, which had previously been managed separately. A further provision was included which would allow any church or institution connected with the “Congregational Christian Denomination”, predecessor to the Connecticut Conference of the United Church of Christ, to participate in the Fund.

In November 2015, the Eden Fund was created to offer an alternative investment for institutions and churches that were interested in divesting from companies holding fossil fuel reserves, and other companies supporting the extraction, production, and distribution of fossil fuels. The original fund is now identified as the “Total Return Fund”. According to the Amended Agreement and Declaration of Trust, each fund is a Consolidated Trust Fund and they are collectively identified as the Consolidated Trust Funds (“CTF” or “the Funds”).

#### Basis of Accounting

The Funds maintain their records and prepare their financial statements on the accrual basis of accounting. Income is recorded when earned. Investment revenue is recorded on the trade date. Expenses are recorded when incurred.

#### Basis of Presentation

Each account receives a percentage of the overall units invested in each fund. The primary investment objective for the CTF is to maintain the inflation-adjusted market value of assets while providing a relatively predictable, growing stream of income. In addition, portfolio securities are selected from among those investments meeting standards of socially responsible investments as established by annual meetings and the Board of Directors of the Connecticut Conference of the United Church of Christ.

The financial statements do not report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. It is the responsibility of the entities who placed their investments into the Fund to determine the character of the restriction of the funds. CTF only operates as the trustee for the funds and does not have authority to utilize funds for any purpose. Accordingly, all net assets have been classified as with donor restriction.

#### Expenses

Investment advisory services are provided by Fiducient Advisors. Transfer agency and recordkeeping services are provided by Apex Fund Services. MUFG Union Bank, which was acquired by U.S. Bank during 2021, is the custodian of the assets. Fees are a combination of asset-based and flat fees. Other expenses include separately managed account investment management fees, auditing fees, proxy voting service fees, and annual report printing fees. MSC is reimbursed for expenses, primarily staff related, incurred for the management of the Funds.

#### Basis of Participation

Additions to and withdrawals from participation in the Fund may be made only on the valuation dates at the end of each month. The value of units for purposes of admission or withdrawal is computed by dividing total market value of the Fund on the valuation date by the number of units then outstanding.

## **NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investments (other than short-term cash equivalents) are carried at fair value and primarily consist of investment in the CTF. The CTF engaged Fiducient Advisors in December of 2017 to serve as the Fiduciary Partner, a role described in the Investment Policy Statement. Fiducient Advisors is responsible for investment management under the direction of the Missionary Society. Apex Fund Services has provided administrative and recordkeeping services and MUFJG Union Bank, now U.S. Bank, has served as the custodian of the assets since January of 2018. Previously U.S. Trust, a subsidiary of Bank of America, was responsible for all of these services. Asset allocation is determined by the Investment Policy Statement.

Purchases and sales of investments are reported and accounted for on the trade date. Securities traded on a national securities exchange are valued at the closing prices on such exchanges on the appropriate dates. Securities traded on over-the-counter markets are valued at the closing bid price on the appropriate dates. Short-term investments are valued at acquisition costs. Securities received are valued on the date of transfer of the securities, in accordance with valuation methods described above.

Investments include securities held directly as well as positions in mutual funds and exchange traded funds (“ETF”s). Positions in mutual funds and ETFs were established in order to accomplish additional diversification efficiently. Mutual fund and ETF income and expense are reflected in the market value of the positions held and are not included in reported income and expense.

Dividend income is recognized as of the ex-dividend date. Interest income is accrued daily. Net investment income earned is distributed to participants on a monthly basis.

### Concentration of Credit Risk

The Funds maintain their cash as temporary investments. MSC has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

The CTF invests in various debt and equity securities. These investment securities are recorded at market value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of the CTF’s investments which could materially affect amounts reported in the financial statements.

### Taxes

As part of the Missionary Society of Connecticut, the CTF is exempt from Federal and State income taxes, and is not required to file a Federal informational return.

### Subsequent Event Measurement Date

The CTF monitored and evaluated any subsequent events for footnote disclosure or adjustments required in its financial statements for the year ended December 31, 2021 through October 21, 2022, the date on which the financial statements were available to be issued.

## NOTE 2 – FAIR VALUE MEASUREMENT

The Funds follow accounting principles recommended by the FASB Accounting Standards Codification regarding *Fair Value Measurements*. The codification defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. The codification defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The codification also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

*Common stocks, mutual funds, ETFs and investment in cash management:* Valued at the closing price reported on the active market on which the individual securities are traded.

*U.S. and foreign bonds, U.S. government and agency obligations, and municipal bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



**NOTE 2 – FAIR VALUE MEASUREMENT (CONTINUED)**

The following table presents assets measured at fair value at December 31, 2021:

Investments	Level 1	Level 2	Level 3	Total
Equities - common stocks	\$ 51,060,225	\$ -	\$ -	\$ 51,060,225
Equities - mutual funds and ETFs	11,717,061	-	-	11,717,061
U.S. and foreign bonds	-	17,593,240	-	17,593,240
U.S. government and agency obligations	-	5,072,649	-	5,072,649
Municipal bonds	-	3,744,553	-	3,744,553
Investment in cash management	482,490	-	-	482,490
Dividends and interest receivable	-	144,180	-	144,180
Cash - pending purchases	364,790	-	-	364,790
<b>Total Return</b>	<b>63,624,566</b>	<b>26,554,622</b>	<b>-</b>	<b>90,179,188</b>
Equities - common stocks	38,256,717	-	-	38,256,717
Equities - mutual funds and ETFs	3,078,590	-	-	3,078,590
U.S. and foreign bonds	-	8,206,877	-	8,206,877
U.S. government and agency obligations	-	5,415,209	-	5,415,209
Municipal bonds	-	3,408,349	-	3,408,349
Investment in cash management	477,366	-	-	477,366
Dividends and interest receivable	-	113,554	-	113,554
Cash - pending purchases	47,381	-	-	47,381
<b>Eden Fund</b>	<b>41,860,054</b>	<b>17,143,989</b>	<b>-</b>	<b>59,004,043</b>
<b>Total</b>	<b>\$ 105,484,620</b>	<b>\$ 43,698,611</b>	<b>\$ -</b>	<b>\$ 149,183,231</b>

The following table presents assets measured at fair value at December 31, 2020:

Investments	Level 1	Level 2	Level 3	Total
Equities - common stocks	\$ 41,335,330	\$ -	\$ -	\$ 41,335,330
Equities - mutual funds and ETFs	38,711,611	-	-	38,711,611
U.S. and foreign bonds	-	18,650,112	-	18,650,112
U.S. government and agency obligations	-	6,798,850	-	6,798,850
Municipal bonds	-	3,949,704	-	3,949,704
Investment in cash management	969,435	-	-	969,435
Dividends and interest receivable	-	191,440	-	191,440
Cash - pending purchases	139,114	-	-	139,114
<b>Total Return</b>	<b>81,155,490</b>	<b>29,590,106</b>	<b>-</b>	<b>110,745,596</b>
Equities - common stocks	16,864,222	-	-	16,864,222
Equities - mutual funds and ETFs	3,598,552	-	-	3,598,552
U.S. and foreign bonds	-	3,445,254	-	3,445,254
U.S. government and agency obligations	-	2,520,057	-	2,520,057
Municipal bonds	-	1,541,442	-	1,541,442
Investment in cash management	253,575	-	-	253,575
Dividends and interest receivable	-	55,591	-	55,591
Cash - pending purchases	4,072	-	-	4,072
<b>Eden Fund</b>	<b>20,720,421</b>	<b>7,562,344</b>	<b>-</b>	<b>28,282,765</b>
<b>Total</b>	<b>\$ 101,875,911</b>	<b>\$ 37,152,450</b>	<b>\$ -</b>	<b>\$ 139,028,361</b>

### NOTE 3 – NET VALUATION PER UNIT

The asset values per unit for purposes of admission and withdrawal on valuation dates were as follows during the years ended December 31,:

	2021		2020	
	Total Return	Eden	Total Return	Eden
January 31	\$ 148.97	\$ 14.07	\$ 135.23	\$ 12.67
February 28	152.11	14.30	127.69	12.00
March 31	154.83	14.50	112.69	10.73
April 30	158.64	14.94	121.23	11.54
May 31	160.94	15.12	125.64	11.91
June 30	161.02	15.18	127.94	12.17
July 31	161.76	15.24	132.24	12.60
August 31	163.71	15.42	137.16	13.12
September 30	159.00	14.91	134.10	12.84
October 31	164.09	15.41	132.32	12.61
November 30	160.25	15.05	144.50	13.69
December 31	165.07	15.45	149.48	14.13

### NOTE 4 – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. COVID-19 has caused significant disruption in the national and global economy. The CTF’s operating activities, liquidity, and cash flows may be affected by this global pandemic. While the disruption is currently expected to be temporary, there is uncertainty related to the duration. Therefore, while the CTF expects this matter may impact the operations, the related financial impact cannot be reasonably estimated at this time.

**Headquarters**

280 Trumbull Street, 24th Floor  
Hartford, CT 06103  
860.522.3111

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One Hamden Center  
2319 Whitney Avenue, Suite 2A  
Hamden, CT 06518  
203.397.2525

14 Bobala Road, 3rd Floor  
Holyoke, MA 01040  
413.536.3970

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