



The **NEW NORMAL** is:

tradition
service
performance
balance
growth
innovation
change

The **NEW NORMAL**

Report of the Executive Director pg. 1

Sumner M. Grant

tradition service performance

Member Service pg. 4

Sara Day, Director of Member Service

Investment Strategy pg. 6

Candace Cox, Chief Investment Officer

growth innovation change

Member Outreach pg. 8

Jim Keegan, Marketing & Service Director

Denominational Relations pg. 10

Perry Hopper, Associate Executive Director

balance

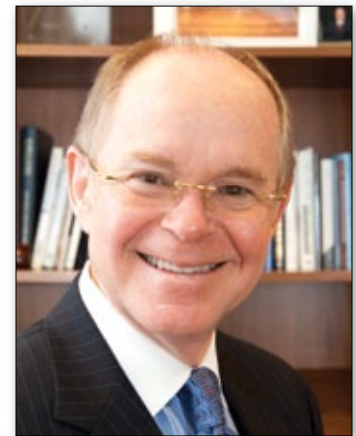
Benefit Plans pg. 12

2009 Financials pg. 15

What a roller-coaster ride of a year. The stock market ended the year so strongly it's hard to remember how much each of the major indexes fell during the first quarter. From January 1, 2009 through March 9, 2009, the Dow Jones Industrial Average lost 20% of its value. Then, in the final nine-plus months of the year, we enjoyed one of the best bull markets in history; the Dow soared 63%.

The New Normal

REPORT OF THE EXECUTIVE DIRECTOR,
SUMNER M. GRANT



The investment experience of The Ministers and Missionaries Benefit Board (MMBB) reflected this wild ride. The Balanced Fund, in which most of our members' money is invested, outperformed the Dow in 2009. The 2009 year-end value of the Balanced Fund was \$35.76. This represented a 27.26% increase over the Fund's value at the end of 2008. Since 1990, the Balanced Fund's unit value has grown more than 300% while the cost of living, as measured by the Consumer Price Index, rose just 61.4%. This means that investors in the Balanced Fund received returns that significantly outpaced inflation during the last 20 years.

The dramatic ride may be over, but the economy has still not stabilized completely. Unemployment remains high. We have contradictory economic signals. Some economic indicators go up while others go down. Other indicators increase one month only to decline the next.

THE NEW NORMAL

Many experts believe that the Great Recession will have a long-lasting impact on the economy. At MMBB, we call this The New Normal. It is defined by our ability to maintain our equilibrium in an environment of constant change. We are learning to balance tradition with innovation, stability with growth, and service with new member enrollment.

We see this as a time of opportunity—a time to redefine our past and to build our future. It's a time to take new lessons from our 100-year ministry and breathe new life into our traditions. We not only are stewards of your money, but also fiduciaries of a sacred trust you have placed in us. We know that this is not a time for retreat; this is the time to reclaim our mission and align our financial model to support it. This is The New Normal.

tradition service performance

CONTROL EXPENSES

During 2009 we did exactly what we needed to do during these difficult economic times. We remained focused on our endowment and, more specifically, our budget. We made tough decisions and reduced our expenses significantly. Among the actions we took to reduce operating costs are the following:

- Imposed a salary freeze for all MMBB staff
- Furloughed all staff for 10 days during the summer
- Offered early retirements; six people accepted
- Suspended the visitation program temporarily
- Reconceived a number of publications; for example, ABC People is now an e-zine available to members on the MMBB website, www.mmbb.org
- Canceled the Mayo Clinic newsletter
- Slashed costs for attending the ABCUSA Biennial meeting
- Cut travel
- Curtailed member enrollment efforts

By year-end of 2009 we succeeded in cutting our administrative costs by nearly 12.3%, achieving a budgetary savings of \$2.2 million. This resulted in an endowment draw of 4.1%—that's 2.4% lower than the policy mandated by the MMBB Board of Managers one year ago.

INNOVATION

Challenged to do more with less, our staff developed some innovative solutions.

We used technology to keep us in contact with our members and their employers. We videotaped my discussion on MMBB's investment, service and growth strategies at this year's member luncheon at the ABCUSA Biennial Meeting. To provide the entire MMBB community the opportunity to see these remarks, we posted a video of the speech on our website. We also created a new section on the website, In Their Words, so members and employers can easily find the latest statements by our staff and others. I encourage you to take the time to view these offerings.

To alert our members and employers about the new features and content, we promoted it through our first-ever blast

email to approximately 10,000 members and employers. The response proved the approach correct. Well over 1,000 people accessed the site directly from the email. This demonstrated that MMBB can use technology effectively to maintain personal contact with our constituents.

Another way MMBB embraced The New Normal in 2009 was the sponsorship of webinars as part of our teleconference series. This allowed us to add a visual, Web-based component to our traditional approach. We promoted the events through email and enjoyed the highest participation in years.

These are just a few of the many innovative ways MMBB staff pursued our mission during these trying times.

Despite the reduced travel, MMBB representatives opened more accounts in 2009 than they did in 2008, 1,021 and 960 respectively. In addition, MMBB received \$5 million in rollovers from other member accounts in 2009.

MMBB's experience with new annuitants in 2009 also speaks to our success in maintaining the personal service for which we are known. Of the 242 people who retired in 2009, 131 converted 100% of their account balance to an annuity; 36 chose to keep the total account balance invested with MMBB after retirement; 25 withdrew part of their account and kept the rest invested with MMBB; and the remaining 50 people withdrew their entire account.

A SOFT LANDING

The MMBB annuity has been designed to give our retired members a softer landing—and it succeeded again this year. By taking advantage of investment opportunities that fit our long-term investment strategy, MMBB's professional investment committee and chief investment officer nearly halved the gap between the annuity payout price, the amount we pay annuitants for each unit of the annuity fund they own, and the annuity fund price, the actual value of a unit in the annuity fund. On February 29, 2009, the gap was \$22.39. By September 30, 2009, through prudent and astute investment leadership, MMBB reduced the gap to \$10.01. The gap required MMBB to reduce the annuity payout value by 5% for a second year to \$76.22.

growth innovation change

While MMBB again shielded our annuitants from the worst impact of the Great Recession, we also learned that we need to adapt our annuity to meet the realities of The New Normal. To balance our goal of cushioning members from the worst impact of a down market while keeping the annuity fund strong, the MMBB Board of Managers modified the guarantee at its November meeting. In the first year of a market decline, the guarantee will remain at 95%. If the actual price of a unit in the annuity fund is lower than the payout price in subsequent years, MMBB can invoke a 90% guarantee. This means the annuity payout price can be reduced up to 10%. When the markets and assets recover, the guarantee will reset. In future down markets, the cycle will begin with the 95% guarantee.

I truly regret that MMBB had to reduce the payout value of a unit of the annuity fund for a second consecutive year, but the markets were brutal. Thankfully, MMBB has resources to be of assistance. Through our endowment, MMBB provided \$4.5 million in emergency, tuition and premium assistance to our members in need. Our ministry calls for us to walk with you in good times and bad.

A NEW STRATEGY FOR THE NEW NORMAL

I am proud of what our staff accomplished last year in responding to The New Normal. In addition to tackling the immediate challenges head-on, we worked aggressively to position MMBB for the future.

- We created a new service model. The model embodies two significant changes in our approach. First, we want to encourage our members and employers to engage with us in order to get the most from the plans and services MMBB offers. Second, we are building a culture where everyone does service. All MMBB staff are being empowered to respond to your needs quickly, accurately and knowledgeably.
- We have developed a new outreach model that weights by 80% our field representatives' time toward growing our membership. And we have equipped them with technical tools and sales training to enable them to achieve new growth objectives.
- We developed a new organizational structure and are currently realigning our staff functionally to support our new growth plan and long-term strategy.

- We continued to implement the requirements placed upon MMBB and our employers as a result of the final IRS 403(b) regulations. Our retirement plan documents have been restated, required documentation has been developed and distributed, communication has been provided in several ways, the website has been enhanced, and other tools have been developed to assist staff and employers to comply with these regulations.

Which brings us back to The New Normal. Our growth strategy calls upon us to promote the better maintenance of the ministry so that not only those within our fold, but also those not yet reached will have access to a dignified retirement and protections in the event of death or disability.

This strategy has three elements: growth, member engagement and cost control. To fulfill our mission, MMBB must grow our membership and asset base. We must keep our members engaged to retain accounts and increase assets. And MMBB must achieve all these goals in a cost-effective way.

Each element in The New Normal strategy receives equal emphasis—something we call balance. Balance is difficult to achieve. One aspect of the strategy, it seems, always predominates.

This new strategy provides the flexibility we need to succeed. It allows us to balance the high level of service that is our hallmark with an aggressive effort to enroll the thousands of ministers and lay church staff who are eligible for the essential benefits MMBB offers. The New Normal also demands that we balance these priorities while maintaining a rational, cost-effective approach to managing the funds you have entrusted to us. It is this commitment that connects The New Normal with MMBB's 100-year tradition.



Sumner M. Grant
Executive Director

MMBB's commitment to our members remains strong as we seek new ways to engage those who are participating in our retirement plans. Our service to our members is a hallmark of who we are, and we are always trying to improve how we support our members.

Member Service

SARA DAY, DIRECTOR OF MEMBER SERVICE



To this end, the staff at MMBB is improving our ability to anticipate what our members need throughout their relationship with MMBB. How can we make it easier to enroll in MMBB's plans? How can we assist our members in developing investment strategies that will allow them to achieve their financial goals? How can we make it less burdensome for our members to transition into retirement? How can we help our annuitants enjoy active, healthy and fulfilling lives after they conclude their full-time ministries? By engaging with our members during the various stages of their relationships with MMBB, we can provide service that exceeds our members' expectations.

Because our members serve in a variety of ministry positions, both ordained and lay, they have different needs and expectations. How does the housing allowance work? When should beneficiary information be updated? What does the 120-month guarantee in the annuity mean? How do you register for a seminar? We respond to each inquiry personally.

Member service happens in a variety of ways:

- A question answered by our member service representatives on the toll-free line, 800.986.6222
- The up-to-date information found on the website
- A mailing sent to remind our members about increasing their contributions to The Annuity Supplement
- A comforting voice to respond when there is a death in the family
- A call to verify a new address
- The words of empowerment at a seminar encouraging members to become more involved in managing their finances and investments
- A personal answer to an email sent to service@mmbb.org
- A knowledgeable representative who walks a member through the annuity process
- An encouraging word while one is going through a change in ministerial positions
- A response in language that is understandable
- An encounter at a booth at a convention

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The entire MMBB staff is involved in and committed to member service, for we consider serving our members our ministry. We all strive to have the right knowledge to be of help to you and to work with you with understanding and passion.

To improve member service, we are putting programs in place that will shorten the time it takes to resolve issues. We are redesigning some processes based on suggestions from members. We have designed efforts to reach out to you to anticipate your needs. We share your values, and our job is to secure your future.

Our member service representatives are the front-line people who respond to our members' needs. They are dedicated people. They not only understand our plans and financial matters, but they understand churches and church life. This allows them to help members negotiate church budgeting, compensation, ministry-related expenses, taxes and staffing procedures. It is quite common for MMBB to work with pastors or other church employees and church treasurers to get the right numbers on forms. We often assist new seminary graduates and their spouses in preparing recommended compensation packages for the churches to which they are being called. We provide guidance to newly retired missionaries as they work with their tax preparers about upcoming tax audits.

We understand and support church-related institutions. We work with human resources departments to keep IRS-mandated 403(b) information up-to-date. We provide personal aid to those enrolling in our plans. We ask the tough, uncomfortable questions that have to be asked when one of our members is going through a difficult life change such as a job transition, a divorce, a disability or a death.

MMBB strives to exceed our members' expectations. We hope that you will know us by name when you call our toll-free number, 800.986.6222, or email us at service@mmbb.org with a question. We endeavor to be with you throughout your life and to provide for adequate income for your retirement years.

If change is a New Normal, then as an institutional investor, MMBB has been ahead of the times for 100 years. The capital markets are constantly in the throes of change; sometimes to the upside, and sometimes to the downside. We deal with this constant change by employing a much diversified and highly disciplined strategy; 2009 was a year when that process paid off handsomely.

Investment Strategy

CANDACE COX, CHIEF INVESTMENT OFFICER



The United States entered the year with an acceleration of the stock market sell-off that had begun 15 months earlier. In early 2009 the U.S. stock market plunged an additional 24%. The economy was mired in a recession with high unemployment. In response, the U.S. government engaged in an unprecedented intervention in private industry, with bailouts of prominent corporations in the banking, insurance and auto industries.

By March 9 the bloodletting had stopped. Though the recession continued to worsen, the U.S. stock market staged a powerful rally, surging over 70% by year-end. Outside the United States, the stock markets of other developed countries rose a spectacular 78%, and the less developed, or emerging markets gained 112%.

Against this backdrop, MMBB's global and disciplined investment strategy participated in the rally following the impact of the downturn. For the full year 2009, MMBB's four pure equity investment options earned between 22% and 34%. Our U.S. Bond Fund earned nearly 6%, a respectable return in any year, but modest by contrast to the equity options. Our two multiasset class options, the Balanced Fund and the New Horizons Fund, both returned 27% and 28% respectively.

The only disappointment for the year was the Money Market Fund, flat for the year as a result of an exceptionally low interest-rate environment. During the early months of the year, however, it was the only investment option posting positive returns, playing a valuable role for conservative investors.

Painful though it was during the extraordinary stock market downturn, MMBB's discipline of remaining fully invested according to the asset allocation determined by our professional Investment Committee allowed our members to participate in the ensuing rally. In viewing the year 2009 as a whole, then, the declining early months combined with the upswing of the latter months together produced the returns shown in the table to the right for the investment options available to members in the accumulation phase of their retirement planning.

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Money Market Fund	0.0%	U.S. Blended Equity Fund	27.8%
U.S. Bond Fund	5.6%	Social Awareness Fund	22.4%
New Horizons Fund	22.2%	U.S. Equity Index Fund	28.3%
Balanced Fund	27.3%	International Blended Equity Fund	33.3%

Equally as important as performance of the investment options available to preretired members is the performance of MMBB's Annuity Fund, the portfolio from which annuities are paid to retired members. The 2009 total return of the Annuity Fund was 22.3%. The Annuity Fund especially benefited from some of the private investments that were made in late 2008. Note that the Annuity Fund return is highly similar to that of the New Horizons Fund, 22.3% and 22.2% respectively, which is not a coincidence because the two funds share the same investment portfolio.

As 2009 drew to a close, the recession was declared over, but measures of the recovery were weak, notably in the area of high unemployment. The investment environment, however, was inching back toward normalcy. Investor confidence had returned, and there was greater faith in lower quality credits. The risk of inflation had displaced the risk of deflation in economic discourse, and once again we had seen the inflection point of a market cycle.

MMBB recognizes that a year like 2009 can be stressful for members to live through. We made a concerted effort to communicate with our members in a variety of media. We are particularly proud that we are now making investment returns available on a daily basis on our website, www.mmbb.org. Although we always advocate taking a long-term perspective, we post returns daily in the interests of transparency and allowing our members to monitor their investments within the context of general market activity.

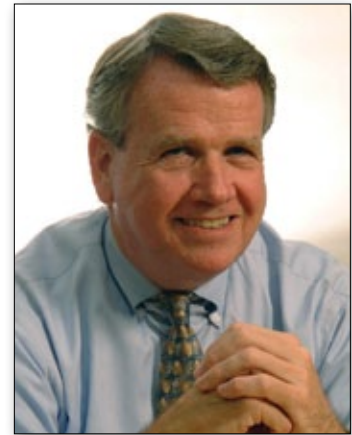
In looking toward the future, members may expect MMBB's reach to become increasingly global, reflecting the opportunity set available to institutions of MMBB's caliber. Our Investment Committee continues to consider new investment opportunities as well as monitor existing investments for the most important drivers of return: allocation across asset classes, engagement of professional investment management firms and cost. Due to the Committee's diligence and expertise, MMBB has built a strong track record and remains a respected institutional investor in The New Normal environment.

Last July, one of our representatives presented a workshop to pastors and church leaders. When she had finished, she noticed a young man in a wheelchair off to the side of the room.

He wanted to speak.

Member Outreach

JIM KEEGAN, MARKETING & SERVICE DIRECTOR



“I am a pastor of a congregation near here,” he said. “A few years ago, the car I was driving was broadsided by a van. And now I am in this wheelchair, probably permanently. I was not in MMBB’s plans and my church didn’t have any kind of insurance protection. I couldn’t be in the pulpit for months and they took care of me, but it was so hard on both them and me financially. If we had had MMBB coverage, it still would have been hard, but it would have been more manageable.”

MMBB is committed to making our services available to people such as this brave pastor and other clergy and lay staff like him who do not have important protections now and who are not taking steps to secure their financial futures. These protections are good not only for the pastors and laity out there; these protections are essential for the churches and institutions that employ them.

In 2000, MMBB obtained a private letter ruling from the Internal Revenue Service allowing us to offer our services to denominations other than the American Baptist Churches USA, as long as these churches and institutions were congregational in nature. Since that time we have partnered with 14 different denominations, fellowships and associations. It is our conviction that our brothers and sisters in Christ deserve to have access to the same protections that American Baptists have had for years.

In addition to our commitment to reaching out and extending our services, we know that this strategy also supports MMBB’s financial position, thus strengthening our business and ministry going forward. Over the next 20 years, as the baby-boomer generation retires, MMBB will experience far more retirements from our plans than the number of new contributing members—unless we act now.

The average age of MMBB members is 59.8 years. As these members move into retirement, employers will no longer make premium payments on their behalf. Instead, these members will begin receiving monthly annuity payments for the rest of their lives. Without replacement of these premium inflows, the nature of our whole ministry will change.

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As our executive director, Sumner M. Grant, has pointed out to our Board, “To preserve our financial viability we need to replace assets which will be flowing from the Accumulation Fund into the Annuity Fund. ... Our best hope is to continue to expand our reach to affiliate groups, independent churches and related institutions. If we depend only on the ABC for new accounts, our growth opportunity is limited. In 2009, 20% of our members were from affiliate groups.”

How do we know this strategy will work? A growth strategy is not new to MMBB. Back in 1941 and 1943, a similar effort took place. The “Retiring Pension Fund Crusade” worked because it adopted a grassroots strategy. Supported by the denomination, effective groups of ordained and lay leaders, capable of reaching into every local church, were organized in each state. MMBB increased its membership by 69%. A study of those who joined found that neither size nor economic status of the church mattered. Whether large or small, once churches understood the need, value and Christian obligation to provide for the shepherd, they enrolled their pastors.

To that end, MMBB has deployed its representatives living around the country to reach out to churches and institutions that do not have retirement service options. Each representative has been assigned a state as his or her target area.

We are also interested in growing business with the churches and institutions that currently participate in our plans. We are encouraging them to bring more of their staff into MMBB. For instance, one of our representatives worked with a denominational institution that originally had just a few staff members enrolled in our plan. With MMBB’s encouragement, they have now enrolled all of their staff, making it possible for people who previously did not have any insurance or employer-sponsored retirement savings to now have benefits.

You can help. If you know of a church or church-related facility, such as a community development corporation, preschool, college, hospital, nursing home or retirement facility, that is not affiliated with a major denomination and may not have heard of MMBB, please speak with the leaders and let them know about us. Also, let us know who they are so we can extend ourselves to them personally. We welcome your assistance in our effort and trust that you fully understand that you are doing your colleagues in ministry a major service and are ensuring MMBB’s continued success as well.

To be what MMBB has become today is to be what we have always been: partners with denominations and churches in providing benefits, resources and services.

Denominational Relations

PERRY HOPPER, ASSOCIATE EXECUTIVE DIRECTOR



As MMBB finds itself in a new environment in the 21st century, we are challenged to embrace The New Normal. We must maintain our foundational connection with the American Baptist Churches USA (ABCUSA) at the same time that we respond to the needs of 14 other Baptist, congregational and independent denominations to whom we are the official benefit provider.

Our vision is and remains, “to be a ministry that places a high value on ... providing superior benefits with compassion, efficiency and justice, achieved through partnerships.” We are expanding this ministry to a broader audience. We are broadening our partnerships within the Baptist community as well as other congregational and independent churches. To accomplish this goal, we will use a variety of new mechanisms to deliver our message. These include our website, email and targeted contacts to church leaders.

MMBB has expanded our ministry because we believe that providing benefits to church workers—lay and ordained—is a social justice issue, a fundamental right. It benefits the church as well as the church workers. Pastors and other church workers can minister to the congregation with the confidence that their families will have the support they need if disaster should strike. They know that they can repay the sacrifices their families make by retiring with sufficient resources. Churches can make smooth staff transitions as needed knowing that they have fulfilled their biblical responsibility to provide for the needs of those who serve the church.

The mission of MMBB is realized through the lives of many who are and have been direct beneficiaries of our ministry of compassion. That ministry is reflected best through the testimonies of our members, as articulated by MMBB’s executive director, Sumner M. Grant:

My passion for MMBB’s mission is born from my personal experience. My dad was a small-town preacher. He died when I was 15 years old, leaving my mom, me (the oldest), a brother and three sisters, two of whom were toddlers. Two years before his death he enrolled in MMBB. And for that I will always thank God. All the benefits, both contractual and noncontractual, came our way. We would not have survived without MMBB. So, my passion is to see that others who are eligible will have access to the same benefits and services that my family and I have had. That passion has shaped our vision here at MMBB.

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What sets MMBB apart from all other benefit providers is our special relationship with the denominations and churches we serve. In 2000 MMBB received a private letter ruling from the Internal Revenue Service making it possible for us to extend our financial benefits ministry to churches in other denominations with congregational and independent polities. We used that legal authority to greatly expand our outreach. We formed agreements to serve 14 affiliate denominations. As of the end of 2009, fully 25% of MMBB's current premium-paying membership is derived from affiliate plan members.

Because of MMBB's special relationship with ABCUSA, we are able to build a platform of benefits and services that meets the needs of the broader community of Baptists, congregational and independent churches. This includes educational resources such as information for church treasurers and administrators on budgeting, compensation, taxes and Social Security. We design our benefit programs so that MMBB shoulders the responsibility for complying with federal regulations governing retirement plans. The partnerships we create are part of The New Normal. They are vital to the ongoing ministry of the denominations and churches we serve and are essential to MMBB's strategic future.

MMBB also engages our denominational partners at their state and national gatherings. At the ABCUSA Biennial Meeting in 2009, MMBB sponsored a booth and hosted luncheons for our members and annuitants. On a day-to-day basis, MMBB engages with the denominations through the assignment of specific staff who serve as relationship managers to each denomination.

In summary, MMBB's legacy of ongoing commitment to a ministry of presence and compassion continues as we enter our second century of service. We demonstrate our commitment in the following ways:

- Through providing comprehensive benefit plans for retirement, death and disability coverage to our affiliate partners
- Through relationships with denominational partners in which MMBB serves as thought leader with information and resources on fair compensation and benefits, and serves as an advocate for clergy and lay staff
- Through promoting programs that serve members and enhancing member satisfaction and goodwill

MMBB defines The New Normal in denominational relations by providing our partners not just with necessary benefits, but with critical information.

Benefit Plans

THAT SHARE YOUR VALUES AND SECURE YOUR FUTURE

MMBB has managed entrusted resources “for the better maintenance of the ministry” since 1911. What began as a simple trust fund has evolved to a comprehensive suite of benefits uniquely designed for Baptist, congregational and independent churches and related organizations.

SHARING YOUR VALUES

MMBB has several benefit plans, but one passion: protecting the most members with the best possible benefits. Our representatives, many of whom are ordained, understand the church world. We share the passion of pastors and lay church workers to serve their callings. We appreciate the seriousness of the trust church leaders place in their pastors and the commitment churches make to provide adequately for the well-being of their staff. To meet our responsibility, MMBB brings compassion, dedication and knowledge to each and every engagement with our members and employers.

The MMBB retirement plans are available to every employee of an eligible employer, whether ordained or lay, full-time or part-time. Any church that is congregational or independent in polity, including all Baptist churches, is eligible to participate in MMBB’s benefit plans. Institutions related to these churches, such as schools, community development corporations, hospitals and nursing homes, are also eligible. Ordained individuals who qualify as “wandering ministers” under the Internal Revenue Service (IRS) code are also eligible to participate in our plans.

Each plan, established under IRS Code Section 403(b)(9), offers:

- tax-deferred contributions;
- tax-deferred investment returns;
- a range of professionally managed investment choices;
- loan and withdrawal features; and
- variable annuity options upon retirement.

Each contribution to these plans buys accumulation units at a price that changes each day based on investment performance. Members direct investment of their accounts among a diverse range of MMBB investment choices.

Unlike commercial retirement plans, an IRS private letter ruling allows MMBB to designate the monthly income for retired or disabled clergy as eligible for the housing allowance designation. This valuable tax exemption is variable up to the lesser of the fair rental value of the furnished home, plus utilities, or the actual annual housing expense.

At retirement, members convert part or all of their accounts to monthly income through establishing variable annuities. They purchase a fixed number of annuity units determined by the dollar amount converted, the current annuity unit price and the specifics of the annuity chosen (single-life or joint and survivorship annuity, 120-month guarantee and the member’s age at retirement). Each annuity also includes a guarantee to provide the annuitant with a soft landing in the event of a significant market downturn.

SECURING YOUR FUTURE

MMBB plans balance the needs of church workers for benefits with the ability of church employers to pay. The retirement plans give church workers access to sophisticated investment vehicles that have demonstrated success in meeting the needs of thousands of people over many years. Features such as the death and disability programs provide for the short-, mid- and long-term security needs of our members and their families.

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We provide flexibility to church employers. MMBB plans provide a variety of benefit options to meet the budgetary needs of both the church worker and the church.

BENEFITS FOR LIFE

Benefits for Life program (BFL), an employer-funded plan, is MMBB's most comprehensive benefit program. The program includes two plans working in concert to increase the financial security of members and their families.

Employers pay Benefits for Life premiums equal to a percentage of employee compensation. Members invest the portion directed to their account among the diverse range of MMBB investment choices.

During a participant's working years, BFL builds retirement assets for members while providing disability income protection through the Retirement Plan. Disability benefits include monthly disability income up to two-thirds of working income when combined with government benefits; child allowances; subsidized BFL premiums; and, if eligible, health insurance premiums.

BFL also provides group term life insurance protection through the Death Benefit Plan. This plan pays survivors from one and a half to five times the insured's annual pay (up to an annual salary of \$250,000), up to two years of health insurance premiums, if eligible, and a guaranteed minimum for surviving spouses.

In 2009 there were 20 deaths of preretired members, and MMBB paid \$2,607,514 in lump-sum benefits to survivors.

In retirement, BFL provides:

- retirement benefits as described above; and
- a \$4,000 benefit upon the death of a member who retired as a premium-paying BFL member with at least 15 years of membership.

In 2009 there were 106 deaths of retired members, totaling \$417,666.67 in benefits.

TAX-DEFERRED ANNUITY

The Tax-Deferred Annuity (TDA) is an employer-funded plan that:

- supplements employees' other sources of retirement income;
- helps pastors who live in parsonages build assets for housing in retirement (sometimes called an "equity" allowance, subject to plan provisions);
- accumulates tax-deferred retirement savings; and
- says "thank you" for loyal service.

Some employers use TDA to encourage retirement savings by matching employee contributions to The Annuity Supplement (TAS). Unlike BFL, TDA does not include disability income protection and life insurance.

THE ANNUITY SUPPLEMENT

With The Annuity Supplement (TAS), an employee-funded plan, church workers can:

- increase their retirement security;
- reduce their taxable income;
- start or stop contributions at any time;
- change the amount they contribute as often as once a quarter; and
- save as little as \$10 per month or as much as the IRS allows.

Pretax TAS contributions reduce current federal, state and local income taxes. They are also excluded from Social Security and Medicare taxes for ordained ministers. Pretax or after-tax contributions can be made through convenient payroll deductions.

ROLLOVERS TO MMBB

Before or after retirement, members with retirement accounts in multiple places can roll over qualified funds, tax-free, to a TAS account at MMBB. MMBB can accept assets from:

- traditional IRAs;
- 457(b) governmental plans; and
- 403(a), 403(b), 401(a) and 401(k) plans.

When members consolidate money with MMBB, they simplify their lives while diversifying their investments through the Balanced Fund—MMBB's largest and most diversified fund—or by developing a customized portfolio by investing in MMBB's other investment funds. Retired clergy may receive income from their rollover accounts tax-free to the extent it is eligible to be designated as a housing allowance.

HEALTH INSURANCE

MMBB sponsors medical and dental insurance for contributing BFL and/or TDA members. We also sponsor medical coverage that supplements Medicare.

For more information about MMBB benefits and services, call a member service representative at 800.986.6222, send an email to service@mmbb.org, or visit www.mmbb.org.

2009 Financials

AND AUDIT REPORT

Retired Ministers and Missionaries Offering (RMMO) pg. 16

Selected Data pg. 17

Investment Review pg. 18

Investments Under Management pg. 21

Report of Independent Accountants pg. 22

American Baptist Churches Retirement Plans pg. 23

The Ministers and Missionaries Benefit Board of American Baptist Churches pg. 24

Notes to Financial Statements pg. 26

RETIRED MINISTERS AND MISSIONARIES OFFERING

Since 1935 American Baptists have contributed to special offerings received in their churches for retired American Baptist ministers and missionaries or their widowed spouses. The Retired Ministers and Missionaries Offering (RMMO) was established in 1977.

The ongoing theme of the RMMO is *Remember with Love, Give with Gratitude*. Receipts for the 2009 offering totaled \$1,286,338, a decrease of 7%, when compared with the 2008 receipts of \$1,383,537. Of this amount, \$322,431 was made available to meet immediate emergency and special financial needs. The balance of the receipts was distributed by MMBB on behalf of American Baptists in the form of Thank You checks: 3,341 checks were distributed in 2009, ranging from \$53.50 to \$428.00. The average check was \$288.51.

Since 1980, eligible retired ABC lay employees have received comparable Thank You checks from MMBB funds. In 2009 a total of \$134,312 was distributed to 668 recipients for this purpose.

RMMO CONTRIBUTORS

MMBB gratefully acknowledges the following persons who contributed \$500 or more to the 2009 Retired Ministers and Missionaries Offering:

Herald R. Baughman
Leland M. Brimhall
Anita Culp
Walter G. and Norma J. Griffith
Anne E. Hardy
Fred D. Pitman
William R. Hayden
Westvale Baptist Church of Syracuse, New York

SELECTED DATA

SELECTED DATA

The table below highlights the important aspects of MMBB's operations. For comparison purposes, data have been provided for the last year and for 1999. **Dollar amounts in thousands** except for accumulation unit value* and average compensation.

	2009	2008	1999	Percent Change 2008-2009	Percent Change 1999-2009
Managing the Resources					
Market Value of Total Net Assets	\$2,257,055	\$1,905,895	\$2,430,599	18.42%	(7.14%)
Meeting the Obligations:					
ABC Retirement Plan					
Assets	\$1,747,523	\$1,489,312	\$1,957,172	17.34%	(10.71%)
Benefits Paid	\$114,486	\$132,784	\$96,562	(13.78%)	18.56%
Accounts Receiving Deposits**	5,564	5,745	5,408	(3.15%)	2.88%
Annuities**	5,497	5,425	3,732	1.33%	47.29%
Accumulation Unit Value*	\$35.7609	\$28.1023	\$27.2592	27.25%	31.19%
Tax-Deferred Annuity					
Assets	\$26,269	\$16,886	NA	55.57%	NA
Benefits Paid	\$618	\$4,736	NA	(86.95%)	NA
Accounts Receiving Deposits**	1,505	1,466	NA	2.66%	NA
Annuities**	56	48	NA	16.67%	NA
The Annuity Supplement					
Assets	\$206,511	\$166,030	\$132,884	24.38%	55.41%
Benefits Paid	\$9,380	\$18,815	\$8,306	(50.15%)	12.93%
Accounts Receiving Deposits**	1,824	1,825	1,453	(.05%)	25.53%
Annuities**	1,081	1,075	1,093	.56%	(1.10%)
Deductible Employee Contribution Account					
Assets	\$1,821	\$1,572	\$3,593	15.84%	(49.32%)
Benefits Paid	\$191	\$256	\$322	(25.39%)	(40.68%)
Accounts**	71	75	103	(5.33%)	(31.07%)
MMBB Death Benefit Plan					
Reserve	\$28,712	\$24,670	\$25,420	16.38%	12.95%
Benefits Paid	\$3,067	\$2,014	\$2,047	52.28%	49.83%
Assisting Ministers, Missionaries and Lay Employees					
Assistance to Ministers and Missionaries	\$4,179	\$4,544	\$6,600	(8.03%)	(36.68%)
Benefits Paid to Lay Employees	\$353	\$404	\$921	(12.62%)	(61.67%)
FUND BALANCE OF LEGACY FUNDS	\$146,910	\$127,125	\$219,895	15.56%	(33.19%)
AVERAGE COMPENSATION/MINISTERS	\$49,163	\$48,986	\$38,330	.36%	28.26%
AVERAGE COMPENSATION/LAY	\$38,618	\$39,751	\$31,116	(2.85%)	24.11%

Parentheses indicate decrease. NA indicates not applicable.

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

** *Restated using revised definitions.*

INVESTMENT REVIEW

INVESTMENT FUNDS PERFORMANCE

The United States entered 2009 with an acceleration of the stock market sell-off that had begun 15 months earlier. In early 2009 the U.S. stock market plunged an additional 24%. The economy was mired in a recession with high unemployment. In response, the U.S. government engaged in an unprecedented intervention in private industry, with bailouts of prominent corporations in the banking, insurance and auto industries.

Though the recession continued to worsen, the U.S. stock market staged a powerful rally, surging over 70% by year-end. Outside the United States, the stock markets of other developed countries rose a spectacular 78%, and the less developed, or emerging, markets gained 112%.

MMBB's global and disciplined investment strategy participated in the rally following the impact of the downturn. For the full year 2009, MMBB's four pure equity investment options earned between 22% and 34%. The U.S. Bond Fund earned nearly 6%. The two multiasset class options, the Balanced Fund and the New Horizons Fund, both returned 27% and 28% respectively. The Money Market Fund was flat for the year as a result of an exceptionally low interest-rate environment.

With the oversight of MMBB's Finance Committee, the Investment Department continued its disciplined approach to investing assets, including diversification across asset classes, styles within asset classes and among various external managers.

MMBB INVESTMENT FUNDS PERFORMANCE JANUARY 1-DECEMBER 31, 2009

MMBB Funds		Benchmarks	
Money Market Fund	0.0%	Lipper Money Market	0.2%
U.S. Bond Fund	5.6%	Barclay Aggregate	5.9%
New Horizons Fund	22.2%	Hybrid Index*	16.8%
Balanced Fund	27.3%	Hybrid Index**	22.4%
U.S. Blended Equity Fund	27.8%	Dow Jones Wilshire 5000 Free Float Index	28.6%
Social Awareness Fund	22.4%	Standard & Poor's 500 Index	26.4%
U.S. Equity Index Fund	28.3%	Dow Jones Wilshire 5000 Free Float Index	28.6%
International Blended Equity Fund	33.3%	MSCI EAFE Index	31.8%

* Beginning with the New Horizons Funds' inception on July 1, 2006, the benchmark is a combination of unmanaged benchmarks: 60% MMBB Balanced Fund custom benchmark, 23% Hedge Fund Research (HFR) Fund of Funds Strategic Index, 15% Merrill Lynch 1-to-3 Year U.S. Treasury Index and 2% National Council of Real Estate Investment Fiduciaries (NCREIF) Timber Index.

** At the end of 2008, the Hybrid Index was comprised of 44% Dow Jones Wilshire 5000 Free Float Index, 18% MSCI EAFE, 17.5% Lehman Brothers Aggregate, 11.5% Merrill Lynch 1-3 Year U.S. Treasury Index and 9% Russell 2000.

MMBB funds performance is shown net of all fees.

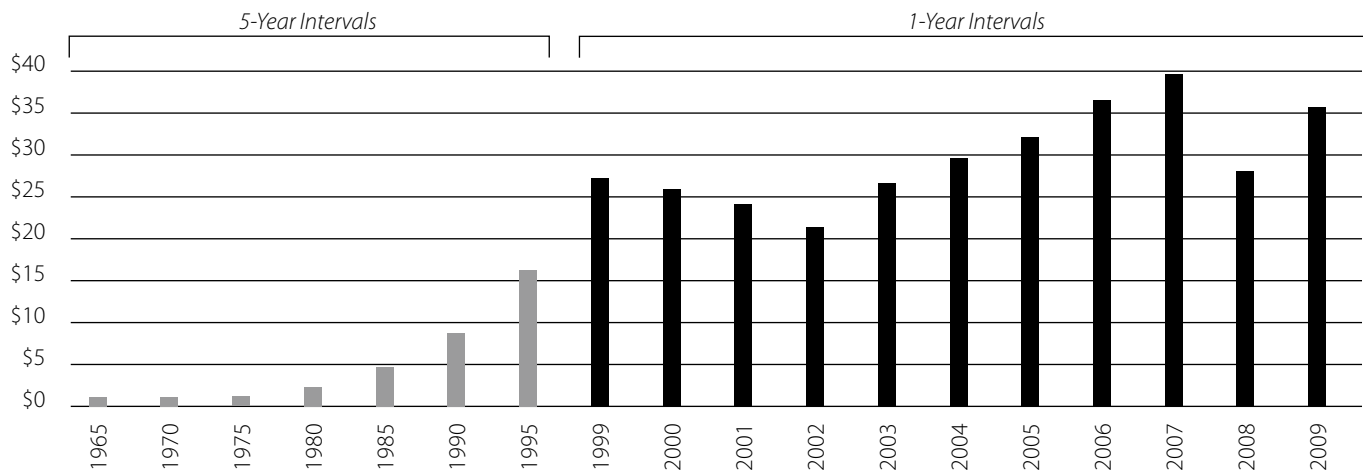
THE BALANCED FUND'S UNIT VALUE

Of MMBB's eight investment options, the Balanced Fund is the most popular. It is the default option for new members joining MMBB. Many members elect to remain in the Balanced Fund even though they are free to switch in and out of any of the array of choices offered by MMBB. The Balanced Fund is well diversified across equity, fixed income and hedge

funds, and it includes both domestic and international investments.

The Balanced Fund's unit value is the price at which members buy or sell units. As of December 31, 2009, the Balanced Fund's unit value was \$35.76.

UNIT VALUES OF THE BALANCED FUND 1965-2009

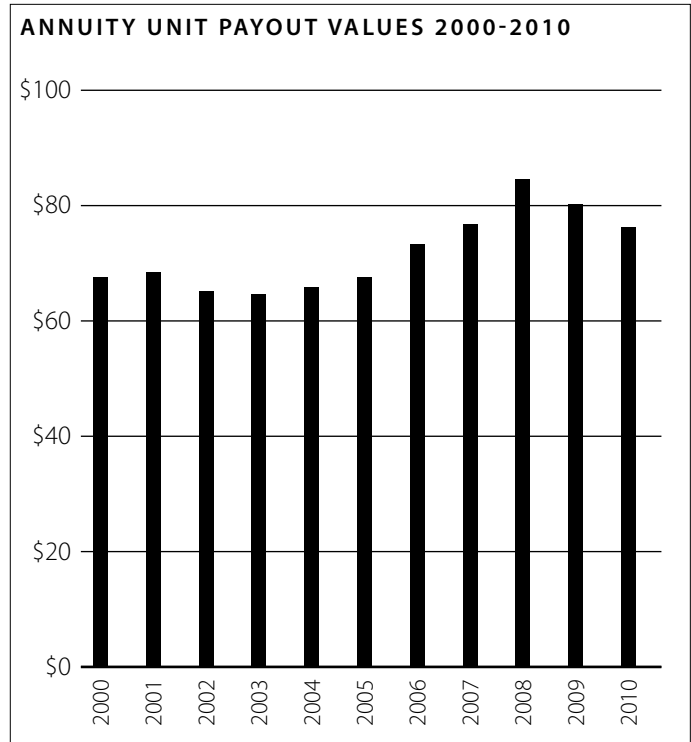


INVESTMENT REVIEW

ANNUITY UNIT PAYOUT VALUE

When a member retires, the value of his or her retirement account(s) is transferred to the Annuity Fund. The annuity unit price on the date of this transfer is the price at which the member purchases units and determines the number of units that the member is able to buy with his or her accumulated assets. Each year, the member's number of annuity units and the annuity payout value determine the member's annual annuity. The annuity unit payout value for 2010 is \$76.22.

The annuity unit payout values for the last ten years are shown on the graph to the right. Retired members experienced increases in their annuities in six of the last ten years.



LEGACY FUNDS (THE ENDOWMENT)

On December 31, 2009, the value of MMBB's legacy funds (the endowment) was \$146,910,000.

Income generated by the endowment is used to fund services to American Baptist plan members. Those services include benefits seminars, retirement and financial planning workshops, ABC member publications and annual visits with eligible retired members. Endowment resources also support other costs of administrating the plans.

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

LEGACY FUNDS			
<i>Dollar amounts in thousands</i>			
	2009	2008	1999
Balance, December 31	\$146,910	\$127,125	\$219,895
Number of Beneficiaries			
Annual Grants	56	55	72
Emergency Assistance	241	268	338
Gift	5	5	423
Lay Employees Retirement Allowance	26	23	61
Premium Aid, including Strategic Premium Assistance	28	42	120
Lay Thank You Checks	668	639	413
Medicare Supplement	1479	1,591	3,386

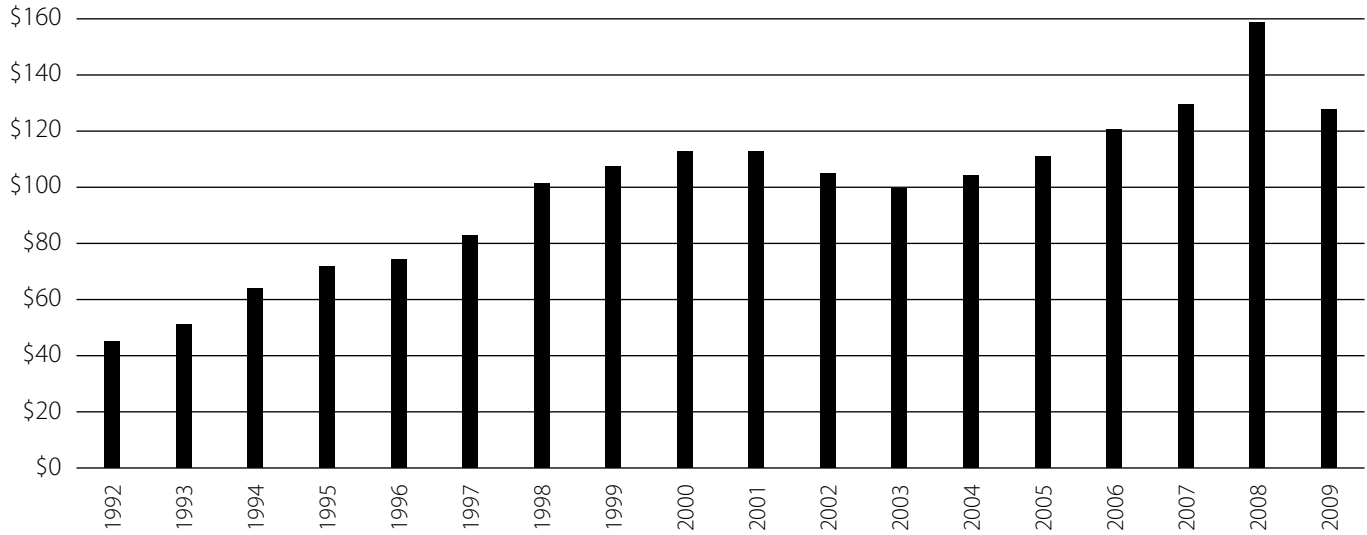
INVESTMENT REVIEW

CONTRACTUAL BENEFITS PAID

*Under Provisions of Retirement & Death Benefit Plans 1992-2009**

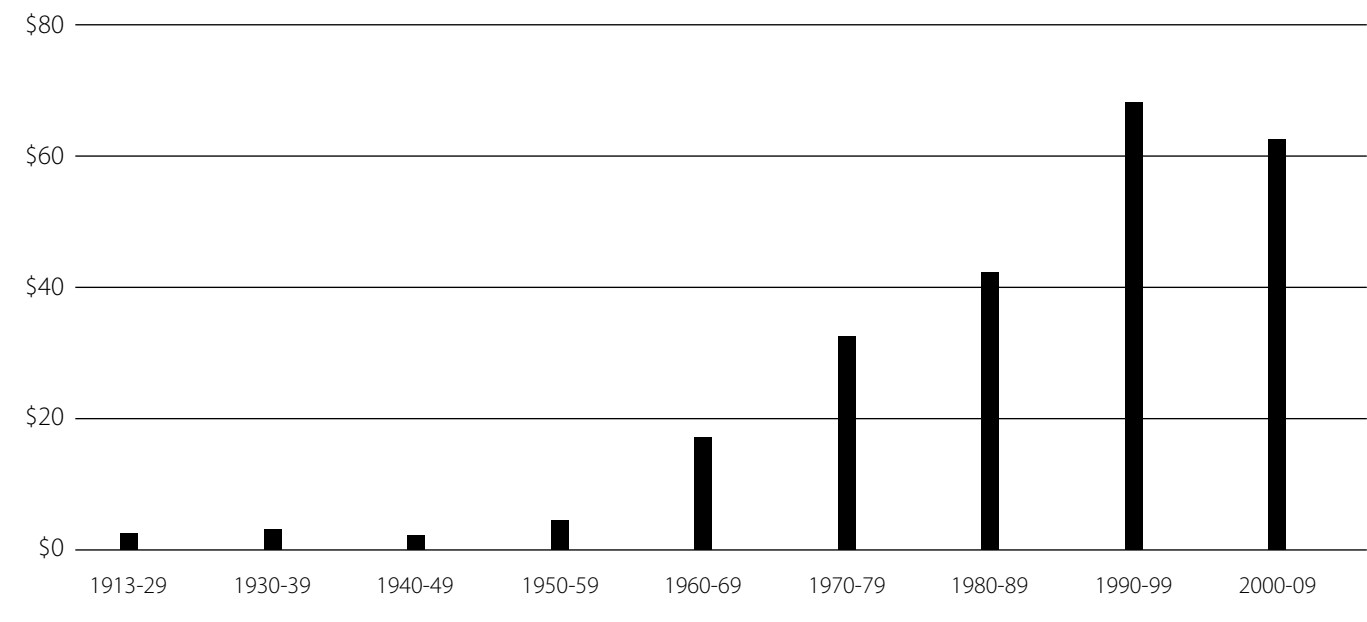
Dollar amounts in millions

** From 1921 to 1991, \$308,000,000 in contractual benefits were paid.*



NONCONTRACTUAL BENEFITS PAID BY MMBB 1913-2009

Dollar amounts in millions



INVESTMENTS UNDER MANAGEMENT

MARKET VALUE OF ASSETS FOR THE YEAR ENDED DECEMBER 31

Dollar amounts in thousands

	2009	Percentage of Market Value	2008	Percentage of Market Value	1999	Percentage of Market Value
Assets						
Cash & Cash Equivalents						
U.S. Cash & Cash Equivalents	\$ 318,739	14.28%	\$ 175,477	9.32%	\$ 343,085	14%
Non-U.S. Cash & Cash Equivalents	1,324	0.06%	128	0.01%	1,228	0%
TOTAL CASH & CASH EQUIVALENTS	320,063	14.34%	175,605	9.33%	344,313	14%
Debt Obligations						
U.S. Treasury Obligations & Government Agency	119,043	5.33%	81,577	4.33%	41,367	2%
Mortgage Related	119,722	5.36%	-	0.00%	-	0%
Asset-Backed	31,664	1.42%	-	0.00%	-	0%
Corporate Bonds	215,190	9.64%	39,572	2.10%	4,530	0%
International Bonds	18,422	0.83%	-	0.00%	825	0%
Other Bonds	5,170	0.23%	-	0.00%	-	0%
TOTAL DEBT OBLIGATIONS	509,211	22.81%	121,149	6.43%	46,722	2%
Equities						
U.S. Common Stock	883,982	39.60%	332,440	17.67%	480,617	20%
Non-U.S. Common Stock	244,314	10.95%	51,805	2.75%	262,031	11%
Non-U.S. Preferred Stock	1,262	0.06%	757	0.04%	-	0%
TOTAL EQUITIES	1,129,558	50.61%	385,002	20.46%	742,648	31%
Interest/Dividends Receivable	3,613	0.16%	1,847	0.10%	1,641	0%
Pooled Funds	362,000	16.22%	1,201,698	63.86%	1,536,372	64%
Futures Contracts	3,345	0.15%	42,939	2.28%	3,278	0%
Receivables for Securities Transactions	276	0.01%	30,768	1.63%	9,396	0%
Investment Choices Receivables	4	0.00%	82	0.00%	-	0%
Variation Margin	-	0.00%	5,124	0.27%	-	0%
Securities Lending Collateral	33,930	1.52%	28,561	1.52%	-	0%
TOTAL ASSETS	2,362,000	105.82%	1,992,775	105.88%	2,684,370	111%
Liabilities						
Securities Sold, But Not Yet Purchased	-	0.00%	47	0.00%	193,009	8%
Short Sales	87,594	3.92%	77,349	4.11%	-	0%
Payables for Securities Transactions	3,545	0.16%	808	0.03%	81,960	3%
Foreign Tax Dividend	3	0.00%	5	0.00%	-	0%
Management, Advisory & Services Fees	1,763	0.08%	2,058	0.11%	-	0%
Investment Choices Liabilities	3,165	0.14%	2,096	0.11%	-	0%
Securities Lending Liability	33,930	1.52%	28,561	1.52%	-	0%
TOTAL LIABILITIES	130,000	5.82%	110,924	5.88%	274,969	11%
NET ASSETS	\$ 2,232,000	100.0%	\$ 1,881,851	100.0%	\$ 2,409,401	100%

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying statements of net assets of The Ministers and Missionaries Benefit Board of American Baptist Churches (“MMBB”) and of the American Baptist Churches Retirement Plans (collectively, the “Board”) as of December 31, 2009, and the related statements of changes in net assets, and cash flows of MMBB for the year then ended. These financial statements are the responsibility of the Board’s management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ministers and Missionaries Benefit Board of American Baptist Churches and also of the American Baptist Churches Retirement Plans as of December 31, 2009, and the changes in their net assets and cash flows of MMBB for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

New York, New York
March 24 2010

AMERICAN BAPTIST CHURCHES RETIREMENT PLANS

STATEMENT OF NET ASSETS
As of December 31, 2009 (in thousands)

Assets	
Cash & Cash Equivalents	\$ 991
Receivables	8,917
Investments Under Management	1,965,094
Due from MMBB	7,421
TOTAL ASSETS	1,982,423
Liabilities	
Accounts Payable and Accrued Expenses	299
	299
Net Assets	
Retirement Plans	1,747,523
Tax-Deferred Annuity	26,269
The Annuity Supplement	206,511
Deductible Employee Contribution Account	1,821
TOTAL NET ASSETS	\$ 1,982,124
TOTAL LIABILITIES AND NET ASSETS	\$ 1,982,423

See Notes to Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2009 (in thousands)

	Retirement Plans	Tax Deferred Annuity	The Annuity Supplement	Deductible Employee Contribution Account	Total
Additions					
Premiums	\$ 31,864	\$ 4,672	\$ 11,160	\$ -	\$ 47,696
Income from Investments	186	3	20	-	209
Net Unrealized Gains on Investments	336,774	5,604	40,582	430	383,390
Net Realized Gains (Losses) on Investments	15,907	(82)	(401)	26	15,450
Received from MMBB	1,767	-	-	-	1,767
TOTAL ADDITIONS	386,498	10,197	51,361	456	448,512
Deductions					
Benefits	114,486	618	9,380	191	124,675
Investment Management Fees	13,801	196	1,500	16	15,513
TOTAL DEDUCTIONS	128,287	814	10,880	207	140,188
Change in Net Assets	258,211	9,383	40,481	249	308,324
Net Assets, Beginning of Year	1,489,312	16,886	166,030	1,572	1,673,800
NET ASSETS, END OF YEAR	\$ 1,747,523	\$ 26,269	\$ 206,511	\$ 1,821	\$ 1,982,124

See Notes to Financial Statements.

**THE MINISTERS AND MISSIONARIES BENEFIT BOARD
OF AMERICAN BAPTIST CHURCHES**

STATEMENT OF NET ASSETS
As of December 31, 2009 (in thousands)

Assets	
Cash & Cash Equivalents	\$ 10,217
Receivables	4,122
Investments Under Management	266,794
Investments in Limited Partnership	5,012
Other Assets	2,116
Mortgages Receivable	8,256
Securities Lending Collateral	33,930
Fixed Assets, Net	5,092
TOTAL ASSETS	335,539
Liabilities	
Accounts Payable and Accrued Expenses	5,588
Due to Retirement Plans	7,421
Retired Ministers and Missionaries Offering	267
Securities Lending Payable	33,930
Mortgage Payable	4,734
Accrued Postretirement Benefits	8,668
TOTAL LIABILITIES	60,608
Net Assets (Deficit)	
Unrestricted:	
Legacy Funds	143,862
General Fund	-
Death Benefit Plan	28,712
Special Benefits Fund	104,507
Medical Plan	(5,198)
Total Unrestricted Net Assets	271,883
Temporarily Restricted Net Assets	2,860
Permanently Restricted Net Assets	188
TOTAL NET ASSETS	\$ 274,931
TOTAL LIABILITIES AND NET ASSETS	\$ 335,539

See Notes to Financial Statements.

STATEMENT OF CASH FLOWS
Year ended December 31, 2009 (in thousands)

Cash Flows from Operating Activities	
Change in net assets	\$ 42,836
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and Amortization	876
Net Unrealized Gains on Investments	(50,037)
Net Realized Gains on Investments	(7,750)
Decrease in Additional Postretirement Benefits Obligation	(84)
(Increase) decrease in assets:	
Receivables	(1,220)
Other Assets	(424)
Mortgages Receivable	(432)
Increase (decrease) in liabilities:	
Accounts Payable and Accrued Expenses	1,476
Due to Retirement Plans	44
Retired Ministers and Missionaries Offering	(264)
Accrued Postretirement Benefits	612
NET CASH USED IN OPERATING ACTIVITIES	(14,367)
Cash Flows from Investing Activities	
Purchases of Fixed Assets	(290)
Proceeds from Sale of Investments	179,875
Purchases of Investments	(163,142)
Purchase of Ownership Interest in Limited Partnership	(5,012)
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,431
Cash Flows from Financing Activities	
Proceeds from Mortgage Payable	5,000
Payments of Mortgage Payable	(266)
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,734
Net increase in cash and cash equivalents	1,798
Cash and cash equivalents, beginning of year	8,419
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,217
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash Paid for Interest	\$ 256

See Notes to Financial Statements.

**THE MINISTERS AND MISSIONARIES BENEFIT BOARD
OF AMERICAN BAPTIST CHURCHES**

**STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2009 (in thousands)**

	Legacy Funds	General Fund	Death Benefit Plan	Special Benefits Fund	Medical Plan	Total
Additions						
Premiums	\$ -	\$ 2,468	\$ 1,931	\$ 3,219	\$ 20,659	\$ 28,277
Contributions	522	1,222	-	-	-	1,744
Kewa Rental	1,474	-	-	-	-	1,474
Income (Loss) from Investments	508	(221)	2	11	9	309
Net Unrealized Gains on Investments	22,198	321	4,806	22,712	-	50,037
Net Realized Gains on Investments	5,422	1,289	554	485	-	7,750
TOTAL ADDITIONS	30,124	5,079	7,293	26,427	20,668	89,591
Deductions						
Assistance for Ministers, Preretired	-	1,594	-	-	-	1,594
Assistance for Ministers, Retired	-	2,585	-	-	-	2,585
Assistance for Lay Employees	-	353	-	-	-	353
Professional Fees, Medical Plan	-	-	-	-	2,467	2,467
Claims Expenses, Medical Plan	-	-	-	-	18,575	18,575
Benefits	642	-	3,067	3,992	-	7,701
Investment Management Fees	576	27	184	794	-	1,581
Administrative Expenses	955	7,690	-	284	79	9,008
Depreciation and Amortization	876	-	-	-	-	876
Interest Expenses and Settlement Costs	173	-	-	128	-	301
Payments to the Retirement Plans	-	-	-	1,767	-	1,767
Legacies and Annuity Agreements	31	-	-	-	-	31
TOTAL DEDUCTIONS	3,253	12,249	3,251	6,965	21,121	46,839
Change in Net Assets Before						
Decrease in Additional						
Postretirement Benefits Obligation	26,871	(7,170)	4,042	19,462	(453)	42,752
Decrease in Additional Postretirement						
Benefits Obligation	84	-	-	-	-	84
Change in Net Assets	26,955	(7,170)	4,042	19,462	(453)	42,836
Net Assets (Deficit), Beginning of Year	127,125	-	24,670	85,045	(4,745)	232,095
Transfers, Net	(7,170)	7,170	-	-	-	-
NET ASSETS (DEFICIT), END OF YEAR	\$ 146,910	\$ -	\$ 28,712	\$ 104,507	\$ (5,198)	\$ 274,931*

* Total net assets at year end consist of Unrestricted \$271,883.
Temporarily Restricted \$2,860, and Permanently Restricted \$188.

See Notes to Financial Statements.

1. GENERAL

Organization

The Ministers and Missionaries Benefit Board of American Baptist Churches and the American Baptist Churches Retirement Plans (collectively, the “Board”) provide retirement, death, disability and other benefits for ordained ministers, commissioned missionaries and lay employees of churches and organizations related to the American Baptist Churches through the administration of retirement and other benefit plans.

Retirement Plans

The American Baptist Churches Retirement Plans (the “Retirement Plans”) are a qualified pension trust exempt from federal income tax. The Retirement Plans include the 1965, 1976 and 1980 Retirement Plans, Tax-Deferred Annuity, The Annuity Supplement and the Deductible Employee Contribution Account. The plans are composed of accumulation and annuity units. Premiums are used to purchase accumulation units based on the unit value as of the day on which premiums are received. A premium equal to a percentage of the member’s compensation is paid by employers into the Retirement Plan Accumulation Fund. Employers and plan members may contribute additional premiums to the Tax-Deferred Annuity and The Annuity Supplement, subject to certain limitations, to increase these retirement benefits.

At retirement, accumulation units held are converted to annuity units using actuarial tables. Annuitants receive payments based upon the number of annuity units held and the annuity unit payout value as determined annually. The American Baptist Churches Retirement Plans, Tax-Deferred Annuity, The Annuity Supplement and the Deductible Employee Contribution Account (together, the “Plans”) are Internal Revenue Code 403(b)(9) exempt retirement programs maintained by The Ministers and Missionaries Benefit Board of American Baptist Churches.

The Plans and/or any account maintained by the Board to manage or hold assets of the Plans, and any interest in such Plans or account (including any funds maintained by the Board) are not subject to the registrations, regulation or reporting provisions of the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, Title 15 of the United States Code or state securities laws. Therefore, participants and beneficiaries under the Plans will not be afforded the protections of those provisions. The Board’s employees also participate in the Retirement Plan. MMBB makes contributions on behalf of employees equal to 13% of each individual employee’s compensation. In 2009 MMBB’s contribution was approximately \$1,085,000.

MMBB

The Ministers and Missionaries Benefit Board of American Baptist Churches (“MMBB”), a not-for-profit religious organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, is composed of the

Legacy Funds, General Fund, Death Benefit Plan, Special Benefits Fund and the Medical Plan.

The Legacy Funds are administered in accordance with the terms of the donors. Contributions that are limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of the Board are classified as permanently restricted. Restrictions that either expire by passage of time or can be fulfilled by actions of the Board are classified as temporarily restricted. All other contributions are deemed unrestricted, which are available for general use.

Disbursements for operating costs as well as assistance to ministers and lay employees are paid out of the General Fund. A premium equal to 1% of the member’s compensation is received by the General Fund for assistance to American Baptist ministers, missionaries and lay employees.

The Death Benefit Plan provides group term life insurance for preretired members during their working careers and for retired members. Premiums of 3/4 of 1% of compensation are paid by the employers on behalf of the members.

The Special Benefits Fund provides disability and other benefits to qualifying Plan members. Premiums equal to 1 1/4% of compensation are paid by the employers on behalf of the members. The associated investment income earned on these contributions is available for services provided by the Board as well as benefit payments. Income is also available for operating expenses of the Retirement Plans, the Death Benefit Plan and the Special Benefits Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available, the accounts of the Board are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified into funds according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

FASB Accounting Standards Codification™

In July 2009, the Financial Accounting Standards Board (the “FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles” (“Codification of ASC” or “ASC”) to become the source of authoritative U.S. generally accepted accounting principles (“U.S. GAAP”) recognized by the FASB to be applied by nongovernmental entities. All other accounting literature not included in the Codification of ASC will be considered non-authoritative. The Codification of ASC does not change current

U.S. GAAP. References to authoritative U.S. GAAP literature in the Board's financial statements and the notes thereto have been updated to reflect new Codification of ASC references.

Management 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 and liabilities at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from these estimates.

Investments Under Management

The Finance Committee of the Board of Managers (the "Committee") has general supervision of the Board's investments. The investment objective of the Board is to achieve a maximum total rate of return for its investments, taking into consideration the safety of principal, potential for market appreciation and income. The Committee has selected professional managers to select and monitor the assets comprising Investments Under Management. Pursuant to management agreements, the Board pays each of its investment managers a management fee based on the net assets under their management. The Board also pays certain managers an incentive fee based on the performance of the assets under management.

MMBB charges an administrative fee of up to an annualized 50 basis points (0.5%). The fee applies to all funds under Board management other than the Legacy Funds. This fee is charged in addition to the investment management fee that applies to each MMBB fund. Currently, the Board has implemented a 40-basis-point fee that is assessed pro rata daily across all MMBB funds, which means that for every \$100 under management, the administrative fee equals \$0.40 each year. For the year ended December 31, 2009, MMBB charged an administrative fee to the funds of approximately \$7.6 million.

Subject to investment policies and guidelines prescribed by the Committee, the investment managers are given authority to invest in a broad range of securities, including, but not limited to, equity securities of U.S. and foreign companies, debt securities of the U.S. Government and its agencies, debt securities of other U.S. and non-U.S. issuers, investment funds, commercial paper and other types of investments. The Committee has amended these investment policies and guidelines to allow certain investment managers to have the flexibility of directing a portion of Investments Under Management in financial forwards, futures and option contracts and similar investments for the purpose of adjusting the degree of risk in the Board's portfolio. The Board pays unrelated business income tax on income arising from its debt-financed investments.

The Board has requested and received from the Commodity Futures Trading Commission a "no-action" letter, which effectively exempts the Board from certain "commodity pool operator" registration requirements of the Commodity

Exchange Act and the regulations promulgated thereunder. The "no action" letter also relieves the Board from the operation criteria of Regulation 4.5 thereby permitting investment of a portion of its assets in financial futures, options and similar investments without complying with such operation criteria. The use of such investments must be consistent with the Committee's investment policies and guidelines.

Securities and Portfolio Valuation

Financial instruments are carried at fair value. Accounting Standards Codification ("ASC") 820-10 (formerly Statement of Financial Accounting Standards ("SFAS") No.157), "Fair Value Measurements" defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable.

ASC 820-10 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Board classifies fair value balances based on the fair value hierarchy defined by ASC 820-10 as follows:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Equities: For its investments with asset managers that hold public common and preferred stocks, the Board has position level transparency into individual holdings. These investments are priced by the Board's custodian using nationally recognized pricing services based on observable market data and are classified as Level 1.

NOTES TO FINANCIAL STATEMENTS

Fixed Income: The Board also has investments with several fixed income managers. The Board's custodian prices these investments using nationally recognized pricing services. The Board's fixed income investments include U.S. Treasury securities, corporate bonds, high-yield bonds, municipal bonds, asset-backed securities and collateralized securities. Since fixed income securities other than U.S. Treasury securities generally do not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using its proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of similar securities, sector groupings and matrix pricing. These investments are classified as Level 2. U.S. Treasury securities are valued using quoted market prices and are categorized as Level 1 of the fair value hierarchy.

Hedge Fund of Funds: The Board invests with several hedge fund of funds managers. For these investments, the Board has access to underlying managers but not to the individual positions of each manager. A significant amount of the Board's investments consists of long/short equity managers, which invest in liquid, publicly traded securities. The fair value of these investments is determined by each manager using either an in-house valuation team or a third-party administrative service. As part of its due diligence process, the Board has surveyed each manager and reviewed their valuation policies and the controls surrounding the valuation process in accordance with ASC 820-10. The financial statements of the investees are audited annually by independent auditors. In accordance with Accounting Standards Update ("ASU") No. 2009-12, "Investments in Certain Entities That Calculate Net Asset Value Per Share," a portion of the Board's investments in hedge fund of funds is classified as Level 2 and the remainder as Level 3.

Private Equity: Private equity comprises approximately 2% of the Board's investments and consists of investments in infrastructure, timber and commingled funds. These investments are long-term investments, which require a commitment of capital for several years and do not have readily observable fair values. The fair value of these investments is determined by each manager using either an in-house valuation team or a third-party administrative service. As part of its due diligence process, the Board surveyed each manager and reviewed their valuation policies and controls surrounding the valuation process in accordance with ASC 820-10. The financial statements of the investees are audited annually by independent auditors. These assets are classified as Level 3 because the Board does not have either quoted prices or readily observable market comparable prices as of the valuation date.

Futures Contracts: The Board invests in futures contracts to maintain its exposure to asset classes in accordance with the target allocation. The Board does not use futures contracts to hedge its risk exposure. Its investment in futures contracts consists of domestic and international equity index futures, treasury index futures and corporate fixed income futures. The contracts are liquid instruments, usually with a 90-day settlement period, and their prices are observable daily on a nationally recognized exchange. Upon entering into a contract, the Board deposits

and maintains as collateral an initial margin balance as may be required. During the period the futures contract is open, changes in the value of the contract are recognized on a daily basis to reflect the fair value at the end of each day's trading. Variation margin payments are received or made, depending upon whether unrealized gains or losses are incurred. When the contracts are closed, the Board realizes a gain or loss equal to the difference between the proceeds from the closing transaction and the basis in the contracts. As part of its due diligence process, the Board surveyed its overlay manager, which achieves the futures exposure for the Board, and reviewed its valuation policy and controls surrounding the valuation process in accordance with ASC 820-10. These investments are classified as Level 1.

Purchases and sales of securities are reflected on a trade date basis. Gains or losses on sales of securities are based on the average cost of each individual security sold. Unrealized gains and losses are determined by comparison of cost determined by the average cost method with the fair value and are included in the Statement of Changes in Net Assets. Dividend income is recorded on the ex-dividend date. Interest from other investments is recorded as earned.

At December 31, 2009, the Board determined that the unrealized loss positions on all of the securities were temporary in nature. Positive evidence considered by the Board in reaching the conclusion that the unrealized loss for equity securities is not other-than-temporary consisted of: (a) the ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value, and (b) determining that the changes in market value were reasonable in relation to overall fluctuations in market conditions. The Board considered the following evidence in reaching the conclusion that the unrealized loss on fixed income instruments was not other-than-temporary: (a) whether or not it intended to sell its investments before the full recovery of cost basis and (b) whether or not it will be required to sell its investments before the full recovery of cost basis. Net gains resulting from foreign investment transactions and the translation of foreign denominated investments amounted to approximately \$9.54 million for MMBB and for the Retirement Plans for the year ended December 31, 2009.

Foreign Currency

The Board has investments in several international equity funds. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities, and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Board does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

NOTES TO FINANCIAL STATEMENTS

Securities Sold, Not Yet Purchased

Investments Under Management and securities sold, not yet purchased, are carried at fair value. Securities that are not readily marketable are carried at estimated fair value as determined by the individual investment manager. Fair value is based on the recorded sales price on the last business day of the year or, in the absence of a reported sale, on the bid price for investments and the ask price for securities sold, not yet purchased. The fair value of investments traded in foreign currencies is determined at the exchange rate on the last business day of the year.

Total Return Allocation

Effective June 1, 1986, a "total return allocation" was adopted for spending from the Legacy Funds. The transfer of investment yield from the Legacy Funds to the General Funds is based on the average fair value of the Legacy Funds' pro rata share of Investments Under Management. For the year ended December 31, 2009, the target spending rate for the General Fund was set at 5% pursuant to this policy. The actual spending rate for this time period was 4.08%.

Cash Equivalents

The Board considers all investments with an original maturity of three months or less to be cash equivalents. The Board maintains most of its cash balances at one major financial institution. At times, the amounts on deposit at this institution exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation ("FDIC"). The funds maintained with brokers are insured up to \$100,000 by the Securities Investment Protection Corporation ("SIPC").

Brokerage Agreements

The individual investment managers employed by the Board have prime brokerage agreements with various brokerage firms to carry their accounts as customers. The brokers or individual managers have custody of the Board's individual securities and, from time to time, cash balances, which may be due to these brokers. These securities and/or cash positions serve as collateral for any amounts due to the brokers. The securities and/or cash positions also serve as collateral for potential defaults of the Board.

Mortgages Receivable

Mortgages receivable represent amounts from employees for the purchase of their personal residences and are secured by the related properties. Mortgages receivable are carried at amortized cost.

Kewa, Inc.

The Board's financial statements include the net assets and results of operations of Kewa, Inc., a wholly owned subsidiary that owns an apartment building in New York City.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. The Board calculates depreciation and amortization on

fixed assets on a straight-line basis over the estimated lives of the assets. For the year ended December 31, 2009, depreciation and amortization was \$876,000.

Estimated Useful Lives (in years)

Leasehold Improvements	10-20
Furnishings	10
Equipment and Computer Software	3-5
Buildings	25-30

At December 31, 2009, fixed assets, net comprised (in thousands)

Leasehold Improvements	\$ 5,433
Furnishings	1,551
Equipment and Computer Software	11,256
Buildings	5,188
	<hr/> 23,428
Less: Accumulated Depreciation and Amortization	(18,336)
	<hr/> \$ 5,092 <hr/>

Payment of Benefits

Benefits are recorded when paid.

Net Asset Classifications

FASB ASC 958-205 (formerly SFAS No. 117-1), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enhanced Disclosures for all Endowment Funds is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. This statement provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The adoption of this pronouncement did not have a material effect on the Board's financial statements.

Accounting for Uncertainty in Income Taxes

The Board adopted the provisions of ASC 740-10 (formerly FASB Interpretation No.48), "Accounting for Uncertainty in Income Taxes," on January 1, 2009. Under ASC-740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The implementation of ASC 740-10 had no impact on the Board's financial statements. The Board does not believe there are any material uncertain tax positions taken, and accordingly, they have not recognized any liability for unrecognized tax benefits under ASC 740-10. The Board filed Internal Revenue Service Form 990-T tax returns, as required, and all other applicable returns in jurisdictions when it is required. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of ASC 740-10. For the year ended December 31, 2009, there was no interest or penalties recorded or included in the financial statements.

NOTES TO FINANCIAL STATEMENTS

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements." This ASU requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in Codification Subtopic 820-10. The FASB's objective is to improve these disclosures and, thus, increase the transparency in financial reporting.

ASU No. 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Board does not expect the implementation of ASU No. 2010-06 to have a material impact on its financial statements.

3. INVESTMENTS UNDER MANAGEMENT

At December 31, 2009, the Investments Under Management consisted of the investments listed in the table on page 18 ("Investments Under Management") with a cost basis of \$1,756,697,814.

The following table presents the level within the fair value hierarchy at which the Board's financial assets and financial liabilities are measured on a recurring basis at December 31, 2009.

<i>\$ in Millions</i>	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Assets				
U.S. Cash & Cash Equiv.	\$ 240	\$ 79	\$ -	\$ 319
Non-U.S. Cash & Cash Equiv.	1	-	-	1
Futures	3	-	-	3
Equity	1,129	-	-	1,129
Fixed Income:				
U.S. Treasury & Gov't Agency	60	59	-	119
Mortgage related	-	120	-	120
Asset-backed	-	32	-	32
Corporate	-	215	-	215
Foreign	-	18	-	18
Other	-	5	-	5
Hedge Fund of Funds	-	288	31	319
Private Equity	-	-	43	43
Securities				
Lending Collateral	34	-	-	34
Interest/Dividends Receivable	5	-	-	5
TOTAL ASSETS	\$ 1,472	\$ 816	\$ 74	\$ 2,362

<i>\$ in Millions</i>	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Liabilities				
Short Sales	\$ 88	\$ -	\$ -	\$ 88
Fayables for Securities Transactions	1	2	-	3
Securities Lending Liability	34	-	-	34
Payables for Management, Advisory & Services Fees	2	-	-	2
Investment Choices Liabilities	3	-	-	3
TOTAL LIABILITIES	\$ 128	\$ 2	\$ 0	\$ 130

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value and classified as Level 3 in the fair value hierarchy.

<i>\$ in Millions</i>	Assets		Liabilities	
	Hedge Fund of Funds	Private Equity	Forward Currency Contracts	Total
BEGINNING BAL.	\$ 330	\$ 42	\$ (42)	\$ 330
Total Gains or (Losses):				
- Realized gain/(loss)	29	(3)	-	26
- Unrealized gain/(loss)	16	4	-	20
Purchases and Sales	(54)	(1)	-	(55)
Net Transfers in and/or (out) of Level 3	(289)	-	42	(247)
ENDING BALANCE	\$ 32	\$ 42	\$ -	\$ 74

The Board had no financial assets or financial liabilities that were measured at fair value on a nonrecurring basis for the period ended December 31, 2009.

Hedge fund of funds investments classified as Level 2 investments have the aggregate fair value of \$288,979,239 and are primarily invested in long/short equity strategies. There are no unfunded commitments in these investments as of December 31, 2009. The redemption requirements vary from monthly to annual with timely notice and the underlying holdings, being equity investments, are highly liquid. All activity into and out of these investments is conducted on the basis of net asset value per share.

NOTES TO FINANCIAL STATEMENTS

INVESTMENTS UNDER MANAGEMENT

Statement of Net Assets, December 31, 2009 (in millions)

	Fair Value
Assets	
U.S. Cash & Cash Equivalents	\$ 319
Non-U.S. Cash & Cash Equivalents	1
Debt Obligations	
U.S. Treasury & Government Agency	119
Mortgage-Related	120
Asset-Backed	32
Corporate Bonds	215
International Bonds	18
Other Bonds	5
Equities	
U.S. Common Stock	884
Non-U.S. Common Stock	244
Non-U.S. Preferred Stock	1
Other	
Barlow Partners	81
K2 Advisors	3
Grantham, Mayo, Van Otterloo & Co.	48
Wellington Hedge Management, Inc.	106
Trust Company of the West Limited Partnership	2
Federal Street Offshore Fund	35
ABS Offshore LTD	35
Alinda Capital Partners	21
Commonfund Capital, Inc.	1
Varde Partners, Inc.	9
Blackstone Alternative Asset Management	19
JP Morgan	2
Interest/Dividends Receivable	5
Futures Contracts	3
Securities Lending Collateral	34
TOTAL ASSETS	\$ 2,362
Liabilities	
Short Sales	88
Payables for Securities Transactions	3
Securities Lending Liability	34
Payables for Management, Advisory & Services Fees	2
Investment Choices Liabilities	3
TOTAL LIABILITIES	130
TOTAL INVESTMENTS UNDER MANAGEMENT	\$ 2,232

	Fair Value
ABC Retirement Plans	\$ 1,965
MMBB	267
TOTAL INVESTMENTS UNDER MANAGEMENT	\$ 2,232

4. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Board enters into transactions in various financial instruments with off-balance sheet risk. Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. Liquidity risk represents the possibility that the Board may not be able to rapidly adjust the size of its positions in times of high volatility and financial stress at a reasonable price. The Board is exposed to risks that the exchange rate of the U.S. dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of the Board's assets and liabilities denominated in currencies other than the U.S. dollar.

At December 31, 2009, cash aggregating \$40.71 million was deposited with broker-dealers. Of this amount, \$14.47 million was to satisfy margin requirements. These balances, which are included in the Investments Under Management, earn interest. All deposits and securities owned by the Board are held by its custodian or by custodians engaged by certain investment managers. The Board is subject to credit risk should broker-dealers be unable to repay amounts owed, or if the custodians are unable to fulfill their obligations to the Board. This risk is mitigated by the fact that the Board's accounts are carried by the broker-dealers as customer accounts, as defined, and are therefore subject to Securities and Exchange Commission rules with regard thereto, and under the Securities Investor Protection Corporation's insurance program and supplemental insurance programs maintained by such brokers. Debt obligations are subject to interest rate risk. Interest rate risk is the risk that the Board may incur losses due to adverse changes in interest rates. Fluctuations in interest rates have a direct impact on the market valuation of debt obligations. Securities sold, not yet purchased by the Board, may give rise to off-balance sheet risk. The Board may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Board sells a security short, it must borrow the security sold short. A gain, limited to the price at which the Board sold the security short, or a loss, unlimited in amount, will be recognized upon the termination of a short sale. The Board has recorded this obligation in the financial statements at the December 31, 2009, fair value of these securities. There is an element of market risk in that, if the securities increase in value, it will be necessary to purchase the securities at a cost in excess of the price reflected in the statement of net assets.

The Board participates in a securities lending program whereby its Custodian may lend its securities to certain borrowers based on, among other things, their creditworthiness in exchange for collateral initially equal to at least 102% of the value of the securities on loan and is thereafter maintained at a minimum of at least 102% of the fair value of the securities loaned. The fair value of the securities on loan to each borrower is monitored daily and the borrower is required to deliver additional collateral if the fair value of the collateral falls below 100% of the fair value of the securities on loan. The fair value of the collateral amounted to approximately \$33.9 million, which represents 103% of the

NOTES TO FINANCIAL STATEMENTS

carrying value at December 31, 2009. Under the guidance provided in ASC 860-10 (formerly SFAS No. 140), "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," the Board recognizes the collateral as an asset and a corresponding liability, which is reported in Investments Under Management in the statement of net assets. The Board receives compensation, which is net investment earnings on the collateral, and these earnings are divided between the Board and the Custodian. The Board's portion of this income is included in the statement of changes in net assets.

5. EMPLOYEE BENEFITS

The Board accrues the expected cost of its employees' post-retirement benefits during the years that the employees render the necessary service. The plan is funded on a pay-as-you-go basis. Effective in 2009, life insurance benefits were valued as part of the Death Benefit Plan and was removed from the post-retirement benefit obligation. The following sets forth the plan's funded status reconciled with amounts reported in MMBB's statement of net assets at December 31, 2009.

A 9% health care cost trend rate in the Pre-65 and Post-65 health care benefits was assumed for 2009. Increasing the assumed health care cost trend rates by one percentage point would increase the postretirement benefit obligation as of December 31, 2009, by \$1,506,000 and increase the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for 2009 by \$203,000. Decreasing the assumed health care cost trend rates by one percentage point would decrease the postretirement benefit obligation as of December 31, 2009, by \$1,204,000 and decrease the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for 2009 by \$156,000. A weighted-average discount rate of 6% was used to determine the postretirement benefit obligation and net periodic postretirement benefit cost. The assumed health care cost trend rate for the year ending December 31, 2010, is 8%, and will gradually decline to 5% (the ultimate trend rate) in the year 2015. The postretirement benefit obligation presented in the financial statements at December 31, 2009, reflects the impact of the Retiree Drug Subsidy expected to be received on the account of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 as required by ASC 715-60 (formerly FSP No. 106-2), "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003." The effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period was \$112,097. Included in decrease in additional postretirement benefit obligation is a net gain of \$84,122, which is not reflected in net periodic postretirement benefit cost at December 31, 2009. The net periodic postretirement benefit cost recognized in the financial statements was \$858,673 for the year ended December 31, 2009.

Change in benefit obligation (amounts in thousands)

Benefit obligation at beginning of year	\$ 8,039
Service cost	381
Interest cost	475
Actuarial gain	(82)
Retiree drug subsidy received	18
Benefits paid	(163)
BENEFIT OBLIGATION AT END OF YEAR	\$ 8,668

Postretirement benefit obligation (PBO) breakout

Retirees and surviving spouses	\$ 3,302
Preretired fully eligible	2,112
Other preretirees	3,254
TOTAL PBO	\$ 8,668

Change in plan assets

Fair value of plan assets at beginning of year	\$ -
Actual return on plan assets	-
Employer contribution	163
Benefits paid	(163)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	\$ -

Reconciliation of funded status at end of year

Unfunded status	\$ 8,668
AMOUNT RECOGNIZED	\$ 8,668

Amounts recognized in the statement of net assets consist of

Current liabilities	\$ (264)
Noncurrent liabilities	(8,404)
ACCRUED POSTRETIREMENT BENEFITS	\$ (8,668)

Amounts recognized in other changes in net assets consist of

Net actuarial gain	\$ 82
Recognized actuarial gain	-
Recognized prior service cost	2
TOTAL AMOUNT RECOGNIZED	\$ 84

Components of net periodic postretirement benefit cost for the year

Service cost	\$ 381
Interest cost	475
Recognition of prior service cost	2
Recognition of gains and losses	-
NET PERIODIC EXPENSE	\$ 858

Amounts expected to be recognized in net periodic cost in the coming year

Prior service cost recognition	\$ 2
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NOTES TO FINANCIAL STATEMENTS

Gross estimated future benefit payments without subsidy are as follows (year ending December 31)

2010	\$ 306
2011	334
2012	362
2013	393
2014	428
2015-2019	2,629
TOTAL FOR THE NEXT 10 YEARS	\$ 4,452

Estimated future subsidy payments are as follows (year ending December 31)

2010	\$ 34
2011	39
2012	43
2013	45
2014	49
2015-2019	289
TOTAL FOR THE NEXT 10 YEARS	\$ 499

6. INVESTMENT IN LIMITED PARTNERSHIP AND MORTGAGE PAYABLE

MMBB acquired a 25% ownership interest in the Mission Center property located in King of Prussia, Pennsylvania. MMBB is a limited partner in 588 Associates, LP, which was formed to purchase the Mission Center property. MMBB also acquired a 25% ownership interest in 588 Associates, LLC, a Pennsylvania limited liability company set up to hold the Mission Center property. MMBB records these investments in accordance with the equity method of accounting. In March 2009, MMBB entered into a mortgage agreement with Amercian Baptist Churches USA (“ABCUSA”) for \$5,000,000 to finance this acquisition. Under the terms of this agreement, the mortgage is payable to ABCUSA in monthly installments of \$58,054, including interest at 7% per annum, and due on March 1, 2019.

In March 2009, MMBB terminated its rental lease agreement with ABC USA and entered into an operating lease agreement with 588 Associates, LP, for office space. MMBB paid \$8,420 in rental expense to 588 Associates, LP, for the year ended December 31, 2009. An Officer of MMBB is also an Officer of 588 Associates, LP.

Mortgage payable matures as follows:

Year ending December 31	
2010	\$ 377
2011	405
2012	434
2013	465
2014	499
Thereafter	2,554
TOTAL	\$ 4,734

7. DONOR-RESTRICTED ENDOWMENT ASSETS

MMBB maintains a donor-restricted endowment fund (the “Endowment Fund”) which consists of monies bequeathed to it and which must be held in perpetuity.

Endowment funds of not-for-profit corporations are currently governed by the Uniform Management of Institutional Funds Act (“UMIFA”), as enacted in 1978 in the New York Not-for-Profit Corporation Law (“the law”). The Board of Managers has interpreted the law as requiring the preservation of the historic value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The “historic dollar value” of an endowment fund is the aggregate fair market values of all gifts made by donors into that particular fund on the date of those gifts. MMBB has further determined that in accordance with the law, the funds must be prudently invested and the resulting income may be spent. As a result, MMBB has classified the value of the original gift as permanently restricted net assets and the income resulting from investment experience of the gift as temporarily restricted net assets.

Consistent with the law, the returns generated by the endowment (i.e. interest, dividends and realized and unrealized appreciation) is available to MMBB for spending. Additionally, MMBB may appropriate the net appreciation, realized (with respect to all assets) and unrealized (with respect to only marketable securities) in the value of the assets over the historic dollar value if it is prudent to do so under the law. Accordingly, MMBB considers the following factors among other relevant considerations, under the prudence standard when making its determination to appropriate the net appreciation on the endowment:

- the long and short term needs of MMBB in carrying out its purposes
- its present and anticipated financial requirements
- expected total return on its investments
- price level trends
- general economic conditions

For the year ended December 31, 2009, all invested assets included in MMBB’s Ives Fund are as follows:

Asset Class	Total (In Thousands)
U.S. Equity	\$ 275
International Equity	130
Fixed Income	181
Hedge Fund of Funds	314
Private Equity	32
Cash	7
TOTAL	\$ 939

NOTES TO FINANCIAL STATEMENTS

The following table provides a reconciliation of the change in MMBB's Ives Fund net assets for the year ended December 31, 2009:

<i>\$ in Thousands</i>	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of period	\$ 534	\$ 188	\$ 722
Net assets transferred out	(140)	-	(140)
Investment Income	-	-	-
Net appreciation/ (depreciation)	213	-	213
Other changes	156	-	156
Endowment net assets, end of period	\$ 763	\$ 188	\$ 951

MMBB has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while maintaining the original historical value of those assets donated in perpetuity. Under this policy, as approved by the Board of Managers, the endowment assets are invested to achieve a total maximum rate of return at a level consistent with prudent management, taking into consideration the safety of principal, potential for market appreciation and income. To achieve its long-term rate-of-return objectives, MMBB relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MMBB invests in a diversified portfolio of assets that place greater emphasis on equity-based investments to achieve its long-term return objects with prudent risk constraints. In 2009 MMBB had an annual target spending policy for its endowment assets of 6.5%. MMBB expects its endowment funds, over time, to provide an average rate of return of approximately 7.1% percent. Actual returns in any given year may vary from this amount. MMBB measures performance of the endowment funds according to a custom blended benchmark.

8. COMMITMENTS

The Board has entered into several noncancelable operating leases for office space and equipment. At December 31, 2009, the aggregate future minimum payments for these commitments were as follows:

Year ending December 31	(in Thousands)
2010	\$ 644
2011	553
2012	539
2013	507
2014	507
Thereafter	\$ 2,410

Rent expense under these leases for 2009, which is recognized as a portion of administrative expenses to MMBB, amounted to approximately \$687,000.

As of December 31, 2009, the Board was committed to contribute approximately \$32 million of additional investments to certain limited partnerships and an asset management firm based on the term of the investment period as defined in each partnership and investment management agreement. Of these commitments, \$17 million is expected to be drawn down in 2010, \$12 million in 2011, and \$1 million annually in 2012, 2013 and 2014. These funds may be drawn after the commitment period ends for fees and prior commitments before the end of the period. Additionally, the Board may receive income in the form of distributions from its investment with these managers.

9. SUBSEQUENT EVENTS

The Board's management has performed subsequent event procedures through March 24, 2010, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

MANAGEMENT TEAM, MEMBER SERVICE REPRESENTATIVES, REGIONAL REPRESENTATIVES AND AFFILIATE RELATIONSHIP MANAGERS

MANAGEMENT TEAM

Louis P. Barbarin
Chief Financial Officer
and Treasurer

Candace Cox
Chief Investment Officer

Sara E. Day
Member Service Director

Sumner M. Grant
Executive Director

Winona A. Green
Relationship Manager
and Diversity Officer

Matthew D. Hoffman
Relationship Director

Perry J. Hopper
Associate Executive Director

William R. Hunnex
Human Resources
and Operations Director

James F. Keegan
Marketing and Service Director

Harold Leibovitz
Communications Director

Margaret E. Lewis
Education Director and
Corporate Secretary

Frank R. O'Brien
Compliance Director

MEMBER SERVICE REPRESENTATIVES

Melody S. Chartier
New York Office

Brian K. Haynes
New York Office

Maureen E. Hoyte
New York Office

Oscar R. Lanza
New York Office

Paqueta A. Moorhead
New York Office

MMBB REPRESENTATIVES

Z. Allen Abbott
Alabama, Arkansas, Georgia,
Louisiana, West Virginia

Magda L. Amargos
Connecticut, New Jersey,
New York

Augustine H. Bau
California

James R. Cook
Colorado, Kansas, New Mexico,
Oklahoma, Texas

Sara E. Day
Missouri

Rose M. Harper
Virginia

Patricia L. Hunter
Alaska, Arizona, Hawaii, Idaho,
Nevada, Oregon, Utah,
Washington

William J. Key
North Carolina, South Carolina

Clifton Morgan
Mississippi, Tennessee

Richard D. Reese
Indiana, Michigan, Ohio

Hazel A. Roper
Maine, Massachusetts,
New Hampshire, Rhode Island,
Vermont

Kenneth E. Stout
Pennsylvania

Paul Weers
Illinois, Iowa, Minnesota,
Montana, Nebraska, North
Dakota, South Dakota,
Wisconsin, Wyoming

Betty Wright-Riggins
Delaware, District of Columbia,
Kentucky, Maryland

AFFILIATE RELATIONSHIP MANAGERS

Sara E. Day
Baptist General Convention of
Missouri, International Council
of Community Churches,
National Association of
Congregational Christian
Churches

Rose M. Harper
Baptist General Convention
of Virginia and the National
Missionary Baptist Convention
of America, Inc., Virginia Baptist
State Convention

Matthew D. Hoffman
Cooperative Plan

William J. Key
General Baptist State of North
Carolina, National Baptist
Convention of America, Inc.

Clifton Morgan
National Baptist Convention,
USA, Inc.

STAFF TRANSITIONS

Jorge Aledo, Regional Representative, retired May 31, 2009. He joined MMBB on September 1, 1992.

Holly Vincent Bean, Member Education Director & Corporate Secretary, retired December 31, 2009. She joined MMBB on May 27, 1986.

Patricia Bryan, Human Resources Administrator, retired July 31, 2009. She joined MMBB on January 5, 1981.

Constance Chambers, joined MMBB as Human Resources and Office Manager.

Alphonse Chomali, Senior Systems Developer, retired August 31, 2009. He joined MMBB on June 7, 1999.

Faye Cox, Indicative Data Administrator, retired August 31, 2009. She joined MMBB on May 1, 2000.

Ron Harris, Communications Associate, retired August 31, 2009. He joined MMBB on December 1, 1991.

Judi Main, Marketing Communications Director, left MMBB on July 30, 2009. She joined MMBB on September 16, 2002.

OFFICERS AND BOARD OF MANAGERS

OFFICERS

George H. Tooze, Jr.
President

Gwynn L. Perlich
Vice President

Sumner M. Grant
Executive Director

Louis P. Barbarin
Treasurer

Margaret E. Lewis
Corporate Secretary

Candace Cox
Chief Investment Officer

BOARD OF MANAGERS

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Senior Vice President, Executive
Banking, One Valley Bancorp of
West Virginia, Retired.
Manager-at-Large

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New York, New York
Executive Vice President and
Chief Investment Officer,
The Church Pension Fund.
Public Manager

Kathleen A. Condon
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Consultant, Northern
Trust Global Investors.
Public Manager

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Mattapan, Massachusetts
Principal, Law Office of
Brenda Fluker.
*Representative from
General Board*

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Scarsdale, New York
Assistant Professor, Department
of Economics, Accounting and
Business at Lehman College-
CUNY.
Manager-at-Large

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Seattle, Washington
Vice President/Controller,
Quadrant Corporation, Retired.
Manager-at-Large

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Wilmington, Delaware
Pastor, Shiloh Baptist Church.
*Representative from
General Board*

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Saratoga, California
CEO/Publisher,
Online Legal Media
Manager-at-Large

Patricia H. Lawrence
Herkimer, New York
Pastor, First Baptist Church.
*Representative from
General Board*

Annie Marie LeBarbour
Hilton, New York
Organizational Development
Consultant, LeBarbour
Associates.
Manager-at-Large

Edward A. Libby
Rockford, Illinois
Minister of Pastoral Care
for ABC of the Great Rivers
Region, Retired.
Manager-at-Large

Maurice E. Maertens
New York, New York
Chief Investment Officer, New
York University, New York City.
Public Manager

Darrel A. Morf
Cedar Rapids, Iowa
Senior Partner, Law Firm of
Simmons, Perrine, Albright &
Ellwood.
Manager-at-Large

James T. Napolitan
Chicago, Illinois
Commodities Trader, Chicago
Mercantile Exchange.
Public Manager

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Zionsville, Indiana
Vice President and CNO of
Patient Care Services,
St. Vincent Carmel Hospital.
Manager-at-Large

James D. Peters, Jr.
Denver, Colorado
Pastor Emeritus, New Hope
Baptist Church, Retired.
*Representative from
General Board*

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Ann Arbor, Michigan
Professor of Law Emeritus,
University of Michigan.
Lifetime Honorary Manager

Victor J. Raskin
New York, New York
Chief Investment Officer,
YMCA Retirement Fund
Public Manager

Wallace Charles Smith
Washington, D.C.
President, Palmer Theological
Seminary, and Senior Minister,
Shiloh Baptist Church.
*Representative from Board of
National Ministries*

George H. Tooze, Jr.
Indianapolis, Indiana
Senior Minister, First Baptist
Church, Retired.
Public Manager

CONSULTANTS

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Philadelphia, Pennsylvania
Senior Vice President & Chief of
Staff, Esperanza
Manager-at-Large

William S. Epps
Los Angeles, California
Senior Pastor, Second Baptist
Church, Los Angeles
Manager-at-Large

R. Roosevelt Thomas, Jr.
Decatur, Georgia
Chief Executive Officer,
R. Thomas Consulting &
Training, Inc.
Manager-at-Large

ASSET MANAGERS, INVESTMENT CUSTODIAN AND COUNSEL

ASSET MANAGERS

ABS Investment Management
Greenwich, Connecticut

Alinda Capital Partners, LLC
New York, New York

Artisan Partners Limited Partnership
San Francisco, California

Barlow Partners
New York, New York

Blackrock
Boston, Massachusetts

Blackstone Alternative Asset Management
New York, New York

Capital Guardian Trust Company
New York, New York

The Clifton Group
Minneapolis, Minnesota

Commonfund Capital, Inc.
Wilton, Connecticut

Dodge & Cox
San Francisco, California

The Dreyfus Corporation
New York, New York

Federal Street Partners, LLC
Stamford, Connecticut

Grantham, Mayo, Van Otterloo & Co., LLC
Boston, Massachusetts

INVESCO, Inc.
New York, New York

The Investment Fund for Foundations
West Conshohocken, Pennsylvania

JPMorgan
New York, New York

K2 Advisors
Stamford, Connecticut

Mellon Equity Associates
Pittsburgh, Pennsylvania

Mellon Capital Management
San Francisco, California

Morgan Stanley Investment Management
New York, New York

Oak Hill Advisors, LP
New York, New York

OFI Institutional Asset Management
New York, New York

Omega Advisors, Inc.
New York, New York

TA Realty
Boston, Massachusetts

Trust Company of the West
Los Angeles, California;
New York, New York

The Vanguard Group
Valley Forge, Pennsylvania

Värde Partners, Inc.
Minneapolis, Minnesota

Wellington Hedge Management, Inc.
Boston, Massachusetts

Wellington Management Company, LLP
Boston, Massachusetts

Western Asset Management Company
Pasadena, California

Westfield Capital Management
Boston, Massachusetts

INVESTMENT CUSTODIAN

BNY Mellon
Boston, Massachusetts

INVESTMENT CONSULTANT

Evaluation Associates, Inc.
Norwalk, Connecticut

ACTUARIAL COUNSEL

Buck Consultants
New York, New York

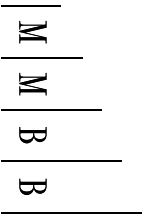
Towers Perrin
New York, New York

LEGAL COUNSEL

Patterson, Belknap, Webb & Tyler
New York, New York

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

BDO Seidman, LLP
New York, New York



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Benefit Board**

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