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DONALD F. SCHERER

Independent Auditor's Report

Board of Directors of Episcopal Charities of the Diocese of New York

We have audited the accompanying financial statements of Episcopal Charities of the Diocese of New York ("Episcopal Charities"), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Episcopal Charities of the Diocese of New York as of December 31, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Episcopal Charities of the Diocese of New York's December 31, 2012 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Owen J. Flanagan & Co.

New York, New York
June 9, 2014

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 708,971	\$ 543,128
Accrued income	71,185	208,622
Other receivables	-	111,130
Prepaid expenses	18,048	12,848
Investments	1,548,675	1,328,140
Fixed assets (net of accumulated depreciation of \$12,371 in 2013 and \$9,163 in 2012)	<u>10,091</u>	<u>13,299</u>
<u>Total Assets</u>	<u>2,356,970</u>	<u>2,217,167</u>
 <u>LIABILITIES AND NET ASSETS</u>		
 <u>Liabilities</u>		
Grants payable	\$ 150,221	\$ 177,110
Accounts payable	<u>25,669</u>	<u>64,727</u>
<u>Total Liabilities</u>	<u>175,890</u>	<u>241,837</u>
 <u>Net Assets</u>		
Unrestricted	1,922,164	1,539,104
Temporarily restricted	53,103	230,413
Permanently restricted	<u>205,813</u>	<u>205,813</u>
<u>Total Net Assets</u>	<u>2,181,080</u>	<u>1,975,330</u>
 <u>Total Liabilities and Net Assets</u>	 <u>2,356,970</u>	 <u>2,217,167</u>

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

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
<u>Operating Revenue</u>					
Contributions					
General	\$ 206,386	\$ -	\$ -	\$ 206,386	\$ 204,833
Congregational gifts	73,987	-	-	73,987	128,857
Corporate and foundation	113,841	107,733	-	221,574	312,961
Endowment support	100,118	-	-	100,118	97,809
<u>Total Contributions</u>	<u>494,332</u>	<u>107,733</u>	<u>-</u>	<u>602,065</u>	<u>744,460</u>
Benefits					
Gala dinner					
Contributions and ticket sales	921,469	-		921,469	746,633
Less: Direct costs	159,916	-		159,916	156,604
	<u>761,553</u>	<u>-</u>		<u>761,553</u>	<u>590,029</u>
Theatre benefit					
Ticket sales	38,170			38,170	37,576
Less: Direct costs	21,428			21,428	20,830
	<u>16,742</u>			<u>16,742</u>	<u>16,746</u>
<u>Total Benefits</u>	<u>778,295</u>	<u>-</u>		<u>778,295</u>	<u>606,775</u>
Diocesan support	110,000			110,000	110,000
Investment income, spending policy	49,188	10,019		59,207	53,799
<u>Total Operating Revenue</u>	<u>1,431,815</u>	<u>117,752</u>	<u>-</u>	<u>1,549,567</u>	<u>1,515,034</u>
Net Assets Released From Restrictions	330,715	(330,715)		-	-
<u>Grants and Operating Expenses</u>					
Program					
Basic Human Needs	497,430			497,430	507,542
Youth Opportunity	324,544			324,544	328,277
Program Sustainability Institute	36,320			36,320	27,580
All Our Children	76,641			76,641	96,580
Capacity Building	16,139			16,139	65,884
Sandy Relief	196,378			196,378	15,814
Other programs	35,700			35,700	20,300
	1,183,152			1,183,152	1,061,984
Fund-raising	320,085			320,085	307,148
Management and general	83,778			83,778	85,684
<u>Total Grants and Expenses</u>	<u>1,587,015</u>			<u>1,587,015</u>	<u>1,454,816</u>
Excess (Deficiency) of Operating Revenue over Grants and Operating Expenses	<u>175,515</u>	<u>(212,963)</u>	<u>-</u>	<u>(37,448)</u>	<u>60,218</u>

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
<u>Non-Operating Activities</u>					
Investment income net of authorized spending policy	175,045	35,653		210,698	73,484
Bequests	<u>32,500</u>	<u>-</u>		<u>32,500</u>	<u>-</u>
<u>Total Non-Operating Activities</u>	<u>207,545</u>	<u>35,653</u>	<u>-</u>	<u>243,198</u>	<u>73,484</u>
Change in Net Assets for Year	383,060	(177,310)	-	205,750	133,702
Net Assets, beginning of year	<u>1,539,104</u>	<u>230,413</u>	<u>205,813</u>	<u>1,975,330</u>	<u>1,841,628</u>
Net Assets, End of Year	<u>1,922,164</u>	<u>53,103</u>	<u>205,813</u>	<u>2,181,080</u>	<u>1,975,330</u>

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

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets for Year	\$ 205,750	\$133,702
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized gain and change in unrealized appreciation on investments	(245,904)	(105,299)
Depreciation expense	3,208	3,208
Decrease (Increase) in accrued income	137,437	(111,086)
Decrease (Increase) in other receivables	111,130	(103,730)
(Decrease) Increase in grants payable	(26,889)	67,510
Decrease in accounts payable	(39,058)	(63,616)
Increase in prepaid expenses	<u>(5,200)</u>	<u>(4,722)</u>
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>140,474</u>	<u>(184,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	49,126	607,690
Purchase of investments	<u>(23,757)</u>	<u>(550,166)</u>
<u>Net Cash Provided by Investing Activities</u>	<u>25,369</u>	<u>57,524</u>
Net Increase (Decrease) in Cash for Year	165,843	(126,509)
Cash, beginning of year	<u>543,128</u>	<u>669,637</u>
Cash, End of Year	<u><u>708,971</u></u>	<u><u>543,128</u></u>

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

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>Basic Human Needs</u>	<u>Youth Opportunity</u>	<u>Program Sustainability Institute</u>	<u>All Our Children</u>	<u>Capacity Building</u>	<u>Sandy Relief</u>
Grants	\$426,600	\$255,800	\$ -	\$ 55,433	\$ -	\$180,420
Salaries and benefits	41,966	42,500	22,995	19,108	11,958	13,642
Temporary personnel	14,753	11,953	5,593	1,600	160	1,700
Office supplies and expenses	1,894	1,918	1,038	500	540	616
Audit fees	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Direct fund-raising costs	-	-	-	-	-	-
Promotion	<u>12,217</u>	<u>12,373</u>	<u>6,694</u>	<u>-</u>	<u>3,481</u>	<u>-</u>
<u>Total</u>	<u>497,430</u>	<u>324,544</u>	<u>36,320</u>	<u>76,641</u>	<u>16,139</u>	<u>\$196,378</u>

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

<u>Other Programs</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total 2013</u>	<u>Total 2012</u>
\$35,700	\$ 953,953			\$ 953,953	\$ 851,008
-	152,169	\$44,139	\$213,549	409,857	410,743
-	35,759	6,056	25,238	67,053	58,347
-	6,506	19,679	49,230	75,415	57,972
-	-	12,300	-	12,300	12,350
-	-	1,604	1,604	3,208	3,208
-	-	-	30,464	30,464	39,840
-	34,765	-	-	34,765	21,348
<u>35,700</u>	<u>1,183,152</u>	<u>83,778</u>	<u>320,085</u>	<u>1,587,015</u>	<u>1,454,816</u>

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 Organization and Summary of Significant Accounting Policies

Organization

Pursuant to action of the 1994 Convention of the Episcopal Diocese of New York, Episcopal Charities was organized in 1995 as a New York not-for-profit corporation controlled by the Board of Managers of the Diocese with the following purposes:

- (a) to coordinate the funding of social programs related to and connected with the Diocese and its congregations;
- (b) to establish funding priorities, evaluate proposals, and award grants in support of such programs;
- (c) to provide training and support services to congregations and institutions affiliated with the Diocese that wish to apply for grants to carry out such programs; and
- (d) to carry out such other functions as shall be determined from time to time by the Board of Managers of the Church Extension and Missionary Society of the Protestant Episcopal Church in the Diocese of New York.

Tax-Exempt Status

Episcopal Charities is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is further classified as a publicly supported organization.

Measure of Operations

In its statement of activities, Episcopal Charities includes in its definition of "operating activities" all revenues and expenses that are an integral part of its programs and supporting activities. Bequests and investment income, including net realized and unrealized gains and losses, earned in excess of, or less than, Episcopal Charities authorized spending rate, is recognized as a part of non-operating activities.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Episcopal Charities and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions and Board Designated funds, which are funds restricted by the Board for a future use or a specific purpose. Although the investment income and appreciation of permanently restricted net assets was unrestricted, prior to January 1, 2010 the Board of Episcopal Charities has elected to maintain this money as a quasi-endowment. Certain funds previously transferred from the diocese as well as all investment income, including appreciation and prior income on such funds, are recorded as Board Designated. The Board also decided that the bequests received in 2000, 2008, 2009, 2011 and 2013 should be recorded as Board Designated. In 2012, the Board designated \$50,000 of unrestricted net assets for use towards Hurricane Sandy Relief efforts which were spent in 2013. Following the Board investment and spending policy, 4.5% of the average fair value of the portfolio at December 31 of the three most recent years, less the release from temporarily restricted net assets calculated at 4.5% of permanently restricted net assets is transferred from Board Designated to general unrestricted net assets each year for appropriation. The spending rate was reduced from 5% in 2012.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1 Organization and Summary of Significant Accounting Policies (Continued)

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of Episcopal Charities or by the passage of time. Assets received whose restrictions will be satisfied within the current year are shown as unrestricted. Investment earnings on permanently restricted net assets are shown as temporarily restricted net assets until appropriated.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Episcopal Charities. The donors of these assets permit Episcopal Charities to use all or part of the income earned (including appreciation) on investments for general purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Accrual Basis

The accompanying financial statements are prepared on the accrual basis of accounting. Revenues and related assets are recognized when earned, and expenses are recognized when incurred.

Grants are made by Episcopal Charities to fund specific programs in the Diocese and are normally paid in periodic installments within one to three years as costs are incurred. Grants are recorded as an expense when payments commence.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012 from which the summarized information was derived.

Use of Estimates

Management of Episcopal Charities has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses in the preparation of these financial statements. Actual results could differ from those estimates.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 Organization and Summary of Significant Accounting Policies (Continued)

Fair Value Measurement of Investments

Investments are carried at fair value based on quoted market prices. Episcopal Charities follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable input and are used to the extent that observable inputs do not exist.

Investment Valuation

The fair value of the investment with the Diocesan Investment Trust has been estimated using the Net Asset Value ("NAV") as reported by the management of such fund. FASB guidance provides for the use of the NAV as a "Practical Expedient" for estimating fair value of these types of investment funds. The NAV reported by the investment fund is used as a practical expedient to estimate the fair value of Episcopal Charities' interest therein and its classification within Level 2 or 3 is based on Episcopal Charities' ability to redeem its interest in the near term.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Equipment

The cost of computer equipment purchases, which are not material in nature, are expensed when paid. Equipment purchases over \$5,000 are capitalized and depreciated on a straight-line basis over its estimated useful life of 3 to 7 years.

Cash

Cash is defined as cash held in checking and money market accounts.

Subsequent Events

In connection with the preparation of the financial statements, the Organization evaluated subsequent events after the statement of financial position date of December 31, 2013 through June 9, 2014, which was the date the financial statements were available to be issued.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1 Organization and Summary of Significant Accounting Policies (Continued)

Endowment Policy

Interpretation

Episcopal Charities' endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors.

The Board of Directors of Episcopal Charities has enacted a policy of preserving the fair value of the original gift as of the date the donor-restricted gift is received absent explicit donor stipulations to the contrary. Therefore, Episcopal Charities classifies as permanently restricted endowment funds the original value of permanently restricted gifts and accumulations on restricted gifts with direction to do so at the time of the gift. The remaining portion of earnings on donor-restricted funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in accordance with the Organization's spending policy, unless otherwise stipulated by the donor.

Return Objectives and Risk Parameters

Episcopal Charities has adopted an investment and spending policy in an attempt to provide a predictable stream of funding in order to support its programs. The primary investment objective is to provide for long-term growth of principal and income by maximizing its total return consistent with prudent risk taking. It seeks returns during a full market cycle that will enhance the real, inflation adjusted purchasing power of Episcopal Charities's assets. The Finance/Investment Committee does not expect that in each and every year the investment objective referred to above will necessarily be achieved. Episcopal Charities has a spending rate policy for the management of its portfolio whereby 4.5% of the average fair value of the portfolio at December 31 of the three most recent years is made available to accomplish its mission. That time frame ought to substantially smooth out the budgeted draw from year to year, which otherwise could vary significantly because of normal market volatility.

NOTE 2 Transactions with Related Parties

At December 31, 2013 and 2012 accounts payable included \$869 and \$28,886, respectively due to the Diocese for expenses incurred by the Diocese on behalf of Episcopal Charities.

At December 31, 2012, other receivables included \$103,904 due from the Diocese for endowment related earnings.

Some investments of Episcopal Charities are held and managed by The Trustees of the Estate and Property of the Diocesan Convention of New York (Diocesan Investment Trust (DIT) of the Diocese of New York). Ultimate control of DIT rests with the Diocesan Convention.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 Investments

The following tabulation summarizes the cost and fair value of investments at December 31, 2013 and 2012:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fidelity Investments:				
Short term cash	\$ 306,720	\$ 306,720	\$ 315,293	\$ 315,293
Equity securities	<u>742,382</u>	<u>1,050,914</u>	<u>742,382</u>	<u>823,880</u>
	<u>1,049,103</u>	<u>1,357,635</u>	<u>1,057,675</u>	<u>1,139,173</u>
Diocesan Investment Trust of the Diocese of New York:				
Diversified equity funds	<u>114,383</u>	<u>191,041</u>	<u>122,122</u>	<u>188,967</u>
Total	<u><u>1,163,485</u></u>	<u><u>1,548,675</u></u>	<u><u>1,179,797</u></u>	<u><u>1,328,140</u></u>

	<u>2013</u>			<u>2012</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Fidelity Investments:						
Short term cash	\$ 306,720	\$ -	\$ 306,720	\$ 315,293	\$ -	\$ 315,293
Equity securities	1,050,914	-	1,050,914	823,880	-	823,880
Diocesan Investment Trust of the Diocese of New York:						
Diversified equity fund	<u>-</u>	<u>191,041</u>	<u>191,041</u>	<u>-</u>	<u>188,967</u>	<u>188,967</u>
Total	<u><u>1,357,634</u></u>	<u><u>191,041</u></u>	<u><u>1,548,675</u></u>	<u><u>1,139,173</u></u>	<u><u>188,967</u></u>	<u><u>1,328,140</u></u>

All investments held at Fidelity are valued using level 1 inputs at December 31, 2013 and 2012. The investments held with Diocesan Investment Trust are valued using the NAV as reported by the manager which management considers a level 2 input for both years.

Investment income consisted of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 24,001	\$ 21,983
Realized gain on sale of investments	9,056	212,632
Change in unrealized appreciation	<u>236,848</u>	<u>(107,332)</u>
	269,905	127,283
Less: Investment income recognized under spending policy	<u>59,207</u>	<u>53,799</u>
Investment income net of authorized spending policy	<u><u>210,698</u></u>	<u><u>73,484</u></u>

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 Donated Services

Episcopal Charities accounting functions are provided free of charge by the controller's office of the Diocese. Episcopal Charities also occupies furnished office space made available by the Diocese at no charge. No value has been recorded in the financial statements for these donated services as of December 31, 2013 and 2012.

NOTE 5 Endowment Support

In December 1997 the Diocese was awarded a \$2 million endowment grant from The Dyson Foundation. Under the terms of the grant, income, as defined by the Diocesan investment policy, is to be used to support the programs of Episcopal Charities. The Diocese received money for this endowment in 1998. In 1999, Episcopal Charities received its first drawdown of income from this endowment. The value of this endowment fund at December 31, 2013, which is invested at the discretion of the Diocese, was \$2,659,269.

NOTE 6 Board Designated Net Assets

The following summarizes the activity within Board Designated net assets, which is included in the unrestricted net assets column on the statement of activities.

	2013	2012
Balance, beginning of year	\$1,120,717	\$1,009,505
Bequests, contributions	32,500	-
Transfer from unrestricted	-	50,000
Investment income	224,233	106,024
Appropriated for expenditure	(99,188)	(44,812)
Balance, end of year	1,278,262	1,120,717

NOTE 7 Concentration of Risk

During 2013, Episcopal Charities had cash in banks exceeding federally insured limits. The Organization manages the risk by only using large, established financial institutions.

NOTE 8 Temporarily Restricted

Temporarily restricted net assets consists of the following as of December 31, 2013 and 2012:

	2013	2012
Endowment earnings	\$47,926	\$ 12,273
All Our Children	5,177	61,710
Hurricane Sandy Relief	-	123,730
Horticulture Therapy Garden and Labyrinth	-	32,700
	53,103	230,413

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 8 Temporarily Restricted (Continued)

Temporarily restricted net assets released from restriction during the years ended December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Endowment earnings	\$ 10,019	\$ 8,986
All Our Children	107,266	61,698
Hurricane Sandy Relief	123,730	6,800
Horticulture Therapy Garden and Labyrinth	<u>32,700</u>	<u>17,300</u>
	<u>273,715</u>	<u>94,784</u>

NOTE 9 Endowment Assets

Changes within the Endowment funds during 2013 and 2012 consisted of the following:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, January 1, 2012	\$ 1,009,505	\$ -	\$ 205,813	\$1,215,318
Net investment earnings	106,024	21,259	-	127,283
Transfer from unrestricted	50,000	-	-	50,000
Appropriated for expenditure	<u>(44,812)</u>	<u>(8,986)</u>	<u>-</u>	<u>(53,798)</u>
Balance, December 31, 2012	<u>1,120,717</u>	<u>12,273</u>	<u>205,813</u>	<u>1,338,803</u>
Net investment earnings	224,233	45,672	-	269,905
Bequest, contributions	32,500	-	-	32,500
Appropriated for expenditure	<u>(99,188)</u>	<u>(10,019)</u>	<u>-</u>	<u>(109,207)</u>
Balance, December 31, 2013	<u>1,278,262</u>	<u>47,926</u>	<u>205,813</u>	<u>1,532,001</u>

NOTE 10 Grants Payable

Episcopal Charities expects to pay the total balance of \$150,221 in grants payable in 2014.

NOTE 11 Uncertain Tax Positions

Episcopal Charities recognizes the effect of tax positions only if they are more likely than not to be sustained. Management has determined that Episcopal Charities has no uncertain tax positions that would require financial statement recognition and/or disclosure. Under the statute of limitation, the Organization is no longer subject to examinations by the applicable taxing jurisdiction for periods ending prior to 2010.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
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NOTE 12 Fixed Assets

Fixed Assets consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Equipment	\$22,462	\$22,462
Less: Accumulated depreciation	<u>12,371</u>	<u>9,163</u>
	<u>10,091</u>	<u>13,299</u>

NOTE 13 Retirement Plans

Episcopal Charities contracted with the Episcopal Diocese of New York for lay retirement benefits in 2013 and 2012. Through this contract, non-clergy Episcopal Charities staff members are included in the Diocesan retirement plan, which is a 401(a) defined contribution plan. Contributions by Episcopal Charities to the plan are based on 13% of an employee's salary. Total expense under this plan for 2013 and 2012 was \$35,475 and \$31,953, respectively. Additional information regarding this plan can be found in the Diocese's audit report.

Episcopal Charities is also a participating employer in The Church Pension Fund Clergy Pension Plan, EIN 13-5562193, a separate trustee-managed multi-employer defined benefit pension plan, for its sole clergy employee, whose employment ceased effective June 30, 2013. The plan generally provides retirement benefits to clergy based on years of clergy service and wages earned. Contributions are calculated as 18% of the employee's salary, which totaled \$5,546 and \$12,172 for 2013 and 2012, respectively, which was less than .01% of the total benefit contributions to the plan. These contributions were recognized as pension expense by Episcopal Charities for the respective years.

The risks of participating in this multi-employer defined benefit pension plan are different from single-employer plans because assets contributed by one employer may be used to provide benefits to employees of other participating employers. However the current employer of the clergy staff member is only responsible for making contributions defined by the Church Pension Fund while the clergy member is employed by the organization. Episcopal Charities will not be responsible for future under-funding requirements. As of March 31, 2013, the total plan net assets available for pension benefits for the clergy pension were \$7,594,930,000 and the actuarial present value of accumulated benefit obligations was \$6,019,440,000. The total benefits paid by this plan to retired clergy members for the plan year were \$280,784,000.