Appendix

2014
Compensation Guide
for Clergy and Lay Employees

Episcopal Diocese of Pittsburgh

Approved by Diocesan Council
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INTRODUCTION

The purpose of this 2014 Compensation Guide is to provide – for the **Bishop's Wellness Committee, the diocesan Personnel Committee, Parish Vestries, and Institutional Boards –** standards for the proper compensation, including cash salary, allowances, and benefits, of clergy and lay employees in the Episcopal Diocese of Pittsburgh.

The Guide is applicable to the diocese, to all congregations in the diocese, and to any other institution under the authority of the Constitution and Canons of the Episcopal Diocese of Pittsburgh.

The terms of compensation of the **Bishop** are to be reviewed annually and recommended to the Diocesan Council for the Budget of the Diocese by a **Bishop's Wellness Committee**. The Committee is to be comprised of the President of the Standing Committee, President of the Board of Trustees, and the President of Diocesan Council. The Committee is to meet with the Bishop semi-annually to review compensation and wellness issues with the Bishop.

The terms of compensation of **other clergy and of lay employees serving in the Diocesan Office** are recommended to the **Diocesan Council** by the Bishop for inclusion in the annual diocesan budget. This recommendation takes place in the context of consultation with a **Diocesan Personnel Committee** appointed by the Bishop and in conformity with minimum guidelines for clergy and for lay employees established in the annual Compensation Guide.

For parishes, other congregations, and other institutions under diocesan authority it is the responsibility of each **Vestry, Board, or similar governing body** to use these minimum and recommended Compensation Guidelines, approved by Diocesan Council and authorized by the Annual Convention of the Diocese, in determining the compensation levels for **clergy and for lay employees** for whom that body may be responsible.

Both clergy and vestries or similar bodies have access to the Bishop's Office and to the Compensation Committee of Diocesan Council to seek clarification of elements of the guide or to seek resolution of conflicts that may arise in applying the guide to particular situations.

Respectfully Submitted,

The Compensation Committee of Diocesan Council:

The Rev. Lennel Anderson, III
Mr. Stuart Fox
Dr. Joan Gundersen
The Rev. Leslie Reimer
The Rev. Dr. Bruce Robison (Chair)

CLERGY AND LAY EMPLOYEE COMPENSATION: DEFINITIONS AND POLICIES

TOTAL COMPENSATION, CLERGY

Clergy Compensation is appropriately guided by the resources available in the ministry situation in which the ministry is offered and by the level of responsibility and commensurate skill and experience required.

Clergy Compensation Letters of Agreement and subsequent specification of clergy compensation will specify and limit the figure of **Total Compensation** to include **only** those elements of compensation subject to assessment by the Church Pension Fund – the total of: (1) Cash Salary, (2) Housing/Utility Allowance or the amount specified in this guide to calculate the value of Housing/Utilities Provided (with additional Housing/Utility Allowance, (3) Equity Allowance, and (4) recommended Self-Employment Tax Allowance, as described and treated in this Guide.

Additional elements of compensation, such as the costs of pension assessments and contributions, health insurance, travel and professional allowances, and discretionary and benevolent funds are not included in the Total Compensation calculation.

TOTAL COMPENSATION: CASH SALARY

For the purposed of this Guide "Cash Salary" refers to that portion of Total Compensation in addition to provided Housing and Utilities, Housing Allowance, Equity Allowance, and/or Social Security/Medicare Self-Employment Tax Allowance.

TOTAL COMPENSATION: HOUSING AND HOUSING ALLOWANCES

When church-owned housing and utilities are provided for the use of ordained clergy the Internal Revenue Service currently allows their value to be excluded from the calculation of income subject to Federal Income Tax.

When church-owned housing and utilities are provided for the use of ordained clergy, the Minimum and Recommended amounts designated in this Guide for Total Compensation may be reduced by 25%.

When church-owned housing and utilities are not provided, clergy are permitted to designate in advance a portion of their income no greater than the fair market rental value of house, furnishings, and utilities, as a Housing Allowance, and this designated portion of their income is not subject to Federal Income Tax. A Designated Housing Allowance must be recorded in the official records of the congregation or other employer and should be identified on budget forms. When housing and utilities are provided, an additional amount of Clergy Compensation may be designated as Housing Allowance (see below) to the extent allowable by the Tax Code. A model Housing Allowance designation is provided in this Guide, Appendix E. *It is important to remind*

Clergy that the fair market rental value of provided furnished housing and utilities, and/or of any Housing /Utility Allowance, are subject to Self-Employment Tax and are to be reported on Schedule SE of IRS Form 1040.

TOTAL COMPENSATION: OTHER *INCLUDED* ALLOWANCES
SOCIAL SECURITY SELF-EMPLOYMENT TAX ALLOWANCE

For the purposes of Payroll Taxes related to Social Security and Medicare, all ordained clergy are considered self-employed. When desired and by negotiation, an allowance equal to half of the clergy's social security self-employment tax (SECA), currently 15.3%, may be paid directly to the member of the clergy as an additional compensation. **NOTE: This income is fully taxable and reportable as income to the clergy. The amount of any Self-Employment Tax Allowance is included within, not in addition to, the Minimum and Recommended Total Compensation figures in this Guide.**

EQUITY ALLOWANCE

The 133rd Annual Convention of the Diocese of Pittsburgh adopted a resolution stating that effective January 1, 1999, Letters of Agreement *for all clergy living in church-provided housing* shall include an additional category of compensation entitled "Housing Equity Allowance," and it was further resolved that the specific amount of the Housing Equity Allowance shall be calculated by using a percentage of the value designated for housing on the assessment form of the Church Pension Fund (30 percent of cash stipend plus utilities) or an amount agreed upon between the clergy and the parish. **NOTE: This income is fully taxable and reportable as income to the clergy. The amount of any Equity Allowance is included within, not in addition to, the Minimum and Recommended Total Compensation figures in this Guide.**

LAY EMPLOYEE COMPENSATION

Canonically mandatory pension benefits for lay employees regularly scheduled to work 1,000 hours per year or more are described in Appendix F of this Guide. Canonically mandatory Denominational Health Plan benefits for lay employees regularly scheduled to work 1,500 hours per year or more are described in Appendix G of the Guide.

Parishes and other employers subject to the authority of the Episcopal Diocese of Pittsburgh shall comply with applicable Federal and State employment law, including Federal, State, and Local Minimum Wage and Occupational Health and Safety regulations. The National Association of Episcopal Christian Education Directors, the Episcopal Church Youth Ministry Network, the American Guild of Organists, the Association of Anglican Musicians, and other organizations serving Lay Professional Ministers of the Episcopal Church may offer recommended guidelines for Lay Professional compensation. The United Way of Allegheny County compiles a survey of compensation practices in non-profit organizations in our region. A recent edition may be found here:
http://bcnm.rmu.edu/ProgramsServices/cmp-media/docs/BayerCenter/wbsurvey2012.pdf

MANDATORY ALLOWANCES
NOT INCLUDED WITHIN "TOTAL COMPENSATION"
FOR CLERGY AND LAY EMPLOYEES

TRAVEL (JOB-RELATED)

Each congregation or other institution subject to this Guide shall provide clergy and lay employees either a monthly, job-related Travel Allowance or an accountable reimbursement plan utilizing the IRS per mile reimbursement rate set annually by the Diocesan Council. It is recommended that the vestry adopt an accountable reimbursement plan. Reimbursements paid under an accountable plan are not reportable by the employer or employee as taxable income, unlike the monthly allowance which is taxable. The accountable plan is a significant advantage to the clergy. Note: When the accountable reimbursement plan is adopted by the vestry it applies to all employees – clergy or lay.

If employees are paid at a rate in excess of the IRS per mile reimbursement rate, under IRS revenue ruling 84-127, the **entire reimbursement** must be added to the wages reported on form W-2. The clergy can then claim a deduction of the IRS per mile rate on IRS Form 2106 for the business mileage. This is not recommended.

Clergy and lay employees should keep in mind that travel expenses either reimbursed as an allowance or under an accountable reimbursement plan **must** be documented. See APPENDIX G for a sample documentation form. In the event of an audit the IRS will request the documentation of these expenses.

RELOCATION (MOVING) ALLOWANCE

When a congregation or other institution issues a call following the election of a clergy person to a full-time, settled position of ministry, the calling congregation or other institution is to pay the expenses associated with the relocation. Clergy who have been called and the leadership of the congregations to which they have been called are encouraged to discuss and negotiate the anticipated expenses in advance.

CONTINUING EDUCATION ALLOWANCE

All clergy, as required by canon and all lay ministry professionals are encouraged to engage in regular continuing education to strengthen their ministries. Parishes are expected to provide both time and money to make such study possible. Continuing education should be focused on vocational development, workshops, courses or intentional study in areas that undergird present or future ministry and develop or strengthen talents and skills. This time is not to be used as additional vacation or leisure time.

Congregations and other institutions shall designate a stated allowance amount in the annual budget (in previous years the Continuing Education Subcommittee of the Commission on

Ministry recommended $500 to $1,000 for each full-time clergy person or lay employee) toward the expenses of continuing education.

SABBATICAL LEAVE

After five years of continuous service in a parish or in the service of the Diocese, clergy in full-time ministry appointments are eligible for a period of paid sabbatical leave, accrued at the rate of two weeks per year of service, up to a maximum of three months (14 weeks) of paid leave. (Some slightly longer sabbaticals have been negotiated, with the additional leave paid or unpaid, depending on terms of the negotiation.) It is recommended that full-time lay ministry professionals be offered a similar sabbatical opportunity. Parishes shall build provision into their budgets to cover the expenses of a sabbatical, which include program and travel costs as well as liturgical and pastoral care coverage for the parish. Limited diocesan aid may be available to help defray the cost of supply clergy and other expenses for the parish during the priest's sabbatical. The purposes of the sabbatical are to promote personal, spiritual, professional, and academic enrichment for continued ministry. A written description of the sabbatical plan should be submitted to the Bishop no less than 90 days before it commences.

DESCRIPTION OF MANDATORY AND RECOMMENDED BENEFITS: CLERGY AND LAY EMPLOYEES

Note that any costs to the parish or other employer of the mandatory and recommended benefits required below are ***not*** *included in the calculation of Minimum or Recommended "Total Clergy Compensation."*

CHURCH PENSION FUND: CLERGY AND LAY EMPLOYEES

Title I, Canon 8, Section 3 of the Constitution and Canons of the Protestant Episcopal Church in the United States of America requires the diocese, parish, mission, and other ecclesiastical organizations to pay the Church Pension Fund Assessment for the Bishop and clergy, and for lay employees scheduled to work 1,000 hours or more each year.

DENOMINATIONAL HEALTH PLAN: CLERGY AND LAY EMPLOYEES

Medical/Dental group insurance as provided by the Denominational Health Plan of the Episcopal Church is required for clergy and lay employees scheduled to work 1,500 hours or more each year.

EXTENDED SICK LEAVE/SHORT-TERM DISABILITY

Effective January 1, 2004, as a benefit of the Church Pension Fund, all clergy actively participating in and fully covered by the Clergy Pension Plan will be enrolled in a Short-Term Disability Benefit Program at no additional pension assessment cost. In cases of extended serious illness, clergy are to be provided with sick leave at full pay, supplemented by short-term disability payments of 70 percent of compensation from the Pension Fund, up to $1,000 per week, for a maximum period of 52 weeks.

If the illness is prolonged beyond 360 days, the clergy should initiate the Long-Term Disability Benefit through the Pension Fund. Prior to or during a term of office, clergy are expected to inform the congregation and diocesan office of any health factors, which may interfere significantly with effective fulfillment of responsibilities.

Effective January 1, 2005, as a benefit of the Church Pension Fund, all clergy actively participating in and fully covered by the Clergy Pension Plan will be enrolled in a new Long-Term Disability Benefit Program at no additional pension assessment cost. Clergy should contact the CPG to verify inclusion in this plan and to obtain description of plan benefits.

Congregations and other employers within the diocese are *encouraged* to provide extended sick-leave, short-term, and long-term disability insurance benefits for full-time lay employees.

SUPPLEMENTAL LIFE INSURANCE BENEFITS

All clergy listed in Active Status with the Church Pension Fund are provided with a Group Term Life Insurance Benefit equal to four times total annual compensation, up to $100,000. Clergy and their spouses have the ability to purchase additional insurance coverage from the Church Life Insurance Corporation and the Pennsylvania Widows Corporation. Please contact the diocesan office for additional information. Supplemental Life Insurance may be included as an additional negotiated benefit in Clergy or Lay Employee Letters of Agreement. Congregations and other employers within the diocese are *encouraged* to provide life insurance benefits for full-time lay employees.

ADVOCACY FOR CLERGY AND LAY EMPLOYEES DURING COMPENSATION/BENEFIT NEGOTIATIONS

At the time of determining the annual budget in congregations, clergy and lay employees often find it difficult to negotiate for an adjustment in compensation and benefits. Negotiation is not a skill that everyone possesses. In response to this reality, the Compensation Committee proposes that clergy and lay employees may ask an advocate to represent his or her needs and desires to the vestry or budget committee. This section of the Guidelines proposes a method for finding and making use of an advocate.

1. Let the vestry or budget committee know well in advance that you will be asking someone to represent you at the budget meeting.

2. When deciding on an advocate, choose someone who cares about you within the parish community, but not the Treasurer (the Treasurer would be put in an untenable position as your advocate). The advocate does not have to be a member of the parish, but needs to be someone with credibility in the community. The advocate should have an understanding of the covenant between the cleric or lay employee and the parish and also have a sense of advocacy as a ministry that may serve both the cleric or lay employee and the parish. Write or call this person and outline what you are asking him or her to do. For example, you would like an advocate:

   a) To represent you and your needs to the vestry or budget committee.
   b) To discuss with you what your hopes are for the next year regarding your package.
   c) To meet with you one or two times before the budget meeting.
   d) To be an advocate for one or two years.

3. Meet with the person you've chosen to be your advocate at least one week before the budget committee meets.
   a) Give the person a sense of the role of an advocate. That an advocate should
      - have a sense of this ministry as a way of caring for the parish cleric who comes to the parish as servant;
      - understand that vestry and cleric have entered into a mutual covenant of care giving. As the cleric cares for the people, the people must care for the cleric. This is important for the parish as well as for the cleric; and
      - speak for the cleric when he or she may not be in a position to speak for him or herself.
   b) Use the Diocesan or recommended Lay Professional Compensation Guidelines as focus for the meeting and go through them carefully.
   c) Note all the categories of the covenant between the cleric or lay employee and the vestry.
   d) Note that it is reasonable for the parish to support these categories.
   e) When you come to the financial section, note that the recommended amounts are minimums, not maximums.
   f) Ask if the advocate can accept the principles of the categories.
   g) Have an annual meeting with the advocate to review your needs and expectations.
   h) Assure the person that you are depending on him or her to represent your needs.
   i) Don't be afraid to articulate your needs.

LETTERS OF AGREEMENT

For Clergy it is *required* that prior to beginning a compensated ministry within the Diocese of Pittsburgh, a **Letter of Agreement**, specifying Terms of Call and Compensation, has been signed by the Clergy Person, the Senior Warden or other officer of the Parish or employing Organization, and the Bishop. An original, signed copy of the Letter of Agreement is to be maintained in the files of the Diocesan Office. Terms of compensation within the Letter of Agreement are to be reviewed annually, and the entire Letter of Agreement should be reviewed and updated periodically.

It is strongly recommended that similar, periodically updated Letters of Agreement be for all Lay Employees as well.

DEFINITION OF ADDITIONAL TERMS

Descriptions of Terms

Associate	Settled Clergy on staff with delegated responsibilities under the supervision of a primary clergy person.
Primary	Settled Clergy on staff entrusted with supervisory responsibility over all aspects of parish life according to canon.
Complex Program	A parish with multiple daily demands on clergy including several week-day services, board meetings and multiple staff (clergy & lay) to administer a consistent, growing number of programs.
Smaller Parish	A parish (typically under 50 ASA) with one primary clergy person and rarely additional paid staff (clergy & lay) to administer a consistent, limited number of programs.
Cluster	A group of smaller parishes, missions, and/or lay-led parishes sharing one or more clergy person and (rarely) additional paid staff to administer a few programs.
Mission	A smaller gathering of Christians under the supervision of the bishop, the assistance of an appointed primary clergy person and lay leadership with the intent of forming an established parish.
Lay-Led Parish	An established smaller parish depending predominantly on lay leadership for the daily functioning of the parish.

CLERGY AND CONGREGATIONS:
SITUATIONS OF MINISTRY AND DEPLOYMENT

PARISH "TYPE" DESCRIPTIONS

The descriptions of each congregational situation, and particularly of the clergy responsibility level, are provided to help the congregation assess their level of functioning and ministry development.

TYPE 1 – Lay-led parishes, diocesan church plants or "restart" congregations, and missions utilizing shared clergy, supply clergy, or deacons

These parishes may be self-supporting because they have very low costs for clergy or may be receiving some supplementary aid from the diocese. Laity provide some of the leadership in worship and most of the leadership in the day-to-day management of the parish and the physical plant. They also provide leadership for any outreach or pastoral ministries of the congregation. Alternatively, this may be a location where a diocesan missioner is building or rebuilding a congregation.

TYPE 2 – Parishes with settled full or part-time clergy and lay volunteers filling other staff roles

These smaller parishes have a contractual relationship with a clergy person who may be serving less than full time. The lay membership takes a major role in the day-to-day running of the church and care of its building as well as providing leadership to outreach activities. Generally they are financially self-supporting.

TYPE 3 – Parishes with settled full-time clergy and a mix of paid and volunteer staff

These parishes offer more than one worship service on Sunday and may also offer worship at some time during the week. Many of the paid staff may be part-time. Members of the congregation engage in a variety of ministries including pastoral care, outreach, stewardship, and formation.

TYPE 4 – Parishes with complex programming and some paid lay and clergy staffing

Such parishes have multi-day worship schedules and serve as centers or hosts for activities for the diocese and others, but they do so with a limited paid staff because of financial constraints or the size of the congregation. The parish uses part-time paid staff in a variety of roles and also relies on laity to lead certain ministries.

TYPE 5 – Large parishes with complex programming

These parishes offer numerous worship opportunities, have more than one full-time clergy person on staff, have other full-time professional or office staff, and offer a wide range of program activities. Paid staff handles office, music, building, and formation duties although volunteers may also be involved.

CLERGY MINISTRY DEPLOYMENT DEFINITIONS

CLERGY DEPLOYED IN FULL-TIME MINISTRY SITUATIONS

Full-Time clergy may either hold canonically elected and tenured positions (Rectors) or be non-tenured Priests-in-Charge. Appendix B of the Compensation Guide relates the five patterns or "types" of deployment situations with minimum and recommended Total Compensation guidelines for full-time ministry in these situations. The location of a ministry situation within these guidelines is somewhat flexible and takes into account a number of factors including the size of the active congregation, available resources (both human and financial), and the scope and complexity of the ministry and parish programs. Parishes and settled full-time and part-time clergy are to have a signed Letter of Agreement that is regularly updated. Clergy serving in a shared situation shall be paid as full-time if their time commitment total among all participating parishes is 100% or 48 hours per week.

FULL TIME CALCULATION, DAYS OFF, AND VACATION

For the purposes of this Guide, a **work week for full-time clergy** will average approximately 48 hours.

Full-time clergy are expected to have at least one continuous 24-hour period each week reserved for personal and family use. Full-time clergy shall have a minimum of one full month of paid vacation time per year, to include at least four Sundays. Arrangements for designated days-off and paid vacation time for Settled Part-Time Clergy are to be negotiated and included in the Letter of Agreement.

CLERGY DEPLOYED IN PART-TIME MINISTRY SITUATIONS

Time Commitment Calculations for Part-Time Clergy Appointments:

1/4 Time	Sermon Preparation, Sunday Service, plus equivalent of 7-8 hours/week pastoral care/groups/meetings/other services
1/2 Time	Sermon Preparation, Sunday Service, plus equivalent of 18-20 hours/week pastoral care/groups/meetings/other services
3/4 Time	Sermon Preparation, Sunday Service, plus equivalent of 28-30 hours/week pastoral care/groups/meetings/other services

CLERGY ASSISTANTS (FULL- AND PART-TIME)

Parishes with a full-time Rector or Priest-in-Charge may also be served by additional stipendiary clergy on a full- or part-time basis. Minimum Compensation for Full-Time Assistant Clergy shall conform to the minimum stipend levels established for Full-Time Clergy in Type I Parishes in Appendix B and shall include mandatory health and pension benefits. Part-Time Clergy Assistants shall receive a Letter of Agreement defining their duties and specifying the "percentage of full time" of the ministry appointment.

Minimum compensation for Part-Time Assistant Clergy shall be calculated on a percentage basis using the Minimum Full Time Compensation standard for each Parish Type. If the percentage assignment meets qualifying hours, such clergy shall also be accorded health and pension benefits.

SUPPLY CLERGY

Supply Clergy provide liturgical leadership on occasional instances – as when parish clergy may be away on vacation or study leave – or during short-term intervals when there is a vacancy in a parish. Supply Clergy provide liturgical leadership and preaching at Sunday or designated weekday services only, and are not expected to attend to additional or on-going pastoral or administrative duties. If a Supply position is expected to extend beyond a single three-month period or to involve duties beyond liturgical leadership and preaching, the position should be redefined as Settled Part-Time.

APPENDIX A
REGISTER OF PARISH TYPES AND MINISTRY SITUATIONS

The location of a parish situation within these guidelines may somewhat subjective, taking into account a number of factors including the size of the active congregation, available resources (both human and financial), and the scope and complexity of the ministry and parish programs.

Type 1

Blairsville, St. Peter's
Brackenridge, St. Barnabas
Bridgeville, All Saints
Brighton Heights, All Saints
Carnegie, Atonement
Donora, St. John's
Greensburg, Christ Church
Homestead, St. Matthew's
Jeannette, Advent
Monongahela, St. Paul's
New Kensington, St. Andrew's
North Versailles, All Souls
Northern Cambria, St. Thomas
Penn Hills, St. James
Peters Township, St. David's
Scottdale, St. Bartholomew's
Wayne Township, St. Michael's

Type 2

Brentwood, St. Peter's
Canonsburg, St. Thomas
Homewood, Holy Cross
Indiana, Christ Church
Johnstown, St. Mark's
Kittanning, St. Paul's
McKeesport, St. Stephens
North Side, Emmanuel
Somerset, St. Francis
Squirrel Hill, Redeemer
Wilkinsburg, St. Stephen's

Type 3

Crafton, Nativity
Franklin Park, St. Brendan's
Highland Park, St. Andrew's
Ligonier, St. Michael's
Oakmont, St. Thomas
Pittsburgh, Trinity Cathedral

Type 4

North Hills, Christ Church

Type 5

East Liberty, Calvary
Mt. Lebanon, St. Paul's

APPENDIX B
CLERGY COMPENSATION
MINIMUM AND RECOMMENDED GUIDELINES

Clergy in Settled Appointments, Full Time

Guideline figures include **ONLY**: Cash Stipend and Allowances designated for Housing, Utilities, Housing Equity, and Self-Employment Tax. If Housing and Utilities are supplied by the parish, the Guideline figures may be reduced by 25%. (Figures are for Compensation as defined in the Rules of the Church Pension Fund and do not include allowances for Travel, Professional Expenses, Benevolence and Discretionary Funds, and Continuing Education or Sabbatical allowances.)

Guideline figures ranging above the Minimum/Initial figures at each level represent a standard of normal compensation for full-time clergy with good performance. When resources are available and in accordance with advancing tenure and performance clergy are appropriately compensated above the indicated Guideline figures at each level. Compensation for clergy in parishes shall not fall below the Minimum/Initial range for the designated Parish Type (see Appendix A) and the Minimum "Type 1" figure shall be an **Absolute Minimum for all full-time clergy**, including those who are Assistants, Associates, or who have positions in other diocesan institutions or ministries.

ABSOLUTE MINIMUM COMPENSATION, BY PARISH TYPE (See pg. 11)

PARISH TYPE	FULL TIME PRIMARY	FULL-TIME ASSOCIATE	OCCASIONAL SUPPLY
TYPE 1	$46,125	N/A	$125 for one Sunday service; $150 for two Services, $50 increments for each additional Sunday service or a Mid-Week service
TYPE 2	$49,150	$49,150	$125 for one Sunday service; $150 for two Services, $50 increments for each additional Sunday service or a Mid-Week service
TYPE 3	$58,100	$49,150	$125 for one Sunday service; $150 for two Services, $50 increments for each additional Sunday service or a Mid-Week service
TYPE 4	$67,000	$49,150	$125 for one Sunday service; $150 for two Services, $50 increments for each additional Sunday service or a Mid-Week service
TYPE 5	$92,350	$49,150	$125 for one Sunday service; $150 for two Services, $50 increments for each additional Sunday service or a Mid-Week service

RECOGNITION OF EXPERIENCE:
MINIMUM AND TARGET RANGES, BY PARISH TYPE

It is appropriate to recognize experience of clergy by **increasing the minimum for clergy serving in each "Parish Type"** by a percentage figure depending on the amount of additional clergy experience.

Guideline figures for each experience level in the Table below show **two** Compensation figures: a lower, **minimum** figure and a somewhat larger figure representing a **target**, generally based on experience in the diocese, for normal compensation for Full-Time Clergy with good performance.

When resources are available and in accordance with advancing tenure and performance clergy are appropriately compensated above the indicated target figures at each level.

	0-4 Years (Minimum Base)	5-9 Years (3%)	10-14 Year (6%)	15-19 Years (9%)	20+ years (12%)
Type 1 Minimum Target	$46,125	$47,509	$48,893	$50,276	$51,660
Type 2 Minimum Target	$49,150	$50,625 $54,850	$52,099 $60,550	$53,574 $77,750	$55,048 $80,082
Type 3 Minimum Target	$58,100	$59,843 $66,400	$61,586 $75,100	$63,329 $93,900	$65,072 $96,717
Type 4 Minimum Target	$67,000	$69,010 $78,250	$71,020 $89,500	$73,030 $111,900	$75,040 $115,257
Type 5 Minimum Target	$92,350	$95,121 $104,300	$97,891 $118,050	$100,662 $147,550	$103,432 $151,976

Clergy in Settled Appointments, Part-Time

Clergy serving congregations by diocesan appointment as "clergy-in-charge," with pastoral and administrative duties, and other clergy serving parishes or other diocesan institutions as Parish Assistants in **long-term, part-time positions** shall have a Letter of Agreement defining the position as a percentage of full-time (e.g., 25%, 50%, 75%), and with a narrative description outlining the extent of ministerial responsibilities. See Table on Page 12 for specific guidance. Minimum Compensation in these positions will apply the percentage of full-time service to the figure for the diocesan Absolute Minimum for the Parish Type. (Thus, e.g., a long-term 25% position in a "Type 2" Parish would have a Minimum Compensation of $12,288 (49,150 x .25) in 2014.)

Clergy in Supply Appointments, Single-Event or Short-Term

Clergy **Minimum Supply Compensation Rates** are intended to apply to occasional instances – as when parish clergy may be away on vacation or study leave – or short-term intervals when there is a vacancy in a parish. "Supply Rates" are intended to apply to liturgical leadership and preaching at Sunday or designated Weekday services only, and do not include additional on-going pastoral or administrative duties. If a Supply position is expected to extend beyond a single three-month period or to involve duties beyond liturgical leadership and preaching, the position should be redefined as Part-Time, with Compensation Guidelines as indicated above.

1. One Sunday Service, with Sermon – $125

2. Two Sunday Services, with Sermon – $150
   An additional $50 is to be paid for each additional service on the same weekend.

3. Midweek Service, with Informal Homily – $ 50

Supply Clergy are to be reimbursed for round-trip travel costs from their home to the Church at the current IRS reimbursable mileage rate.

APPENDIX C
2014 PENSION BENEFITS POLICY
CLERGY AND LAY EMPLOYEES

Clergy Pensions

In all cases parishes and other employers under the authority of the Episcopal Church shall comply with the canons of the Episcopal Church and of the Episcopal Diocese of Pittsburgh by enrolling all eligible Clergy in the Clergy Pension Plan of the Church Pension Fund of the Episcopal Church and by paying all Pension Fund assessments in a timely manner. Treasurers and other Administrators are encouraged to consult with the Director of Administration to assure compliance.

Lay Employee Pensions

As of January 1, 2013, parishes and other employers under the authority of the canons of the Episcopal Church and of the Episcopal Diocese of Pittsburgh shall enroll all Lay Employees scheduled to work 1,000 hours per year or more in the Lay Employee Pension Plan of the Church Pension Fund of the Episcopal Church and shall pay all Pension Fund assessments in a timely manner.

While it is not canonically mandatory, parishes and other employers are encouraged to provide Lay Employee Pension Benefits as well to those Lay Employees scheduled to work fewer than 1,000 hours per year. Treasurers and other Administrators are encouraged to consult with the Director of Administration to assure compliance.

Note: Participation in the Lay Employee Pension Plan of the Church Pension Fund was mandated by the 76th General Convention of the Episcopal Church in 2009, Resolution A138, amending Canon I.8. The Plan includes two programs – one "Defined Benefit" and the other "Defined Contribution." Each employing parish or organization determines which one of these two programs to provide for all its employees. The Defined Benefit program requires an Employer Contribution of 9% of the employee's compensation. The Defined Contribution program requires a base Employer Contribution of 5% of the Employee's compensation. Employees are able to contribute to their account as well in the Defined Contribution program, and the employer is required to match the employee's contribution up to an additional 4% of the employee's compensation. If the employee contributes 4% or more of total compensation to the Pension account, the maximum mandatory Employer contribution is 9%. Experience to date indicates that most Employers and Employees prefer the Defined Contribution program.

APPENDIX D
2014 POLICIES RELATED TO PARTICIPATION IN THE DENOMINATIONAL HEALTH PLAN OF THE EPISCOPAL CHURCH CLERGY AND LAY EMPLOYEES

Participation in the Denominational Health Plan of the Episcopal Church provided by the Medical Trust of the Church Pension Fund of the Episcopal Church was mandated by the 76th General Convention of the Episcopal Church in 2009, Resolution A177, amending Canon I.8. The effective date of the canonical mandate for participation in the Denominational Health Plan is January 1, 2013.

As of January 1, 2013, all parishes, dioceses, and other organizations and institutions subject to the authority of the Constitution and Canons of the Episcopal Church and of the Episcopal Diocese of Pittsburgh are required to offer medical benefits on an equal basis to all Clergy and Lay Employees scheduled to work 1,500 hours per year or more through the Denominational Health Plan, and may not contract to offer such benefits through other providers.

While it is not canonically mandatory, parishes and other organizations under the authority of the Episcopal Diocese of Pittsburgh are encouraged to provide Clergy and Lay Employee Health Plan Benefits as well to those Clergy and Lay Employees scheduled to work fewer than 1,500 hours per year but at least 1,000 hours per year.

Each year the Diocesan Administrator, with the advice of the Committee on Compensation, appointed by the President of Diocesan Council, will select from the Denomination Health Plan offerings one or more programs offered within the DHP. Each eligible participant, clergy or lay, may select during the Open Enrollment period from that diocesan "menu" the program he or she prefers. The parish or other employing organization or institution receives and pays the Insurance Premium invoice.

Individual Clergy and Lay Employees scheduled to work 1,500 hours per year or more (but not parishes or other organizations) may choose to "opt out" of participation in the Denominational Health Plan if they are currently receiving similar medical benefits through dependent coverage in a parent or spouse's plan or through another employer or retirement benefit (e.g., Tricare). Each "opt out" must be approved annually by the Diocesan Administrator. Employing parishes or other organizations may provide a financial "premium offset" when eligible Clergy or Lay Employees choose to decline the DHP benefit because they are otherwise covered.

Insurance Premium Mandatory Minimum Benefit: As a matter of diocesan Minimum Standard, all Clergy and Lay Employees scheduled to work 1,500 hours per year or more shall be provided by the parish or other employing organization **full premium coverage for individual benefits, single coverage**, **without required Employee Contribution**, in one of the programs designated by the diocese and selected from that menu by the Clergy Person or Lay Employee.

All Clergy and Lay Employees scheduled to work 1,500 hours per year or more shall be provided access to the Denominational Health Plan programs designated in the diocesan "menu" for the additional coverage of any eligible dependents. Diocesan Council has determined that eligible clergy and lay employees who have partners in same-sex relationships, and the dependent children of that couple or of either member of that couple, shall be eligible for dependent benefits in the diocesan offering of the Denominational Health Plan on the same basis as the spouses and dependent children of eligible married clergy and lay employees. Each parish or other employing organization may elect to provide full premium coverage for all eligible dependents, or it may negotiate with Clergy and Lay Employees a cost-sharing arrangement for the additional premium to cover eligible dependents as a part of the larger compensation agreement.

Insurance Premium Recommended Benefit: Parishes and other employing organizations **are encouraged to provide full coverage** of Denominational Health Plan benefits for all eligible Clergy and Lay Employees and for their eligible dependents. In those cases where the parish or other institution has provided full individual and dependent Medical Benefit coverage to Clergy and/or Lay Employees prior to January 1, 2013, no reduction in benefit coverage or additional contribution to premium cost may be instituted without the written permission of the Bishop.

APPENDIX E
SUGGESTED INSERT FOR MINUTES OF VESTRY FOR DESIGNATION OF CLERGY HOUSING ALLOWANCE

The Vestry has received a statement from the Rev. ______________________________________ detailing the amounts that (he) (she) expects to spend in 20_____ to provide a home for (himself) (herself) and (family).

A copy of this statement is attached to and forms a part of the original minutes of this meeting.

After consideration, on motion duly made and seconded, the following resolution was adopted:

<u>BE IT RESOLVED</u> that the Rev. _______________________________’s compensation for the year 20_____ be set at $_______________, of which $__________________ is designated as an allowance for the expenses of providing a home, based upon the attached statement of the Rev. ___________________________’s estimated housing expenses for the year 20_____.

(If the clergy person is provided with the rent-free use of a house, the following should be added.)

The Rev. _________________________________ shall also be provided with the rent-free use of the house located at ____ for the year 20_____ in consideration of (his) (her) services as _________________________ of ______________________________ Church, _____________________________, Pennsylvania.

(The clergy person should retain a copy of the minutes containing this notice with his or her IRS records.)

APPENDIX F
SUGGESTED FORMAT FOR DOCUMENTATION OF CLERGY HOUSING ALLOWANCE

TO: ____
(Vestry)

____
(Name of church)

____
(Address of church)

FROM: ____
(Clergy person)

SUBJECT: Housing Allowance for 20_______

The following amounts are estimates of the costs I expect to pay during 20_______ to provide a home for myself (and family):

(1)	House *The lowest of mortgage, fair rental value, or rent on leased premises*	$______________
(2)	Utilities	$______________
(3)	Taxes	$______________
(4)	Insurance	$______________
(5)	Repairs and maintenance	$______________
(6)	Furnishings	$______________
(7)	Other housing expenses:	
	________________________________	$______________
	________________________________	$______________
	TOTAL	$______________

Clergy Person's Signature: _______________________________________

Date: _______________________________________

APPENDIX G
MILEAGE & TRANSPORTATION REPORT

Name: ____

Date	Location To/From	Purpose of Travel	Miles	Toll/Parking

Number of miles _______________ X current IRS Rate = $_______________

Total amount of other expenses $_______________

Total mileage and transportation expenses $_______________

Episcopal Diocese of Pittsburgh
Summary of Pool 1 Activity
Year Ended December 31, 2012

Balance Beginning of Year	19,997,016.32
Additions	133,714.83
Income	418,724.87
Realized Gain	452,876.36
Withdrawals	(100,062.82)
Spending Policy	(1,288,384.22)
Unrealized Gains/Loss	527,483.67
Balance End of the Year	20,141,369.01

Breakdown of Pool 1 Ending Value

	31-Dec-12	
Funds Held for Others		2,662,775.51
Permanently Restricted		8,454,678.48
Temporarily Restricted		0.00
Trustee Designated		5,570,463.96
Trustee Undesignated		3,453,451.06
Balance End of Year		20,141,369.01

2012 Total Year Sub-Account Activity

Donor Name	Beginning Balance	Additions	Other Deposits	Income	Realized Gain	Withdrawal	Spending Policy	Unrealized Gain/Loss	Ending Balance
ST. THOMAS BARNESBORO	10,836.70	0.00	0.00	231.72	255.81	0.00	(240.92)	282.13	11,365.44
BRACKENRIDGE	72,104.48	0.00	0.00	1,150.72	960.92	(30,000.00)	(3,206.08)	1,683.50	42,693.53
BUTLER ALTAR GUILD	309.71	0.00	0.00	6.58	7.16	0.00	(13.76)	8.21	317.90
BUTLER CAPITAL RESERVE	683.87	0.00	0.00	14.53	15.80	0.00	(30.40)	18.12	701.92
BUTLER ENDOWMENT	12,643.35	0.00	0.00	268.72	292.08	0.00	(562.20)	335.05	12,977.00
ATONEMENT CARNEGIE SAVINGS	459.33	0.00	0.00	10.00	11.08	0.00	0.00	12.01	492.42
CORKERY	33,809.44	0.00	0.00	718.58	781.04	0.00	(1,503.32)	895.97	34,701.72
NATIVITY CRAFTON ENDOWMENT	659,460.02	2,400.00	0.00	14,008.90	15,241.80	(2,000.00)	(29,322.52)	17,405.21	677,193.41
FOX CHAPEL	161.23	0.00	0.00	3.51	3.89	0.00	0.00	4.22	172.85
FOX CHAPEL COLUMBARIUM	7.69	0.00	0.00	0.17	0.19	0.00	0.00	0.20	8.24
GALLAGHER & ELGIN	1,200.75	0.00	0.00	25.85	28.68	14.48	(26.70)	31.31	1,274.37
ELIZABETH HAMMER	42,732.80	0.00	0.00	908.24	987.18	0.00	(1,900.08)	1,132.45	43,860.59
MARY CRAFT HARDY	14,653.11	0.00	0.00	311.44	338.51	0.00	(651.56)	388.32	15,039.81
HAZELWOOD ENDOWMENT	2,093.71	0.00	0.00	44.50	48.37	0.00	(93.12)	55.48	2,148.94
DAVID HENRY	59,701.64	0.00	0.00	1,268.89	1,379.19	0.00	(2,654.60)	1,582.14	61,277.26
HOMESTEAD	17,520.73	0.00	0.00	372.38	404.75	0.00	(779.04)	464.31	17,983.14
ADVENT JEANNETTE	12,010.87	0.00	0.00	255.90	280.50	0.00	(400.56)	315.78	12,462.49
LOGAN - LIBERTY BORO	113,670.94	0.00	0.00	2,421.85	2,625.09	0.00	(5,054.32)	2,969.16	116,632.72
RUTH J. MCGREGOR	94,371.19	0.00	0.00	2,054.79	2,277.10	0.00	0.00	2,468.65	101,171.73
MARSHALL FUND - UNIONTOWN	2,708.83	0.00	0.00	57.57	62.58	0.00	(120.44)	71.79	2,780.33
MEECH FUND	62,912.35	0.00	0.00	1,337.14	1,453.36	0.00	(2,797.36)	1,667.22	64,572.70
NORTH SIDE EMMANUEL FUND	84,038.63	0.00	0.00	1,786.15	1,941.40	0.00	(3,736.72)	2,227.07	86,256.53
ST. LUKE'S PATTON	9,050.12	0.00	0.00	197.05	218.37	0.00	0.00	236.75	9,702.29
JOSEPHINE PAYNE	29,761.18	0.00	0.00	632.54	687.52	0.00	(1,323.32)	788.70	30,546.62
PLUMMER MEM	6,821.01	0.00	0.00	144.97	157.57	0.00	(303.28)	180.76	7,001.04
ST. BARTHOLOMEW'S SCOTTDALE	32,729.86	0.00	0.00	695.64	756.10	0.00	(1,455.32)	867.36	33,593.64
RUTH TAYLOR	8,393.07	0.00	0.00	178.39	193.89	0.00	(373.20)	222.42	8,614.57
TRINITY WASHINGTON	41,921.65	0.00	0.00	891.00	968.44	0.00	(1,864.04)	1,110.95	43,028.00
WETZEL	15,961.12	0.00	0.00	339.24	368.72	0.00	(709.72)	422.98	16,382.34
ST PAUL'S KITTANNING - ADA MAE GOOD	1,063,993.10	0.00	0.00	22,614.04	24,579.63	0.00	(47,309.84)	28,196.47	1,092,073.41
CARNEGIE, ATONEMENT MEMORIAL	9,755.37	0.00	0.00	212.41	235.39	0.00	0.00	255.19	10,458.36
KNEPPER/CRAFTON	11,166.38	0.00	0.00	237.33	257.96	0.00	(496.52)	295.91	11,461.06
UNIONTOWN SPIRITUAL GROWTH FUND	37,266.24	0.00	0.00	771.39	830.90	(2,907.94)	0.00	956.13	36,916.72
JEANNETTE RECTORY FUND	48,568.34	0.00	0.00	1,034.78	1,134.25	0.00	(1,619.67)	1,276.93	50,394.63
HOFFMIRE-TRINITY CATHEDRAL	6,217.18	0.00	0.00	132.14	143.63	0.00	(276.44)	164.77	6,381.27
BERTHA STREET/MT. WASHINGTON	15.00	0.00	0.00	0.33	0.36	0.00	0.00	0.39	16.08
MCMILLIN ENDOWMENT FUND-MT WASHINGTON	112.34	0.00	0.00	2.45	2.71	0.00	0.00	2.94	120.44
	2,619,823.33	**2,400.00**	**0.00**	**55,341.84**	**59,931.91**	**(34,893.46)**	**(108,825.05)**	**68,996.93**	**2,662,775.51**
BAILEY	96,031.30	0.00	0.00	2,041.04	2,218.45	0.00	(4,270.00)	2,544.89	98,565.68
HELEN BARTLETT	58,102.14	0.00	0.00	1,231.85	1,337.69	0.00	(2,751.07)	1,512.92	59,433.52
R.D. & CARRIE BAUGHMAN	5,781.16	0.00	0.00	123.17	135.01	0.00	(192.81)	152.00	5,998.53
JOHN & LILLIAN BIRD	80,119.07	0.00	0.00	1,702.85	1,850.86	0.00	(3,562.44)	2,123.20	82,233.53
BIRD	5,022.07	0.00	0.00	106.74	116.02	0.00	(223.32)	133.09	5,154.59
BOWMAN INSTITUTE	46,259.92	0.00	0.00	947.71	1,015.32	0.00	(4,247.23)	1,135.11	45,110.84
LOUISE & LULU BROWN/ECW	12,398.35	0.00	0.00	263.51	286.42	0.00	(551.28)	328.56	12,725.56
LOUISE & LULU BROWN/SMWB	12,558.19	0.00	0.00	266.86	290.09	0.00	(558.40)	331.88	12,888.62
LOUISE & LULU BROWN/REINVEST	13,090.84	0.00	0.00	274.84	301.60	0.00	(619.84)	352.64	13,400.08
LOUISE & LULU BROWN/UTO	12,402.17	0.00	0.00	263.59	286.51	0.00	(551.48)	328.66	12,729.45
LUCY BROWNFIELD	262,507.44	0.00	0.00	5,579.32	6,064.27	0.00	(11,672.24)	6,956.62	269,435.40
HILL & MARY BURGWIN	21,432.82	0.00	0.00	455.53	495.13	0.00	(953.00)	567.98	21,998.46
MARY TORBETT COOK	8,424.88	0.00	0.00	172.91	193.99	0.00	(398.91)	226.30	8,619.17
BERTHA CUMMINGS	42,714.51	0.00	0.00	907.85	986.76	0.00	(1,899.28)	1,131.96	43,841.80
ECW PERMANENT MEMORIAL FUND	111,774.14	0.00	0.00	2,375.64	2,582.13	0.00	(4,969.96)	2,962.09	114,724.04
WM. & ELIZABETH ELKIN	4,852.69	0.00	0.00	103.39	113.33	0.00	(161.82)	127.58	5,035.17
ELIZABETH FLEMING/ADVENT	31,083.39	0.00	0.00	660.64	718.07	0.00	(1,382.12)	823.73	31,903.71
ELIZABETH FLEMING/ECW	31,083.39	0.00	0.00	660.64	718.07	0.00	(1,382.12)	823.73	31,903.71
MARGARET GARNER	22,668.90	0.00	0.00	481.80	523.68	0.00	(1,007.96)	600.75	23,267.17
GIRL'S FRIENDLY	34,988.26	0.00	0.00	743.64	808.27	0.00	(1,555.72)	927.21	35,911.66
GAFFNEY ENDOWMENT/CANTERBURY	542.72	0.00	0.00	11.54	12.54	0.00	(24.12)	14.38	557.05
GAFFNEY ENDOWMENT/SCC	543.59	0.00	0.00	11.55	12.56	0.00	(24.16)	14.41	557.95
EDNA HALL	76,754.91	0.00	0.00	1,611.46	1,768.36	0.00	(3,634.25)	2,067.59	78,568.06
LYDE HARTLEY	239,469.76	0.00	0.00	5,089.68	5,532.07	0.00	(10,647.88)	6,346.10	245,789.72
ELEANOR HAY	46,516.47	0.00	0.00	977.63	1,073.13	0.00	(2,139.92)	1,252.01	47,679.33
ELIZABETH HOAG	2,516.36	0.00	0.00	53.48	58.13	0.00	(111.88)	66.69	2,582.78
DONALD JOHNSTON	141,798.50	0.00	0.00	3,013.78	3,275.73	0.00	(6,305.00)	3,757.75	145,540.76
KEIGHLEY FUND	2,546.34	0.00	0.00	54.12	58.82	0.00	(113.24)	67.48	2,613.52
ALICE KENDIG	63,273.74	0.00	0.00	1,344.82	1,461.71	0.00	(2,813.44)	1,676.79	64,943.61
KERFOOT CEMETERY	34,153.61	0.00	0.00	743.64	824.10	0.00	0.00	893.43	36,614.78
KERFOOT MEMORIAL FUND	62,075.76	0.00	0.00	1,351.60	1,497.84	0.00	0.00	1,623.84	66,549.04

2012 Total Year Sub-Account Activity

Donor Name	Beginning Balance	Additions	Other Deposits	Income	Realized Gain	Withdrawal	Spending Policy	Unrealized Gain/Loss	Ending Balance
KERFOOT PRAYER BOOK SOCIETY	6,340.97	0.00	0.00	138.06	153.00	0.00	0.00	165.87	6,797.91
LATHWOOD/CANTERBURY	35,072.13	0.00	0.00	745.42	810.21	0.00	(1,559.48)	929.44	35,997.72
LATHWOOD/ST. MARGARET'S	34,684.41	0.00	0.00	737.03	801.19	0.00	(1,542.24)	916.64	35,597.04
MCCANDLESS FUND	186,269.22	0.00	0.00	3,958.95	4,303.06	0.00	(8,282.36)	4,936.24	191,185.12
JAMES MCILVAINE/SCOTTDALE	25,462.01	0.00	0.00	545.14	588.31	0.00	(1,132.16)	675.41	26,138.71
JAMES MCILVAINE/WASHINGTOM	25,467.70	0.00	0.00	541.29	588.34	0.00	(1,132.40)	674.91	26,139.84
RUTH SHELDON MCKELVEY	26,703.55	0.00	0.00	567.56	616.89	0.00	(1,187.36)	707.66	27,408.29
BISHOP MANN	38,470.53	0.00	0.00	807.68	886.32	0.00	(1,821.53)	1,036.31	39,379.31
R.K. MELLON FOUNDATION	460,768.89	0.00	0.00	9,672.57	10,429.72	0.00	(29,672.20)	12,193.68	463,392.67
ROLAND & M.S. MERRELL	5,200.38	0.00	0.00	110.80	121.45	0.00	(173.43)	136.73	5,395.93
ANNA MILLER	6,039.23	0.00	0.00	127.48	139.12	0.00	(284.55)	159.76	6,181.04
WILSON MILLER/CHRIST CHURCH	20,432.65	0.00	0.00	434.27	472.02	0.00	(908.52)	541.47	20,971.90
WILSON MILLER/EPISCOPACY	28,994.42	0.00	0.00	608.73	668.00	0.00	(1,372.85)	781.03	29,679.34
WILSON MILLER/MISSIONS	20,718.16	0.00	0.00	434.97	477.33	0.00	(980.98)	558.10	21,207.58
MISSIONS DEPARTMENT	130,606.50	0.00	0.00	2,769.41	3,007.68	0.00	(6,153.47)	3,400.92	133,631.03
EDITH MORRISON	27,289.37	0.00	0.00	580.01	630.42	0.00	(1,213.40)	723.19	28,009.59
M.E. & M.L. MUDGE	110,824.84	0.00	0.00	2,349.95	2,552.13	0.00	(5,221.75)	2,885.81	113,390.98
CORA MAY NEISON/ECW	12,081.64	0.00	0.00	256.78	279.10	0.00	(537.20)	320.17	12,400.49
CORA MAY NEISON/UTO	12,085.33	0.00	0.00	256.86	279.19	0.00	(537.36)	320.27	12,404.29
ELLA C. PARSHALL #1	4,685.86	0.00	0.00	102.03	113.07	0.00	0.00	122.59	5,023.54
ELLA C. PARSHALL #2	6,263.29	0.00	0.00	133.12	144.69	0.00	(278.48)	165.98	6,428.60
ELLA C. PARSHALL #3	6,261.39	0.00	0.00	133.08	144.65	0.00	(278.40)	165.92	6,426.64
LILLIAN PARSHALL SPU ECW	1,681.43	0.00	0.00	35.74	38.84	0.00	(74.76)	44.56	1,725.81
PERMANENT EPISCOPAL FUND	1,879,016.05	0.00	0.00	39,119.24	43,265.78	0.00	(88,922.84)	49,820.91	1,922,299.15
MRS. ORMSBY PHILLIPS	23,587.01	0.00	0.00	501.32	544.89	0.00	(1,048.80)	625.06	24,209.48
SALLIE O. PHILLIPS	5,506.81	0.00	0.00	117.04	127.21	0.00	(244.88)	145.93	5,652.12
NATALIE RAY/ST. PAUL'S	152,315.52	0.00	0.00	3,237.30	3,518.69	0.00	(6,772.64)	4,036.46	156,335.33
NATALIE RAY/BISHOP'S FUND	154,360.49	0.00	0.00	3,240.37	3,494.02	0.00	(9,940.30)	4,084.96	155,239.55
NATALIE RAY/GROWTH FUND	170,968.23	0.00	0.00	3,722.57	4,125.33	0.00	0.00	4,472.34	183,288.47
NORMAN RAY	133,252.80	0.00	0.00	2,852.77	3,079.72	0.00	(5,925.00)	3,571.66	136,831.95
ERNEST REINHOLD	80,568.79	0.00	0.00	1,712.40	1,861.24	0.00	(3,582.44)	2,135.12	82,695.12
GEORGE RHODES	289,428.17	0.00	0.00	6,136.90	6,665.74	0.00	(13,637.04)	7,564.95	296,158.71
HARRIET ROBINSON	111,819.88	0.00	0.00	2,376.61	2,583.19	0.00	(4,972.00)	2,963.29	114,770.97
SCHOENBERGER	187,224.07	0.00	0.00	3,969.41	4,310.47	0.00	(8,864.84)	4,875.10	191,514.21
EMMA SEARIGHT BULGER	1,140.93	0.00	0.00	24.84	27.53	0.00	0.00	29.84	1,223.14
RACHEL SEARIGHT SHIPLEY	2,012.31	0.00	0.00	43.81	48.56	0.00	0.00	52.64	2,157.32
SHELDON CALVARY CAMP END.	130,574.99	137.80	0.00	2,775.23	3,016.45	0.00	(5,805.96)	3,460.31	134,158.83
ADALINE SMITH	81,361.14	0.00	0.00	1,724.97	1,873.18	0.00	(3,852.35)	2,118.55	83,225.49
WILLIAM M. SMITH	31,047.24	0.00	0.00	659.88	717.23	0.00	(1,380.52)	822.76	31,866.59
STEPP FAMILY FUND	118,597.94	0.00	0.00	2,520.67	2,739.77	0.00	(5,273.40)	3,142.92	121,727.90
CHARLES STEVENSON	7,716.05	0.00	0.00	164.00	178.25	0.00	(343.08)	204.47	7,919.69
ELIZA STUART	235,442.78	0.00	0.00	5,126.40	5,681.05	0.00	0.00	6,158.94	252,409.17
TERREL SEMINARIAN FUND	9,217.68	0.00	0.00	200.70	222.42	0.00	0.00	241.12	9,881.92
THEOLOGICAL STUDENT AID	262,486.31	0.00	0.00	5,715.23	6,333.59	0.00	0.00	6,866.37	281,401.50
T.P.M.	14,637.93	0.00	0.00	318.72	353.20	0.00	0.00	382.92	15,692.77
ALEXANDER VANCE	47,284.36	0.00	0.00	1,004.98	1,092.33	0.00	(2,102.48)	1,253.07	48,532.26
MARIA VONBONNHURST	42,444.74	0.00	0.00	902.12	980.53	0.00	(1,887.28)	1,124.80	43,564.91
EDWARD WARD	270,275.96	0.00	0.00	5,884.84	6,521.55	0.00	0.00	7,070.13	289,752.48
GEORGE WHITE	2,603.33	0.00	0.00	55.33	60.14	0.00	(115.76)	68.99	2,672.03
ISABELLA WHITE	4,790.22	0.00	0.00	101.81	110.66	0.00	(213.00)	126.94	4,916.63
WHITEHEAD	252,916.25	0.00	0.00	5,296.11	5,826.63	0.00	(11,975.28)	6,813.44	258,877.14
YELLAND	36,411.85	0.00	0.00	773.90	841.16	0.00	(1,619.04)	964.93	37,372.80
CHAPLAINCY PROGRAM FUND	544,956.03	0.00	0.00	11,865.57	13,149.37	0.00	0.00	14,255.48	584,226.45
WASHINGTON/RUTAN	22,878.68	0.00	0.00	486.26	528.53	0.00	(1,017.28)	606.30	23,482.49
MARY GREENAWAY TRUST	67,061.40	0.00	0.00	1,425.32	1,549.21	0.00	(2,981.84)	1,777.16	68,831.25
	8,189,797.23	**137.80**	**0.00**	**173,730.40**	**190,288.97**	**0.00**	**(315,547.82)**	**216,271.90**	**8,454,678.48**
SHELDON CALVARY CAMP INV.	26,369.89	(137.80)	0.00	436.27	3.10	(26,700.00)	(1,172.52)	1,201.06	0.00
	26,369.89	**(137.80)**	**0.00**	**436.27**	**3.10**	**(26,700.00)**	**(1,172.52)**	**1,201.06**	**0.00**
BISHOP'S FUND	268,418.93	0.00	0.00	5,500.95	5,894.58	0.00	(24,507.00)	6,588.81	261,896.27
BISHOP RESIDENCE FUND	216,362.91	131,314.83	0.00	5,445.79	7,486.80	(12,000.00)	0.00	4,095.93	352,706.25
CHURCH CLUB	18,036.63	0.00	0.00	392.72	435.21	0.00	0.00	471.82	19,336.38
CLERGY RELIEF	191,615.10	0.00	0.00	4,172.12	4,623.52	0.00	0.00	5,012.45	205,423.20
COMMUNITY SERVICE FUND	2,953,304.25	0.00	0.00	61,586.52	63,788.71	0.00	(326,876.42)	82,329.81	2,834,132.87
J.H. GLASS	50,456.20	0.00	0.00	1,059.32	1,162.46	0.00	(2,389.04)	1,359.16	51,648.10
LAYMEN'S MISSIONARY LEAGUE	5,577.90	0.00	0.00	121.45	134.59	0.00	0.00	145.91	5,979.85
PRAYER BOOK SOCIETY	152,857.57	0.00	0.00	3,328.24	3,688.33	0.00	0.00	3,998.59	163,872.73
SMICKSBURG CEMETERY	19,816.49	0.00	0.00	431.47	478.16	0.00	0.00	518.38	21,244.50
ST. PETER'S SEMINARIAN FUND	81,841.99	0.00	0.00	1,781.98	1,974.78	0.00	0.00	2,140.89	87,739.65

2012 Total Year Sub-Account Activity

Donor Name	Beginning Balance	Additions	Other Deposits	Income	Realized Gain	Withdrawal	Spending Policy	Unrealized Gain/Loss	Ending Balance
WEST BROWNSVILLE	43,455.53	0.00	0.00	923.60	1,003.88	0.00	(1,932.24)	1,151.60	44,602.37
WILL, JOHN ENDOWMENT	5,721.18	0.00	0.00	121.60	132.17	0.00	(254.40)	151.62	5,872.16
BISHOP'S FUND ENDOWMENT	1,073,592.74	0.00	0.00	21,995.47	23,565.28	0.00	(98,492.75)	26,344.87	1,047,005.61
CHURCH MULTIPLICATION FUND	390,501.04	0.00	0.00	8,502.55	9,422.49	0.00	0.00	10,215.10	418,641.18
CARROLL TWP	46,977.56	0.00	0.00	1,022.86	1,133.53	0.00	0.00	1,228.88	50,362.84
	5,518,536.02	**131,314.83**	**0.00**	**116,386.65**	**124,924.48**	**(12,000.00)**	**(454,451.85)**	**145,753.82**	**5,570,463.96**
BOARD OF TRUSTEES	3,596,268.41	0.00	0.00	71,823.29	76,612.61	(26,469.36)	(408,386.98)	94,050.86	3,403,898.83
MIRIAM D. MOYER TRUST DISTRIBUTION	46,221.44	0.00	0.00	1,006.40	1,115.29	0.00	0.00	1,209.10	49,552.23
	3,642,489.85	**0.00**	**0.00**	**72,829.69**	**77,727.89**	**(26,469.36)**	**(408,386.98)**	**95,259.96**	**3,453,451.06**
Totals	**19,997,016.32**	**133,714.83**	**0.00**	**418,724.87**	**452,876.36**	**(100,062.82)**	**(1,288,384.22)**	**527,483.67**	**20,141,369.01**

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Communication to Those Charged with Governance

Diocesan Council and Board of Trustees
The Episcopal Diocese of Pittsburgh

We have audited the financial statements of The Episcopal Diocese of Pittsburgh (Diocese) for the year ended December 31, 2012, and have issued our report thereon dated October 4, 2013. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our conversations with the Board of Trustee President about planning matters on June 1, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated May 1, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In addition, our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Diocese. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Diocese are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Diocese during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> The Diocese is a beneficiary of ten irrevocable charitable remainder trusts. The estimation of the fair value of the Diocese's interest in these trusts is subjective and requires significant judgment.

Management's valuation of investments is based on the investment's fair value. The Diocese's investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that significant changes in risks in the near-term may materially affect the amounts reported in the financial statements. We evaluated the key factors and assumptions used to develop the valuation of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the allowance for uncollectable assessments and allowance for loan loss are based on past history with the related organizations and the Diocese's expectations of future payments. The allowance estimates are reviewed and approved by management of the Diocese. We evaluated the key factors and assumptions used to develop the allowances for uncollectable assessments and loan receivable in determining that they are reasonable in relation to the financial statements taken as a whole.

The Diocese and various parishes have pooled their investments in order to obtain a better rate of return on the investments. The Diocese calculates a net asset value and per share price for the pooled investments and allocates on a per share basis the income, realized and unrealized gains and losses to the individual accounts held by the Diocese and the various parishes.

<u>Disclosures</u>

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The Diocese's investments and their valuation in Note 5;
- The Diocese's guarantee of parish loans and their commitment to make a parish's loan payments in Note 9;
- The Diocese's assumed payments for a guaranteed mortgage in Note 10; and
- The Diocese's legal matters in Note 16.

<u>Difficulties Encountered in Performing the Audit</u>

We encountered no significant difficulties in dealing with management in performing and completing our audit.

<u>Corrected and Uncorrected Misstatements</u>

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to the financial statements taken as a whole, were corrected by management. Journal entries were posted to correct misstatements in the following areas:

- To accrue interest receivable
- To adjust accounts receivable
- To adjust allowance for loan loss
- To adjust temporarily restricted contributions to unrestricted contributions

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 4, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Diocese's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Diocese's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Audit Findings or Issues

Matters involving internal control and other operational matters are communicated in our management letter dated October 4, 2013.

* * * * * * * * * *

This information is intended solely for the use of the Board of Trustees and management of the Diocese and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maher Duessel

Pittsburgh, Pennsylvania
October 4, 2013

The Episcopal Diocese of Pittsburgh

Financial Statements

Years Ended December 31, 2012 and 2011
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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THE EPISCOPAL DIOCESE OF PITTSBURGH

YEARS ENDED DECEMBER 31, 2012 AND 2011

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MaherDuessel
Certified Public Accountants

Independent Auditor's Report

Diocesan Council and Board of Trustees
The Episcopal Diocese of Pittsburgh

We have audited the accompanying financial statements of The Episcopal Diocese of Pittsburgh (Diocese), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Diocese'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 Diocese's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matter

The financial statements of the Diocese as of December 31, 2011, were audited by other auditors whose report dated September 20, 2012 expressed an unmodified opinion on those statements.

Maher Duessel

Pittsburgh, Pennsylvania
October 4, 2013

THE EPISCOPAL DIOCESE OF PITTSBURGH

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 356,905	$ 713,224
Investments at fair value	21,796,930	21,719,737
Assessments receivable:		
Parishes	3,094,113	2,287,683
Less allowance for doubtful accounts	(2,994,249)	(2,271,518)
Total assessments receivable, net	99,864	16,165
Loans receivable:		
Parishes and missions - growth fund	1,120,319	965,268
Bishop's residence fund	12,000	109,630
Less allowance for loan losses	(543,663)	(601,580)
Total loans receivable, net	588,656	473,318
Note receivable	578,686	612,387
Fixed assets (net of accumulated depreciation)	1,804,858	1,893,008
Property held for sale	960,031	85,031
Trusts held by others at fair value	3,367,918	3,056,062
Accrued interest receivable	76,456	92,432
Prepaid expenses	22,983	5,297
Total Assets	$ 29,653,287	$ 28,666,661
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 116,135	$ 138,479
Mortgage payable	952,631	-
Funds held for others	2,711,977	2,645,134
Total Liabilities	3,780,743	2,783,613
Net Assets:		
Unrestricted:		
Undesignated	2,642,312	3,858,778
Board designated	11,264,048	10,628,540
Total unrestricted	13,906,360	14,487,318
Temporarily restricted	531,681	485,900
Permanently restricted	11,434,503	10,909,830
Total Net Assets	25,872,544	25,883,048
Total Liabilities and Net Assets	$ 29,653,287	$ 28,666,661

See accompanying notes to financial statements.

THE EPISCOPAL DIOCESE OF PITTSBURGH

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Unrestricted Revenues and Expenses:		
Operating Revenues and other support:		
Parish assessments	$ 565,885	$ 540,304
Investment returns designated for current operations	864,284	484,148
Contributions and grants	107,632	189,691
Total operating revenues and other support	1,537,801	1,214,143
Operating Expenses:		
Office of Administration	434,802	372,732
Legal expense	123,030	288,515
Office of the Bishop	279,336	247,100
Reopened parish, property, and other expenses	416,816	152,863
Beyond the Diocese	158,521	123,133
Transformational networks	129,494	122,614
Congregational mission	85,862	99,259
Real property third party consulting expenses	47,936	-
Total operating expenses	1,675,797	1,406,216
Net loss from operations	(137,996)	(192,073)
Other revenues (expenses):		
Transfer in of parish property	875,000	623,397
Spending policy transfers	141,818	305,866
Released from restriction	7,854	61,424
Other revenues	69,495	55,634
Grants and contributions to others	(610,456)	(509,372)
Investment (loss) income	102,975	(388,127)
Loss on assumption of mortgage	(1,005,781)	-
Gain (loss) on sale of property	64,283	-
Depreciation	(88,150)	(88,150)
Total other revenues (expenses)	(442,962)	60,672
Change in Unrestricted Net Assets	(580,958)	(131,401)
Temporarily Restricted Net Assets:		
Investment (loss) income	53,635	(8,143)
Released from restriction	(7,854)	(61,424)
Change in Temporarily Restricted Net Assets	45,781	(69,567)
Permanently Restricted Net Assets:		
Contributions and grants	-	25,243
Spending policy transfers	(141,818)	(305,866)
Investment (loss) income	666,491	(204,048)
Change in Permanently Restricted Net Assets	524,673	(484,671)
Total Change in Net Assets	(10,504)	(685,639)
Net Assets:		
Beginning of year	25,883,048	26,568,687
End of year	$ 25,872,544	25,883,048

See accompanying notes to financial statements.

THE EPISCOPAL DIOCESE OF PITTSBURGH

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows From Operating Activities:		
Change in net assets	$ (10,504)	$ (685,639)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Transfer in of parish property	(875,000)	(623,397)
Parish mortgage assumed by Diocese	1,005,781	-
Realized (gains) loss on investments	(963,643)	539,452
Allowance for uncollectible assessments	722,731	696,615
Allowance for loan loss	(57,917)	-
Depreciation expense	88,150	88,150
Change in operating assets and liabilities:		
Assessment receivables	(806,430)	(710,387)
Prepaid expense	(17,686)	(4,647)
Accrued interest receivable	15,976	(4,528)
Accounts payable and accrued expenses	(22,344)	5,166
Net cash provided by (used in) operating activities	(920,886)	(699,215)
Cash Flows From Investing Activities:		
Net proceeds from sale of investments	886,450	770,587
Change in trusts held by others	(311,856)	(80,934)
Increase in Growth Fund loans receivable	(155,051)	(31,898)
Payments received on Bishop's Fund loan receivable	109,630	8,739
Issuance of Bishop's Fund loan recivable	(12,000)	-
Payments received on note receivable	33,701	11,010
Net cash provided by (used in) investing activities	550,874	677,504
Cash Flows From Financing Activities:		
Change in funds held for others	66,843	(218,077)
Payments on mortgage	(53,150)	-
Net cash provided by (used in) financing activities	13,693	(218,077)
Net Increase (Decrease) in Cash and Cash Equivalents	(356,319)	(239,788)
Cash and Cash Equivalents:		
Beginning of year	713,224	953,012
End of year	$ 356,905	$ 713,224
Schedule of Non-Cash Activities:		
Mortgage payable assumed by Diocese	$ 1,005,781	$ -
Property held for sale - parish transfer	$ 875,000	$ -

See accompanying notes to financial statements.

1. NATURE OF OPERATIONS

The Episcopal Diocese of Pittsburgh (Diocese) is a nonprofit diocese of the Episcopal Church in the United States of America in support of member parishes located in Southwestern Pennsylvania and faith communities. The Diocese, through its parishes, provides worship services for its members. In addition, the Diocese provides various social services to the community. The Diocese is supported primarily through assessments from its parish congregations and through investment income.

Parish churches and the capital assets of affiliated institutions are not included in the Diocese financial statements, with the exception of when a parish closes. At that time the parish property is recorded on the books of the Diocese. Land, buildings, and equipment, including property recorded by the Diocese from closed parishes are recorded at cost or appraised value at the date of donation or return to the Diocese (for closed parishes). Fixed assets include the Allegheny Township property, the Donegal property, and the Avalon property, equipment, leasehold improvements, and furniture. Closed parishes that the Diocese intends to sell are recorded as property held for sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the Diocese reflect the combination of Operating and Program Funds, Trust and Endowment Funds, and the Plant Fund.

The Operating and Program Funds finance the operations of the Diocese and include the General Budget and Budget Reserve Funds, Bishop's Residence Fund, Diocesan Growth Fund, Designated Funds, Reserve Funds, and Undesignated Funds.

Trust and Endowment Funds represent accumulated gifts, bequests, and donations that are invested in income-producing securities. These funds have varying degrees of restriction on income and/or principal usage and types of investment options available. The Board of Trustees (Board) must consider these factors in the administration of the affairs of the Diocese.

Method of Accounting

The financial statements of the Diocese are presented on the accrual basis of accounting and are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the accompanying financial statements are prepared using the accrual basis of accounting and include the assets, liabilities, net assets, and financial operations of certain activities of the Diocese. Accordingly, revenues are recorded when earned and expenses are recognized when the liabilities are incurred. The financial operations of individual parishes and institutions distinct from the Diocese are not reflected in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Net Assets

Contributions received, including unconditional promises to give, are recognized as increases in net assets in the period received at their fair values. The Diocese displays its activities and net assets into three classes as follows: unrestricted, temporarily restricted, and permanently restricted.

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

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations over which the Board has discretionary control.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Diocese and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that must be maintained permanently by the Diocese. Generally, the donors of these assets permit the use of all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

The statements of activities present changes in unrestricted net assets from operations separately from other changes in unrestricted net assets. Changes in net assets from operations include revenues and expenses for which the Diocese prepares its operating budget. The operating budget is prepared on a cash basis and does not include items such as grants paid directly from endowments or other restricted non-operating accounts, provisions for loan losses, investments income, depreciation, and releases from restrictions on net assets.

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, that is, the donor-imposed stipulated purposes have been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Promises to give that are scheduled to be received after the financial position date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year, if any, are discounted at the appropriate rate commensurate with the risks involved.

Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents include all highly liquid instruments with maturities of three months or less when purchased.

Investments, Risks, and Uncertainties

Investments are carried at fair value and consist primary of equity and fixed income securities. Gains and investment income are recognized in the period earned and are classified as unrestricted, temporarily restricted, or permanently restricted with respect to stipulations by the donor at the date of the donation.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements and the accompanying notes. The Diocese mitigates this risk by engaging a professional third-party investment manager of its investments, whose advice and activities are regularly monitored by the Finance Committee of the Board.

Concentrations

Deposits maintained by the Diocese at institutions at any one time during the year could exceed FDIC limits; however, management does not believe that this represents a significant risk.

Fixed Assets

Property and equipment are recorded at cost. The Diocese capitalizes all new assets with a value over $5,000 and a useful life over three years. Land, buildings, and equipment transferred onto the books of the Diocese from closed parishes are recorded at appraised value at the date recorded.

Provision for depreciation is based on the estimated useful lives of the respective assets and is computed using the straight-line method.

The estimated useful lives are as follows:

Building	20 Years
Vehicles	5 Years

Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred. Gains or losses resulting from retirement or other disposition of assets are included in the change in net assets.

Property Held for Sale

The Diocese has recorded property from closed parishes that are being held for sale at net realizable value, which represents the estimated fair value of the properties less estimated costs to sell at $960,031 and $85,031 as of December 31, 2012 and 2011, respectively.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, the Diocese reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Diocese reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. The Diocese did not recognize impairment of any of their long-lived assets in 2012 and 2011.

Trusts Held by Others

The Diocese has been designated the beneficiary for certain income from funds held in trust, the assets of which are neither in the possession of, nor under the control of, the Diocese. The estimated portion of the fair value of the underlying assets of these trusts and the net realized and unrealized gain (loss) of funds held in trust by others are reported as permanently restricted net assets. Under the terms of these split-interest trust agreements, the Diocese receives periodic payments from the trusts.

Income Taxes

The Diocese is exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code. In addition, the Diocese qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Diocese that is not a private foundation under Section 509(a)(2).

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Diocese, but which will only be resolved when one or more future events occur or fail to occur. Management of the Diocese and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to any legal proceedings that are pending against the Diocese or unasserted claims that may result in such proceedings, the Diocese's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Fair Value Measurement

The Diocese has adopted the Fair Value Measurement topic of Accounting Standards Codification (ASC), including all applicable updates, which establish a framework for measuring fair value under accounting principles generally accepted in the United States of America and expanded disclosure about fair value measurement (see Note 5).

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor’s Report date, which is the date the financial statements were available to be issued.

3. PARISH ASSESSMENTS AND LOAN LOSSES

The provision for parish assessment and loan losses, which is charged to current operations, reflects the amount necessary, in management’s judgement, to establish an adequate allowance to absorb possible losses on assessments and loans. Management’s judgement is based on a continuing review of the parish assessments and loan portfolios, past collection experience, and current economic conditions. While management uses available information to recognize losses, future additions to the allowance may be necessary based on changes in economic conditions. No interest had been accrued on assessments or loans receivable balances as of December 31, 2012 and 2011.

4. Note Receivable

In August 2011, the Diocese finalized a court-approved agreement with an unaffiliated congregation to sell a parish property in exchange for a promissory note. The recording on the books of the Diocese of the closed parish property at fair value immediately prior to the sale in 2011 is shown on the 2011 statement of activities as part of other revenues, transfer in of parish property, totaling $623,397. The sale was recognized in 2011 and the resulting note receivable held is due in 120 monthly installments of $4,307 each, which includes interest at the rate of 3.0% per annum followed by 60 installments of $4,415 each, which includes interest at the rate of 4.0% per annum. The final payment is due in August 2026. The balance outstanding is $578,686 and $612,387 at December 31, 2012 and 2011, respectively.

5. Investments

Investments consist of the following at December 31:

	2012	2011
Cash and cash equivalents	$ 1,321,020	$ 2,536,918
Certificates of deposit	294,388	680,818
Mutual funds, fixed income	3,033,594	1,730,858
Equity securities:		
Basic materials	775,222	420,921
Consumer goods	1,005,775	1,491,872
Energy	950,735	949,525
Financial	1,037,361	812,818
Healthcare	1,071,749	923,384
Industrial goods	811,763	883,828
Materials	588,002	-
Technology	1,452,118	1,160,421
Telecommunication Services	76,895	-
Utilities	125,744	203,954
Other	437,661	507,178
Corporate debt sercurities	2,848,178	2,866,418
U.S. government obligations	4,552,670	5,640,991
Limited partnership	1,414,055	909,833
Total investments	$ 21,796,930	$ 21,719,737

Investments were held in the following accounts at December 31:

	2012	2011
Morgan Stanley, Pool 1	$ 20,070,992	$ 19,912,989
Morgan Stanley, Pool 2	1,453,487	1,541,053
Ameriserv	210,988	206,441
Mellon Pooled Income Fund	49,201	47,059
Mellon Seed Account	12,262	12,195
	$ 21,796,930	$ 21,719,737

Investment income consists of the following for the years ended December 31:

	2012	2011
Interest and dividend income	$ 723,742	$ 423,282
Net realized and unrealized (losses) gains	963,643	(539,452)
Total	$ 1,687,385	$ (116,170)

The Fair Value Measurements topic (topic) of the ASC establishes a fair value hierarchy that prioritizes the inputs used to determine fair value and requires the Diocese to classify assets and liabilities carried at fair value based on observablity of these inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy defined by the topic are:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reported date. Financial assets utilizing Level 1 inputs include active exchange-traded equity securities.

Level 2: Pricing inputs are other than the quoted princes in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for quoted prices are available but traded less frequently and items that are fair-valued using other financial instruments, the parameters of which can be directly observed.

Level 3: Assets and liabilities that have little to no pricing observability as of reported date. These items do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation. Level 3 inputs include all inputs that do not meet the requirements of Level 1 or Level 2.

Determination of Fair Value

The Diocese measures fair value based upon market price, where available. For Level 3 items, the Diocese's valuation is determined in good faith by the General Partner of the custodian and information from the limited partnership as provided by the custodian and information from the limited partnership and by the market value of the underlying investments for interests in perpetual trusts provided by the trustee as they have no significant observable inputs. For the limited partnership, fair value is based on the best information available and is determined by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public or private transactions, valuations for publicly-traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. Quantitative unobservable inputs of Level 3 items are not developed by the Diocese for measuring fair value. For Level 2 items, fair value estimates include (1) the market approach, (2) the income approach, and (3) cost for a period of time after an acquisition. These valuation methodologies involve significant degree of judgment. Due to the absence of readily determinable fair values and the inherent uncertainty of valuations, the estimated fair values for private investments may differ significantly from values that would have been used had a ready market for the securities existed.

The following represents the fair value hierarchy of the Diocese's financial assets that were recognized at fair value on a recurring basis as of December 31, 2012:

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	$ 1,321,020	$ -	$ -	$ 1,321,020
Certificates of deposit	-	294,388	-	294,388
Mutual funds, fixed income	3,033,594	-	-	3,033,594
Equity securities	8,333,025	-	-	8,333,025
Corportate debt securities	-	2,848,178	-	2,848,178
U.S. government obligations	-	4,552,670	-	4,552,670
Limited partnership	-	-	1,414,055	1,414,055
Total investments:	$ 12,687,639	$ 7,695,236	$ 1,414,055	$ 21,796,930
Trusts held by others:				
Beneficial interest in remainder trusts	$ -	$ -	$ 500,943	$ 500,943
Beneficial interest in perpetual trusts	-	-	2,866,975	2,866,975
Total trusts held by others:	$ -	$ -	$ 3,367,918	$ 3,367,918

The following represents the fair value hierarchy of the Diocese's financial assets that were recognized at fair value on a recurring basis as of December 31, 2011:

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs Level 3	Total
Investments:				
Cash and cash equivalents	$ 2,536,918	$ -	$ -	$ 2,536,918
Certificates of deposit	-	680,818	-	680,818
Mutual funds, fixed income	1,730,858	-	-	1,730,858
Equity securities	7,353,890	-	-	7,353,890
Corportate debt securities	-	2,866,429	-	2,866,429
U.S. government obligations	-	5,640,991	-	5,640,991
Limited partnership	-	-	909,833	909,833
Total Investments	$ 11,621,666	$ 9,188,238	$ 909,833	$ 21,719,737
Trusts held by others:				
Beneficial interest in remainder trusts	$ -	$ -	$ 448,825	$ 448,825
Beneficial interest in perpetual trusts	-	-	2,607,237	2,607,237
Total Trusts held by others:	$ -	$ -	$ 3,056,062	$ 3,056,062

A reconciliation for years ended December 31 of fair value measures categorized as Level 3 follows:

	2012	2011
Fair value, beginning of year	$ 3,965,895	$ 3,974,564
Unrealized loss (gain) on limited partnership	504,222	(89,603)
Investment income from beneficial interest in remainder and perpetual trusts	99,927	92,232
Distributions from beneficial interest in remainder and perpetual trusts	(99,927)	(92,232)
Valuation (loss) gain, beneficial interest in remainder trusts	52,118	(17,964)
Valuation gain, beneficial interest in perpetual trusts	259,738	98,898
Balance, end of year	$ 4,781,973	$ 3,965,895

The valuation (loss) gain on the trusts held by others is included in the statements of activities.

The carrying amounts of cash and cash equivalents, which are included in investments, approximate fair value due to the short-term nature of these instruments.

Certificates of deposit, which are included in investments, are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Mutual funds and equity securities, which are included in investments, are valued at fair value, which are the amounts reported in the statements of financial position, based on quoted market prices for identical securities in active markets that the Diocese has the ability to access at the measurement date.

Corporate debt securities and U.S. government obligations, which are included in investments, are valued at fair value, which are the amounts reported in the statements of financial position, based on quoted market prices for similar securities in active markets that the Diocese has the ability to access at the measurement date.

The beneficial interest in the remainder trusts are valued at fair value, which is the amount reported in the statement of financial position, based on the Diocese's beneficial interest in the closing prices of the underlying assets of the trusts, with incorporation of the donor's life expectancy in the calculation used to discount the future benefit to present value.

The beneficial interest in perpetual trusts are valued at fair value, which are the amounts reported in the statement of financial position, based on the Diocese's interest in the fair value of the assets held by the trusts.

The limited partnership is valued at net asset value based on the Diocese's ownership interest and audited financial statements of the partnership at year-end.

The limited partnership investment represents an interest in Emerging CTA Portfolio, L.P. investment fund, which is a commodity pool limited partnership formed under the laws of Delaware. The partnership does not engage directly in trading activities, but invests substantially all of its assets with various trading companies (trading companies), all of which are Delaware limited liability companies organized to invest and trade in futures interests. The trading companies will engage in the speculative trading of commodity contracts including, but not limited to, domestic and foreign commodity futures contracts, forward contracts, swap contracts, futures contracts, foreign exchange commitments, and options on physical commodities, whether traded on an organized exchange or otherwise. These contracts and commodities are collectively referred to as futures interests.

Investments in the managed futures are speculative and involve a high degree of risk. Risks arise from changes in the value of these contracts and the potential inability of counterparties to perform under the terms of the contracts. There are numerous factors which may significantly influence the market value of these contracts, including interest rate volatility.

These factors were considered by the Diocese prior to making this investment and it was determined that the investment would be beneficial to leverage risk in the other areas of the investment portfolio.

6. ENDOWMENTS

Endowments consist of various investment funds established primarily for operating needs of the Diocese and includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on Pennsylvania state law and the existence or absence of donor-imposed restrictions.

Investment Return Objectives, Risk Parameters, and Strategies - The Diocese has adopted written investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Endowment assets are managed by a committee of the Board and are invested in a well-diversified asset mix, which includes equity and debt securities.

Spending Policy - The Diocese is governed by the Commonwealth of Pennsylvania's Act 141. Act 141 is a total return policy that allows a nonprofit to treat a percentage of the average market value of the endowment's investments as income each year. The Diocese established a policy of appropriating for distribution each year 4.5% of the average monthly value of the endowment assets over the prior four years. In establishing these policies, the Diocese considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

The following schedules represent the change in donor restricted endowment funds by net asset type for the years ended December 31, 2012 and 2011:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ -	$ 4,946	$ 8,302,593	$ 8,307,539
Investment return	-	-	406,753	406,753
Contributions	-	-	-	-
Amounts appropriated for expenditures	141,818	-	(141,818)	-
Amounts expended	(141,818)	(4,946)	-	(146,764)
Endowment assets, end of year	$ -	$ -	$ 8,567,528	$ 8,567,528

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ -	$ 25,966	$ 8,886,162	$ 8,912,128
Investment return	-	-	(302,946)	(302,946)
Contributions	-	-	25,243	25,243
Amounts appropriated for expenditures	305,866	-	(305,866)	-
Amounts expended	(305,866)	(21,020)	-	(326,886)
Endowment assets, end of year	$ -	$ 4,946	$ 8,302,593	$ 8,307,539

7. FIXED ASSETS

Fixed assets as of December 31, 2012 and 2011 include:

	2012	2011
Land and buildings	$ 2,328,414	$ 2,328,414
Vehicles	11,715	11,715
	2,340,129	2,340,129
Accumulated depreciation	(535,271)	(447,121)
Total	$ 1,804,858	$ 1,893,008

8. Bishop's Residence

During 2007, the Diocese constructed a residence for its then incumbent Bishop, and entered into an agreement with that Bishop and his wife, which provides that the residence may be utilized by the Bishop and his wife until death. The agreement contains provisions requiring the Bishop to make 360 monthly payments of $1,597, which began on December 16, 2007. The agreement is being accounted for as an operating lease. The agreement contains put and call provisions that give the Bishop the right and option to require the Diocese to reimburse certain amounts if he and his wife vacate the property prior to 2037.

9. Commitments

The Diocese guaranteed multiple debts in the original principal amount of $4,710,000 for certain parishes within the Diocese. These notes mature through 2031 and interest rates range from approximately 5% to 7%. Each parish's building serves as underlying collateral for the loans. The amount of guaranteed debt outstanding as of December 31, 2012 is $2,287,364. The Diocese is liable to the third party lenders related to the guarantees in 2012 and 2011. No payments were required from the Diocese to the third party lenders related to the guarantees in 2011. Beginning in April 2012, the Diocese came forward to make the monthly payments for a guaranteed mortgage; during the time that the parish was unable to make the payments directly. As required by accounting principles generally accepted in the United States of America, the Diocese recorded that debt on its balance sheet as described in Note 10.

10. Mortgage Payable

During 2012, the Diocese began to make the payments on a parish's mortgage with a balance of $1,005,781 that is payable to First National Bank in monthly installments of $9,538 that is secured by the land and the church building. The interest rate on the mortgage was 5.06% and the principal balance was $952,631 at December 31, 2012. However, the debt was refinanced in March 2013 when the principal amount owed was $947,246. The interest rate is 3.90% and monthly payments are $5,718. After a first quarter payment of $5,385, the future refinanced scheduled debt payments (which the Diocese expects the parish to resume as soon as it is able to do so) are as follows:

2013	$	26,780
2014		33,304
2015		34,626
2016		36,001
2017		37,431
Thereafter		779,104
Total	$	947,246

11. OPERATING LEASE

In July 2011, the Diocese entered into an operating lease for office space for a term of six months, expiring January 31, 2012. The lease has continued on a month to month basis. Rental expenses for the years ended December 31, 2012 and 2011 were $27,872 and $25,445, respectively.

The Diocese also leases three vehicles under non-cancelable operating leases, which require monthly payments. Future minimum rentals under the non-cancelable operating leases are as follows:

2013	$	3,622
2014		1,577
2015		1,577
2016		131
	$	6,907

12. PENSION PLANS

The Diocese contributes to a church-wide defined benefit pension plan for eligible lay employees called The Episcopal Church Lay Employees' Retirement Plan. For years ending March 31, 2013 and March 31, 2012, the Plan had funding status ratios of 76% and 72%, respectively. A funded status ratio under 100% indicates there are insufficient reserves as of the reporting date to pay currently accumulated benefits. Plan assets were $122 million and $110 million for March 31, 2013 and 2012, respectively. Accumulated benefit obligations were $160 million and $154 million for March 31, 2013 and 2012, respectively. The Diocese contributes 9% of the participant's eligible compensation. Pension expense under this plan was $22,338 and $12,624 for the years ended December 31, 2012 and 2011, respectively, which does not exceed the 5% of total plan contributions from all employers.

The Diocese also contributes to a church-wide defined benefit pension plan for the clergy called the Church Pension Fund. For years ending March 31, 2013 and 2012, the Plan had funding status ratios of 126% and 109%, respectively. A funded status ratio in excess of 100% indicates that there are sufficient reserves as of the reporting date to pay currently accumulated benefits. Plan assets were $7.6 billion and $6.7 billion for March 31, 2013 and 2012, respectively. Accumulated benefit obligations were $6.0 billion and $6.1 billion for March 31, 2013 and 2012, respectively. The Diocese contributes 18% of the clergy's eligible compensation. Total pension expense under this plan, as assessed by the administrator of the church-wide plan, was $56,302 and $47,926 for the years ended December 31, 2012 and 2011, respectively, which does not exceed 5% of total plan contributions from all employers.

Additional information for The Episcopal Church Lay Employees' Retirement Plan and Church Pension fund is available in The Church Pension Group Annual Report - 2013 at: https://www.cpg.org.

13. Board Designated Net Assets

Board designated net assets and certain income derived therefrom have been designated by the Board or General Convention for the following purposes at December 31:

	2012	2011
Community Service Fund	$ 2,834,133	$ 2,953,304
Plant Fund	3,343,576	2,590,426
Growth Fund	2,293,306	2,282,250
Bishop's Fund	1,397,108	1,427,394
Church Multiplication Fund	418,641	390,501
Bishop's Residence Fund	364,706	325,993
Clergy Relief	210,676	196,869
Seminarian Aid	89,984	84,086
Other	311,918	377,717
Total	$ 11,264,048	$ 10,628,540

14. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2012	2011
Beneficial interest in charitable remainder trusts	$ 500,943	$ 448,825
Sheldon Calvary Camp building fund	-	26,370
Bishop's discretionary and other funds	29,946	8,331
Clergy relief - Widow's Corp	-	1,582
Other mission support	792	792
	$ 531,681	$ 485,900

15. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment and reinvestment in perpetuity, and certain portions of the income are available to support various programs. The following were permanently restricted net assets:

	2012	2011
Episcopal support	$ 4,641,441	$ 4,393,474
Parish and mission support	3,204,764	3,069,794
Bishop's Fund	703,747	695,772
Chaplaincy programs	584,226	544,956
Episcopal Church Women	544,180	530,318
Parish and mission grants and loans	509,950	489,817
Seminarian support	314,828	294,192
Charitable and religious purposes	297,162	277,686
Other	634,205	613,821
	$ 11,434,503	$ 10,909,830

16. LEGAL MATTERS

In October 2008, a vote led by certain former leaders of the Diocese at the annual Diocesan convention resulted in resolutions to amend the Diocesan constitution and canons to withdraw the Diocese from The Episcopal Church and align it with the Anglican Province of the Southern Cone. The validity and legal effect of this withdrawal vote remains in dispute. The former leaders, identifying themselves as the Anglican Diocese of Pittsburgh, a member of the Anglican Church in North America (ACNA Diocese), retained control of Diocesan assets and asserted their position that a 2005 stipulation required the ACNA Diocese to continue to hold and administer the Diocesan property even though its members had left The Episcopal Church. In October 2009, the Court of Common Pleas of Allegheny County, Pennsylvania disagreed with the ACNA Diocese's contention and ruled that the Episcopal Diocese of Pittsburgh of The Episcopal Church of the United States of America is the rightful trustee of the stipulated property and ordered the appointment of a special master to identify the real and personal property subject to the stipulation. The court did not need to rule on the validity or legal effect of the 2008 withdrawal vote, but did rule that even if the withdrawal vote was valid, it could not extinguish the diocese created and recognized by the Episcopal Church. On January 27, 2010, the Court of Common Pleas of Allegheny County, Pennsylvania accepted and adopted the report of the special master regarding the scope of the property to be held and administered by the Diocese.

The ACNA Diocese filed an appeal with the Commonwealth Court of Pennsylvania and on February 2, 2011 the Commonwealth Court of Pennsylvania affirmed the order of the Court of Common Pleas of Allegheny County, Pennsylvania in all respects. The ACNA Diocese filed a petition for re-argument which the Commonwealth Court of Pennsylvania denied on March 29, 2011. On April 28, 2011, the ACNA Diocese filed a petition for allowance of an appeal to the Supreme Court of Pennsylvania, which that Court denied by order dated October 17, 2011. There are no further rights of appeal.

These now final court rulings apply, among other property, to the real property used by 23 congregations that have identified themselves as part of the ACNA Diocese rather than the Diocese. In 2011 and 2012, the Diocese and two of these 23 congregations signed agreements for the acquisition of the property from the Diocese on terms reviewed by the Office of the Attorney General and approved by the Board and the Court of Common Pleas. The Diocese has encouraged the rest of the affected congregations to remain in the property pending further study, but some have elected to leave. In several locations where this has occurred, the Diocese is financially supporting the rebuilding of the parish as an active parish of the Diocese. In other locations where this has occurred, the Diocese is seeking alternative short-term uses of the property. In addition, there are approximately 15 parishes that have identified themselves as part of the ACNA Diocese where the existing court rulings are not fully dispositive because the real estate was titled in the name of the respective parish. The Diocese maintains that these parishes and each of these properties remains with the Episcopal Diocese of Pittsburgh, and that both the parishes and the properties are subject to the authority and canons of the Diocese and a trust interest for the benefit of the Diocese and Episcopal Church. The Diocese has extended a "without prejudice" invitation to these congregations to negotiate regarding the parish property and has entered into a standstill and tolling agreement with the majority of the congregations to facilitate such discussions. Currently, management is unable to evaluate the likelihood of an unfavorable outcome to these negotiations regarding parish property or the possibility that litigation will become necessary in the future.