

The Diocese of Long Island
Combined Financial Statements and
Supplementary Information
December 31, 2010 and 2009

**The Diocese of Long Island
Index
December 31, 2010 and 2009**

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Report of Independent Auditors

To the Boards of Directors of Episcopal Charities of Long Island, Camp DeWolfe, Inc., The George Mercer Jr. Memorial School of Theology, the Trustees of the Estate Belonging to the Diocese of Long Island, the Cathedral of the Incarnation, and the Diocesan Council:

We have audited the accompanying combined statements of financial position of the Diocese of Long Island ("Diocese") as of December 31, 2010 and 2009, and the related combined statements of activities and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the management of the Diocese. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Diocese does not capitalize all expenditures relating to the purchase of land, buildings and improvements and does not provide for depreciation on such assets. Accounting principles generally accepted in the United States of America require that fixed assets be capitalized at cost and that depreciation expense be recorded over the useful lives of the assets. The cumulative effect of these policies on the financial statements is not practicably determinable.

In our opinion, except for the matter discussed in the preceding paragraph, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of December 31, 2010 and 2009, and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

November 18, 2011

**The Diocese of Long Island
 Combined Statements of Financial Position
 December 31, 2010 (With Comparative Totals for 2009)**

	Trustees of the Estate	Diocese of Long Island	Other Diocesan Entities	Eliminations	Total All Funds	
					2010	2009
Assets						
Cash and cash equivalents	\$ 1,290,167	\$ 270,498	\$ 1,022,422	\$ -	\$ 2,583,087	\$ 3,806,290
Investments, at fair market value	96,901,638	-	-	-	96,901,638	89,493,471
Investments in Investment Fund of the Diocese	-	908,126	16,891,331	(17,799,457)	-	-
Other investments	204,532	-	4,194,819	-	4,399,351	4,151,937
Accrued investment income	44,657	-	-	-	44,657	57,174
Loans receivable	36,182	40,382	-	-	76,564	59,533
Allowance for doubtful accounts - loans	(12,792)	-	-	-	(12,792)	(12,647)
Mortgages receivable	505,184	-	-	-	505,184	548,397
Allowance for doubtful accounts - mortgage	(284,202)	-	-	-	(284,202)	(401,429)
Other assets	31,571	7,843	14,281	-	53,695	51,927
Due from other funds	-	2,887	57,419	(60,306)	-	-
Land, buildings and improvements	10,049,672	-	20,318,101	-	30,367,773	29,087,178
Total assets	\$ 108,766,609	\$ 1,229,736	\$ 42,498,373	\$ (17,859,763)	\$ 134,634,955	\$ 126,841,831
Liabilities						
Accounts payable and accrued expenses	\$ 1,833,802	\$ 568,223	\$ 193,144	\$ -	\$ 2,595,169	\$ 2,474,948
Due to other funds	60,306	-	-	(60,306)	-	-
Custodial "C" funds	25,198,555	-	-	(17,799,457)	7,399,098	5,952,634
Total liabilities	\$ 27,092,663	\$ 568,223	\$ 193,144	\$ (17,859,763)	\$ 9,994,267	\$ 8,427,582
Commitments and contingencies						
Net Assets						
Unrestricted	\$ 32,035,948	\$ 661,513	\$ 9,129,281	\$ -	\$ 41,826,742	\$ 40,372,121
Temporarily restricted	31,672,207	-	3,877,160	-	35,549,367	30,789,839
Permanently restricted	17,965,791	-	29,298,788	-	47,264,579	47,252,289
Total net assets	\$ 81,673,946	\$ 661,513	\$ 42,305,229	\$ -	\$ 124,640,688	\$ 118,414,249

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

**The Diocese of Long Island
 Combined Statements of Activities and Changes in Net Assets
 Year Ended December 31, 2010 (With Comparative Totals for 2009)**

	Trustees of the Estate	Diocese of Long Island	Other Diocesan Entities	Eliminations	Total All Funds	
					2010	2009
Changes in unrestricted net assets						
Revenues						
Return on investments	\$ 2,942,978	\$ 131,803	\$ 1,538,730	\$ -	\$ 4,613,511	\$ 7,637,906
Parish, mission and other support	283,296	2,820,211	1,140,681	(638,136)	3,606,052	3,239,772
Other income	61,089	484,701	487,024	(388,716)	644,098	617,203
Net assets released from restriction	1,953,046	-	377,153	-	2,330,199	2,517,520
Total unrestricted revenues	5,240,409	3,436,715	3,543,588	(1,026,852)	11,193,860	14,012,401
Expenses						
Program	2,435,125	2,073,230	1,242,205	(710,323)	5,040,237	4,564,763
Administrative	895,477	1,957,092	2,162,962	(316,529)	4,699,002	4,674,307
Total unrestricted expenses	3,330,602	4,030,322	3,405,167	(1,026,852)	9,739,239	9,239,070
Increase (decrease) in unrestricted net assets	1,909,807	(593,607)	138,421	-	1,454,621	4,773,331
Changes in temporarily restricted net assets						
Contributions	265,495	-	46,325	-	311,820	2,125,695
Return on investments, net	5,648,269	-	1,129,638	-	6,777,907	10,282,857
Other income	-	-	-	-	-	4,653
Net assets released from restrictions	(1,953,046)	-	(377,153)	-	(2,330,199)	(2,517,520)
Increase in temporarily restricted net assets	3,960,718	-	798,810	-	4,759,528	9,895,685
Changes in permanently restricted net assets						
Contributions	765	-	11,525	-	12,290	85,267
Increase in permanently restricted net assets	765	-	11,525	-	12,290	85,267
Increase (decrease) in net assets	5,871,290	(593,607)	948,756	-	6,226,439	14,754,283
Net assets at beginning of year	75,802,656	1,255,120	41,356,473	-	118,414,249	103,659,966
Net assets at end of year	\$ 81,673,946	\$ 661,513	\$ 42,305,229	\$ -	\$ 124,640,688	\$ 118,414,249

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

**The Diocese of Long Island
 Combined Statements of Cash Flows
 Years Ended December 31, 2010 and 2009**

	2,010	2,009
Cash flows from operating activities		
Change in net assets	\$ 6,226,439	\$ 14,754,283
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net realized (gain) loss from investments and other investments	(338,378)	3,761,550
Net unrealized appreciation in investments and other investments	(11,092,649)	(21,291,974)
Permanently restricted contributions	(12,290)	(85,267)
Change in provision for mortgages and other receivables	(117,082)	(6,355)
Change in assets and liabilities		
Loans and mortgages receivable	26,182	29,389
Other assets	(1,768)	(28,427)
Accrued investment income	12,517	19,086
Accounts payable and accrued expenses	120,221	558,624
Custodial "C" funds	1,446,464	394,822
Net cash used in operating activities	<u>(3,730,344)</u>	<u>(1,894,269)</u>
Cash flows from investing activities		
Purchase of fixed assets	(1,280,595)	(1,927,778)
Purchase of other investments	(1,844,639)	(267,023)
Proceeds from the sale of other investments	2,188,778	52,000
Purchase of investments in Investment Fund	(33,457,802)	(26,409,167)
Proceeds from the sale of investments in Investment Fund	36,889,109	30,650,701
Net cash provided by investing activities	<u>2,494,851</u>	<u>2,098,733</u>
Cash flows from financing activities		
Proceeds from permanently restricted contributions	12,290	85,267
Net cash provided by financing activities	<u>12,290</u>	<u>85,267</u>
(Decrease) increase in cash and cash equivalents	(1,223,203)	289,731
Cash and cash equivalents at beginning of year	<u>3,806,290</u>	<u>3,516,559</u>
Cash and cash equivalents at end of year	<u>\$ 2,583,087</u>	<u>\$ 3,806,290</u>

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

The Diocese of Long Island

Notes to the Combined Financial Statements

December 31, 2010 and 2009

1. Summary of Significant Accounting Policies

Organization and Operations

The Diocese of Long Island (the "Diocese") is one of 112 autonomous dioceses of The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America (the "Episcopal Church"). It is comprised of 145 parish and mission congregations within Kings (Brooklyn), Queens, Nassau, and Suffolk Counties, all of which are in canonical union with the Diocese.

The Diocese's governing body is the Diocesan convention which convenes annually to determine Diocesan policy related to the doctrine, discipline and ministries of the Episcopal Church. The accompanying combined financial statements include the net assets of Diocesan entities (as defined by Diocesan Canons) set forth below under the caption "Basis of Combination".

Basis of Combination

The accompanying combined statements of financial position combine the net assets of all of the activities under the control of the Diocesan convention and do not include the assets, liabilities or operating transactions of the individual parishes or missions. The financial statements consist of 13 funds which have been combined into three major groups having similar characteristics, the Trustees of the Estate Belonging to the Diocese of Long Island ("Trustees of the Estate"), the Diocese of Long Island, and Other Diocesan Entities. The Trustees of the Estate includes the Investment Fund of the Diocese of Long Island ("Investment Fund").

The three major groups are comprised of five legally, incorporated entities, namely, the Trustees of the Estate Belonging to the Diocese of Long Island, Episcopal Charities of Long Island, Inc., the Cathedral of the Incarnation ("Cathedral"), The Board of Managers of Camp de Wolfe, Inc., and The George Mercer Jr. Memorial School of Theology.

All significant interfund balances and transactions have been eliminated in combination.

Classification of Net Assets

The Diocese's net assets have been grouped into the following three classes:

Unrestricted Net Assets – Contributions without donor-imposed restrictions are included in this category and are used for the overall operations of the Diocese.

Temporarily Restricted Net Assets – The Diocese records contributions as temporarily restricted if they are received with donor-imposed restrictions that limit their use either through purpose or time. When donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the combined statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Permanently restricted net assets generally represent the fair value at the date of gift of contributions and other inflows of assets whose use of principal is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Diocese. The income generated by permanently restricted net assets is recorded as unrestricted or temporarily restricted based on donor stipulations.

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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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant estimates relate to the realizability of loans and mortgages receivable, the valuation of investments, and the valuation of certain socially responsible investments. Actual results could differ from those estimates.

Tax Exempt Status

The Diocese and its parish and mission congregations are exempt from Federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code pursuant to a group exemption letter issued to the Protestant Episcopal Church in the United States of America in the Diocese of Long Island in the State of New York dated June 20, 1972.

Revenues

Revenues include return on investment (including interest, dividends, realized gains and losses, and unrealized appreciation and depreciation), and parish, mission and other support. Other income includes trust fund income, registration and other fees for services rendered. Parish, mission and other support is recorded when received. Other income is recorded when earned.

Contributions

The Diocese records cash and unconditional promises to give as revenue upon receipt. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded at fair value, net of estimated uncollectible amounts.

Cash and Cash Equivalents

The Diocese considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents, except for those short-term investments managed by the Diocese's investment managers as part of their long-term investment.

The Diocese maintains a majority of its cash and cash equivalents with one financial institution, and generally, such cash and cash equivalents are in excess of federal insurance limits.

Investment Valuation

Investments are valued at fair value and are recorded on a trade date basis. Securities listed on national exchanges are valued at closing sales prices or, in the absence of recorded sales, at the mean of the closing bid and asked prices on such exchanges. Over-the-counter securities are valued at the mean of the closing bid prices on December 31. Other investments, consisting primarily of mortgages and loans, are stated at cost which approximates estimated fair value.

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Alternative investments include investments in limited partnerships and hedge funds and are carried at fair value. Fair value is estimated by management of the alternative investment partnership or fund. Because alternative investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. Certain of the partnerships enter into contractual commitments including futures and option contracts and other derivative financial instruments. These contracts are valued by the partnerships at the last reported sales price and involve elements of market risk in excess of the amounts recognized on the partnership statement of financial condition. Risks arise from the potential changes in securities values and interest rates. The Diocese records its share of the net income or loss for the accounting period in proportion to its participating percentage in each partnership.

Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on sales of securities are determined on an average-cost basis. Dividend income is recorded on the ex-dividend date and interest income is recorded as earned on an accrual basis. Unrealized gains and losses are determined by comparison of specific costs of acquisition to market values at the last day of the fiscal year.

Some of the Diocese investments are pooled to facilitate their management. Investment income is allocated among the individual components of unrestricted, temporarily restricted and permanently restricted net assets based on donor restrictions or the absence thereof, using percentage of participation based on their carrying value or fair value.

Fair Value Measurements

In assessing the fair value of financial instruments, the Diocese has used a variety of methods and assumptions, which were based on estimates of market conditions and risks existing at the time. The fair value of financial instruments, including cash and cash equivalents, accounts payable and accrued expenses, approximate their carrying value because of the current nature of these instruments. The carrying value of investments has been measured at fair value.

Assets and liabilities recorded at fair value in the combined statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are as follows:

<u>Level Input</u>	<u>Level Definition</u>
Level 1	Unadjusted, quoted market prices in active markets for identical assets.
Level 2	Inputs other than quoted market prices included in Level 1 that are observable for the asset through corroboration with market data at the measurement date.
Level 3	Unobservable inputs that are supported by little or no market activity that reflect management's best estimate of what market participants would use in pricing the asset at the measurement date.

The fair value of actively traded debt and equity securities is based on quoted market prices. Privately held debt and equity securities are estimated using a variety of valuation methodologies, including both market and income approaches, where an observable quoted market does not exist and are generally classified as Level 3.

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A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Fair value estimates are made at a point in time, based on relevant market data as well as the best information available about the financial instrument. Fair value estimates for financial instruments for which no or limited observable market data is available are based on judgments regarding current economic condition, liquidity discounts, currency, credit and interest rate risks, loss experience and other factors. These estimates involve significant uncertainties and judgments and cannot be determined with precision. As a result, such calculated fair value estimates may not be realizable in a current sale or immediate settlement of the instrument. In addition, changes in the underlying assumptions used in the fair value measurement technique, including discount rates, liquidity risks, and estimates of future cash flows, could significantly affect these fair value estimates. Because of the inherent uncertainty of valuation, including Level 3 input risks, this estimated value may differ from the value that would have been used had a ready market for these investments existed, and the differences could be material.

The Diocese's alternative investments, which have been assessed using Level 3 inputs, consist of a variety of limited liability investment entities, with a variety of investment strategies. These investment funds primarily invest in marketable securities and derivative financial instruments. These investments funds are carried at estimated fair value as determined by the Investment Manager. The Investment Manager bases the estimated fair value of these investments funds on the underlying fund's net asset value, an analysis of the underlying investments and financial information of the entities.

Land, Buildings and Improvements

The Diocese carries certain land, buildings and improvements at historical cost and does not record periodic depreciation charges. Further, the Diocese does not capitalize purchases of certain capital assets. Accordingly, capital expenditures are not classified as fixed assets and provisions for depreciation and accumulated depreciation are not reflected in the financial statements. Because the Diocese does not maintain complete records of its fixed asset purchases, it is not practical to determine the cumulative dollar effect of the foregoing on the financial statements in accordance with accounting principles generally accepted in the United States of America.

While the Diocese holds the title to many of the properties of the congregations it serves, because the Diocese has no control over the property and the congregations maintain beneficial use of the properties, the Diocese does not record these assets in the combined financial statements. In the event that a mission or parish dissolves, beneficial ownership of the property held by the congregation reverts to the Diocese, which normally sells it. Revenue from these sales is included in Parish, Mission and Other Support in the combined statements of activities. During 2010 no properties were sold. During 2009, properties not recorded on the Combined Statements of Financial Position were sold for approximately \$1,572,000.

Split-Interest Agreement

A split-interest agreement is a bequest or endowment made directly to a not-for-profit organization in which the not-for-profit organization has a beneficial interest but is not the sole beneficiary. A liability for split-interest agreements is required to be recorded for the present value of the estimated future distributions to third party beneficiaries over their expected lives.

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Notes to the Combined Financial Statements

December 31, 2010 and 2009

The Diocese has split-interest agreements consisting of investments held in the Investment Fund of the Diocese of Long Island with estimated fair values of approximately \$5,360,000 and \$3,706,000 as of December 31, 2010 and 2009, respectively, for which third parties, consisting of individual parishes, missions and other institutions, are beneficiaries. As the expected future lives of these beneficiaries are not estimable, a liability for estimated future distributions is not readily determinable. The Diocese has recorded a liability for income received but not yet distributed which has been included in "accounts payable and accrued expenses." At December 31, 2010 and 2009, this liability for undistributed income totaled approximately \$1,508,000 and \$1,214,000, respectively.

Trustees' of the Estate

The unrestricted net asset balance of \$32,035,948 and \$30,126,141 at December 31, 2010 and 2009, respectively, represents funds owned and controlled by the Trustees of the Estate. The net asset balance in trust funds of \$48,968,775 and \$44,925,459 at December 31, 2010 and 2009, respectively, represents primarily funds held in trust by and legally invested with the Trustees of the Estate, with income payable to others. Custodial funds ("C" funds) represent monies held by the Trustees of the Estate (including interest, dividends, realized gains and losses, and unrealized appreciation and depreciation), as custodian, for various parishes and other organizations and are recorded as a liability.

Due to/Due from Other Funds

Due to/due from other funds arise from advances to other funds for working capital and charges to other funds by the Diocese for their proportionate share of operating expenses. Interest expense/income has not been allocated to the funds on the amounts due to/from other funds.

Risk and Uncertainties

The Diocese attempts to diversify its investment portfolio. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least possible that changes in risks in the near term could materially affect investment balances as reported in the combined statements of financial position and the combined statements of activities and changes in net assets.

Credit risk is the possibility that loss may occur from a failure of a counterparty to a financial instrument to perform according to the terms of a contract. Collateral or other security is not required by the Diocese to support financial instruments with credit risk, primarily investments in the Revolving Loan Fund and Socially Responsible Investments. The maximum loss from such investments is limited to amounts recorded in the financial statements.

The Diocese of Long Island
Notes to the Combined Financial Statements
December 31, 2010 and 2009

2. Investments

Investments are held in the Investment Fund, which is managed by the Trustees of the Estate in accordance with the terms of the Declaration of Trust.

The Investment Fund's investment portfolio at December 31, 2010 and 2009 is comprised of the following:

	2010		2009	
	Market	Cost	Market	Cost
Cash Equivalents	\$ 113,833	\$ 113,833	\$ 248,563	\$ 248,563
Common stock	9,872,167	8,895,361	5,103,748	4,715,865
Mutual funds	19,364,231	13,881,042	17,628,465	14,999,324
Debt securities	9,785,587	9,508,689	14,986,360	14,000,000
REITS	2,555,394	3,592,315	2,242,480	3,425,289
Alternative investments	55,083,649	45,110,061	49,071,342	46,942,148
Loans receivable	126,777	126,777	162,513	162,513
Socially responsible investments	-	-	50,000	50,000
	<u>\$ 96,901,638</u>	<u>\$ 81,228,078</u>	<u>\$ 89,493,471</u>	<u>\$ 84,543,702</u>

The cash equivalents included above are limited to investments and are, therefore, excluded from cash and cash equivalents on the accompanying statements of financial position.

Socially Responsible Investments provide loans to community based organizations which strive to meet basic human needs.

In 2010 and 2009, the change in net assets generated by the Investment Fund was \$11,609,220 and \$18,807,591, respectively. Of this amount, \$11,391,418 and \$17,920,763 related to the Diocese in 2010 and 2009, respectively. The balance was allocated to various parishes and other organizations whose funds are held by the Trustees of the Estate, as custodian. The investment return earned by the Diocese is recorded in the statements of activities as follows:

	December 31, 2010		
	Unrestricted	Temporarily Restricted	Total
Investment income			
Dividends and interest	\$ 513,894	\$ 754,983	\$ 1,268,877
Net realized gains	1,388,972	2,040,598	3,429,570
Net unrealized gains	2,920,709	4,290,939	7,211,648
Expenses	(210,064)	(308,613)	(518,677)
Total return on investments, net	<u>\$ 4,613,511</u>	<u>\$ 6,777,907</u>	<u>\$ 11,391,418</u>

The Diocese of Long Island
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	December 31, 2009		
	Unrestricted	Temporarily Restricted	Total
Investment income			
Dividends and interest	\$ 745,714	\$ 1,003,949	\$ 1,749,663
Net realized gains	(1,527,594)	(2,056,589)	(3,584,183)
Net unrealized losses	8,636,852	11,627,732	20,264,584
Expenses	(217,066)	(292,235)	(509,301)
Total return on investments, net	<u>\$ 7,637,906</u>	<u>\$ 10,282,857</u>	<u>\$ 17,920,763</u>

The Investment Fund pays a dividend based on a rolling 36 month average market value per share of beneficial interest, regardless of the actual return on investments. The rate is determined by subtracting from the expected total return a factor for inflation and administrative expenses. In 2010 and 2009 the dividend rate was 4.50%. The rate is subject to review as conditions warrant.

The Cathedral holds other investments in marketable securities with a cost of approximately \$4,075,000 and \$4,067,000 at December 31, 2010 and 2009, respectively. Market value for these investments was \$4,194,819 and \$3,947,405 at December 31, 2010 and 2009, respectively. In addition, Trustees of the Estate has a remainder trust with a cost and market value of \$204,532 at December 31, 2010 and 2009.

The Diocese has an investment of approximately \$3,332,000 in a liquidating partnership, classified as a Level 3 alternative investment. This liquidating partnership will distribute a percentage of its net assets each year, until fully liquidated.

The Diocese assessed the fair value of its loans and mortgages receivable and its socially responsible investments based on historical experience with such parties and the underlying interest rates of such agreements.

The following table summarizes fair value measurements of the Diocese's investments and other financial instruments at December 31, 2010:

	Fair Value	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	\$ 113,833	\$ 113,833	\$ -	\$ -
Common stock	9,872,167	9,872,167	-	-
Mutual fund equity securities	19,364,231	19,364,231	-	-
Mutual fund debt securities	9,785,587	9,785,587	-	-
REITS	2,555,394	2,555,394	-	-
Alternative investments	55,083,649	-	-	55,083,649
Loans receivable	126,777	-	-	126,777
Other financial instruments				
Cash and cash equivalents	2,787,619	2,787,619	-	-
Common stock	4,194,819	4,194,819	-	-
Total investments	<u>\$ 103,884,076</u>	<u>\$ 48,673,650</u>	<u>\$ -</u>	<u>\$ 55,210,426</u>

The Diocese of Long Island
Notes to the Combined Financial Statements
December 31, 2010 and 2009

The following table summarizes fair value measurements of the Diocese's Investments and other financial instruments at December 31, 2009:

	Fair Value	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	\$ 248,563	\$ 248,563	\$ -	\$ -
Common stock	5,103,748	5,103,748	-	-
Mutual fund equity securities	17,628,465	17,628,465	-	-
Mutual fund debt securities	14,986,360	14,986,360	-	-
REITS	2,242,480	2,242,480	-	-
Alternative investments	49,071,342	-	-	49,071,342
Loans receivable	162,513	-	-	162,513
Socially responsible investments	50,000	-	-	50,000
Other financial instruments				
Cash and cash equivalents	4,010,822	4,010,822	-	-
Common stock	3,947,405	3,947,405	-	-
Total investments	<u>\$ 97,451,698</u>	<u>\$ 48,167,843</u>	<u>\$ -</u>	<u>\$ 49,283,855</u>

The changes in fair value measured using significant unobservable inputs (Level 3) for the years ended December 31, 2010 and 2009 were as follows:

	2010	2009
Balance at January 1,	\$ 49,283,855	\$ 36,509,468
Collections on loans receivable	(35,736)	(39,509)
Purchases or reinvestments	5,170,860	1,539,825
Sales of shares	(5,303,022)	(248,117)
Realized net gains	1,769,288	3,912
Unrealized net gains	4,325,181	11,518,276
Balance at December 31,	<u>\$ 55,210,426</u>	<u>\$ 49,283,855</u>

The Diocese of Long Island
Notes to the Combined Financial Statements
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3. Loans and Mortgages Receivable

Loans receivable at December 31, 2010 and 2009 were each less than \$25,000 for individual churches.

Mortgages receivable are as follows:

	2010	2009
St. Augustine's, Brooklyn (2.5% interest, due 01/01/2019) (b)	\$ 220,982	\$ 256,968
St. Joseph Anglican Church, Brooklyn (6.8% interest, due 10/01/2028) (a)(b)	<u>284,202</u>	<u>291,429</u>
	<u>\$ 505,184</u>	<u>\$ 548,397</u>

- a. Fully reserved.
- b. Requires monthly repayments of principal and interest.

The Diocese assesses the collectability of loans and mortgages and establishes reserves for those that are unlikely to be collected.

4. Land, Buildings and Improvements

Diocesan real estate is as follows at December 31, 2010:

	Unrestricted	Permanently Restricted	Total
Land and buildings			
Cathedral of the Incarnation, Garden City, New York	\$ -	\$ 20,318,101	\$ 20,318,101
Camp DeWolfe Wading River, New York	1,739,000	-	1,739,000
Trustees of the Estate			
Residence - 152 Kilburn Road Garden City, New York	456,600	-	456,600
Residence - 191 Kensington Road Garden City, New York	347,880	-	347,880
School of Theology Building Garden City, New York	-	4,045,800	4,045,800
Residence - 3 Fairway Court Bay Shore, New York	252,019	-	252,019
Residence - 43 Euston Road Garden City, New York	1,927,777	-	1,927,777
Residence - 31 Wellington Road Garden City, New York	<u>1,280,596</u>	<u>-</u>	<u>1,280,596</u>
	<u>\$ 6,003,872</u>	<u>\$ 24,363,901</u>	<u>\$ 30,367,773</u>

The Diocese of Long Island
Notes to the Combined Financial Statements
December 31, 2010 and 2009

Diocesan real estate is as follows at December 31, 2009:

	Unrestricted	Permanently Restricted	Total
Land and buildings			
Cathedral of the Incarnation, Garden City, New York	\$ -	\$ 20,318,101	\$ 20,318,101
Camp DeWolfe Wading River, New York	1,739,000	-	1,739,000
Trustees of the Estate			
Residence - 152 Kilburn Road Garden City, New York	456,600	-	456,600
Residence - 191 Kensington Road Garden City, New York	347,880	-	347,880
School of Theology Building Garden City, New York	-	4,045,800	4,045,800
Residence - 3 Fairway Court Bay Shore, New York	252,019	-	252,019
Residence - 43 Euston Road Garden City, New York	1,927,778	-	1,927,778
	<u>\$ 4,723,277</u>	<u>\$ 24,363,901</u>	<u>\$ 29,087,178</u>

5. Net Assets

The Diocese has donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Act of 2006 (UPMIFA). New York State adopted UPMIFA in September 2010.

The Diocese has interpreted relevant New York law as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulation to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the imposed restriction.

The Diocese had adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Diocese has to hold in perpetuity or for a donor-specific period(s). Under this policy, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 4.5% per year. Actual returns in any given year may vary from this amount.

The Diocese of Long Island
Notes to the Combined Financial Statements
December 31, 2010 and 2009

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a great emphasis on equity-based and alternative investments to achieve its long-term objectives within prudent risk constraints.

Changes in endowment net assets for the years ended December 31, 2010 and 2009 consisted of the following:

	Temporary Restricted	Permanently Restricted	Total
Balance at December 31, 2008	\$ 20,894,154	\$ 47,167,022	\$ 68,061,176
Revenue			
Return on investments, net	10,282,857	-	10,282,857
Support and Contributions	2,125,695	85,267	2,210,962
Other Income	4,653	-	4,653
Net Assets released from restriction	<u>(2,517,520)</u>	<u>-</u>	<u>(2,517,520)</u>
Balance at December 31, 2009	\$ 30,789,839	\$ 47,252,289	\$ 78,042,128
Revenue			
Return on investments, net	311,820	-	311,820
Support and Contributions	6,777,907	12,290	6,790,197
Net Assets released from restriction	<u>(2,330,199)</u>	<u>-</u>	<u>(2,330,199)</u>
Balance at December 31, 2010	<u>\$ 35,549,367</u>	<u>\$ 47,264,579</u>	<u>\$ 82,813,946</u>

Unrestricted net assets at December 31, 2010 and 2009 are comprised of the following:

	2010	2009
General	\$ 33,674,224	\$ 32,033,436
Designated for long-term investment	<u>8,152,518</u>	<u>8,338,685</u>
Total unrestricted net assets	<u>\$ 41,826,742</u>	<u>\$ 40,372,121</u>

Temporarily restricted net assets at December 31, 2010 and 2009 are comprised of the following:

	2010	2009
Trustees		
Trust Funds for Parishes, Missions and Other Institutions	\$ 15,971,714	\$ 14,163,813
Mercer Scholarship Fund for Episcopal Seminaries	14,904,674	12,929,686
Mercer Maintenance Fund for Maintenance of School of Theology	795,819	617,990
Other Diocesan Entities		
Trust Funds for Cathedral	3,852,153	3,056,273
Trust Funds for programs - Camp de Wolfe	<u>25,007</u>	<u>22,077</u>
Total temporarily restricted net assets	<u>\$ 35,549,367</u>	<u>\$ 30,789,839</u>

The Diocese of Long Island
Notes to the Combined Financial Statements
December 31, 2010 and 2009

Permanently restricted net assets at December 31, 2010 and 2009 are comprised of the following:

	2010	2009
Trustees		
School of Theology Building	\$ 4,045,800	\$ 4,045,800
Endowment funds for parishes, missions and other institutions	5,544,782	5,544,017
Mercer Scholarship Fund Endowment	7,575,209	7,575,209
Mercer Maintenance Fund Endowment	800,000	800,000
Other Diocesan Entities		
Cathedral of the Incarnation Church Building	20,318,101	20,318,101
Endowment funds for Cathedral	8,579,024	8,567,499
Endowment fund for programs – Episcopal Charities	401,663	401,663
	<u>\$ 47,264,579</u>	<u>\$ 47,252,289</u>

6. Commitments and Contingencies

The Diocese is the guarantor of loans taken by individual churches from the Episcopal Church Building Fund, in the amount of \$167,475 and \$208,341 at December 31, 2010 and 2009, respectively. On March 13, 2009, the Trustees of the Estate became the guarantor of a loan made by M&T Bank to the General Theological Seminary of the Protestant Episcopal Church in the amount of \$5,000,000. The Diocese assesses its exposure under these guarantees, and based on the expectations that the entities noted will be able to meet their obligations, it has determined that no liability for these guarantees is necessary at December 31, 2010 or 2009.

Litigation

In the opinion of management, the Diocese is not subject to litigation for which the effect, if any, of an unfavorable settlement of such litigation would have a material adverse effect on the Diocese's combined financial position, results of activities, or cash flows.

The Diocese of Long Island

Notes to the Combined Financial Statements

December 31, 2010 and 2009

7. Pension Plan

Clergy employed by the Diocese are provided pension benefits under a non-contributory multi-employer defined benefit plan maintained by The Church Pension Fund (the "Fund") which administers the clergy pension system for Episcopal churches throughout the United States. Plan assets are pooled for the benefit of all participants and, therefore, the fair value of net assets available for plan benefits and the amount of vested and non-vested accumulated plan benefits relating to the Diocese are not determinable. The Fund currently levies assessments at the rate of 18% of participants' compensation, which includes salaries and housing and utility allowances. The amount charged to operations for clergy pensions was \$230,451 and \$190,659 for the years ended December 31, 2010 and 2009, respectively.

The Diocesan Council, in accordance with the 1991 General Convention Resolution #D165a (Lay Pension Plan), participates in The Episcopal Church Lay Employees Defined Contribution Retirement Plan ("ECLERP") to provide retirement income benefits to eligible lay employees. ECLERP, established as a plan described in Section 401(a) of the Internal Revenue Code (the "Code") in relation to employer contributions and in Section 403(b) of the Code in relation to employee contributions, is sponsored by The Church Pension Fund. ECLERP is not subject to the terms of the Employee Retirement Income Security Act of 1974 (ERISA).

Under the plan, lay employees who are at least 21 years of age, who have completed 12 months of service and who work a minimum of 500 hours per year, are eligible to participate. Employer contributions equal 12% of base pay with a 3% matching of voluntary contributions made by employees. Vesting in the employer base, matching contributions and any investment earnings on these amounts is immediate. Total lay employees pension expense for the years ended December 31, 2010 and 2009 was \$168,704 and \$160,975, respectively.

8. School of Theology

The School of Theology's principal revenue source for operations is support from the George Mercer Jr. Memorial Scholarship Fund (the "Scholarship Fund"). The Scholarship Fund is administered in accordance with the donor's stipulations providing student scholarships at Episcopal seminaries throughout the United States. The School of Theology received approximately \$435,000 and \$525,000 from the fund during the years ended December 31, 2010 and 2009, respectively.

Support for maintenance of the School of Theology's facility (which is owned by the Trustees of the Estate) and grounds is provided through the George Mercer Jr. Memorial Maintenance Fund. The income of the fund is temporarily restricted for the maintenance of the school building and grounds and is disbursed by the Trustees of the Estate. The Trustees of the Estate disbursed approximately \$263,000 and \$261,000 for maintenance during the years ended December 31, 2010 and 2009, respectively.

The principal of the Scholarship and Maintenance Funds are part of permanently restricted endowments which are administered by the Trustees of the Estate and are invested in the Investment Fund, which is also administered by the Trustees of the Estate.

The Diocese of Long Island
Notes to the Combined Financial Statements
December 31, 2010 and 2009

The Board of Directors of the George Mercer Jr. Memorial School of Theology leases the land used by the School of Theology from the Cathedral of the Incarnation under an agreement which expires on June 30, 2012. Rent expense for the years ended December 31, 2010 and 2009 was \$22,139 and \$21,942, respectively. The lease agreement provides for rent escalations based on the consumer price index increase, with a maximum annual amount of \$1,000. These balances have been eliminated upon combination.

9. Subsequent Events

The Diocese evaluated all events or transactions that occurred through November 18, 2011, which is the date financial statements were available for issuance, and have included any required adjustments or disclosures in these financial statements.



Report of Independent Auditors

To the Boards of Directors of Episcopal Charities of Long Island, Camp DeWolfe, Inc., The George Mercer Jr. Memorial School of Theology, the Trustees of the Estate Belonging to the Diocese of Long Island, the Cathedral of the Incarnation, and the Diocesan Council:

The report on our audits of the combined financial statements of the Diocese of Long Island ("Diocese") as of December 31, 2010 and 2009 and for the years then ended appears on page 1 of this document. The audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. This combining information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and activities of the individual entities. Accordingly, we do not express an opinion on the financial position or activities of the individual entities. However, the combining information has been subjected to the auditing procedures applied in the audits of the combining financial statements, and, in our opinion, is fairly stated in all material respects in relation to the combining financial statements taken as a whole.

As discussed in Note 1, the Diocese does not capitalize all expenditures relating to the purchase of land, buildings and improvements and does not provide for depreciation on such assets. Accounting principles generally accepted in the United States of America require that fixed assets be capitalized at cost and that depreciation expense be recorded over the useful lives of the assets. The cumulative effect of these policies on the financial statements is not practicably determinable.

PricewaterhouseCoopers LLP

November 18, 2011

The Diocese of Long Island
Combining Statements of Financial Position - Trustees of the Estate (Unaudited)
December 31, 2010 (With Comparative Totals for 2009)

	Operating Funds	Trust Funds	Custodial Funds	Mercer Scholarship	Mercer Maintenance	Messiah and Incarnation Trust	Eliminations	Total All Funds	
								2010	2009
Assets									
Cash and cash equivalents	\$ 554,159	\$ 312,385	\$ 65,830	\$ 112,882	\$ 118,099	\$ 126,812	\$ -	\$ 1,290,167	\$ 2,039,456
Investments, at fair market value	25,576,902	46,097,796	25,226,940	-	-	-	-	96,901,638	89,493,471
Investments in Investment Fund of the Diocese	-	-	-	22,296,291	1,490,123	3,850,401	(27,636,815)	-	-
Other investments	-	204,532	-	-	-	-	-	204,532	204,532
Accrued investment income	11,787	21,244	11,626	-	-	-	-	44,657	57,174
Loans receivable	-	-	-	-	-	36,182	-	36,182	12,647
Allowance for doubtful accounts - loans	-	-	-	-	-	(12,792)	-	(12,792)	(12,647)
Mortgages receivable	284,202	-	-	-	-	220,982	-	505,184	548,397
Allowance for doubtful accounts - mortgages	(284,202)	-	-	-	-	-	-	(284,202)	(401,429)
Other assets	31,571	-	-	-	-	-	-	31,571	4,769
Due from other funds	-	-	-	78,312	-	13,524	(91,836)	-	-
Land, building and improvements	6,003,872	4,045,800	-	-	-	-	-	10,049,672	8,769,077
Total assets	\$ 32,178,291	\$ 50,681,757	\$ 25,304,396	\$ 22,487,485	\$ 1,608,222	\$ 4,235,109	\$ (27,728,651)	\$ 108,766,609	\$ 100,715,447
Liabilities									
Accounts payable and accrued expenses	\$ 142,343	\$ 1,621,146	\$ 45,535	\$ 7,602	\$ 12,403	\$ 4,773	-	\$ 1,833,802	\$ 1,678,240
Due to other funds	-	91,836	60,306	-	-	-	(91,836)	60,306	237,345
Custodial "C" funds	-	-	25,198,555	-	-	-	-	25,198,555	22,997,206
Total liabilities	\$ 142,343	\$ 1,712,982	\$ 25,304,396	\$ 7,602	\$ 12,403	\$ 4,773	\$ (91,836)	\$ 27,092,663	\$ 24,912,791
Net Assets									
Unrestricted	\$ 32,035,948	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,035,948	\$ 30,126,141
Temporarily restricted	-	31,002,984	-	14,904,674	795,819	2,474,194	(17,505,464)	31,672,207	27,711,489
Permanently restricted	-	17,965,791	-	7,575,209	800,000	1,756,142	(10,131,351)	17,965,791	17,965,026
Total net assets	\$ 32,035,948	\$ 48,968,775	\$ -	\$ 22,479,883	\$ 1,595,819	\$ 4,230,336	\$ (27,636,815)	\$ 81,673,946	\$ 75,802,656

The Diocese of Long Island
Combining Statements of Financial Position - Diocese of Long Island (Unaudited)
December 31, 2010 (With Comparative Totals for 2009)

	Diocese of Long Island	Bishop's Call	Bishop's Fund for Theological Education	Total All Funds	
				2010	2009
Assets					
Cash and cash equivalents	\$ 232,374	\$ 4,290	\$ 33,834	\$ 270,498	\$ 590,682
Investments in Investment Fund of the Diocese	908,126	-	-	908,126	1,194,385
Loans receivable	19,091	21,291	-	40,382	46,886
Other assets	7,843	-	-	7,843	14,903
Due from other funds	2,887	-	-	2,887	4,547
Total assets	<u>\$ 1,170,321</u>	<u>\$ 25,581</u>	<u>\$ 33,834</u>	<u>\$ 1,229,736</u>	<u>\$ 1,851,403</u>
Liabilities					
Accounts payable and accrued expenses	\$ 565,459	\$ 1,254	\$ 1,510	\$ 568,223	\$ 596,283
Due to other funds	-	-	-	-	-
Total liabilities	<u>\$ 565,459</u>	<u>\$ 1,254</u>	<u>\$ 1,510</u>	<u>\$ 568,223</u>	<u>\$ 596,283</u>
Net Assets					
Unrestricted	<u>\$ 604,862</u>	<u>\$ 24,327</u>	<u>\$ 32,324</u>	<u>\$ 661,513</u>	<u>\$ 1,255,120</u>
Total net assets	<u>\$ 604,862</u>	<u>\$ 24,327</u>	<u>\$ 32,324</u>	<u>\$ 661,513</u>	<u>\$ 1,255,120</u>

The Diocese of Long Island
Combining Statements of Financial Position - Other Diocesan Entities (Unaudited)
December 31, 2010 (With Comparative Totals for 2009)

	Cathedral of the Incarnation	Episcopal Charities	Camp De Wolfe	School of Theology	Total All Funds	
					2010	2009
Assets						
Cash and cash equivalents	\$ 873,053	\$ 48,439	\$ 26,731	\$ 74,199	\$ 1,022,422	\$ 1,176,152
Investments in Investment Fund of the Diocese	7,555,314	9,311,010	25,007	-	16,891,331	15,850,187
Other investments	4,194,819	-	-	-	4,194,819	3,947,405
Other assets	348	1,380	6,630	5,923	14,281	32,255
Due from other funds	25,724	31,695	-	-	57,419	232,798
Land, building and improvements	20,318,101	-	-	-	20,318,101	20,318,101
Total assets	<u>\$ 32,967,359</u>	<u>\$ 9,392,524</u>	<u>\$ 58,368</u>	<u>\$ 80,122</u>	<u>\$ 42,498,373</u>	<u>\$ 41,556,898</u>
Liabilities						
Accounts payable and accrued expenses	\$ 79,630	\$ 50,466	\$ 30,868	\$ 32,180	\$ 193,144	\$ 200,425
Total liabilities	<u>\$ 79,630</u>	<u>\$ 50,466</u>	<u>\$ 30,868</u>	<u>\$ 32,180</u>	<u>\$ 193,144</u>	<u>\$ 200,425</u>
Net Assets						
Unrestricted	\$ 138,451	\$ 8,940,395	\$ 2,493	\$ 47,942	\$ 9,129,281	\$ 8,990,860
Temporarily restricted	3,852,153	-	25,007	-	3,877,160	3,078,350
Permanently restricted	28,897,125	401,663	-	-	29,298,788	29,287,263
Total net assets	<u>\$ 32,887,729</u>	<u>\$ 9,342,058</u>	<u>\$ 27,500</u>	<u>\$ 47,942</u>	<u>\$ 42,305,229</u>	<u>\$ 41,356,473</u>

The Diocese of Long Island
Combining Statements of Activities - Trustees of the Estate (Unaudited)
Year Ended December 31, 2010 (With Comparative Totals for 2009)

	Operating Funds	Trust Funds	Mercer Scholarship	Mercer Maintenance	Messiah and Incarnation Trust	Eliminations	Total All Funds	
							2010	2009
Changes in unrestricted net assets								
Revenues								
Return on investments	\$ 2,942,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,942,978	\$ 5,179,810
Parish, mission and other support	283,296	-	-	-	-	-	283,296	118,966
Other Income	61,089	-	-	-	-	-	61,089	-
Net assets released from restriction	-	1,266,711	706,066	262,650	219,356	(501,737)	1,953,046	2,332,822
Total unrestricted revenue	<u>3,287,363</u>	<u>1,266,711</u>	<u>706,066</u>	<u>262,650</u>	<u>219,356</u>	<u>(501,737)</u>	<u>5,240,409</u>	<u>7,631,598</u>
Expenses								
Program	594,139	1,083,049	494,376	-	263,561	-	2,435,125	3,012,272
Administrative	783,417	183,662	211,690	262,650	(44,205)	(501,737)	895,477	728,754
Total unrestricted expenses	<u>1,377,556</u>	<u>1,266,711</u>	<u>706,066</u>	<u>262,650</u>	<u>219,356</u>	<u>(501,737)</u>	<u>3,330,602</u>	<u>3,741,026</u>
Increase in unrestricted net assets	<u>1,909,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,909,807</u>	<u>3,890,572</u>
Changes in temporarily restricted net assets								
Contributions	-	504,491	-	262,741	-	(501,737)	265,495	1,786,971
Return on investments, net	-	4,804,771	2,681,054	177,738	464,374	(2,479,668)	5,648,269	8,834,740
Other income	-	-	-	-	-	-	-	4,653
Net assets released from restriction	-	(1,266,711)	(706,066)	(262,650)	(219,356)	501,737	(1,953,046)	(2,332,822)
Increase (decrease) in temporarily restricted net assets	<u>-</u>	<u>4,042,551</u>	<u>1,974,988</u>	<u>177,829</u>	<u>245,018</u>	<u>(2,479,668)</u>	<u>3,960,718</u>	<u>8,293,542</u>
Changes in permanently restricted net assets								
Contributions	-	765	-	-	-	-	765	430
Total increase in permanently restricted net assets	<u>-</u>	<u>765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>765</u>	<u>430</u>
Total increase (decrease) in net assets	<u>1,909,807</u>	<u>4,043,316</u>	<u>1,974,988</u>	<u>177,829</u>	<u>245,018</u>	<u>(2,479,668)</u>	<u>5,871,290</u>	<u>12,184,544</u>
Net assets at beginning of year	<u>30,126,141</u>	<u>44,925,459</u>	<u>20,504,895</u>	<u>1,417,990</u>	<u>3,985,318</u>	<u>(25,157,147)</u>	<u>75,802,656</u>	<u>63,618,112</u>
Net assets at end of year	<u>\$ 32,035,948</u>	<u>\$ 48,968,775</u>	<u>\$ 22,479,883</u>	<u>\$ 1,595,819</u>	<u>\$ 4,230,336</u>	<u>\$ (27,636,815)</u>	<u>\$ 81,673,946</u>	<u>\$ 75,802,656</u>

The Diocese of Long Island
Combining Statements of Activities - Diocese of Long Island (Unaudited)
Year Ended December 31, 2010 (With Comparative Totals for 2009)

	Diocese of Long Island	Bishop's Call	Bishop's Fund for Theological Education	<u>Total All Funds</u>	
				2010	2009
Changes in unrestricted net assets					
Revenues					
Return on investments, net	\$ 131,803	\$ -	\$ -	\$ 131,803	\$ 296,932
Parish, mission and other support	2,751,091	57,000	12,120	2,820,211	2,888,863
Other income	458,735	12,101	13,865	484,701	520,310
Total unrestricted revenue	<u>3,341,629</u>	<u>69,101</u>	<u>25,985</u>	<u>3,436,715</u>	<u>3,706,105</u>
Expenses					
Program	1,926,223	126,072	20,935	2,073,230	1,647,907
Administrative	1,952,624	-	4,468	1,957,092	2,237,466
Total unrestricted expenses	<u>3,878,847</u>	<u>126,072</u>	<u>25,403</u>	<u>4,030,322</u>	<u>3,885,373</u>
Decrease in unrestricted net assets	(537,218)	(56,971)	582	(593,607)	(179,268)
Net assets at beginning of year	1,142,080	81,298	31,742	1,255,120	1,434,388
Net assets at end of year	<u>\$ 604,862</u>	<u>\$ 24,327</u>	<u>\$ 32,324</u>	<u>\$ 661,513</u>	<u>\$ 1,255,120</u>

The Diocese of Long Island
Combining Statements of Activities - Other Diocesan Entities (Unaudited)
Year Ended December 31, 2010 (With Comparative Totals for 2009)

	Cathedral of the Incarnation	Episcopal Charities	Camp De Wolfe	School of Theology	Eliminations	Total All Funds	
						2010	2009
Changes in unrestricted net assets							
Revenues							
Return on investments	\$ 415,459	\$ 1,123,048	\$ 223	\$ -	\$ -	\$ 1,538,730	\$ 2,161,164
Parish, mission and other support	387,893	110,975	277,380	435,300	(70,867)	1,140,681	1,399,463
Other income	175,684	-	239,820	71,520	-	487,024	523,166
Net assets released from restriction	377,153	-	-	-	-	377,153	184,698
Total unrestricted revenue	<u>1,356,189</u>	<u>1,234,023</u>	<u>517,423</u>	<u>506,820</u>	<u>(70,867)</u>	<u>3,543,588</u>	<u>4,268,491</u>
Expenses							
Program	543,327	363,000	268,102	138,643	(70,867)	1,242,205	1,098,153
Administrative	1,133,164	415,751	258,177	355,870	-	2,162,962	2,108,311
Total unrestricted expenses	<u>1,676,491</u>	<u>778,751</u>	<u>526,279</u>	<u>494,513</u>	<u>(70,867)</u>	<u>3,405,167</u>	<u>3,206,464</u>
(Decrease) increase in unrestricted net assets	<u>(320,302)</u>	<u>455,272</u>	<u>(8,856)</u>	<u>12,307</u>	<u>-</u>	<u>138,421</u>	<u>1,062,027</u>
Changes in temporarily restricted net assets							
Contributions	46,325	-	-	-	-	46,325	338,724
Return on investments, net	1,126,708	-	2,930	-	-	1,129,638	1,448,117
Net assets released from restrictions	(377,153)	-	-	-	-	(377,153)	(184,698)
Increase in temporarily restricted net assets	<u>795,880</u>	<u>-</u>	<u>2,930</u>	<u>-</u>	<u>-</u>	<u>798,810</u>	<u>1,602,143</u>
Changes in permanently restricted net assets							
Contributions	11,525	-	-	-	-	11,525	84,837
Increase in permanently restricted net assets	<u>11,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,525</u>	<u>84,837</u>
Increase (decrease) in net assets	487,103	455,272	(5,926)	12,307	-	948,756	2,749,007
Net assets at beginning of year	<u>32,400,626</u>	<u>8,886,786</u>	<u>33,426</u>	<u>35,635</u>	<u>-</u>	<u>41,356,473</u>	<u>38,607,466</u>
Net assets at end of year	<u>\$ 32,887,729</u>	<u>\$ 9,342,058</u>	<u>\$ 27,500</u>	<u>\$ 47,942</u>	<u>\$ -</u>	<u>\$ 42,305,229</u>	<u>\$ 41,356,473</u>