

Financial Statements and  
Report of Independent Certified Public Accountants

**THE PENSION PLAN FOR CLERGYMEN AND LAY EMPLOYEES OF THE  
GREEK ORTHODOX ARCHDIOCESE OF AMERICA**

For the years ended December 31, 2013 and 2012

# THE PENSION PLAN FOR CLERGYMEN AND LAY EMPLOYEES OF THE GREEK ORTHODOX ARCHDIOCESE OF AMERICA

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Archdiocese Benefits Committee of the  
**Greek Orthodox Archdiocese of America:**

We have audited the accompanying financial statements of The Pension Plan for Clergymen and Lay Employees of the Greek Orthodox Archdiocese of America (the “Plan”), which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012 and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

### Management’s responsibility for the financial statements

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

### Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 Plan’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 Plan’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, information regarding The Pension Plan for Clergymen and Lay Employees of the Greek Orthodox Archdiocese of America's net assets available for benefits as of December 31, 2013 and changes therein for the year then ended, and its financial status as of December 31, 2012 and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

New York, New York  
July 1, 2014

**THE PENSION PLAN FOR CLERGYMEN AND LAY EMPLOYEES OF THE  
GREEK ORTHODOX ARCHDIOCESE OF AMERICA**  
**Statements of Net Assets Available for Benefits**  
**As of December 31, 2013 and 2012**

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	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash	\$ 486,065	\$ 482,374
Investments		
Interest bearing cash - Atlantic Bank of New York	61,722	14,104
Investments held by New York Life Trust Company		
Mutual funds	<u>53,309,908</u>	<u>47,448,718</u>
Total investments, at fair value	<u>53,371,630</u>	<u>47,462,822</u>
Net assets available for benefits	<u>\$ 53,857,695</u>	<u>\$ 47,945,196</u>

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

**THE PENSION PLAN FOR CLERGYMEN AND LAY EMPLOYEES OF THE  
GREEK ORTHODOX ARCHDIOCESE OF AMERICA**  
**Statements of Changes in Net Assets Available for Benefits**  
**For the years ended December 31, 2013 and 2012**

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	<b>2013</b>	<b>2012</b>
<b>ADDITIONS TO NET ASSETS</b>		
Investment income		
Net realized and unrealized gains on investments	\$ 7,408,790	\$ 5,465,288
Interest and dividend income	891,590	1,167,461
Total investment income	8,300,380	6,632,749
Contributions from retirement plan participants	1,679,170	1,672,766
Contributions from Archdiocese and affiliates	2,119,076	2,214,760
Total additions to net assets	12,098,626	10,520,275
<b>DEDUCTIONS FROM NET ASSETS</b>		
Benefits paid to retired participants	5,867,658	5,986,466
Actuarial and administration fees	318,469	349,146
Total deductions from net assets	6,186,127	6,335,612
Change in net assets	5,912,499	4,184,663
Net assets available for benefits, beginning of year	47,945,196	43,760,533
Net assets available for benefits, end of year	\$ 53,857,695	\$ 47,945,196

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

# **THE PENSION PLAN FOR CLERGYMEN AND LAY EMPLOYEES OF THE GREEK ORTHODOX ARCHDIOCESE OF AMERICA**

## **Notes to Financial Statements**

**December 31, 2013 and 2012**

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### **1. DESCRIPTION OF THE PENSION PLAN**

#### **General**

The following description of The Pension Plan for Clergymen and Lay Employees of the Greek Orthodox Archdiocese of America (the “Plan”) is provided for general information purposes only. Participants should refer to the Archdiocese benefits office at the Greek Orthodox Archdiocese of America (the “Archdiocese”) for complete information. The Plan is a contributory defined benefit pension plan that was adopted in 1973. The Plan covers the majority of clergymen and lay employees of the Archdiocese, as well as employees of participating affiliated organizations.

The Plan is administered by the Archdiocese Benefits Committee (the “ABC”).

#### **Eligibility**

Lay employees become eligible for participation upon commencement of employment. Clergy become eligible for participation following the date of ordination and assignment.

#### **Pension Benefits and Vesting**

The Plan provides for 100% vesting after five years of service. Amounts withheld from employees’ compensation and contributed by them are fully refunded along with accrued interest at rates specified by the Plan if such employee terminates from service prior to 100% vesting. Benefits for participants retiring at normal (age 65), early or delayed retirement age, or for disability and death benefits are calculated as set forth in the Plan. The retirement income or survivor benefit shall be increased by 5% for each participant actively employed who is making contributions to the Plan and each participant, joint annuitant, and beneficiary who was receiving retirement income or survivor benefits. Minimum participant and survivor benefits are not payable if a participant makes late personal contributions for six consecutive months.

Joint and survivor contingent annuity factors are as follows:

- A participant who elects for their survivor to receive 100% of the pension benefit that they are receiving, will receive 83% of their pension benefit while alive;
- A participant who elects for their survivor to receive 50% of the pension benefit that they are receiving, will receive 91% of their pension benefit while alive.

#### **Participant Contributions**

A participant may elect to make contributions in an amount equal to 3½% to 5% of earnings in accordance with the rules established by the ABC.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) using the accrual basis of accounting.

# THE PENSION PLAN FOR CLERGYMEN AND LAY EMPLOYEES OF THE GREEK ORTHODOX ARCHDIOCESE OF AMERICA

## Notes to Financial Statements

December 31, 2013 and 2012

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### Cash and Cash Equivalents

The Plan considers all highly liquid investments with an original maturity of three months or less, at the time of purchase, to be cash equivalents.

### Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 9 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded, as earned, on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation/(depreciation) includes the Plan's gains and losses on investments sold as well as unrealized gains/losses on investments held during the year.

### Administrative Expenses

Administrative expenses are the responsibility of the Plan.

### Benefits Paid to Retired Participants

Benefits paid to retired participants are recorded when paid.

### Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and other disclosures during the reporting period. Actual results could differ from those estimates.

### Actuarial Assumptions

Significant assumptions underlying the 2013 and 2012 actuarial computations are as follows:

Actuarial cost method	Aggregate cost method	
Rate of investment return	7% compounded annually for 2013 and 2012	
Mortality	2013 IRS Static Mortality Tables in 2013 and 2012 IRS Static Tables in 2012	
Retirement Age - Active	Attained age	Percentage retiring in Plan year
	62-64	10%
	65	30%
	66-69	20%
	60	100%
Retirement age - Vested Terminated	Age 65 or attained age, if later	
Interest on Employee Contributions	Interest on employee contributions is to be credited at 120% of the Applicable Federal Mid-Term Rate as of January of that plan year	



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**3. FUNDING POLICY**

The Archdiocese maintains a Church Plan, as such, the Plan is not subject to the Employee Retirement Income Security Act (“ERISA”). The Archdiocese intends to fund the Plan in accordance with the initial minimum standards of ERISA as originally enacted. Consequently, amendments to ERISA after 1974 have not been taken into account.

**4. RISKS AND UNCERTAINTIES**

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with such investment securities, it is reasonably possible that changes in the valuation of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**5. PARTY-IN-INTEREST**

Certain Plan investments are managed by New York Life Trust Company (“NYLIM”). NYLIM is the Trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

**6. PLAN TERMINATION**

Although no intentions to terminate the Plan have been expressed, the Plan may be terminated at any time by the ABC, at which time the assets of the Plan would be liquidated, allocated and distributed in accordance with the provisions of the Plan.

# THE PENSION PLAN FOR CLERGYMEN AND LAY EMPLOYEES OF THE GREEK ORTHODOX ARCHDIOCESE OF AMERICA

## Notes to Financial Statements

December 31, 2013 and 2012

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### 7. ACCUMULATED PLAN BENEFITS

The actuarial present value of accumulated plan benefits and net assets available for benefits as of January 1, 2013 and 2012, are presented below:

	<b>2013</b>	<b>2012</b>
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 46,957,469	\$ 44,831,013
Other participants	<u>41,596,253</u>	<u>40,345,711</u>
Total vested benefits	88,553,722	85,176,724
Non vested benefits	<u>578,859</u>	<u>731,770</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 89,132,581</u>	<u>\$ 85,908,494</u>
Net assets available for benefits	<u>\$ 53,857,695</u>	<u>\$ 47,945,196</u>

The net increase in the Plan's actuarial present value of accumulated plan benefits was \$3,224,087 and \$14,227,763 for the years ended December 31, 2013 and 2012, respectively. For the years ended December 31, 2013 and 2012, increases were attributable to:

	<b>2013</b>	<b>2012</b>
Actuarial present value of accumulated plan benefits, beginning of year	\$ 85,908,494	\$ 71,680,731
Amendment of plan	319,951	-
Changes in actuarial assumptions	181,676	10,946,159
Benefits accumulated and (gains) losses	2,904,858	3,401,966
Benefits paid	(5,986,466)	(5,629,635)
Interest	<u>5,804,068</u>	<u>5,509,273</u>
Net increase	<u>3,224,087</u>	<u>14,227,763</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 89,132,581</u>	<u>\$ 85,908,494</u>

# THE PENSION PLAN FOR CLERGYMEN AND LAY EMPLOYEES OF THE GREEK ORTHODOX ARCHDIOCESE OF AMERICA

## Notes to Financial Statements

December 31, 2013 and 2012

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### 8. INVESTMENTS

The following table presents the fair value of investments that represent 5% or more of the Plan's net assets as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Dodge & Cox Intl Stock Fund	\$ 3,756,547	\$ 2,973,980
American Beacon Lrg Cap Value*	2,989,529	-
Doubleline Total Rtn Bnd Fd I*	3,194,789	-
Eaton Vance Inc Fd of Boston A**	-	2,425,811
Harbor International Fund Inst	6,545,849	5,602,463
Mainstay Large Cap Growth I	4,835,690	3,531,273
Mainstay ICAP Select Equity I*	3,167,083	2,439,660
T Rowe Price New American Growth Adv	3,649,493	2,657,215
Invesco Mid Cap Core Eq R5**	-	2,375,592
Third Avenue Real Est Val Inst*	3,111,037	2,672,203
Lazard Emerging Markets Inst*	3,017,099	3,041,307
Wells Fargo Adv Growth Admin*	3,045,483	-
JP Morgan Equity Income A*	3,058,068	-

\* Represents 5% or more of the Plan's net assets only in 2013

\*\* Represents 5% or more of the Plan's net assets only in 2012

### 9. FAIR VALUE MEASUREMENTS

The Plan follows guidance that establishes a framework for measuring fair value. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The framework also provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the guidance are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology, including the following:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.

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- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at that NAV at the period end date or in the near term, which is generally considered to be 90 days.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. However, the determination of what constitutes observable requires judgment by the Plan’s management. Plan management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to Plan management’s perceived risk of that investment.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

- *Mutual funds*: Valued at the closing price reported on the active market on which the individual securities are traded.

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

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## Notes to Financial Statements

December 31, 2013 and 2012

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2013 and 2012:

	<b>December 31, 2013</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds				
Value	\$ 10,093,715	\$ -	\$ -	\$ 10,093,715
Equity	8,477,449	-	-	8,477,449
Blended	14,717,456	-	-	14,717,456
Fixed income	8,490,622	-	-	8,490,622
Growth	<u>11,530,666</u>	<u>-</u>	<u>-</u>	<u>11,530,666</u>
Total mutual funds	53,309,908	-	-	53,309,908
Interest bearing cash	<u>61,722</u>	<u>-</u>	<u>-</u>	<u>61,722</u>
	<u>\$ 53,371,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,371,630</u>
	<b>December 31, 2012</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds				
Value	\$ 9,617,580	\$ -	\$ -	\$ 9,617,580
Equity	8,496,434	-	-	8,496,434
Blended	9,778,053	-	-	9,778,053
Fixed income	12,020,624	-	-	12,020,624
Growth	<u>7,536,027</u>	<u>-</u>	<u>-</u>	<u>7,536,027</u>
Total mutual funds	47,448,718	-	-	47,448,718
Interest bearing cash	<u>14,104</u>	<u>-</u>	<u>-</u>	<u>14,104</u>
	<u>\$ 47,462,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,462,822</u>

## 10. TAX STATUS

The Internal Revenue Service ("IRS") has determined and informed the Plan's management by a letter dated March 1, 2013, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan's management believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

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US GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes that it is no longer subject to income tax examinations for years prior to 2010.

**11. SUBSEQUENT EVENTS**

The Plan evaluated its December 31, 2013 financial statements for subsequent events through July 1, 2014, the date the financial statements were available to be issued. The Plan is not aware of any subsequent events that would require recognition or disclosure in the financial statements.