Financial Statements and
Report of Independent Certified Public Accountants

EPISCOPAL RELIEF & DEVELOPMENT

December 31, 2010 and 2009

EPISCOPAL RELIEF & DEVELOPMENT

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Episcopal Relief & Development:

We have audited the accompanying statements of financial position of Episcopal Relief & Development (the "Organization") as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Episcopal Relief & Development as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
June 14, 2011

EPISCOPAL RELIEF & DEVELOPMENT
Statements of Financial Position
As of December 31, 2010 and 2009

ASSETS	2010	2009
Cash and cash equivalents	$ 12,320,525	$ 4,504,061
Receivables, net (Note 3)	4,629,308	6,033,133
Beneficial interest in trusts held by DFMS (Note 4)	15,007,128	13,587,652
Prepaid expenses	2,793	106,382
Beneficial interest in outside trusts held by others	388,513	374,818
Property and equipment, net (Note 5)	62,550	87,295
Total assets	$ 32,410,817	$ 24,693,341
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 635,803	$ 2,163,335
Due to DFMS	121,313	121,502
Accrued postretirement benefits other than pensions (Note 7)	498,193	335,159
Total liabilities	1,255,309	2,619,996
NET ASSETS (Note 2)		
Unrestricted	12,656,936	11,538,856
Temporarily restricted (Note 8)	17,684,849	9,734,461
Permanently restricted (Note 8)	813,723	800,028
Total net assets	31,155,508	22,073,345
Total liabilities and net assets	$ 32,410,817	$ 24,693,341

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

EPISCOPAL RELIEF & DEVELOPMENT
Statements of Activities
For the years ended December 31, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT								
Contributions, bequests, grants, and other	$ 7,425,241	$ 22,764,278	$ -	$ 30,189,519	$ 9,346,857	$ 7,097,197	$ -	$ 16,444,054
Investment return (Note 4)	2,035,930	61,655	13,695	2,111,280	2,777,408	-	76,686	2,854,094
Government contracts	1,525,131	-	-	1,525,131	549,057	-	-	549,057
Contributed services (Note 2)	1,094,344	-	-	1,094,344	1,304,436	-	-	1,304,436
Other income	50,600	-	-	50,600	35,498	-	-	35,498
Net assets released from restrictions	15,135,428	(15,135,428)	-	-	10,444,461	(10,443,461)	(1,000)	-
Total revenues and other support	27,266,674	7,690,505	13,695	34,970,874	24,457,717	(3,346,264)	75,686	21,187,139
EXPENSES								
Food security	3,820,321	-	-	3,820,321	4,119,724	-	-	4,119,724
Primary health care	11,265,135	-	-	11,265,135	9,997,373	-	-	9,997,373
Emergency relief and rebuilding	7,904,519	-	-	7,904,519	3,570,974	-	-	3,570,974
Total program expenses	22,989,975	-	-	22,989,975	17,688,071	-	-	17,688,071
Fundraising	2,067,226	-	-	2,067,226	2,178,485	-	-	2,178,485
Administration	831,510	-	-	831,510	1,088,566	-	-	1,088,566
Total expenses	25,888,711	-	-	25,888,711	20,955,122	-	-	20,955,122
Changes in net assets	1,377,963	7,690,505	13,695	9,082,163	3,502,595	(3,346,264)	75,686	232,017
Reclassification of net assets (Note 9)	(259,883)	259,883	-	-	-	-	-	-
Net assets, beginning of year	11,538,856	9,734,461	800,028	22,073,345	8,036,261	13,080,725	724,342	21,841,328
Net assets, end of year	$ 12,656,936	$ 17,684,849	$ 813,723	$ 31,155,508	$ 11,538,856	$ 9,734,461	$ 800,028	$ 22,073,345

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

EPISCOPAL RELIEF & DEVELOPMENT
Statements of Cash Flows
For the years ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 9,082,163	$ 232,017
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Change in value of beneficial interest in outside trusts	(13,695)	(76,686)
Depreciation	24,745	22,751
Change in allowance for doubtful accounts	(66,891)	(63,167)
Change in discount on contribution receivables	99,340	22,441
Net realized and unrealized gain on investments	(1,811,680)	(2,645,561)
Changes in assets and liabilities:		
Receivables	1,371,376	1,618,762
Prepaid expenses	103,589	(92,732)
Accounts payable and accrued expenses	(1,527,532)	243,476
Due to DFMS	(189)	(286,846)
Accrued postretirement benefits other than pensions	163,034	79,794
Net cash provided by (used in) operating activities	7,424,260	(945,751)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	-	(48,068)
Purchases of investments	(295,513)	(494,088)
Distribution from trust funds	687,717	1,261,251
Net cash provided by investing activities	392,204	719,095
Net increase (decrease) in cash and cash equivalents	7,816,464	(226,656)
Cash and cash equivalents, beginning of year	4,504,061	4,730,717
Cash and cash equivalents, end of year	$ 12,320,525	$ 4,504,061

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

1. ORGANIZATION AND NATURE OF ACTIVITIES

Episcopal Relief & Development (the "Organization") is an affiliate of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America (the "Society" or "DFMS"). Episcopal Relief & Development was established by resolution of the General Convention in 1940 in order to meet the needs of refugees fleeing the war in Europe. Today, the Organization is a compassionate response of the Episcopal Church to human suffering in the world. Hearing God's call to seek and serve Christ in all persons and to respect the dignity of every human being, the Organization serves to bring together the generosity of Episcopalians and others to heal a hurting world.

Episcopal Relief & Development was incorporated in July 2002 and has been classified by the Internal Revenue Service as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code in accordance with an agreement between the Executive Council of the Episcopal Church and the Organization. The accompanying financial statements include the activity of the Organization, as a stand-alone entity, as of and for the years ended December 31, 2010 and 2009. The Organization's financial position, changes in net assets and cash flows are also included in the Society's consolidated financial statements as of and for the years ended December 31, 2010 and 2009.

Working with Anglican and ecumenical partners, the Organization implements programs in the following areas:

Food Security

This program works to alleviate hunger and improve the food supply by ensuring that people have the tools to access and maintain healthy food sources. The Organization's programs make sure families have enough food to eat on a daily basis and that food supplies are available, affordable and accessible. Food security programs consisted of the following:

- Distributing livestock to families, boosting their ability to cultivate their land and generate income from selling eggs and dairy
- Providing tools, seeds, and other resources to support family farms
- Teaching farming techniques
- Supporting sustainable agriculture
- Providing vocational training and micro-finance opportunities for people to start small businesses and expand sources of income

Primary Health Care

This program promotes health and fights disease, ensuring that children and families live healthier lives. Globally, the Organization works in partnership with local communities to provide vulnerable people, such as mothers and children, access to treatment, medicines, clean water, safe environments, prevention education and care to vulnerable people, such as mothers and their children. Primary health care programs consisted of the following:

- Building clean water and sanitation systems, including wells and latrines
- Providing medicines and immunizations
- Training health workers to educate communities about disease prevention
- Offering maternal and child health programs and caring for children orphaned by HIV/AIDS

- Preventing diseases such as malaria through education and intervention

Emergency Relief and Rebuilding

This program provides critical disaster relief assistance immediately after human-made and natural disasters such as hurricanes, earthquakes, floods and war around the world and helps communities rebuild. In the United States, the Organization responds to devastated communities after the immediate crisis is over. Emergency relief and rebuilding programs consisted of the following:

- Responding quickly with critical assistance
- Rebuilding/ repairing homes, schools, clinics, and other civic buildings
- Training communities to respond to disasters
- Offering trauma counseling
- Supporting the restoration of the social and economic fabric of communities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

The Organization's net assets consist of the following:

Permanently restricted - net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled by actions of the Organization. Donor-imposed stipulations require that the principal be maintained in perpetuity.

Temporarily restricted - net assets resulting from contributions and inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled by actions of the Organization pursuant to those stipulations.

Unrestricted - net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets also include those net assets which are designated for a certain purpose by the Organization's Board of Directors.

The significant amount of unrestricted and temporarily restricted net assets of the Organization results from the Board's insistence on expending the funds prudently to ensure that the grant recipients derive the maximum long-term benefits from these funds as intended by the original donors.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of less than three months from the date of purchase to be cash and cash equivalents, except for those cash equivalents which are included in the Organization's investment accounts and intended for long-term investment purposes.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. The Organization maintains its cash and cash equivalents with creditworthy, high-quality financial institutions. At certain times the Organization's cash account balances may exceed federally insured limits. However, the Organization has not experienced, nor does it anticipate, any losses with respect to these bank accounts.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As required by U.S. Generally Accepted Accounting Principles for fair value measurement, the Organization uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. 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. However, the determination of what constitutes "observable" requires significant judgment by an entity. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument.

Fixed Assets

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets (30 years for buildings and building improvements and 5 years for furniture, vehicles, and equipment). Property and equipment costing greater than $1,500 and with useful lives greater than one year are capitalized.

Beneficial Interest in Outside Trusts

From time to time, certain donors have established trusts with third-party administrators, typically banks or other Episcopal entities, the terms of which require the income earned from such gifts to be paid to the Organization and/or other specified beneficiaries and the principal to be invested in perpetuity. Historically, the income received from these outside trusts has been recorded as either temporarily restricted or unrestricted revenue based upon the respective donor's imposed stipulations. The fair value of these outside trust assets is recognized as a component of permanently restricted net assets. The beneficial interest in outside trusts is adjusted each year and the change is recognized in the statement of activities based on changes in the market value of the trusts' underlying investments. The Organization's beneficial interest in outside trusts is classified as Level 3 within the FASB's fair value hierarchy as of December 31, 2010 and 2009.

The following table summarizes the changes in fair value associated with the Organization's beneficial interest in outside trusts for the years ended December 31, 2010 and 2009:

	2010	2009
Balance as of beginning of the year	$ 374,818	$ 298,132
Realized and unrealized gains	13,695	76,686
Balance as of end of the year	$ 388,513	$ 374,818

Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributions to be received after one year are discounted using an appropriate credit adjusted discount rate which articulates with the collection period of the respective pledge. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity.

Payroll, Pension and Retirement Plans

The Society is fully reimbursed by the Organization for all costs associated with the administration of employee benefits including pension and postretirement costs. See Notes 6 and 7 for details of the plans.

Contributed Services

Contributed services are valued at their estimated fair value and are recognized as revenue and expenses in the accompanying statements of activities. Contributed services for the years ended December 31, 2010 and 2009 totaled $1,094,344 and $1,304,436, respectively. Such contributed services include office space, payroll, financial management and accounting, computer services, human resources, telecommunications and building maintenance provided by the Society and outside legal services.

Additionally, a number of volunteers, including members of the Organization's Board of Directors, have made significant contributions of time to the Organization's policy-making, program and support activities. The value of such services does not meet the criteria for recognition of contributed services under accounting principles generally accepted in the United States of America and, accordingly, is not reflected in the accompanying 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 judgments that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the discounting of receivables; realizability of receivables; actuarial valuations; useful lives assigned to fixed assets; and the reported fair value of certain of the Organization's assets and liabilities. Actual results may differ from these estimates.

Income Taxes

The income taxes topic number 740, "Income Taxes" of the FASB Accounting Standards Codification ("Codification") establishes criterion that an individual tax position has to meet for some or all the benefits of that position to be recognized in an entity's financial statements. Only tax positions that meet the "more-likely-than-not" recognition threshold at the adoption date will be recognized or continue to be recognized. The effectiveness for applying this criterion was adopted by the Organization on January 1, 2009, and had no material impact on the Organization's financial statements. The tax years ended 2007, 2008, 2009 and 2010 are still open to audit. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions.

Subsequent Events

The Organization evaluated its December 31, 2010 financial statements for subsequent events through June 14, 2011, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

3. RECEIVABLES, NET

Receivables consist of the following at December 31, 2010 and 2009:

	2010	2009
Contributions receivable, net	$ 3,781,909	$ 5,428,456
Stock gifts receivable	42,476	49,453
Matching gifts receivable	52,259	26,517
Government grants and other receivables	752,664	528,707
Total receivables	$ 4,629,308	$ 6,033,133

Contributions receivable, which are recorded at the present value of their expected future cash flows at December 31, 2010 and 2009, are as follows:

	2010	2009
Amounts expected to be collected:		
Within one year	$ 1,910,784	$ 2,259,558
In one to five years	2,013,263	3,343,485
Total contributions receivable	3,924,047	5,603,043
Allowance for uncollectible pledges	(80,224)	(13,333)
Present value discount (rates ranging from 1.50% to 6.00%)	(61,914)	(161,254)
Contributions receivables, net	$ 3,781,909	$ 5,428,456

4. BENEFICIAL INTEREST IN TRUSTS HELD BY DFMS

The Organization's investments, which consist of both marketable and non-exchange traded securities, are stated at quoted market values or values provided by the respective fund manager or general partner and consist of two trust funds, each of which have both donor and board-designated funds that are held and managed by the Society. The income from these trust funds is used to support the administrative and program activities of the Organization. Realized and unrealized gains or losses from the trust funds are reflected in the accompanying statements of activities. The investment portfolio consists of common stock, bonds, mutual funds, certificates of deposit, alternative investments, money market funds and cash equivalents. Each trust fund in the portfolio holds a designated number of shares in the pool or the portfolio as a whole. The value assigned to a share fluctuates with the changing value of the underlying investments. The number of shares assigned to each trust fund changes only when additions are made, usually by gifts or contributions, or by reinvestment of income distributions or by withdrawals of principal from those funds whose terms permit withdrawals of principal.

The Organization's trusts hold shares in the overall portfolio rather than the individual financial instruments and therefore would have the same composition of investments as that of the Society's total trust fund portfolio. The Organization represented 4.43% and 4.91% of the Society's total trust fund portfolio as of December 31, 2010 and 2009, respectively. At December 31, 2010, the Society's investment portfolio was classified within the FASB fair value hierarchy as follows: 88% Level 1, 7% Level 2 and 5% Level 3. At December 31, 2009, the Society's investment portfolio was classified within the FASB fair value hierarchy as follows: 89% Level 1, 8% Level 2 and 3% Level 3. While principally all of the underlying trusts' investments are readily marketable based on quoted fair values, since the Organization's beneficial interest in the trusts cannot be priced on an active exchange, the interest in the trusts are classified as Level 3.

The Society follows the "total return" approach to investments and utilizes a prudent portion of realized and unrealized endowment fund returns to provide for current designated and undesignated expenditures annually. Total return consists of two elements: yield and appreciation. Based on the Society's long-term investment strategy, the Executive Council of the Society sets the payout rate on the endowment funds at a percentage (currently 5%) of a five-year moving average market value of the endowment portfolio. Any return in excess of this percentage is reinvested to protect the real dollar value of these funds against the effects of inflation.

The following table summarizes the changes in fair value associated with the Organization's beneficial interest in trusts held by DFMS for the years ended December 31, 2010 and 2009:

	2010	**2009**
Balance, beginning of year	$ 13,587,652	$ 11,060,765
Contributions	295,513	494,088
Realized and unrealized gains and investment income	2,087,478	2,912,448
Transfer out of endowment funds	-	(1,000)
Management fees	(106,483)	(113,250)
Distribution - spending policy withdrawal	(857,032)	(765,399)
Balance, end of year	$ 15,007,128	$ 13,587,652

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31, 2010 and 2009:

	2010	**2009**
Leasehold improvements	$ 8,450	$ 8,450
Equipment and furniture	208,130	208,130
	216,580	216,580
Accumulated depreciation	(154,030)	(129,285)
Property and equipment, net	$ 62,550	$ 87,295

Depreciation expense amounted to $24,745 and $22,751 for the years ended December 31, 2010 and 2009, respectively.

6. PENSION PLAN

The Society maintains a defined contribution plan (the "Plan") for all eligible lay employees, including the Organization's staff. Under the Plan, the Society contributes 5% of eligible salaries and also matches employee contributions to the Plan up to 4%. It is the opinion of the Plan's legal counsel that as a Church Plan, this Plan is exempt from the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Pension expense for this plan recognized in the accompanying financial statements, relating to the Organization's staff, amounted to $221,970 and $204,263 for the years ended December 31, 2010 and 2009, respectively.

7. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Society sponsors postretirement plans which provide both health care (fully contributory until the retiree reaches age 65) and life insurance (noncontributory) benefits to both lay and clergy personnel.

The following sets forth the status of the plans, as they relate to the Organization's staff, at December 31, 2010 and 2009:

	2010	2009
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 335,159	$ 255,365
Service cost	83,578	64,490
Interest cost	20,754	14,679
Actuarial loss	65,457	7,380
Benefits paid	(6,755)	(6,755)
Benefit obligation, end of year	$ 498,193	$ 335,159
Change in plan assets:		
Plan assets, beginning of year	$ -	$ -
Employer contributions	6,755	6,755
Benefits paid	(6,755)	(6,755)
Plan assets, end of year	$ -	$ -
Components of accrued benefit cost:		
Funded status	$ (498,193)	$ (335,159)
Unrecognized prior service cost	5,407	7,265
Unrecognized actuarial net gain	2,440	(63,129)
Accrued benefit cost	$ (490,346)	$ (391,023)
Amounts recognized in unrestricted net assets consist of:		
Net gain	$ 2,440	$ (63,129)
Prior service cost	5,407	7,265
Net amount recognized	$ 7,847	$ (55,864)

The estimated net actuarially gain and prior service cost included in unrestricted net assets expected to be recognized as components of net periodic benefit cost for the year ending December 31, 2011 are $0 and $1,858, respectively.

	2010	2009
Changes in assets and benefit obligations recognized in unrestricted net assets:		
Net loss	$ 65,457	$ 7,380
Amortization of unrecognized gain	112	5,904
Amortization of unrecognized prior service cost	(1,858)	(1,858)
Total change recognized in unrestricted net assets	$ 63,711	$ 11,426
Total recognized in net periodic benefit cost and unrestricted net assets	$ 169,789	$ 86,549

The net periodic postretirement benefit cost for the years ended December 31, 2010 and 2009 included the following components:

	2010	2009
Service cost of benefits earned	$ 83,578	$ 64,490
Interest cost on accumulated postretirement benefit obligations	20,754	14,679
Amortization of accumulated net loss	(112)	(5,904)
Amortization of unrecognized prior service cost	1,858	1,858
Net periodic postretirement benefit cost	$ 106,078	$ 75,123

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-percentage point increase	1-percentage point decrease
Effect on total of service and interest cost	$ 23,847	$ (19,187)
Effect on postretirement benefit obligation	$ 95,455	$ (75,748)

	2010	2009
Weighted-average assumptions used to determine benefit obligations at December 31:		
Discount rate	5.25 %	5.75 %
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:		
Discount rate	5.75 %	6.15 %
Expected long-term return on plan assets	N/A	N/A
Assumed health care trend rates at December 31:		
Health care cost trend rate assumed for next year	6.00 %	5.90 %
Rate to which the cost trend rate assumed to decline (ultimate trend rate)	4.70 %	4.40 %
Year that the rate reaches the ultimate trend	2082	2064

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year Ending December 31:	Benefit payments
2011	$ 7,402
2012	11,203
2013	13,099
2014	14,944
2015	15,429
2016 - 2020	78,323

8. NET ASSETS

Temporarily restricted net assets were available for the following purposes and net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events, as follows for the years ended December 31, 2010 and 2009:

	Fiscal 2010			
	December 31, 2009	Contributions and other	Net assets released	December 31, 2010
Food security	$ 209,895	$ 1,090,960	$ (1,034,087)	$ 266,768
Primary health care	6,920,426	4,451,344	(8,531,789)	2,839,981
Emergency relief and rebuilding	2,604,140	17,543,512	(5,569,552)	14,578,100
Total	$ 9,734,461	$ 23,085,816	$ (15,135,428)	$ 17,684,849

	Fiscal 2009			
	December 31, 2008	Contributions	Net assets released	December 31, 2009
Food security	$ 209,895	$ 1,134,594	$ (1,134,594)	$ 209,895
Primary health care	9,177,193	5,641,821	(7,898,588)	6,920,426
Emergency relief and rebuilding	3,693,637	320,782	(1,410,279)	2,604,140
Total	$ 13,080,725	$ 7,097,197	$ (10,443,461)	$ 9,734,461

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

	2010	2009
Endowment funds	$ 425,210	$ 425,210
Beneficial interest in investments held by third-party trustees	388,513	374,818
	$ 813,723	$ 800,028

9. ENDOWMENT FUNDS

The Organization has adopted the provisions of "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" of the Codification. This standard provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), passed by the State of New York in September 2010, and also requires additional disclosures about endowments for both donor-restricted funds and board-designated funds.

The Organization has interpreted the New York State UPMIFA ("NYPMIFA") as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization 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, the (c) accumulations to the permanent endowment made in accordance with the directions 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 nets assets until such amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions; other resources of the Organization; and the investment policy of the Organization.

The Organization has a policy of appropriating for distribution each year a Board of Directors approved spending rate of its endowment fund's average fair value over five years. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to grow at a pace at least equal to inflation. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Organization has 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 the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk. To satisfy its long-term objectives, the Organization 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 Organization in cooperation with the Society, targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

With the exception of endowment pledges and split interest agreements, the following tables summarize endowment net asset composition by type of fund as of December 31, 2010 and 2009:

	2010			
Composition of Endowment Net Assets By Type of Fund	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ -	$ 316,012	$ 425,210	$ 741,222
Board-designated quasi-endowment funds	14,265,906	-	-	14,265,906
Total	$ 14,265,906	$ 316,012	$ 425,210	$ 15,007,128
Changes in Endowment Net Assets				
Endowment net assets, beginning of year	$ 13,162,442	$ -	$ 425,210	$ 13,587,652
Net asset reclassification based on change in law	(259,883)	259,883	-	-
Endowment net assets after reclassification	12,902,559	259,883	425,210	13,587,652
Investment return:				
Investment income	237,771	12,370	-	250,141
Net appreciation (realized and unrealized)	1,788,053	49,284	-	1,837,337
Contributions	295,513	-	-	295,513
Management fees	(106,483)	-	-	(106,483)
Appropriation of endowment assets for expenditure	(851,507)	(5,525)	-	(857,032)
Endowment net assets, end of year	$ 14,265,906	$ 316,012	$ 425,210	$ 15,007,128

	2009			
Composition of Endowment Net Assets By Type of Fund	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ -	$ -	$ 425,210	$ 425,210
Board-designated quasi-endowment funds	13,162,442	-	-	13,162,442
Total	$ 13,162,442	$ -	$ 425,210	$ 13,587,652
Changes in Endowment Net Assets				
Endowment net assets, beginning of year	$ 10,634,555	$ -	$ 426,210	$ 11,060,765
Investment return:				
Investment income	298,145		-	298,145
Net appreciation (realized and unrealized)	2,614,303	-	-	2,614,303
Contributions	494,088	-	-	494,088
Mangement fees	(113,250)	-	-	(113,250)
Appropriation of endowment assets for expenditure	(765,399)			(765,399)
Transfer out of endowment funds	-	-	(1,000)	(1,000)
Endowment net assets, end of year	$ 13,162,442	$ -	$ 425,210	$ 13,587,652

10. FUNCTIONAL ALLOCATION

Expenditures allocated to functional categories based on program and administrative activities are as follows for the year ended December 31, 2010, with comparative totals for the year ended December 31, 2009:

	Program services				Supporting services			
	Food security	**Primary health care**	**Emergency relief and rebuilding**	**Total**	**Fund -raising**	**Administration**	**2010 Total**	**2009 Total**
Direct support	$ 3,245,399	$ 6,979,629	$ 6,061,672	$ 16,286,700	$ -	$ -	$ 16,286,700	$ 12,926,701
Contributed services	99,588	315,983	193,479	609,050	159,303	170,473	938,825	1,178,436
Federal grants	-	1,264,385	-	1,264,385	-	-	1,264,385	549,057
Salaries	229,616	1,275,598	656,450	2,161,664	599,910	209,611	2,971,185	2,478,332
Employee benefits	65,787	327,960	168,657	562,403	171,021	133,231	866,655	768,887
Insurance	-	5,417	-	5,417	-	35,619	41,036	32,070
Printing and mailing costs	26,562	77,724	64,470	168,756	706,758	71,205	946,718	935,181
Advertising and promotion	131	4,519	2,062	6,713	61,957	24	68,694	109,795
Telephone	5,284	44,150	19,365	68,799	8,177	3,553	80,528	65,741
Rent and utilities	-	54,264	-	54,264	-	-	54,264	5,882
Equipment and depreciation	6,152	37,568	21,906	65,626	18,985	25,442	110,053	68,184
Bank charges, legal and							-	
accounting fees	21,490	128,287	79,589	229,366	-	113,284	342,650	275,943
Office supplies	288	6,460	560	7,309	1,340	3,915	12,563	13,851
Resource and reference	51	141	99	291	2,256	323	2,870	2,248
Consultants	35,138	213,896	364,655	613,689	285,513	10,785	909,987	748,442
Travel	63,950	401,459	226,598	692,007	42,356	42,998	777,361	577,024
Conferences/workshops/								
memberships/meeting expense	20,883	127,695	44,956	193,535	9,653	11,048	214,235	219,348
Total expenses	$ 3,820,321	$ 11,265,135	$ 7,904,519	$ 22,989,975	$ 2,067,226	$ 831,510	$ 25,888,711	$ 20,955,122