Serving a Changing Church

The Church Pension Group 2015 Annual Report

CHURCH PENSION GROUP

A Message from Mary Kate Wold

Dear Friends:

The Church Pension Fund and its affiliated companies (collectively, the Church Pension Group or CPG) strive to be advocates for the well-being of those we serve, always anticipating needs and potential risks in order to develop products, programs, and services to help the institutions and individuals that comprise The Episcopal Church.

To this end, over the past several months, we have hosted 32 listening events with bishops, clergy, lay employees, and volunteers. These conversations have given us a clearer sense of where the Church is heading with innovative forms of ministry and how CPG, within the scope of its mission, might be able to support the Church as it continues to evolve.

Founded almost 100 years ago, The Church Pension Fund's focus was appropriately narrow: to raise money for the funding of clergy pensions so retired priests could have a dignified retirement. Over time, and at the urging of clients and General Convention, we built on that original intention, establishing retirement plans for lay employees and adding a range of benefits, products, and services tailored to the unique needs of the individuals and institutions we serve.

Our ability to do all this depends on the ongoing support of those we serve and on the diligent stewardship of assets they have entrusted to us. As fiduciaries, we are accountable to our clients for maintaining the financial strength of The Church Pension Fund. As part of The Episcopal Church community, we also continually strive to support the values of the Church.

This Annual Report summarizes CPG's financial performance over the 12-month period ending March 31, 2015. It also includes a description of our efforts in environmental sustainability and the personal stories of some of the lives we have touched. It is my hope that this report will convey our commitment to professionalism, compassion, and trustworthiness. Guided by these values and our commitment to financial sustainability, we look forward to continuing to earn your trust in the decades ahead.

Faithfully,
Mary Kate Wold
CEO and President

A Letter from the CPF Board of Trustees

Dear Friends:

Over the past year, the Board of Trustees of The Church Pension Fund (the CPF Board) has spent a great deal of time collecting insights from around the Church and discussing strategic and policy issues that impact CPG's work. We have studied with great interest the increase in part-time and bi-vocational clergy and have encouraged the CPG team to continue contemplating the best and most appropriate ways to serve these groups.

We have evaluated the financial strength of The Church Pension Fund (CPF) and the fiscal discipline of CPG's management team. Protecting and growing the CPF portfolio is complex and rewarding work. As fiduciaries, we recognize and are committed to the fact that the CPF portfolio must be managed for the sole benefit of those it serves, regardless of the many pressing economic and social challenges around the world and the Church. We must always be clear about the boundaries of CPG's mission and ensure that the organization is performing at the absolute highest level within the scope of that mission. We feel we can say with confidence that it is.

We have reviewed client feedback on the service experience CPG provides, as well as CPG's efforts to become an even more efficient, consistent, and seamless benefits organization serving the Church. Through listening events held around the Church, we have learned a great deal about what is happening on the ground in a variety of congregations, dioceses, and seminaries and have heard how CPG's work makes a difference. The candor of those who participated in these sessions was extraordinary evidence of the trust clients place in the organization. It has been a good and productive year for CPG and the CPF Board.

It is a pleasure to serve on the CPF Board with colleagues who care so deeply about the financial well-being of those who serve the Church. The membership of the CPF Board will change as a result of several retirements and the trustee election at General Convention. Five trustees have retired after many years of faithful service: Canon Dr. Karen Noble Hanson; the Rt. Rev. Robert H. Johnson, D.D.; the Rt. Rev. V. Gene Robinson, D.D.; the Very Rev. George L.W. Werner, D.D.; and the Rt. Rev. Wayne P. Wright, D.D.

Meanwhile, eight trustees — Martha Bedell Alexander; the Rev. Thomas James Brown; the Very Rev. Tracey Lind; Kevin B. Lindahl, Esq.; the Rev. Dr. Timothy J. Mitchell; Margaret A. Niles, Esq.; Edgar Starns, CPA; and Sandra S. Swan, D.L.H. — are eligible and have agreed to stand for reelection.

As always, we feel blessed for the opportunity to serve you and thank you for your prayers and for your continued support.

Faithfully,

Wayne P. Wright

The Rev. Wayne P. Wright, D.D.
Chair

Barbara B. Creed

Barbara B. Creed, Esq.
Vice Chair

Robert H. Johnson

The Rt. Rev. Robert H. Johnson, D.D.
Vice Chair

Mary Kate Wold

Mary Kate Wold
CEO and President

Board Changes

Five members of the CPF Board of Trustees retired in 2015. We thank them for their service and look forward to welcoming new board members following the trustee election at General Convention.

Canon Dr. Karen Noble Hanson was elected trustee in 2009. Prior to her retirement from the CPF Board in January, 2015, she served as Chair of the Finance Committee and as a member of the Executive and Investment Committees. During her tenure on the board, she was also a member of the Audit Committee, as well as the CEO Selection Committee that sought and vetted candidates for CEO and President — a process that ultimately led to the appointment of Mary Kate Wold in 2011. In addition, Dr. Hanson served as a director of several of the Church Insurance Companies.

The Rt. Rev. Robert H. Johnson, D.D., joined the CPF Board in 2003 and served two consecutive six-year terms. He served the Board in a variety of positions, most recently as its Vice Chair and as a member of the Executive and the Compensation, Diversity and Workplace Values Committees. He was also Vice Chair of the Ecclesiastical Offices Held by Beneficiaries Committee; Chair, Vice Chair, and member of several Church Insurance Companies' boards; a member of the Board of Directors of CREDO Institute, Inc.; and a member of the Audit, Finance, and Retirement Programs Committees; as well as a member of several ad hoc Board committees. He also served as Chair of the CEO Transition Committee, which helped oversee the smooth transition between the former and current CEO and President.

The Rt. Rev. V. Gene Robinson, D.D., was elected to the CPF Board in 2003. During his 12-year tenure, he served as Vice Chair of the Compensation, Diversity and Workplace Values Committee; and as a member of the Benefits Policy, Retirement Programs, and Gifts Committees; as well as the Ad Hoc Committees on Mission Review and Mission Statement. Bishop Robinson was also a director of the Church Life Insurance Corporation and the Church Insurance Company and was Vice Chair of the Church Insurance Agency Corporation Board.

The Very Reverend George L.W. Werner, D.D., was first elected trustee in 1976 and served until 1988. He was reelected trustee in 2006 and has served since then as Vice Chair of the Benefits Policy Committee and as Chair of the Medical Trust Advisory Board. He was also a member of the Audit, Ecclesiastical Offices Held by Beneficiaries, Finance, and Social and Fiduciary Responsibility in Investments Committees and a director of Church Publishing Incorporated.

The Rt. Rev. Wayne P. Wright, D.D. was elected trustee in 2003 and has served as the CPF Board's Chair since 2012. During the course of his two terms on the Board, he held a variety of positions, including Chair of the Executive Committee, Chair of the Gifts and the Social and Fiduciary Responsibility in Investments Committees, and Vice Chair of the CEO Selection, Investment, and Compensation Committees. He also served as a member of the Investment, Benefits Policy, Compensation, Diversity and Workplace Values, and Medical Trust Strategy and Policy Committees and on the Commission on Corporate Sustainability. In addition, Bishop Wright was a director of Church Publishing Incorporated and a member of the Medical Trust Advisory Board.

Investment Performance

The CPF portfolio posted strong results during the past year. Despite variable economic conditions globally, especially in Europe, financial markets generally reacted positively to accommodative monetary policy and low inflation.

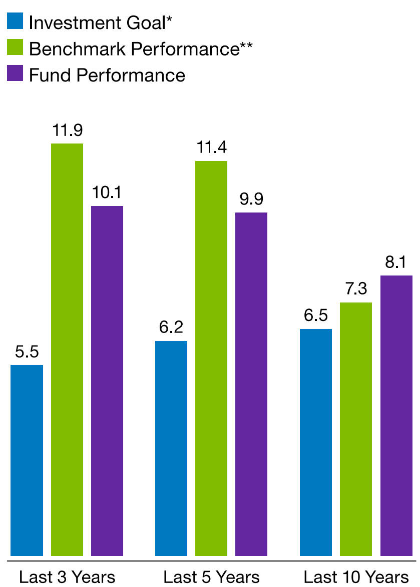
As a result, continuing low interest rates and generous credit availability supported asset price increases and spurred corporate mergers and acquisitions. Both the public and private components of CPF's portfolio contributed positively to asset growth. U.S. and emerging market stocks, private equity holdings, and specialized credit strategies were notably strong.

The exhibit shows CPF's investment performance for the three-, five- and 10-year periods ending March 31, 2015. It compares the portfolio's annualized returns with those of two key benchmarks: CPF's annualized investment goal of 4.5% over inflation and a passive composite of 67% S&P 500 stock index and 33% Barclays Government/Credit bond index. For the most meaningful 10-year period, CPF's return substantially exceeded both benchmarks. For the three- and five-year periods, CPF's performance exceeded the investment objective, but fell short of the passive benchmark due to non-U.S. stocks and certain private investments not keeping pace with the exceptionally high U.S. stock returns.

We remain mindful that there are currently many economic and geopolitical uncertainties. These include the strong U.S. dollar weighing on corporate profits, the burdens of government debt and high unemployment in parts of Europe, and the inevitable reversal of accommodative credit conditions. At the same time, financial asset valuations are considered by many to be high. CPF's strong fiduciary oversight assures, however, that while the portfolio cannot be insulated from market variability, the investments remain appropriately diversified. Additionally, the intentionally strong liquidity position of CPF's portfolio would enable taking advantage of potential market dislocations.

Investment Performance for Periods Ending March 31, 2015

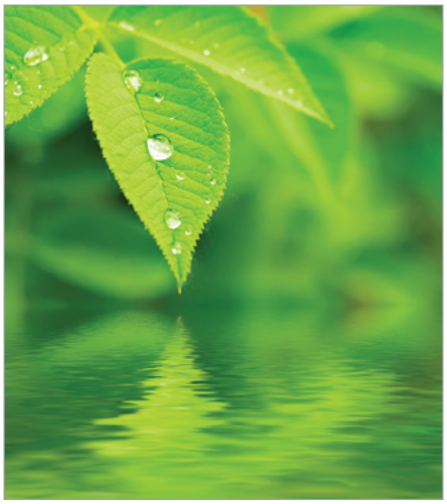
Annualized Total Return in Percent (preliminary)



*Investment Goal is a return of 4.5% over inflation.

**From inception to 6/30/08, the benchmark consisted of 65% S&P 500 Index/35% Barclays Capital U.S. Government Credit Index. From 6/30/08 to present, the benchmark consists of 67% S&P 500 Index/33% Barclays Capital U.S. Government/Credit Index.

Shared Values



In April 2015, CPF committed to invest $20 million in the **Wastewater Opportunity Fund**, which is focused on developing and expanding the use of anaerobic digesters, an ecological process that is widely used in Europe, but not yet common in the United States. Wastewater uses this process to transform organic waste, some of which would have ended up in landfills, into renewable, sustainable energy, thereby reducing the use of fossil fuels. In addition, the construction and operation of its facilities will create some two million hours of employment and approximately 130 permanent jobs. From an investment perspective, it is expected that Wastewater will provide a very attractive risk-adjusted return to the CPF portfolio.

The Board and management of The Church Pension Fund have one overriding goal: to ensure that the benefits promised to current and future members are available when needed. To make good on those promises, CPF has, over the past century, worked with outside investment managers to build a broadly diversified portfolio of securities invested across the globe in a variety of investment strategies, with investments in well over 1,000 publicly traded companies and more than 300 private investment funds.

In the early 1970s, while recognizing the fiduciary responsibilities of the trustees were paramount, the Board began to examine the moral, social, and ethical implications of CPF's investments. Since then, CPF has actively reviewed and submitted shareholder resolutions on a wide spectrum of issues and has taken into account the concerns of the Church when voting its proxies. Today, we continue to use our shareholder influence in collaboration with the Committee on Corporate Social Responsibility of The Episcopal Church's Executive Council and the Domestic and Foreign Missionary Society.

In 2001, as part of our ongoing commitment to uphold the values of the Church, CPF's investment team committed to seek out external investment managers with expertise in identifying opportunities that offer fully competitive returns while also providing important social benefits. Thanks to their efforts, our portfolio now includes economically targeted investments such as microfinance, affordable housing, and urban redevelopment; investments with women- and minority-owned firms; and environmentally responsible investments that include "clean tech" innovations such as solar, wind, and biomass fuels (see sidebar).

The commitment to environmental responsibility extends to CPG's daily operations. After purchasing new space in 2012, CPG hired architects, engineers, and consultants to create a new home office that utilized state-of-the-art "green" building materials, paints, and carpets; conserved water and energy; and most importantly, provided an attractive, comfortable, and collaborative working environment for our employees. Teams of CPG employees also worked with industry experts to develop sustainable business practices to minimize paper printing, encourage recycling, and reduce CPG's carbon footprint. Our goal was to live up to the rigorous standards set by Leadership in Energy & Environmental Design (LEED), and CPG recently received a Gold LEED Certification for meeting LEED's high level of sustainability and cost-efficiency in water and energy use, building materials, and environmental quality.

Vintage Voices – Reflections on Retirement

Each month, CPG produces *Vintage Voice*, a newsletter that invites retirees and their spouses to share their reflections on life in retirement. Through their hard work, saving, and prudent planning, these men and women are able to enjoy the next stage of their lives and their ongoing, evolving ministries. We are inspired by stories from clergy, lay employees, and spouses who are beneficiaries of our pension plans. They remind us that our mission matters and that protecting the financial strength of the portfolio supporting it is the foundation of our work. We hope you enjoy their stories.

What do I do now?

The Rev. Canon Lee Powers
Galloway, New Jersey

What do I do now? I found myself thinking these words as I pondered telling my beloved bishop that I was ready to retire. I had gone through a period of discernment that included some frank interaction with our Lord and had concluded that it was time. I was growing weary of my present ministry and wanted an opportunity to be free of the demands of a ministry position description. But I was only 62 years old and still wanted to "give back" to others in thanksgiving for all the blessings I had received in my life in Christ. I have good health and lots of energy. How could I put those to use in a way that would help the next generation of church leaders assume their roles in ministry and teaching?

For me, this "give back" stage has included certain priorities. I want to worship with my wife Nancy in a congregation where we are both being fed and have an opportunity to offer our gifts. This has shaped our journey in finding the right congregation where we can be welcomed and utilized as we support the leadership of the parish. I am continuing my ministry as a faculty member of CREDO, and I have utilized my experience in teaching and leadership in areas of adult Christian education, stewardship, and organizing a special training event for the parishes of our convocation (deanery). I am becoming particularly interested in the catechumenal process and am hoping to assist our new diocesan bishop and his staff in determining if and how to introduce this process in our diocese as the first step in our primary missions of evangelism and Christian formation.

Wrapped around all this is the time I now have to devote to the special ministry of being an at-home husband and a much more present father, grandfather, and great-grandfather. That should keep me from spending too much time wondering, "What do I do now?"

A Preacher's Dream

The Rev. Tom Woodward
Santa Fe, New Mexico

After a final stint of 17 years as rector of a parish, I had thought retirement would be easy — and some of it was, but deep down, something was missing. What was missing, I discovered, was the week-by-week wrestling with the deeper questions about life that came in writing and preaching sermons. Even the extra time for meditation and reflection did not stop what was going on in my head.

Remembering the advice of a friend, I started writing short, fictional dialogues.

What wonderful advice it was for me, a writer and retired priest with so many voices from 40-some years of ordained ministry stored away in my head! Soon I was typing furiously just to keep up with the developing dialogues taking place in front of me — and discovering that the more latitude I gave my characters, the more humor emerged in their relationships.

Several weeks into this fun, a friend told me about a competition for 15-minute plays, and the lights went on. It didn't take much to expand and format a couple of my favorite dialogues into 15-minutes plays. Now, instead of sermons there were plays — the only real difference was how my faith would be expressed. What had been text was now subtext. And if a play were successful, my congregation would consist almost entirely of the unchurched. A preacher's dream.

I was stunned when one of my plays was chosen for production — with a real director and real actors — and then humbled, as my interior dialogue took shape in real-life characters. Over the following weeks, several audience members askedto talk about their own responses to the play, as it seemed to reawaken the possibility of religious faith for themselves.

The satisfaction of having a play or opera produced continues to be a distant second to my joy in writing and watching how things develop. And I'm fine with rejections. Hey! I'm retired! Not only have I received my rewards, I have my pension.

We Are Thankful

The Rev. Canon Nelson W. Pinder
Orlando, Florida

Those of us who were born in the 1930s have much to be thankful for. We have seen the world change before our eyes. As children of the 1930s we have lived through terrible wars. We watched as the atomic bomb was dropped on Japan on the Feast Day of the Transfiguration of our Lord Jesus Christ; and yet, we realize that from the technology that supported the violence and destruction of our youth, much good has come as well — developments in nuclear medicine that help identify and cure diseases from which people routinely died in our youth. We are thankful.

The ravages of the Great Depression years also incented the development of programs such as the CCC and WPA — which helped our families survive. A major program created back then, Social Security, benefits us today in our senior years. We have lived through the administration of 14 Presidents, seven Republicans and seven Democrats — of whom the most recent is black. We witnessed the legislative fight to create a society where "separate but equal" was ruled unconstitutional. The struggle continues. But we have been blessed to have been witnesses to less separateness and more opportunity, and less discrimination because of race, sex, national origin, or age than existed in the decade of our birth. We are thankful.

America and our own Church still face challenges in attempting to resolve many social, economic, and legislative concerns. The Rev. Dr. Martin Luther King, Jr. challenged our nation to unite as one people regardless of where we have come from and where we are now. His words continue to inspire us.

As we continue to live into this 21st century, my wife Marian and I are thankful for every advance we have witnessed. We are reminded daily that, as Christians who are Episcopalians, the acts of "thankful living" and standing up to do all we can to improve life for all of our brothers and sisters in Christ do not end when retirement begins. They remain strong within us always, reaffirming the vows of our baptismal covenant, our belief in the creation story, and the gift of the Resurrection and life eternal.

Holy Days

The Rev. Mary Anne Dorner
Wesley Chapel, Florida

During more than 20 years as a priest, others' holidays have been my holy days. And they always have been work days for me, too. I thought back on my experience of parish ministry and how my way for preparing for and spending the holidays was so different for me than for most of my family, friends, and neighbors.

For instance, when others were getting ready for Halloween, I would be preparing for All Saints' Sunday — the time in the Church year when we remember all those who have gone before us in faith, from those "official saints" on the Church calendar to our loved ones who have passed on to eternal life. The next holiday — Thanksgiving — meant getting ready for the festive holiday meal… and for Thanksgiving services. On Thanksgiving morning, it was always a very early "wake-up call" to get the turkey ready for the oven before having to dash off to services. Next up was Advent — that time of year when the church and its clergy would try to get people to focus on preparing for the coming of Christ. But the malls were already celebrating Christmas by playing Christmas carols so that folks would buy more presents. And Easter! That glorious Sunday when we celebrate Christ's resurrection from the dead… which is often overshadowed by Easter egg hunts.

So for me, holidays and holy days have a checkered history. As a pastor, I felt like I was always trying to walk a fine line between ideology (keeping holy days pure of secularization) and reality (kids really do want to see Santa Claus before Christmas). "Keeping Christ in Christmas" isn't easy even in church, and the Easter egg hunts are still a big draw to get people to church.

Given all those pre-retirement memories, is it is no wonder that when people ask me today what my favorite holiday is, I usually tell them it's an ordinary day when I can get together with family and friends and relax and have fun without having to worry about balancing church and secular expectations. Amen!

Daring to Be Different

Joyce Anderson Jackson
Tulsa, Oklahoma

"Being different" was part of my life as I grew up in the 1930s and 1940s. I had an English accent in Tulsa, Oklahoma! And my parents, newly arrived in America from England shortly before I was born, had accents that sometimes were simply not understood by Tulsa ears. As a young girl, I had no idea I had an English accent. I recall feeling so shy and embarrassed when other children pointed out my accent, and I was utterly baffled.

In time, I consciously adopted an attitude that has stood me in good stead all these years. I realized I was different. I always had been. And I perceived that there was "different good" and "different bad." I determined then that my differentness would always be "different good."

When, in 1953, I married a newly ordained deacon, soon to be ordained priest, I imagined my life was going to be very different. Don's salary was the magnificent sum of $220 per month. And that was because he was married; the two newly ordained single clergy who were placed elsewhere in the diocese got $200. Wow! I was worth $20! That was certainly "different good."

Don died just two months before our fiftieth wedding anniversary and three months before his fiftieth anniversary of being an ordained priest. My life was suddenly changed. Even now, I find myself still, from time to time, needing help remembering some detail or other. So I say to myself, "Oh, I'll just ask Don. He'll remember what it was." And then I remember. I can't do that. Life is different now.

So here I am today, and I continue to mush on, with some things being very much the same and some very different. The clergy spouse network is still very active in the Diocese of Oklahoma (where Don spent almost all his years as a priest), and I am nurtured with contact with fellow clergy and spouses. I stay very active with many things and I'm still busy getting settled in our house in Tulsa. It was a mere 43 years ago that we moved in here, but I figure if I'm here another 43 years, maybe I can get all the pictures hung. That would be different — to have all my tasks done!

Statistical Highlights

Cumulative Clergy Pension Plan Operations

	Since Inception (1917) through March 31, 2015
Assessments and original pledges received	$ 2,481,111,237
Investment income and gains (net of expenses and other deductions)	14,029,356,402
Total income	**$16,510,467,639**
Benefits paid for clergy and dependents	$ 5,308,320,934

Clergy Pension Plan Participant Statistics

	2015	2012	2009
Active Participants†			
Number			
Male	4,104	4,423	4,957
Female	2,460	2,482	2,517
Total	6,564	6,905	7,474
Participants' Average Age	54.1	53.7	53.5
Average Compensation	**$69,334**	**$66,261**	**$64,900**
Those Receiving Benefits			
Retirees			
Normal Retirement	3,803	3,531	3,292
Early Retirement	3,604	3,497	3,120
Disability Retirement	452	462	443
Total	**7,859**	**7,490**	**6,855**
Average Annual Pension Benefit	$30,589	$29,609	$29,232
Average Age	74.9	74.3	74.0
Surviving Spouses			
Number	2,650	2,577	2,583
Average Annual Pension Benefit	$20,761	$19,873	$19,224
Average Age	79.2	78.7	78.3

†Those for whom assessments are paid into the plan. Participant statistics as of December 31, 2014
Source: Buck Consultants, LLC Actuarial Reports

Ordinations by Calendar Year

	2014	2011	2008
Number of Individuals Ordained*	325**	369	419
Average Age at Ordination	48.7	48.2	48.3

*Includes both U.S. and non-U.S. ordinations under all canons
**This figure may increase when additional information is received from dioceses.

Combined Statements of Net Assets Available for Benefits

March 31	2015	2014
Assets		
Investments, at fair value:		
Equity securities, other than affiliated companies	$ 2,364,532,286	$ 2,360,323,095
Fixed income securities	3,133,680,422	2,913,135,499
Real estate and private equity	3,232,928,702	3,227,466,640
Alternative investments	2,381,416,919	2,212,841,511
Mortgage loans	60,247,771	56,505,062
Affiliated companies, equity interest	213,992,471	214,490,519
Short-term securities	–	8,104,659
Total Investments, at fair value	11,386,798,571	10,992,866,985
Receivables and Other Assets:		
Receivable from brokers	42,928,656	55,987,719
Assessments receivable, less allowance for doubtful accounts (2015 - $1,154,000; 2014 - $2,783,060)	4,084,269	3,260,548
Accrued investment income and other assets	78,015,333	76,152,349
Cash and cash equivalents	626,958,000	451,682,988
Total Assets	12,138,784,829	11,579,950,589
Liabilities		
International Clergy Pension Plan	157,622,084	138,347,072
Payable to brokers	79,708,164	110,272,926
Accrued expenses and other liabilities	216,045,520	141,223,311
Total Liabilities	453,375,768	389,843,309
Total Net Assets	$ 11,685,409,061	$11,190,107,280
Components of Net Assets		
Restricted Net Assets:		
Permanently Restricted Legacy and Gift Fund	$ $25,867,214	$ 23,861,280
Temporarily Restricted Legacy and Gift Fund	17,763,558	16,329,235
Total Restricted Net Assets	43,630,772	40,190,515
Unrestricted Net Assets:		
Designated for Medicare Supplement Subsidy Fund	1,159,273,078	943,950,299
Designated for Clergy Life Insurance Benefit Fund	231,447,865	215,529,889
Designated for Benefit Equalization Plan Fund	33,518,556	21,838,341
Designated for investment in affiliated companies	109,382,645	111,784,669
Available for benefits:		
Designated for assessment deficiency	1,453,570,905	930,464,236
Net assets available for benefits:		
The Clergy Plan	8,358,801,111	8,643,158,993
The Episcopal Church Lay Employees' Retirement Plan	145,468,194	146,399,162
Staff Retirement Plan of The Church Pension Fund and Affiliates	150,315,935	136,791,176
Total net assets available for benefits	8,654,585,240	8,926,349,331
Total Unrestricted Net Assets	11,641,778,289	11,149,916,765
Total Net Assets	$ 11,685,409,061	$11,190,107,280

See accompanying notes to financial statements.

Combined Statements of Changes in Net Assets Available for Benefits

Years Ended March 31	2015	2014
Additions to Net Assets		
Assessments	$ 102,021,790	$ 98,910,073
Interest	98,688,172	103,132,328
Dividends and other income	42,491,240	41,553,168
Net gain on real estate and private equity investments	420,447,427	466,054,230
Net gain on alternative investments	180,189,953	276,429,596
Net realized and unrealized investment gains on equity and fixed income securities	221,464,607	326,530,669
Total Additions to Net Assets	1,065,303,189	1,312,610,064
Deductions from Net Assets		
Benefits and Expenses:		
Pensions and other benefits	313,954,151	306,065,242
Medical supplement	31,304,951	29,498,713
Life insurance	15,056,166	14,747,779
Total benefits	360,315,268	350,311,734
Investment management and custodial fees	41,468,096	38,097,938
General and administrative	72,737,673	75,228,375
Total Benefits and Expenses	474,521,037	463,638,047
Other Deductions (Additions):		
International Clergy Pension Plan	17,714,028	(10,447,151)
Other Liabilities	77,766,343	(27,858,157)
Increase in Total Net Assets	495,301,781	887,277,325
(Increase) Decrease in Restricted and Unrestricted Net Assets		
(Increase) in Restricted Net Assets	(3,440,257)	(4,417,438)
(Increase) decrease in Medicare Supplement Subsidy Fund	(215,322,779)	31,088,750
(Increase) decrease in Clergy Life Insurance Benefit Fund	(15,917,976)	8,702,526
(Increase) decrease in Benefit Equalization Plan Fund	(11,680,215)	1,619,616
Decrease in investment in affiliated companies	2,402,024	4,795,220
(Increase) decrease in assessment deficiency	(523,106,669)	174,220,201
(Decrease) Increase in Net Assets Available for Benefits	(271,764,091)	1,103,286,200
Net Assets Available for Benefits at Beginning of Year	8,926,349,331	7,823,063,131
Net Assets Available for Benefits at End of Year	$ 8,654,585,240	$ 8,926,349,331

See accompanying notes to financial statements.

Notes to Financial Statements

1. Organization

The Church Pension Fund (the "CPF") is a not-for-profit corporation chartered in 1914 by the Legislature of the State of New York. CPF is authorized by the Canons of The Episcopal Church to establish and administer the clergy pension system of The Episcopal Church, including pension, life and health benefits, as well as the lay employee pension system and the denominational health plan of The Episcopal Church. Since its founding, CPF has elected to be examined by the New York State Department of Financial Services.

CPF began its operations on March 1, 1917. Subsequently, affiliates of CPF were formed as its activities expanded. Major affiliates and their years of formation include: Church Publishing Incorporated, 1918; Church Life Insurance Corporation, 1922; The Church Insurance Company, 1929; The Church Insurance Agency Corporation, 1930; The Episcopal Church Clergy and Employees' Benefit Trust, 1978; The Church Insurance Company of Vermont, 1999; CREDO Institute, Inc., 2001; Church Pension Group Services Corporation, 2002; and The Church Insurance Company of New York, 2007. On February 5, 2015, Credo Institute, Inc. was merged into Church Pension Group Services Corporation.

All operations of CPF and its affiliates, informally known as the Church Pension Group, are governed by CPF's Board of Trustees. Except for the Chief Executive Officer ("CEO"), all CPF Trustees serve without compensation and are elected by the General Convention from a slate of nominees submitted by the Joint Standing Committee on Nominations of The Episcopal Church.

2. Description of the Plans

CPF's assets are used to fund a defined benefit plan and related benefits for eligible clergy of The Episcopal Church (the "Clergy Plan") and their beneficiaries. A portion of these assets are held in The Church Pension Fund Clergy Pension Plan, which is sponsored and administered by CPF. CPF is also the plan sponsor and administrator of The Episcopal Church Lay Employees' Retirement Plan (the "Lay Plan") and The Staff Retirement Plan of The Church Pension Fund and Affiliates (the "Staff Plan"). The Church Pension Fund Clergy Pension Plan, the Lay Plan and the Staff Plan are collectively referred to as the "Qualified Plans." The following is a brief description of the Clergy Plan, the Lay Plan and the Staff Plan for general information purposes only. Participants in these plans should refer to the plan documents of their respective plan for more complete information. In the event of a conflict between this brief description and the terms of the plan documents, the terms of the plan documents shall govern.

The Clergy Plan is a defined benefit plan providing retirement, death and disability benefits to eligible clergy of The Episcopal Church. The Lay Plan is a defined benefit plan providing retirement, death and disability benefits to eligible lay employees of participating employers of The Episcopal Church. The Staff Plan is a defined benefit plan providing retirement and death benefits to eligible employees of CPF and certain affiliates. The respective assets of these defined benefit plans are pooled, solely for investment purposes, for the benefit of all participants. As church plans, the Qualified Plans are exempt from Titles I and IV of the Employee Retirement Income Security Act of 1974 and, therefore, are not subject to Pension Benefit Guaranty Corporation requirements or guarantees. These plans have long been recognized as exempt from federal income taxes. CPF and certain of its affiliates are also exempt from certain federal, state and local income taxes. The Qualified Plans may be terminated by CPF at any time. Upon termination of any of these plans, CPF has the obligation to distribute the plan assets in accordance with the terms of the applicable plan documents.

The Qualified Plans qualify as church plans under Section 414(e) of the Internal Revenue Code (the "Code"). The Lay Plan and the Staff Plan have received determination letters from the Internal Revenue Service, most recently in 2014, stating that the plans are qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation under Section 501(a) of the Code. The Qualified Plans are required to operate in conformity with the Code to maintain their qualification. CPF believes the Qualified Plans are being operated in compliance with their applicable requirements of the Code and, therefore, believes that the Qualified Plans, as amended, are qualified and the related trust is tax exempt.

Accounting principles generally accepted in the United States require CPF and the Qualified Plans to evaluate uncertain tax positions taken by CPF and the Qualified Plans. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. There were no uncertain tax positions taken by CPF and the Qualified Plans as of March 31, 2015 and 2014.

CPF maintains a master trust with an undivided ownership interest in the portion of CPF's assets allocable to (1) the Clergy Plan benefits for retired participants and their dependents, (2) the Lay Plan benefits for participants and their dependents, and (3) the Staff Plan benefits for participants and their dependents. The master trust agreement names CPF as trustee and the Northern Trust Company as custodian.

The portion of the master trust (1) attributable to The Church Pension Fund Clergy Pension Plan is funded, as necessary, to be at least equal to the actuarial liability of the Clergy Plan benefits for retired participants and their dependents on an annual basis, (2) attributable to the Lay Plan is funded by assessments paid by participating employers, and (3) attributable to the Staff Plan is funded at the discretion of CPF. As of March 31, 2015 and 2014, the master trust assets, included in the combined statements of net assets available for benefits, relating to the plan benefits described above, amounted to $3.4 billion and $3.3 billion, respectively.

3. Basis of Presentation and Summary of Significant Accounting Principles

Basis of Presentation

The accompanying financial statements have been prepared on a combined basis for CPF and the Qualified Plans in accordance with accounting principles generally accepted in the United States ("GAAP"). All inter-plan balances have been eliminated in these combined financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the financial statements and accompanying notes. The fair value of investments and accumulated plan benefit obligations represent the most significant estimates and assumptions. Actual results could differ significantly from these estimates and assumptions.

Summary of Significant Accounting Principles

The following are the significant accounting policies followed by CPF and the Qualified Plans:

i) Investments – Investments are stated at fair value. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Fair values of financial instruments are determined using valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Fair values are generally measured using quoted prices in active markets for identical assets or other inputs, such as quoted prices for similar assets that are observable, either directly or indirectly. In those instances where observable inputs are not available, fair values are measured using unobservable inputs for the asset. Unobservable inputs reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. Fair value estimates derived from unobservable inputs are significantly affected by the assumptions used, including the discount rates and the estimated amounts and timing of future cash flows. The derived fair value estimates cannot be substantiated by comparison to independent markets and are not necessarily indicative of the amounts that would be realized in a current market exchange.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets.

Level 2 — Other inputs that are observable for the asset, either directly or indirectly, including investments measured at net asset values ("NAV") which can be withdrawn within 90 days from the balance sheet date.

Level 3 — Inputs that are unobservable, including investments measured at NAV which cannot be withdrawn within 90 days from the balance sheet date.

Investments in real estate and private equity limited partnerships are carried at fair value. The fair value of these investments is based upon CPF's share of the fair value of the partnership while giving consideration, from a market participant's perspective, to the features that are unique to CPF's partnership agreements. Because of the inherent uncertainty of the valuations of these investments, the estimated fair values may differ, perhaps materially, from the values that would have been used had a ready market for the investments existed.

The fair value of mortgage loans is determined by the discounted cash flow method, taking into account prepayment risk.

The carrying value of affiliated companies is determined using the equity method of accounting, which approximates fair value.

Investments with original maturities of one year or less are classified as short-term securities and are carried at cost, which approximates fair value.

All investment transactions are recorded on a trade date basis. Realized capital gains and losses on the sales of investments are computed on the first-in, first-out basis. Unrealized capital gains and losses are recorded in the period in which they occurred. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

ii) Cash and Cash Equivalents – Cash and cash equivalents represent short-term highly liquid investments with original maturities of three months or less and are carried at cost which approximates fair value.

iii) Basis of Accounting – These financial statements are prepared based on the accrual basis of accounting.

iv) Net Assets – Net assets are classified as unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets are net assets that are not subject to donor-imposed restrictions. All gifts, grants and bequests are considered unrestricted unless specifically restricted by the donor. Temporarily restricted net assets are net assets that are subject to donor-imposed restrictions either for use during a specified time period or for a particular purpose. When a donor-imposed restriction is fulfilled or when a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets. Permanently restricted net assets are net assets that are subject to permanent donor-imposed restrictions.

v) Adoption of New Accounting Pronouncements – In December 2011, the Financial Accounting Standards Board issued guidance on disclosure requirements related to offsetting arrangements. The guidance provides for additional financial statement disclosure regarding offsetting and related arrangements to enable financial statement users to understand the effect of those arrangements on an entity's financial position. This guidance was effective for CPF and the Qualified Plans for the year ended March 31, 2014. CPF and the Qualified Plans adopted this guidance and it did not result in additional financial statement disclosures and it did not have a material impact on the financial condition of CPF and the Qualified Plans.

vi) Reclassifications – Certain 2014 amounts in CPF's combined financial statements have been reclassified to conform to the 2015 financial statement presentation.

4. Investments

Equity Securities

Equity securities include direct investments in the common and preferred stocks of a wide range of unaffiliated companies which include domestic and foreign corporations and holdings in large as well as midsize and small companies.

The net appreciation (depreciation) in fair value for the years ended March 31, 2015 and 2014 and the fair value of investments in equity securities by asset class as of March 31, 2015 and 2014 are summarized as follows:

March 31, 2015 (in thousands)	Net Appreciation (Depreciation) in Fair Value During Year	Fair Value End of Year
U.S. large capitalization/ broadly diversified	$ 116,339	$1,063,169
U.S. small capitalization	21,843	297,200
Total U.S. equities	138,182	1,360,369
Emerging markets	24,797	163,729
Other international	6,573	840,434
Totals	$ 169,552	$2,364,532

March 31, 2014 (in thousands)		
U.S. large capitalization/ broadly diversified	$ 231,238	$1,082,624
U.S. small capitalization	59,766	348,636
Total U.S. equities	291,004	1,431,260
Emerging markets	(8,307)	136,941
Other international	115,307	792,122
Totals	$ 398,004	$2,360,323

Fixed Income Securities

The net appreciation (depreciation) in fair value for the years ended March 31, 2015 and 2014 and the fair value of investments in fixed income securities by asset class as of March 31, 2015 and 2014 are summarized as follows:

March 31, 2015 (in thousands)	Net Appreciation (Depreciation) in Fair Value During Year	Fair Value End of Year
U.S. Treasury and obligations of U.S. government corporations and agencies	$ 47,738	$1,144,311
Corporate	12,204	1,634,533
Loan-backed	790	74,960
Foreign governments	(9,948)	165,535
Asset-backed	1,129	114,341
Totals	$ 51,913	$3,133,680

March 31, 2014 (in thousands)		
U.S. Treasury and obligations of U.S. government corporations and agencies	$ (51,698)	$1,109,676
Corporate	(17,070)	1,450,967
Loan-backed	(1,513)	81,257
Foreign governments	347	201,901
Asset-backed	(1,539)	69,334
Totals	$ (71,473)	$2,913,135

Derivative Financial Investments

Futures contracts are used primarily to maintain CPF's asset allocation within ranges determined by the Investment Committee of CPF's Board of Trustees. Such futures contracts trade on recognized exchanges and margin requirements are met by pledging cash and cash equivalents. The contractual amount of the open futures contracts aggregated approximately $477 million long and $29 million short at March 31, 2015 and 2014, respectively.

The contractual amounts of these instruments are indications of the open transactions and do not represent the level of market or credit risk to the portfolio. Since some of the futures held are adjusting market risk elsewhere in the portfolio, the measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. Market risks to the portfolio are caused by changes in interest rates or in the value of equity markets.

With respect to credit risk, futures contracts require daily cash settlement, thus limiting the cash receipt or payment to the change in fair value of the underlying instrument. Accordingly, the amount of credit risk represents a one-day receivable. Settlements, which resulted in gains of $6 million and $27 million for the years ended March 31, 2015 and 2014, respectively, are recorded in the accompanying financial statements as a component of net realized and unrealized investment gains on equity and fixed income securities.

Real Estate and Private Equity Investments

Certain financial information for the years ended March 31, 2015 and 2014 and the fair values of investments in real estate and private equity limited partnerships by asset class as of March 31, 2015 and 2014 are summarized as follows:

March 31, 2015 (in thousands)	Fair Value Beginning of Year	Contributions	Operating Results & Net Capital Gains (Losses)	Distributions	Fair Value End of Year
Real estate:					
North America	$ 876,785	$ 51,223	$ 60,741	$ (225,066)	$ 763,683
Europe	208,066	49,458	(21,489)	(27,912)	208,123
Asia	256,279	50,476	(5,879)	(34,694)	266,182
Other	106,036	54,940	(15,160)	(55,246)	90,570
Total real estate	1,447,166	206,097	18,213	(342,918)	1,328,558
Private equity:					
North America	965,363	53,824	254,168	(247,882)	1,025,473
Europe	388,091	29,082	(8,639)	(97,681)	310,853
Asia	279,085	54,266	146,493	(44,266)	435,578
Other	147,762	74,695	10,710	(100,700)	132,467
Total private equity	1,780,301	211,867	402,732	(490,529)	1,904,371
Totals	$3,227,467	$ 417,964	$ 420,945	$ (833,447)	$3,232,929

March 31, 2014 (in thousands)					
Real estate:					
North America	$ 881,601	$ 75,261	$ 82,626	$ (162,703)	$ 876,785
Europe	209,776	36,860	10,041	(48,611)	208,066
Asia	243,109	41,711	4,419	(32,960)	256,279
Other	66,555	69,695	(9,096)	(21,118)	106,036
Total real estate	1,401,041	223,527	87,990	(265,392)	1,447,166
Private equity:					
North America	857,875	62,913	231,648	(187,073)	965,363
Europe	350,559	40,614	54,991	(58,073)	388,091
Asia	199,785	29,250	73,753	(23,703)	279,085
Other	144,694	32,341	16,213	(45,486)	147,762
Total private equity	1,552,913	165,118	376,605	(314,335)	1,780,301
Totals	$2,953,954	$ 388,645	$ 464,595	$ (579,727)	$3,227,467

Real estate limited partnerships include investments across all major property types including commercial properties, such as office, retail, multi-family, hotel and land, residential properties and real and other assets such as energy, materials and timber. As of March 31, 2015 and 2014, investments in commercial properties, residential properties and real and other assets were 50%, 26% and 24%, respectively and 48%, 26% and 26%, respectively, of the portfolio.

Private equity limited partnerships include strategies focused on venture capital and growth equity/buyout transactions across many industry sectors. As of March 31, 2015 and 2014, investments in venture capital and growth equity/buyout transactions were 63% and 37%, respectively, and 50% and 50%, respectively, of the portfolio.

The net gain on investments in real estate and private equity limited partnerships for the years ended March 31, 2015 and 2014 includes realized and unrealized gains, operating results, other income and direct fees and are summarized in the following table:

March 31 (in thousands)	2015	2014
Net realized capital gains	$ 377,527	$ 269,783
Net unrealized capital gains	44,462	195,055
Operating results	(1,044)	(243)
Operating results and net capital gains	420,945	464,595
Other income and direct fees	(498)	1,459
Net gains on real estate and private equity investments	$ 420,447	$ 466,054

These partnerships generally span a minimum of 10 years during which committed capital is contributed, invested and distributions are made when income is earned or investments are liquidated.

At March 31, 2015, CPF had open investment commitments to limited partnerships of $1.0 billion which are expected to be funded during future years. In this regard, from April 1, 2015 through April 30, 2015, CPF invested an additional $22 million and made $40 million in new commitments in limited partnerships. Most limited partnership investments are illiquid; however, there is a secondary market in limited partnership interests. There may be penalties should CPF not fulfill its funding commitments; however, CPF maintains adequate liquidity to ensure that all unfunded commitments are met.

Alternative Investments

Alternative investments include marketable alternatives such as investments in hedge funds and absolute return strategies. Alternative investments primarily include investments in (1) long/short equity hedge funds which invest primarily in long and short equity securities, (2) credit/distressed debt securities that are generally rated below investment grade with managers that invest in debt or debt related securities or claims associated with companies, assets or sellers whose financial conditions are stressed, distressed or in default, and (3) multi-strategy hedge funds that pursue multiple strategies and capture market opportunities. The net appreciation in fair value for the year, the fair value, unfunded commitments, redemption frequency (if currently eligible) and redemption notice period of these alternative investments by asset class at year-end are summarized as follows:

March 31, 2015 (in thousands)	Net Appreciation in Fair Value During Year	Fair Value End of Year	Unfunded Commitments End of Year	Redemption Frequency*	Redemption Notice Period
Long/short equity	$ 109,311	$ 980,397	$ 25,000	Q/SA/A	30-90 days
Credit/distressed debt	8,862	355,264	145,726	SA	90 days
Multi-strategy	33,504	577,964	–	Q/A	60-180 days
Other	28,513	467,792	22,333	BM/Q/A	30-90 days
Totals	$ 180,190	$2,381,417	$ 193,059		

March 31, 2014 (in thousands)	Net Appreciation in Fair Value During Year	Fair Value End of Year	Unfunded Commitments End of Year	Redemption Frequency*	Redemption Notice Period
Long/short equity	$ 103,716	$ 818,586	$ 40,000	Q/SA/A	30-90 days
Credit/distressed debt	55,231	409,850	44,554	A	90 days
Multi-strategy	65,230	544,460	–	Q/A	60-180 days
Other	52,253	439,946	22,333	BM/Q/A	30-90 days
Totals	$ 276,430	$2,212,842	$ 106,887		

* Bi-Monthly ("BM"), Quarterly ("Q"), Semi-Annually ("SA"), Annually ("A")

Certain of the alternative investments in limited partnerships are subject to withdrawal "gate" or suspension provisions as defined in the limited partnerships' agreement. The general partners and/or investment managers of the limited partnerships may restrict or suspend withdrawal requests for various reasons, including, but not limited to, insufficient liquidity at the limited partnerships to satisfy withdrawal requests or to preserve the capital interests of the limited partners not withdrawing from the limited partnerships. As of March 31, 2015, none of the limited partnerships had any restrictions on withdrawals.

Affiliated Companies

All of the affiliated companies other than The Episcopal Church Clergy and Employees' Benefit Trust are wholly-owned by CPF and all carry out significant activities that the Board of Trustees, upon the advice and request of The Episcopal Church, has concluded further CPF's mission.

The financial results of The Church Insurance Company and Church Life Insurance Corporation are prepared on a statutory basis of accounting prescribed by the New York State Department of Financial Services. This statutory basis of accounting results in a value of these companies that is not materially different from the fair value that would be required under GAAP. The other affiliates are reported on a GAAP basis of accounting. The primary activities and financial status of each of the major affiliates are described in the sections below for the years ended December 31, 2014 and 2013, except for Church Publishing Incorporated which is described for the years ended March 31, 2015 and 2014.

Church Pension Group Services Corporation

Church Pension Group Services Corporation ("CPGSC") provides certain services, primarily personnel and facilities related, to CPF and its affiliated companies on a cost-reimbursement basis. Church Pension Group 34th Street, LLC is a wholly-owned subsidiary of CPGSC that owns the condominium office space that, effective July 1, 2013, is the headquarters of the Church Pension Group. As of March 31, 2015 and 2014, the fair value of the condominium office space was $105 million and $103 million, respectively. CPGSC also does business as The Episcopal Church Medical Trust and is the sponsor of the health plan options funded by The Episcopal Church Clergy and Employees' Benefit Trust. Mary Katherine Wold is the President and Jimmy W. Morrison is Executive Vice President and Chief Operating Officer of CPGSC.

The Church Insurance Companies[1]

The Church Insurance Companies have provided property and liability coverage for Episcopal Church institutions since 1929. Today, more than 90% of Episcopal Church dioceses and churches rely on the Church Insurance Companies for their commercial package insurance coverage. The Church Insurance Agency Corporation (the "Agency") provides insurance agency and risk-management services to Episcopal Church institutions. The Agency accesses a broad range of property, casualty and other insurance products tailored for the special needs of Episcopal Church institutions through its sister companies, The Church Insurance Company of Vermont ("CICVT") and The Church Insurance Company of New York ("CICNY"), or through its product partners. CICVT and CICNY are single-parent captive insurance companies incorporated in 1999 and 2007, respectively, to allow Episcopal Church institutions to benefit from the coverage flexibility and potential cost advantages of this shared risk-financing approach. On August 23, 2012, Church Insurance Services LLC ("CIS"), a Delaware limited liability company and wholly-owned subsidiary of CICVT, was formed to further the covenant relationship between The Episcopal Church and The United Methodist Church and the charitable and religious purposes of CICVT by providing certain insurance-related services to United Methodist Insurance Corporation, a Vermont captive insurance company affiliated with The United Methodist Church. On October 1, 2012, Agency and CIS entered into services agreements with United Methodist Insurance Corporation to provide insurance agency and other insurance-related services to United Methodist Insurance Corporation. Mary Katherine Wold is the President and D. Roderick Webster is Senior Vice President and General Manager of each of the Church Insurance Companies.

Financial Summary

December 31 (in thousands)	2014	2013
Assets	$ 206,886	$ 227,769
Liabilities	146,116	162,317
Capital and surplus	60,770	65,452
Earned premiums	46,865	41,663
Net loss	(4,812)	(672)

[1] "The Church Insurance Companies" means, collectively, The Church Insurance Agency Corporation, The Church Insurance Company, The Church Insurance Company of New York and The Church Insurance Company of Vermont.

Church Life Insurance Corporation

Since 1922, Church Life Insurance Corporation ("Church Life") has provided life insurance protection and retirement savings products to clergy and lay workers who serve The Episcopal Church and to their families. The products Church Life offers include individual and group annuities, IRAs and life insurance coverage. Mary Katherine Wold is the President and James E. Thomas is Senior Vice President and General Manager of Church Life.

Financial Summary

December 31 (in thousands)	2014	2013
Assets	$ 287,479	$ 285,274
Liabilities	235,781	235,008
Capital and surplus	51,698	50,266
Insurance in force	1,537,900	1,534,500
Earned premiums	33,691	37,889
Net income	1,464	5,514

Church Publishing Incorporated

Since 1918, Church Publishing Incorporated ("Church Publishing") has produced the official worship materials of The Episcopal Church. In addition to basic, gift and online editions of prayer books and hymnals, Church Publishing now has a backlist of some 800 books in the fields of liturgy, theology, church leadership, homiletics and Anglican spirituality. Church Publishing also offers a growing list of Episcopal-related church resources, liturgical and musical software, online services and apps. Church Publishing publishes resources on behalf of the Standing Commission on Liturgy and Music, (such as *Daily Prayer for All Seasons*) and makes those resources available as free PDFs. Church Publishing also publishes the venerable *Church Annual* and the *Episcopal Clerical Directory*. Church Publishing offers an array of faith formation materials, such as *Living the Good News* via digital download, *Weaving God's Promises*, *Godly Play*, the "*Embracing*" series of videos intended for group study, and the forthcoming "*Pilgrim*" series. Mary Katherine Wold is the President and Davis Perkins is Senior Vice President and Publisher of Church Publishing.

Financial Summary

March 31 (in thousands)	2015	2014
Assets	$ 10,357	$ 11,103
Liabilities	12,727	11,256
Capital	(2,370)	(153)
Revenue	4,257	4,356
Net loss	(2,816)	(3,034)
Capital contribution received from CPF	600	1,400

The Episcopal Church Clergy and Employees' Benefit Trust ("The Benefit Trust")

Since 1978, The Benefit Trust has funded the health plan options that are offered by The Episcopal Church Medical Trust. The Episcopal Church Medical Trust provides eligible active and retired clergy and employees of The Episcopal Church and their dependents with a broad array of health plan options and serves as the plan sponsor and administrator of such plans. The Episcopal Church Medical Trust offers a variety of self-funded plan offerings, providing comprehensive medical, behavioral health, prescription drug, vision and dental benefits. The Episcopal Church Medical Trust also offers certain insured managed care plans in selected regions of the country. For retired participants, The Episcopal Church Medical Trust offers Medicare supplement plans, as well as Medicare HMOs in selected regions of the country.

The Benefit Trust is not a subsidiary of CPF. Accordingly, its assets, liabilities and financial results are not included in the Statement of Net Assets Available for Benefits. Mary Katherine Wold is the President and Frank P. Armstrong is Senior Vice President and General Manager of The Episcopal Church Medical Trust.

Financial Summary

December 31 (in thousands)	2014	2013
Assets	$ 53,720	$ 52,987
Liabilities	32,106	27,328
Accumulated surplus	21,614	25,659
Revenues	225,068	212,004
Net loss	(4,480)	(49)

5. Fair Value Measurements

The following tables provide information about the financial assets measured at fair value by asset class as of March 31, 2015 and 2014.

March 31, 2015 (in thousands)	Level 1	Level 2	Level 3	Total
Equity securities:				
U.S. large capitalization/ broadly diversified	$ 820,293	$ 242,876	$ –	$ 1,063,169
U.S. small capitalization	297,200	–	–	297,200
Total U.S. equities	1,117,493	242,876	–	1,360,369
Emerging markets	80,280	83,449	–	163,729
Other international	–	840,434	–	840,434
Totals	1,197,773	1,166,759	–	2,364,532
Fixed income securities:				
U.S. Treasury and obligations of U.S. government corporations and agencies	–	1,144,311	–	1,144,311
Corporate	–	1,634,533	–	1,634,533
Loan-backed	–	74,960	–	74,960
Foreign governments	–	165,535	–	165,535
Asset-backed	–	114,341	–	114,341
Totals	–	3,133,680	–	3,133,680
Real estate and private equity	–	–	3,232,929	3,232,929
Alternative investments:				
Long/short equity	–	533,917	446,480	980,397
Credit/distressed debt	–	–	355,264	355,264
Multi-strategy	–	186,098	391,866	577,964
Other	–	278,265	189,527	467,792
Totals	–	998,280	1,383,137	2,381,417
Mortgage loans	–	58,789	1,459	60,248
Affiliated companies	–	–	213,993	213,993
Short-term securities	–	–	–	–
Total assets at fair value	$1,197,773	$5,357,508	$4,831,518	$11,386,799

March 31, 2014 (in thousands)	Level 1	Level 2	Level 3	Total
Equity securities:				
U.S. large capitalization/ broadly diversified	$ 892,839	$ 189,785	$ –	$ 1,082,624
U.S. small capitalization	348,636	–	–	348,636
Total U.S. equities	1,241,475	189,785	–	1,431,260
Emerging markets	51,641	85,300	–	136,941
Other international	2	792,120	–	792,122
Totals	1,293,118	1,067,205	–	2,360,323
Fixed income securities:				
U.S. Treasury and obligations of U.S. government corporations and agencies	–	1,109,676	–	1,109,676
Corporate	–	1,450,967	–	1,450,967
Loan-backed	–	81,257	–	81,257
Foreign governments	–	201,901	–	201,901
Asset-backed	–	69,334	–	69,334
Totals	–	2,913,135	–	2,913,135
Real estate and private equity	–	–	3,227,467	3,227,467
Alternative investments:				
Long/short equity	–	473,178	345,408	818,586
Credit/distressed debt	–	–	409,850	409,850
Multi-strategy	–	178,917	365,543	544,460
Other	–	265,158	174,788	439,946
Totals	–	917,253	1,295,589	2,212,842
Mortgage loans	–	54,831	1,674	56,505
Affiliated companies	–	–	214,490	214,490
Short-term securities	–	8,105	–	8,105
Total assets at fair value	$1,293,118	$ 4,960,529	$4,739,220	$10,992,867

The following tables summarize the changes in financial assets classified in Level 3 by asset class for the years ended March 31, 2015 and 2014. Gains and losses reported in this table may include changes in fair value that are attributable to both observable and unobservable inputs.

	Alternative Investments				
March 31, 2015 (in thousands)	Long/ Short Equity	Credit/ Distressed	Multi-strategy	Other	Total
Balance at April 1, 2014	$ 345,408	$ 409,850	$ 365,543	$ 174,788	$1,295,589
Transfers into Level 3	–	–	–	–	–
Transfers out of Level 3	–	–	–	–	–
Total gains/(losses) included in Statement of Changes in Net Assets Available for Benefits, net	48,637	(5,823)	26,323	15,433	84,570
Purchases	52,780	39,892	–	–	92,672
Sales	(65)	(9,638)	–	(98)	(9,801)
Settlements	(280)	(79,017)	–	(596)	(79,893)
Balance at March 31, 2015	$ 446,480	$ 355,264	$ 391,866	$ 189,527	$1,383,137

March 31, 2014 (in thousands)					
Balance at April 1, 2013	$ 225,280	$ 441,811	$ 376,345	$ 149,476	$1,192,912
Transfers into Level 3	–	–	–	–	–
Transfers out of Level 3	–	–	–	–	–
Total gains included in Statement of Changes in Net Assets Available for Benefits, net	22,428	7,907	47,849	25,312	103,496
Purchases	97,700	58,425	–	–	156,125
Sales	–	(6,667)	–	–	(6,667)
Settlements	–	(91,626)	(58,651)	–	(150,277)
Balance at March 31, 2014	$ 345,408	$ 409,850	$ 365,543	$ 174,788	$1,295,589

March 31, 2015 (in thousands)	Real Estate and Private Equity	Mortgage Loans	Affiliated Companies
Balance at April 1, 2014	$3,227,467	$ 1,674	$ 214,490
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
Total gains/(losses) included in Statement of Changes in Net Assets Available for Benefits, net	420,945	(20)	(4,883)
Purchases	417,964	–	5,886
Sales	(833,447)	–	(1,500)
Settlements	–	(195)	–
Balance at March 31, 2015	$3,232,929	$ 1,459	$ 213,993

March 31, 2014 (in thousands)			
Balance at April 1, 2013	$2,953,954	$ 5,729	$ 208,187
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
Total gains/(losses) included in Statement of Changes in Net Assets Available for Benefits, net	464,595	(238)	(8,407)
Purchases	388,645	–	17,710
Sales	(579,727)	–	(3,000)
Settlements	–	(3,817)	–
Balance at March 31, 2014	$3,227,467	$ 1,674	$ 214,490

Real estate and private equity limited partnerships with a fair value of $3.2 billion are valued by using CPF's proportionate share of the investment's equity as derived from the investment manager's financial statements. This requires a significant amount of judgment by management due to the absence of readily available quoted market prices and the long-term nature of the investments. There are no related unobservable inputs.

Alternative investments with a fair value of $2.4 billion are valued using the NAV per unit as a practical expedient to measure fair value at year-end. NAV per unit is a quoted transactional price for participants in the fund which does not represent an active market. There are no related unobservable inputs.

Affiliated companies with a fair value of $214 million are valued by using the underlying financial statements of the Affiliates. There are no related unobservable inputs.

6. International Clergy Pension Plan

The International Clergy Pension Plan ("ICPP") represents the liabilities associated with a group of non-qualified, multiple-employer retirement plans that are administered by CPF on behalf of dioceses of The Episcopal Church that are located outside the fifty United States and certain Anglican churches located outside the fifty United States that were previously part of The Episcopal Church. Non-qualified plans are not subject to Section 401(a) of the Internal Revenue Code which, among other things, requires that the assets be held in a trust. Accordingly, the assets of these plans are held by CPF outside the master trust (see page 13).

CPF has administrative and investment agreements with The Episcopal Church of Liberia, Iglesia Anglicana de México and each of the five dioceses of the Iglesia Anglicana de la Region Central de America ("IARCA"), each of which sponsors its plan. The actuarial liabilities of all plans included in the ICPP are determined annually by an actuarial consulting firm, Buck Consultants, a Xerox Company, and totaled $154.1 million and $132.5 million at March 31, 2015 and March 31, 2014, respectively.

7. Restricted And Unrestricted Net Assets

The Permanently and Temporarily Restricted Legacy and Gift Funds stem from bequests and contributions received by CPF from individuals for the purpose of supporting the tax-exempt purposes of CPF. A portion of the principal balance of the temporarily restricted account must be maintained in accordance with the wishes of the beneficiaries, but the remainder is available for use at the discretion of CPF, in accordance with its tax-exempt purposes; the entire principal balance of the permanently restricted account is maintained in accordance with the wishes of the benefactors.

The Medicare Supplement Subsidy Fund represents the estimated amount of a discretionary benefit that CPF has provided to eligible participants in the Clergy Plan to subsidize some or all of the cost to purchase a Medicare Supplement plan offered by The Episcopal Church Medical Trust. CPF has reserved the right, in its discretion, to change or discontinue this discretionary benefit.

The amount of the Medicare Supplement Subsidy Fund is based upon an actuarial analysis performed by Hewitt Associates LLC, operating as Aon Hewitt, healthcare actuaries for CPF. Hewitt's calculation is based on the current dollar amount of this discretionary subsidy, the expected participation rate for eligible plan members and CPF's goal of increasing the dollar amount of this discretionary subsidy to contribute to increases in medical costs. The calculation uses an increased medical inflation rate assumption for future years. Additionally, it uses an interest rate which is the same as the interest rate used in calculating the accumulated plan benefit obligations for the Clergy Plan, the Lay Plan and the Staff Plan.

The Clergy Life Insurance Benefit Fund represents the estimated annual insurance premiums required to provide eligible participants in the Clergy Plan with life insurance during active service and when retired.

The Benefit Equalization Plan Fund represents the estimated liability for the benefit provided to those participants in the Clergy Plan whose pension payments would be limited by certain sections of the Code to an amount below their entitlement under the present benefit formula. Subject to certain other provisions of the Code, the Benefit Equalization Plan provides for payment of the difference between the Code limitation and such participant's earned benefits.

No specific assets are designated to fund the Medicare Supplement Subsidy Fund, Clergy Life Insurance Benefit Fund, or the Benefit Equalization Plan Fund payments.

The following charts summarize the activities of the Restricted and Unrestricted Funds described above for the years ended March 31, 2015 and 2014.

		Increase/(Decrease) in Restricted and Unrestricted Funds			
March 31, 2015 (in thousands)	Beginning of Year	Contributions and Investment Gains	Benefits and Expenses Paid	Benefits Accumulated	End of Year
Permanently Restricted Legacy & Gift	$ 23,861	$ 2,106	$ (100)	$ –	$ 25,867
Temporarily Restricted Legacy & Gift	16,329	1,502	(68)	–	17,763
Medicare Supplement Subsidy	943,950	–	(31,305)	246,628	1,159,273
Clergy Life Insurance Benefit	215,530	–	(14,913)	30,831	231,448
Benefit Equalization Plan	21,839	–	(1,185)	12,865	33,519
Total Restricted and Unrestricted Funds	$1,221,509	$ 3,608	$ (47,571)	$ 290,324	$1,467,870

March 31, 2014 (in thousands)					
Permanently Restricted Legacy & Gift	$ 21,283	$ 2,706	$ (128)	$ –	$ 23,861
Temporarily Restricted Legacy & Gift	14,490	1,959	(120)	–	16,329
Medicare Supplement Subsidy	975,039	–	(29,499)	(1,590)	943,950
Clergy Life Insurance Benefit	224,232	–	(14,547)	5,845	215,530
Benefit Equalization Plan	23,458	–	(1,019)	(600)	21,839
Total Restricted and Unrestricted Funds	$1,258,502	$ 4,665	$ (45,313)	$ 3,655	$1,221,509

The amount designated for investment in affiliated companies represents the investment in affiliated companies, at fair value, excluding the condominium office space and its ongoing improvements that, effective July 1, 2013, is the headquarters of the Church Pension Group. This asset is not restricted from use by CPF and, as of March 2015 and 2014, had a fair value of $105 million and $103 million, respectively.

8. Accumulated Plan Benefit Obligations

Buck Consultants, a Xerox Company, is an actuarial consulting firm that estimates the actuarial present value of the accumulated plan benefits earned by the participants in the Clergy Plan, the Lay Plan and the Staff Plan to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefit obligations are the estimated future periodic payments, including lump-sum distributions that are attributable, under the plan provisions, to services rendered by the plan participants to the valuation date. Accumulated plan benefit obligations include benefits that are expected to be paid to: (a) retired or terminated participants or their beneficiaries and (b) present participants or their beneficiaries based on assumptions for future compensation levels, rates of mortality and disability, and other factors. The effect of plan amendments on the accumulated plan benefit obligations are recognized during the years in which such amendments become effective.

The significant assumptions underlying the actuarial estimates are as follows:

- Interest rate: 3.875% and 4.625% per annum for the years-ended March 31, 2015 and 2014, respectively, compounded annually and developed considering annualized yields for long-term government and long-term, high quality corporate bonds that reflect the duration of the pension obligations.
- Cost-of-living adjustment: 3% per annum for the Clergy Plan and the Staff Plan and 0% for the Lay Plan. Cost-of-living adjustments are not guaranteed. The CPF Board of Trustees grants cost-of-living adjustments at its discretion. The decision is made annually.
- Vesting (Clergy Plan): After five years of credited service.
- Retirement (Clergy Plan): Normal, at age 65 and after; early, with no reduction at age 55 and after 30 years of credited service; reduced benefits at age 60 with less than 30 years of credited service; compulsory, at age 72.

Mortality:

For the year ended March 31, 2015:

- Clergy Plan: The RP-2014 Employee White-Collar Mortality Table was used for participants and the RP-2014 Healthy Annuitant White-Collar Mortality Table was used for retirees, spouses and beneficiaries. Special mortality tables were used for disability retirements and pensioned children over age 25. No mortality is assumed for pensioned children under age 25.
- Lay: The RP-2014 Employee Total Mortality Table was used for participants and the RP-2014 Healthy Annuitant Total Mortality Table was used for retirees, spouses and beneficiaries.
- Staff: The RP-2014 Employee White-Collar Mortality Table was used for participants and the RP-2014 Healthy Annuitant White-Collar Mortality Table was used for retirees, spouses and beneficiaries.

For the year ended March 31, 2014:

- Clergy Plan: The RP - 2000 Mortality Table set back two years was used for participants and the RP – 2000 Healthy Annuitant Mortality Table set back three years was used for retirees, spouses and beneficiaries. Special mortality tables were used for disability retirements and pensioned children over age 25. No mortality is assumed for pensioned children under age 25.
- Lay: The RP – 2000 Employee Mortality Table was used for participants and the RP – 2000 Healthy Annuitant Mortality Table was used for retirees, spouses and beneficiaries.
- Staff: The RP – 2000 Employee Mortality Table was used for participants and the RP – 2000 Healthy Annuitant Mortality Table was used for retirees, spouses and beneficiaries.

Improvement in mortality was projected on a generational basis for the years ended March 31, 2015 and 2014, respectively, using Scale MP-2014 and Scale AA Improvement.

These actuarial assumptions are based on the presumption that the Clergy Plan, the Lay Plan and the Staff Plan will continue. If a plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefit obligations.

The actuarial present value of the accumulated plan benefit obligations of the Clergy Plan, the Lay Plan and the Staff Plan as of March 31, 2015 and 2014 are summarized as follows:

March 31, 2015 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Vested benefits:			
Actuarial present value of accumulated plan benefit obligations for retired participants and their dependents	$ 4,535,231	$ 88,710	$ 73,475
Actuarial present value of accumulated plan benefit obligations for participants not yet retired and their dependents	2,216,166	108,414	136,677
Nonvested benefits:	186,406	3,282	21,866
Total	$ 6,937,803	$ 200,406	$ 232,018

March 31, 2014 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Vested benefits:			
Actuarial present value of accumulated plan benefit obligations for retired participants and their dependents	$ 3,820,322	$ 72,815	$ 54,418
Actuarial present value of accumulated plan benefit obligations for participants not yet retired and their dependents	1,837,986	86,605	94,081
Nonvested benefits:	162,865	3,262	15,930
Total	$ 5,821,173	$ 162,682	$ 164,429

The amount designated for assessment deficiency represents an allocation of assets for the actuarial present value of the estimated amount to be paid out in benefits in excess of the estimated amount to be received in assessments in connection with the Clergy Plan, the Lay Plan and the Staff Plan. The estimated amount to be paid out in benefits can assume an annual cost-of-living adjustment and the estimated amount to be received in assessments can assume an annual age-related compensation increase; both are consistent with the assumptions used in the estimates of the actuarial present value of the accumulated plan benefits.

The net increase (decrease) in the actuarial present value of the accumulated plan benefit obligations of the Clergy Plan, the Lay Plan and the Staff Plan for the years ended March 31, 2015 and 2014 are summarized as follows:

March 31, 2015 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Actuarial present value of accumulated plan benefit obligations at beginning of year	$ 5,821,173	$ 162,682	$ 164,429
Increase (decrease) during the year attributable to:			
Change in actuarial assumptions	1,059,060	30,507	(1,658)
Plan amendments	(50,778)	–	53,012
Benefits accumulated	143,905	7,499	12,739
Increase for interest due to decrease in the discount period	262,416	7,350	7,513
Benefits paid	(297,973)	(7,632)	(4,017)
Net increase	1,116,630	37,724	67,589
Actuarial present value of accumulated plan benefit obligations at end of year	$ 6,937,803	$ 200,406	$ 232,018

March 31, 2014 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Actuarial present value of accumulated plan benefit obligations at beginning of year	$ 6,019,440	$ 160,257	$ 168,378
Increase (decrease) during the year attributable to:			
Change in actuarial assumptions	(275,774)	(3,433)	(18,619)
Plan amendments	(59,333)	–	(1,661)
Benefits accumulated	177,894	6,528	13,013
Increase for interest due to decrease in the discount period	249,712	6,657	7,077
Benefits paid	(290,766)	(7,327)	(3,759)
Net (decrease) increase	(198,267)	2,425	(3,949)
Actuarial present value of accumulated plan benefit obligations at end of year	$ 5,821,173	$ 162,682	$ 164,429

9. Funding

Participating employers pay assessments to CPF on behalf of the eligible participants in each respective plan. The assessments for the participants in the Clergy Plan are equal to 18% of the applicable participants' compensation, which includes salaries, other cash compensation and the value of housing. The assessments for the participants in the Lay Plan are equal to 9% of the participants' compensation. The assessments for the participants in the Staff Plan are curently, at minimum, equal to 10% of the participants' compensation.

Assessments paid to CPF on behalf of the participants in the Clergy Plan, the Lay Plan and the Staff Plan were $84 million, $5 million and $14 million, respectively, during the year ended March 31, 2015 and $82 million, $5 million and $11 million, respectively, during the year ended March 31, 2014.

The funding position of the Clergy Plan, the Lay Plan and the Staff Plan as of March 31, 2015 and 2014 are summarized as follows:

March 31, 2015 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Net assets available for pension benefits after amount designated for assessment deficiency	$ 8,358,801	$ 145,468	$ 150,316
Actuarial present value of accumulated plan benefit obligations	6,937,803	200,406	232,018
Surplus (Deficit)	$ 1,420,998	$ (54,938)	$ (81,702)

March 31, 2014 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Net assets available for pension benefits after amount designated for assessment deficiency	$ 8,643,159	$ 146,399	$ 136,791
Actuarial present value of accumulated plan benefit obligations	5,821,173	162,682	164,429
Surplus (Deficit)	$ 2,821,986	$ (16,283)	$ (27,638)

The excess of the plan benefit obligations over the plan net assets for the Staff Plan was included in other liabilities in the accompanying combined statements of net assets available for benefits.

10. Expenses

The accompanying financial statements of CPF for the years ended March 31, 2015 and 2014, include cash compensation expenses of $47.7 million and $44.2 million, respectively. In the same respective years, an additional $10.3 million and $10.5 million in cash compensation expenses were incurred by affiliates of CPF.

The executive compensation philosophy of CPF is established by the Compensation, Diversity and Workplace Values Committee of the Board of Trustees. The total remuneration of certain key officers of CPF and its affiliates is approved by the Compensation, Diversity and Workplace Values Committee of the Board of Trustees. In addition, the total remuneration paid to the Chief Executive Officer and President is ratified by the full board. The rationale for the total remuneration paid to the key officers involves two elements: (1) market data that is representative of functionally comparable positions in organizations similar to CPF and its affiliates and (2) individual and corporate performance. Supplemental retirement and life insurance benefits are provided to certain officers under the terms of individual agreements. The accompanying financial statements of CPF include officers' cash compensation, totaling $21.4 million and $19.0 million for the fiscal years ended March 31, 2015 and 2014, respectively. In the same respective years, an additional $8.9 million and $8.1 million in officers' cash compensation expenses were incurred by affiliates of CPF.

The cash compensation for the five current officers of CPF receiving the highest total cash compensation for the year ended March 31, 2015 was as follows:

Mary Katherine Wold, CEO & President	$1,292,000
Executive Vice Presidents:	
Roger A. Sayler, Chief Investment Officer	$ 925,000
Jimmy W. Morrison, Chief Operating Officer	$ 872,000
Managing Directors:	
Helen Fox-O'Brien, Investment Department	$1,007,000
Alan Snoddy, Investment Department	$ 937,000

CPF and its affiliated companies have a defined contribution plan for eligible employees, under which employees may contribute up to 100% of their salaries, subject to federal limitations. The first 6% of their contributions is matched 75% by CPF. Total employer matching contributions under this plan were $1.8 million and $1.7 million for the years ended March 31, 2015 and 2014, respectively.

CPF and its affiliated companies also provide healthcare and life insurance benefits for eligible retired employees. CPF accrues the cost of providing these benefits during the active service period of the employee. For the years ended March 31, 2015 and 2014, CPF and its affiliates recorded expenses of $1.2 million and $3.2 million, respectively, for benefits and interest expense net of interest income. This obligation is recorded at $38.0 million and $37.3 million as of March 31, 2015 and 2014, respectively. For measuring the expected post-retirement healthcare benefit obligation, average annual rates of increase in the per capita claims cost for 2015 and 2014 were assumed to be 6.5% and 7.5%, respectively. The increases in medical costs were assumed to decrease annually to 4.75% in 2023 and remain at that level thereafter. The weighted average discount rates used in determining the expected post-retirement benefit obligation were 3.875% and 4.625% at March 31, 2015 and 2014, respectively. If the healthcare cost trend rate were increased by 1%, the accumulated post-retirement benefit obligation as of March 31, 2015 would increase by approximately $0.6 million.

11. Subsequent Events

CPF has performed an evaluation of subsequent events through June 23, 2015, which is the date the financial statements were available to be issued. No significant subsequent events were identified.

Report of Independent Auditors

To the Board of Trustees of The Church Pension Fund

We have audited the accompanying combined financial statements of The Church Pension Fund, The Episcopal Church Lay Employees' Retirement Plan and The Staff Retirement Plan of The Church Pension Fund and Affiliates, collectively referred to as the "Church Pension Group," which comprise the combined statements of net assets available for benefits as of March 31, 2015 and 2014, and the related combined statements of changes in net assets available for benefits for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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. 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial status of the Church Pension Group at March 31, 2015 and 2014, and the changes in its financial status for the years then ended, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

June 23, 2015

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Custodian
The Northern Trust Company

Independent Auditors
Ernst & Young LLP

Pension Actuary
Buck Consultants, a Xerox Company

Health Plan Actuary
Aon Hewitt

*As of March 31, 2015

The Church Pension Fund Board of Trustees

CHURCH
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