The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Financial Report
December 31, 2022 and 2021

Contents

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RSM US LLP

Independent Auditor's Report

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York

Opinion
We have audited the consolidated financial statements of The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries (Trinity), which comprise the consolidated balance sheets as of December 31, 2022 and 2021; the related consolidated statements of activities and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Trinity as of December 31, 2022 and 2021, and the results of their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Trinity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Trinity's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Trinity's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trinity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

New York, New York
June 6, 2023

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Balance Sheets
December 31, 2022 and 2021
(all dollar amounts in thousands)

	2022	2021
Assets		
Cash and cash equivalents	$ 128,696	$ 68,271
Restricted cash	31,288	49,237
Accounts, rent agreements and notes receivable, net	12,923	11,125
Ministry property and equipment, net	417,639	422,010
Investments, at fair value:		
Real estate	6,114,778	6,307,534
Financial	3,369,987	3,901,597
Mission	3,947	-
Prepayments and other assets	56,881	50,339
Total assets	$ 10,136,139	$ 10,810,113
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$ 168,430	$ 133,577
Grants payable	41,399	25,697
Tenant security deposits	4,769	8,343
Pension and other postretirement benefits payable	2,697	3,408
Other liabilities	39,465	34,478
Notes and loans, net	754,793	670,945
Total liabilities	1,011,553	876,448
Net assets:		
Without donor restrictions:		
Ministry	363,635	357,831
Vestry designated endowment:		
Real estate investments	3,194,013	3,431,007
Financial investments	3,210,664	3,689,670
Trinity portion of net assets without donor restrictions	6,768,312	7,478,508
Joint venture partners' interests in real estate investments	2,313,574	2,406,709
Total net assets without donor restrictions	9,081,886	9,885,217
With donor restrictions	42,700	48,448
Total net assets	9,124,586	9,933,665
Total liabilities and net assets	$ 10,136,139	$ 10,810,113

See notes to consolidated financial statements.

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Statements of Activities
Years Ended December 31, 2022 and 2021
(all dollar amounts in thousands)

	2022	2021
Change in net assets without donor restrictions:		
Operating:		
Ministry revenue:		
Low income housing	$ **10,232**	$ 9,722
Seminary income	**702**	421
Contributions and donations	**3,175**	1,739
Other revenue	**3,002**	1,556
Appropriation from endowment to support operations	**167,086**	130,383
Releases from restrictions	**465**	310
Total ministry revenue	**184,662**	144,131
Ministry expenses:		
Program expenses:		
Parish programs and outreach ministries	**42,348**	33,102
Grants, other gifts and diocesan assessment	**65,060**	52,767
Low income housing expenses	**4,544**	4,625
Seminary expenses	**2,914**	2,758
Church properties and program facilities support	**15,100**	10,267
Digital outreach and ministry communications	**8,872**	7,724
Total program expenses	**138,838**	111,243
Parish building development	**-**	323
Institutional and programmatic support	**20,038**	18,368
Fundraising	**415**	417
Ministry expenses before depreciation expense	**159,291**	130,351
Excess of operating revenue over expenses before depreciation	**25,371**	13,780
Depreciation expenses	**(16,993)**	(16,783)
Excess (deficiency) of operating revenues over expenses	**8,378**	(3,003)
Non-operating:		
Net (loss) return from investments:		
Attributable to Trinity:		
Real estate investments	**(148,979)**	186,811
Financial investments	**(401,667)**	571,363
Mission investments	**(111)**	-
Net (loss) return from investments before appropriation	**(550,757)**	758,174
Appropriation to support operations	**(166,538)**	(129,857)
Attributable to joint venture partners' interests in real estate investments	**(59,067)**	139,097
Total net (loss) return from investments, net of appropriation to support operations	**(776,362)**	767,414
Postretirement related charges other than service costs	**552**	4,103
Distributions to joint venture partners in real estate investments	**(35,899)**	(74,358)
Change in net assets without donor restrictions	**(803,331)**	694,156

(Continued)

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Statements of Activities (Continued)
Years Ended December 31, 2022 and 2021
(all dollar amounts in thousands)

	2022	2021
Change in net assets without donor restrictions	**$ (803,331)**	$ 694,156
Change in net assets with donor restrictions:		
Return on financial investments	**(4,662)**	6,805
Appropriation from endowment to support operations	**(548)**	(526)
Contributions and change in value of interest in perpetual trusts	**(73)**	429
Releases from restrictions	**(465)**	(310)
Change in net assets with donor restrictions	**(5,748)**	6,398
Change in net assets	**(809,079)**	700,554
Net assets at beginning of year	**9,933,665**	9,233,111
Net assets at end of year	**$ 9,124,586**	$ 9,933,665

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021
(all dollar amounts in thousands)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (809,079)	$ 700,554
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in unrealized depreciation (appreciation) of real estate investments	384,590	(128,025)
Change in unrealized depreciation (appreciation) of financial investments	450,868	(342,599)
Loss on disposal of asset	-	456
Depreciation and amortization	17,938	16,957
Doubtful accounts (recovery) provision	(1,553)	1,746
Postretirement related charges other than service costs	(552)	(4,103)
Distributions to joint venture partners in real estate investments	35,899	74,356
Changes in assets and liabilities:		
Accounts, rent agreements and notes receivable	(245)	(4,589)
Accounts payable and accrued liabilities	34,552	12,252
Other changes, net	(5,210)	5,256
Net cash provided by operating activities	107,208	332,261
Cash flows from investing activities:		
Purchases and improvements of real estate investments	(174,662)	(126,045)
Purchases of financial investments	(1,098,648)	(1,323,128)
Sales of financial investments	1,175,443	1,157,172
Construction, purchases and improvements to ministry property and equipment	(14,132)	(28,085)
Net cash used in investing activities	(111,999)	(320,086)
Cash flows from financing activities:		
Financing costs	(186)	-
Proceeds from notes and loans	95,500	60,500
Payments on notes and loans	(12,148)	(11,851)
Distributions to joint venture partners in real estate investments	(35,899)	(74,356)
Net cash provided by (used in) financing activities	47,267	(25,707)
Net increase (decrease) in cash and cash equivalents and restricted cash	42,476	(13,532)
Cash and cash equivalents and restricted cash:		
Beginning	117,508	131,040
Ending	$ 159,984	$ 117,508
Supplemental disclosure of cash flow information:		
Interest paid	$ 22,119	$ 19,937
Additions to ministry property and equipment in accounts payable and accrued liabilities	$ 3,102	$ 5,086
Additions to real estate investments in accounts payable and accrued liabilities	$ 120,348	$ 102,747

See notes to consolidated financial statements.

Note 1. Organization

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York (Trinity Church), a parish in the Episcopal Diocese of New York, seeks to serve and heal the world by building neighborhoods that live Gospel truths, generations of faithful leaders and financial capacity for holy service in New York City and around the world. Our mission is grounded in our core values of faith, integrity, inclusiveness, compassion, social justice and stewardship. Trinity's outreach in downtown New York City includes worship services six days per week; a daily food program; Trinity Commons, our new community space; St. Margaret's House, a 251-unit subsidized apartment building on Fulton Street for elderly and disabled residents and many additional ministries that foster social justice, confront racism and inequality, promote music and the arts and build neighborhoods and community.

Trinity Church is a religious corporation formed under a charter from King William III of England in 1697 and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). Trinity Church owns, or is the sole member of, or owns a controlling interest in and operates the following entities which support the ministries of the Church:

St. Margaret's House Housing Development Fund Corporation (St. Margaret's House): St. Margaret's House is a sole member New York not-for-profit corporation owned by Trinity Church and is exempt from federal income tax under Section 501(c)(3) of the Code. It operates housing and related facilities for low-income elderly and disabled.

St. Margaret's Housing LLC (SMH LLC): SMH LLC, a New York limited liability company, was formed on November 12, 2021, to support Trinity's activities relating to the development, construction, ownership and rehabilitation of affordable housing projects. There was limited activity in this entity in 2022.

SMH Development LLC (SMH Dev. LLC): SMH Dev. LLC, a New York limited liability company, was formed on August 3, 2022, to support Trinity's activities relating to the development of the Garden Parcel located adjacent to St. Margaret's House. There was no activity in this entity in 2022.

Trinity Episcopal Center Association, Incorporated (Trinity Retreat Center): Trinity Retreat Center is a Connecticut non-stock corporation located in West Cornwall, Connecticut and is exempt from federal income tax under Section 501(c)(3) of the Code.

Trinity Global Leadership Institute, LLC (Trinity Global): Trinity Global, a Delaware limited liability company, was formed on December 6, 2018, as a single member LLC owned by Trinity Church, and became the sole member of the Church Divinity School of the Pacific (CDSP), on March 4, 2019.

CDSP is a seminary of the Episcopal Church. CDSP conducts instruction at the graduate theological level and grants such academic degrees and honors as are customary. On March 4, 2019, Trinity Church acquired CDSP.

CDSP continues to be dedicated to rigorous academic and spiritual preparation for people who will lead the global church. Over time, Trinity Church and CDSP expect to enhance CDSP's curriculum and student life with substantial content and perspectives from other disciplines, including practical, managerial, and business skills that will help prepare ordained and lay people to lead and resource the church in a changing world. Announced in January 2023, CDSP will be transitioning to a fully hybrid education model and ending the residential program.

Note 1. Organization (Continued)

76 Catering LLC (76 Catering): 76 Catering, a New York limited liability company, was formed on September 17, 2019 to contract with vendors to provide catering services for activities in 76 Trinity Place (ground floor café and parish hall). There was limited activity in this entity in 2022 and no activity in 2021.

107 Greenwich Inc (107 Greenwich): 107 Greenwich, a New York nonprofit corporation, was formed on July 29, 2020 to operate the tenant amenity floor at 107 Greenwich Street. The facilities of this corporation will not be made available to the general public. There was limited activity in this entity in 2022 and no activity in 2021.

Hudson Square Properties, LLC (HSP): HSP, a Delaware limited liability company, was formed on November 30, 2015, and is organized for the objective and purpose of owning Trinity REIT, Inc. (TREIT) and Trinity Hudson Holdings, LLC (THH) (together, the REIT Subsidiaries) and, indirectly through the REIT Subsidiaries, operating, improving and maintaining 11 commercial buildings located in lower Manhattan within the area known as Hudson Square, in the city of New York.

HSP owns the 11 commercial buildings through an estate for years (EFY) term through April 16, 2118, and April 16, 2121, and is 51% owned by Trinity Church, 48% owned by NBIM Franklin Hudson Square, LLC (Norges HSP), an affiliate of Norges Bank Investment Management and 1% owned by Hines Hudson Square Investor, LLC (Hines HSP).

The REIT Subsidiaries were formed in Delaware, qualify as real estate investment trusts (REIT) and are the holders of an estate for years interest in the land and buildings of 11 commercial buildings located in an area known as Hudson Square in the city of New York. Hudson Square Services LLC (HSS), a Delaware limited liability company, was formed on January 18, 2019, and is a taxable REIT subsidiary. HSS is owned 50% by THH and 50% by TREIT.

TREIT and THH have outstanding 120 and 125 shares, respectively, sold for $1 per share, of cumulative, nonvoting preferred stock that is callable at the discretion of the REIT Subsidiaries. Holders of the preferred stock are entitled to receive dividends semiannually at a per annum rate equal to 12.5% of the liquidation preference, which is $1 per share. Shareholders have no redemption rights and the preferred shares are carried at the liquidation preference. Preferred shareholders are presented as part of joint venture partners' interests (non-controlling interests) in real estate investments in the accompanying financial statements.

375 HSP, LLC (375 HSP): 375 HSP, a Delaware limited liability company, was formed on July 25, 2017, with an inception date of August 15, 2017, and is organized for the objective and purpose of owning 375 HH, LLC (375 HH) and 375 Hudson LLC (together, the 375 HSP Subsidiaries) and indirectly through the 375 HSP Subsidiaries, operating, improving and maintaining a commercial building located at 375 Hudson Street in Hudson Square, in the city of New York. 375 HH qualifies as a REIT that holds the real and personal property as well as its interest in the ground lease at 375 Hudson Street in Hudson Square. 375 HSP is 51% owned by Trinity Church, 48% owned by NBIM Franklin 375 Hudson LLC (Norges 375) and 1% owned by Hines 375 HSP Investor LLC (Hines 375).

375 HH has outstanding 125 units, respectively (sold for $1 per unit), of cumulative, nonvoting preferred units that are callable at the discretion of 375 HH. Holders of the preferred units are entitled to receive dividends semiannually at a per annum rate equal to 12% of the liquidation preference, which is $1 per unit. Holders of the preferred units have no redemption rights, and the preferred units are carried at the liquidation preference. Holders of the preferred units are presented as part of joint venture partners' interests (non-controlling interests) in real estate investments in the accompanying financial statements.

Note 1. Organization (Continued)

New Remainderman LLCs for 12 Operating Properties (New Remainderman LLCs): The New Remainderman LLCs are Delaware limited liability companies formed as single member LLCs owned by Trinity Church. Each of the New Remainderman LLCs holds a remainder interest in one of the 12 properties owned by the REIT Subsidiaries and 375 HSP. The 12 properties revert to the control of Trinity Church at the end of the EFY term, which is April 16, 2118, for 10 properties and April 16, 2121, for 2 properties.

561 HH LLC (561 HH): 561 HH, a Delaware limited liability company, was formed as a single member LLC owned by Trinity Church on October 26, 2018, and it was organized for the objective and purpose of owning 561 Greenwich Street. On December 11, 2018, Trinity Church contributed its fee interest in the 561 Greenwich Street property to 561 HH. 561 HH qualifies as a REIT.

561 HH has outstanding 125 units, sold for $1 per unit, of cumulative, nonvoting preferred units that are callable at the discretion of 561 HH. Holders of the preferred units are entitled to receive dividends semiannually at a per annum rate equal to 12% of the liquidation preference, which is $1 per unit. Holders of the preferred units have no redemption rights, and the preferred units are carried at the liquidation preference.

92 HH LLC (92 HH): 92 HH, a Delaware limited liability company, was formed as a single member LLC owned by Trinity Church on October 26, 2018, and it was organized for the objective and purpose of owning 92 Avenue of Americas. On December 11, 2018, Trinity Church contributed its fee interest in the 92 Avenue of the Americas property to 92 HH. 92 HH qualifies as a REIT.

92 HH has outstanding 125 units, sold for $1 per unit, of cumulative, nonvoting preferred units that are callable at the discretion of 92 HH. Holders of the preferred units are entitled to receive dividends semiannually at a per annum rate equal to 12% of the liquidation preference, which is $1 per unit. Holders of the preferred units have no redemption rights, and the preferred units are carried at the liquidation preference.

On April 17, 2019, Norges HSP and Hines HSP entered into a Share Purchase Agreement to acquire 48% and 1%, respectively, in each of 561 HH and 92 HH, with a closing to occur upon substantial completion of the respective buildings to be built on such development parcels subject to certain terms and conditions. Norges HSP paid a cash deposit of $22,000 and Hines HSP paid a cash deposit of $225 (reflected in restricted cash and other liabilities on the consolidated balance sheet) at the closing of the Share Purchase Agreement. The Share Purchase Agreement contains conditions that allow for termination rights which may result in a return of a portion of the cash deposits. Trinity Church is responsible for all costs associated with the development activities at 561 HH and 92 HH.

On April 12, 2023, Norges HSP notified Trinity of its intention to terminate the Share Purchase Agreement (SPA) and requested the return of the $1,900 hard deposit (refundable). The SPA provided for the termination right if there was a failure to enter into a guaranteed maximum price (GMP) contract on or before December 3, 2021. The ability to develop the parcel is predicated upon the occupancy of the adjacent 17-story property at 100 Avenue of the Americas, which is fully leased. Construction of 92 Ave of the Americas is made possible if 100 Avenue of the Americas becomes substantially vacant. Until that point, the development is on pause.

Note 1. Organization (Continued)

Trinity Concerts, Inc. (Trinity Concerts): Trinity Concerts is a New York not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code. It was formed to promote music and the performing arts and further the public portion of the music program of Trinity Church. This entity is dormant.

Note 2. Summary of Significant Accounting Policies

Principles of consolidation: The accompanying consolidated financial statements (collectively, the financial statements) include the accounts of Trinity Church, St. Margaret's House, Trinity Global, SMH LLC, SMH Dev, LLC, Trinity Retreat Center, Trinity Concerts, HSP, 375 HSP, the New Remainderman LLCs, 561 HH and 92 HH (collectively, Trinity). All significant intercompany accounts and transactions have been eliminated in consolidation. Joint venture partners' interests in real estate investments in the accompanying consolidated balance sheets represents the non-controlling interests of Norges HSP and Norges 375's 48% ownership and Hines HSP and Hines 375's 1% ownership of HSP and 375 HSP, along with preferred unit holders of the REIT subsidiaries.

Basis of accounting and financial statement presentation: The financial statements of Trinity have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic 958, Trinity reports information on its net assets and revenues, expenses, gains, and losses according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed stipulations and include amounts available for operations and Vestry designated amounts.

Net assets with donor restrictions: Net assets are subject to donor-imposed restrictions that require they be maintained in perpetuity or that may or will be met by actions of Trinity or the passage of time. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

Measure of operations: Trinity's operating revenues in excess of expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures and transfers from Vestry-designated and other nonoperating funds to support current operating activities. The measure of operations includes support for operating activities from both net assets with donor restrictions and net assets without donor restrictions designated for long-term investment according to Trinity's spending policy which is detailed in Note 4. The measure of operations excludes endowment returns in excess of amounts available for current support.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(all dollar amounts in thousands unless otherwise indicated)

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents and restricted cash: All short-term investments with maturities of three months or less at the date of purchase are considered to be cash equivalents, except for those amounts held as part of Trinity's long-term investment strategy. Restricted cash consists of tenant security deposits and amounts held by lender in accordance with mortgage loan agreements. Substantially all restricted cash is held in demand deposits.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that agree to the total of the same amounts shown in the consolidated statements of cash flows:

	2022	2021
Cash and cash equivalents	$ 128,696	$ 68,271
Restricted cash	31,288	49,237
Cash and cash equivalents and restricted cash	$ 159,984	$ 117,508

Accounts, rent agreements and notes receivable: Accounts, rent agreements and notes receivable represent outstanding amounts due primarily from tenants and are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables due from tenants.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to the applicable accounts or notes receivable. Based on the information available, Trinity believes the allowance for doubtful accounts as of December 31, 2022 and 2021, is adequate. However, actual write-offs may exceed the recorded allowance.

Programmatic investments: Trinity from time to time provides loans to other not for profit organizations for necessary working capital and other initiatives. These loans generally contain no interest component. Trinity records its programmatic loans receivable at the present value of the cash flows it expects to collect. These loans were approximately $8,840 and $7,710 at December 31, 2022 and 2021, respectively, and are recorded in prepayments and other assets in the consolidated balance sheets. The difference between the present value and the cash advanced is recognized as a contribution expense and is reflected in grants, other gifts and diocesan assessment on the consolidated statements of activities.

Investments: Trinity records its investments at their estimated fair value as described in Note 7 with the related return from investments included in the accompanying consolidated statements of activities.

Ministry property and equipment: Additions in excess of $10 are capitalized at cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The useful lives of the assets range from three to 50 years.

Collections: Trinity's collections, which include artwork, books, monuments and artifacts of historical significance, have been acquired through contributions and purchases since Trinity's inception and are not recognized as assets on the consolidated balance sheets. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset class.

Note 2. Summary of Significant Accounting Policies (Continued)

Notes and loans, net: Note payable is carried at cost and presented net of unamortized deferred financing costs. Deferred financing costs consist of direct costs incurred in obtaining debt financing. Deferred financing costs are being amortized over the life of the related loans using the effective interest method and are included as a deduction from notes and loans on the consolidated balance sheets.

Grants expense and related payable: Trinity's grantmaking focuses on four strategic initiatives: Housing and Homelessness, Racial Justice, Mission Real Estate Development and Leadership Development. Trinity's work across all four initiatives is rooted in a strong commitment to advancing an equitable society in which the allocation of resources, opportunities and hardships are not determined by race. Grants made are considered conditional if both a right of return and barrier exist. Trinity records grant obligations, including multi-year grants, when approved by the Vestry, communicated to the recipient and any Trinity imposed conditions become unconditional, that is when the related measurable performance barrier or other barrier has been met.

Revenue and expense recognition:

Low-income housing: Under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers,* revenue is recognized in accordance with the transfer of goods and services to customers at an amount that reflects the consideration that is expected for those goods and services. Rental revenue for non-commercial real estate activities is included in low-income housing on the consolidated statements of activities which is accounted for under ASU 2016-02, Leases.

Trinity evaluated leases in which it is the lessor, which are composed of residential leases at the Project. The accounting model for lessors did not significantly change as a result of Topic 842 with the impacts primarily related to the accounting for sales-type and direct financing leases. Trinity evaluated its residential leases and determined that they continue to be considered operating leases. For lease agreements that provide for rent concessions and/or scheduled fixed and determinable rent increases, rental income is recognized on a straight-line basis over the noncancellable term of the lease. Trinity's residential lease term is generally one year. Rental payments received in advance are deferred until earned. In addition, in circumstances where a lease incentive is provided to tenants, the incentive is recognized as a reduction of rental revenue on a straight-line basis over the noncancelable lease term.

Topic 842 provides lessors a practical expedient, applicable by class of underlying asset, to not separate nonlease components from the associated lease component if certain criteria are met. An underlying asset is an asset that is the subject of a lease for which a right to use that asset has been conveyed to a lessee. Trinity considers land, land improvements, buildings and improvements thereon as classes of underlying assets.

Additionally, Trinity's residential leases, may include lease income related to such items as utility recoveries, parking rent, storage rent and pet rent. Trinity has elected the practical expedient to treat these variable lease payments that do not depend on an index or a rate as a single lease component because the amenities cannot be leased on their own and the timing and pattern of revenue recognition are the same. As such, Trinity presents the lease component and the nonlease components as a single component in the revenue section of the statements of operations within rental revenue. Trinity determined that the predominant component was the lease component and as such its leases will continue to be accounted for as operating leases. Trinity determines whether collection of lease payments at lease commencement is probable. Trinity subsequently recognizes lease income over the lease term on a straight-line basis. Residential leases are renewable upon consent of both parties on an annual or monthly basis.

Note 2. Summary of Significant Accounting Policies (Continued)

Due to the nature and timing of Trinity's identified revenue streams, there are no material amounts of outstanding or unsatisfied performance obligations as of December 31, 2022 and 2021.

Seminary income: Revenue from seminary tuition and fees is recognized during the period in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the term. In addition, the seminary students have an option for room and board on premises. The performance obligation of providing access to housing and meals are satisfied ratably over the period in which the student chooses to live and dine on campus. Contracts for tuition are combined into a single portfolio of similar contracts. Similarly, contracts for room and board are combined into a single portfolio of similar contracts. Students who adjust their course load or withdraw completely within a few weeks of the start of the semester may receive partial or full refunds of their tuition, fees, room and board in accordance with CDSP's refund policy.

Historically, seminary refunds have been approximately less than one percent of the total amount billed and reduce the amount of revenue recognized. Payments for tuition, fees, room and board are due approximately four weeks after the start of the academic term. Payments for housing are billed monthly for both students of CDSP and students from other institutions. All amounts received prior to the commencement of the academic term, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition and fees at the time revenue is recognized.

Also included in seminary income on the consolidated statements of activities is housing contracts with seminary students, housing contracts with students of other institutions, short-term housing and event rentals and long-term institutional lease contracts. The performance obligation of providing access to short-term housing and other events are satisfied ratably over the period in which the customer is provided access to housing or event space. These contracts are combined into a single portfolio of similar contracts. Long-term institutional lease revenue is accounted for under the lease guidance.

Contributions and donations: Trinity records as ministry revenue the following types of contributions and donations at fair value when they are received unconditionally: cash and gifts of other assets, promises to give and certain contributed services. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as support when the conditions on which they depend have been substantially met. Contributions and promises to give are initially reported at estimated fair value and are recorded as revenue when either cash or other assets are received or when donors make an enforceable promise to give. Contributions and promises to give are reported either as without donor restrictions or with donor restrictions, based on the donor's intent.

Other revenue: Trinity recognizes revenue from the cemetery at the time of sale. The performance obligation is considered complete through the designation of the space to the purchaser. Cemetery revenue is included in other revenue on the consolidated statements of activities.

Note 2. Summary of Significant Accounting Policies (Continued)

Net return (loss) from real estate investments: Rental revenue and expense of the commercial real estate investments is included in the net return (loss) from real estate investments on the consolidated statements of activities. Rental revenue is recognized using the accrual basis in accordance with the terms of the underlying lease agreement. Rental revenue is not accrued during periods of rent abatement as the value of the future rental revenue is considered in connection with estimating the fair value of real estate investments, in accordance with ASC 820, Fair Value Measurements. Operating expenses of real estate investments are recognized as incurred. Additional rents and reimbursements, which are provided in the underlying leases, are recognized as income when earned and when their amounts can be reasonably estimated. An agreement to terminate a lease may or may not include a payment to Trinity in recognition of future rents. When the agreement with the tenant includes termination income or expense to Trinity, it is recognized upon execution of the termination or surrender agreement.

Trinity applies the practical expedient allowed under revenue recognition accounting guidance and, therefore, does not disclose information about remaining performance obligations that have original durations of one year or less.

Impairment of long-lived assets: Trinity assesses the recoverability of its long-lived assets when indications of impairment exist. Trinity believes that there is no impairment at December 31, 2022 and 2021.

Asset retirement and environmental obligations: Trinity follows FASB ASC 410, Asset Retirement and Environmental Obligations; this standard requires a liability be recorded at fair value specific to certain legal or contractual obligations. The recording of a liability is required if such conditions exist and the obligation can be reasonably estimated. Trinity recognizes a liability in the period in which it becomes aware of such liability and sufficient information is available to reasonably estimate the fair value.

Trinity owns a piece of property located at 561 Greenwich Street that qualified for the New York State Brownfield Cleanup Program which provides for tax credits based on Trinity performing remediation cleanup work and certain improvements upon completion of developing the property. The required remediation was completed in 2022 and the total eligible cost as of December 31, 2022 is $14,986 which have been incurred since 2018. For the 2021 tax year, Trinity made the appropriate local tax filings and anticipates receiving the associated tax credit in the amount of $4,945.

Liquidity: In order to provide information about liquidity, assets are sequenced according to their nearness of conversion to cash and liabilities according to their nearness to their estimated maturity.

Reclassifications: Certain amounts and accounts reported in the 2021 consolidated financial statements have been reclassified to conform to the 2022 financial statement presentation. The reclassifications had no effect on the reported net assets as of December 31, 2021, nor the change in net assets for the year ended December 31, 2021.

Income taxes: Trinity is a nonprofit corporation exempt from federal income tax under Section 501(a) of the Code, as an organization described in Section 501(c)(3); Trinity is similarly exempt from state income taxes. Despite the general exemption from income taxation, Trinity is subject to federal and state income tax at corporate rates on its unrelated business income.

Note 2. Summary of Significant Accounting Policies (Continued)

The REIT subsidiaries, 375 HH, 561 HH and 92 HH, (together, the REIT entities) have elected to be taxed as REITs under sections 856-860 of the Internal Revenue Code, as amended, for federal income tax purposes. A REIT is subject to a number of organizational and operational requirements, including a requirement that it distributes at least 90 percent of its REIT taxable income (subject to certain adjustments) to its shareholders. The REIT entities will not be subject to federal income tax on taxable income that is distributed to the shareholders. Management believes the REIT entities are organized in such a manner as to qualify for treatment as REITs and intend to continue in the foreseeable future in such a manner that they will remain qualified as REITs for federal income tax purposes. If the REIT entities fail to quality for REIT status in any taxable year, without the benefit of certain relief provisions, the REIT entities will be subject to federal and state income tax on taxable income at regular corporate rates. Even if the REIT entities qualify for taxation as REITs, they may be subject to certain state and local taxes on the income, property and/or net worth and federal income and excise taxes on undistributed income.

Trinity's current accounting practices include the review of uncertain tax positions by management on a regular basis with adjustments and disclosures made in accordance with U.S. GAAP. For the years ended December 31, 2022 and 2021, no uncertain tax positions have been identified. Trinity is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for three years from the filing date.

Recently adopted accounting standards: Trinity adopted ASU 2016-02, *Leases* (Topic 842), as of January 1, 2022 using the modified retrospective transition approach, applying the provisions of the new standard to each prior period presented, with application as of the beginning of the earliest period presented, January 1, 2021. The adoption of the new lease standard did not impact the Trinity's net loss or cash flows and did not result in a cumulative - effect adjustment to the opening balance of net assets.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* This ASU provides relief that, if elected, will provide less accounting analysis and less accounting recognition for modifications related to reference rate reform. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which extends the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the optional expedients in Topic 848. The adoption of Topic 848, which was effective upon issuance, did not have a material effect on Trinity's financial statements.

Recently issued accounting standards: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Among other provisions, this ASU requires the allowance for credit losses to reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. This ASU is effective for fiscal years beginning after December 15, 2022. Trinity is evaluating the impact of adoption of this ASU on the financial statements.

In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. This ASU provides narrow scope improvements to Topic 326. For entities that have not yet adopted ASU 2016-13 as of November 26, 2019, the effective dates for ASU 2019-11 are the same as the effective dates and transition requirements in ASU 2016-13. Trinity is evaluating the impact of adoption of this ASU on the financial statements.

(all dollar amounts in thousands unless otherwise indicated)

Note 2. Summary of Significant Accounting Policies (Continued)

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. This accounting pronouncement modifies the disclosure requirements for equity securities subject to contractual sale restrictions. This ASU is effective to fiscal years beginning after December 15, 2024. Early adoption is permitted.

Subsequent events: Trinity evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was June 6, 2023, for these financial statements. See Note 18.

Note 3. Financial Assets and Liquidity Reserves

The following reflects Trinity's financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt and capital construction costs not financed with debt. Amounts not available include amounts set aside for investing in Vestry designated endowment funds that could be drawn only upon the approval of the Vestry. However, amounts already appropriated from either the donor restricted endowment or Vestry designated endowment funds for general expenditures within one year of December 31, 2022 and 2021, are considered available.

In October 2021, Trinity established a separate mission investing portfolio with the objective of making financial investments that are aligned with Trinity's strategic initiatives of Racial Justice, Housing and Homelessness, and Mission Real Estate Development with a particular focus on New York City. Core functional objectives of the mission investing portfolio include: the assessment of investment opportunities that provide market returns as well as align with Trinity's mission, bringing new capital into the market to underserved areas, and building a scalable business model for opportunities within and beyond Trinity's neighborhood.

	2022	2021
Cash and cash equivalents	$ 128,696	$ 68,271
Accounts, rent agreements and notes receivable, net	12,923	11,125
Financial investments, at fair value	3,369,987	3,901,597
Mission investments, at fair value	3,947	-
Financial assets at year-end	3,515,553	3,980,993
Financial assets restricted by donors and designated by the Vestry	(3,307,853)	(3,784,993)
Financial assets available within one year to meet cash needs for general expenditures, as defined under spending policy	$ 207,700	$ 196,000

Trinity also has unsecured committed revolving credit facilities aggregating $650,000 as of December 31, 2022 and $550,000 as of December 31, 2021. The outstanding loan balances under these facilities were $184,500 and $89,000 as of December 31, 2022 and 2021, respectively. (Note 13).

Note 3. Financial Assets and Liquidity Reserves (Continued)

Trinity regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Trinity has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities and lines of credit. As part of its liquidity management plan, Trinity invests cash in excess of daily requirements in short-term investments, CDs and money market funds. Per its investment policy allocation, Trinity targets a 2% cash allocation in its endowment's financial investments portfolio, although the actual percentage will vary. In addition, Trinity typically holds between $15,000 and $30,000 in its main operating bank account.

Trinity maintains a certain minimum level of liquidity sufficient to fund its ongoing expenses, including outstanding investment commitments. Trinity regularly monitors a number of liquidity measures to assess its ability to meet operating needs and investment commitments. These include monitoring the level of assets that could be liquidated within a year without significant losses to meet unfunded investment commitments and Trinity's projected current annual spending.

Note 4. Endowments

Trinity's endowment consists of both financial and real estate investments. Trinity's financial investment portfolio at December 31, 2022 and 2021, consists of approximately 70 individual funds established for a variety of purposes. The financial investment portion of the endowment includes both donor-restricted endowment funds and funds designated by the Vestry to function as endowments. Trinity's real estate investments portfolio consists of 20 assets, including commercial operating properties, ground leases and potential development sites.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment supports Trinity's legacy and mission in the world.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 4. Endowments (Continued)

Changes in the fair value of the endowment assets and net assets by type of fund were as follows for the years ended December 31:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Changes in the fair value of endowment investments:			
Investment return (loss):			
Real estate investments	$ (146,762)	$ -	$ (146,762)
Financial investments	(393,646)	(4,173)	(397,819)
Endowment investments loss attributable to Trinity	(540,408)	(4,173)	(544,581)
Appropriation from endowment to support operations and capital expenditures:			
Operations	(166,538)	(548)	(167,086)
Capital expenditures and other assets	(10,286)	-	(10,286)
Total appropriations from endowment	(176,824)	(548)	(177,372)
Endowment investment loss, net after appropriation	(717,232)	(4,721)	(721,953)
Other changes in endowment assets:			
Contributions	3,103	128	3,231
Distributions to joint venture partners	(30)	-	(30)
Other changes	(1,841)	-	(1,841)
Net change in endowment assets	(716,000)	(4,593)	(720,593)
Beginning of year	7,120,677	36,810	7,157,487
End of year	$ 6,404,677	$ 32,217	$ 6,436,894
Investments by type of fund:			
Donor-restricted endowment			
Historical gift value	$ -	24,599	24,599
Appreciation	-	7,618	7,618
Total donor restricted endowment	-	32,217	32,217
Vestry-designated endowment:			
Real estate endowment:	3,194,377	-	3,194,377
Financial investments endowment	3,210,300	-	3,210,300
Total Vestry-designated endowment:	6,404,677	-	6,404,677
Total - as above	$ 6,404,677	$ 32,217	$ 6,436,894

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 4. Endowments (Continued)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Changes in the fair value of endowment investments:			
Investment return (loss):			
Real estate investments	$ 186,811	$ -	$ 186,811
Financial investments	571,363	5,556	576,919
Endowment investments return attributable to Trinity	758,174	5,556	763,730
Appropriation from endowment to support operations and capital expenditures:			
Operations	(129,857)	(526)	(130,383)
Capital expenditures and other assets	(21,613)	-	(21,613)
Total appropriations from endowment	(151,470)	(526)	(151,996)
Endowment investment return, net after appropriation	606,704	5,030	611,734
Other changes in endowment assets:			
Contributions	-	55	55
Distributions to joint venture partners	(38)	-	(38)
Net change in endowment assets	606,666	5,085	611,751
Beginning of year	6,514,011	31,725	6,545,736
End of year	$ 7,120,677	$ 36,810	$ 7,157,487
Investments by type of fund:			
Donor-restricted endowment			
Historical gift value	$ -	$ 24,472	$ 24,472
Appreciation	-	12,338	12,338
Total donor restricted endowment	-	36,810	36,810
Vestry-designated endowment:			
Real estate endowment:	3,431,007	-	3,431,007
Financial investments endowment	3,689,670	-	3,689,670
Total Vestry-designated endowment:	7,120,677	-	7,120,677
Total - as above	$ 7,120,677	$ 36,810	$ 7,157,487

Trinity's continued intention is for the endowment to exist in perpetuity and grow over time to support and sustain the church's ministries. There are two separate endowments. The Vestry is responsible for overseeing the endowments. The Vestry oversees management and investment decisions about individual endowment assets in the context of an overall strategy that takes into consideration both risk and return objectives appropriate to Trinity and compliance with the New York Prudent Management of Institutional Funds Act (NYPMIFA) and the California enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), collectively, PMIFA.

Note 4. Endowments (Continued)

For accounting and reporting purposes, Trinity classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the historical value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the applicable donor instrument. Also included in the net assets with donor restrictions is the accumulated appreciation on donor restricted endowments, which are available for expenditure in a manner consistent with the standard of prudence prescribed by PMIFA. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PMIFA requires Trinity to retain as a fund of perpetual duration. Deficiencies of this nature exist in donor-restricted endowment funds. There were $267 and $1 of deficiencies as of December 31, 2022 and 2021, respectively. These deficiencies resulted from unfavorable market fluctuations that may occur.

Trinity has interpreted PMIFA as allowing Trinity to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as Trinity determines is prudent for the uses, benefits, purposes and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted until appropriated for expenditure by the Vestry.

Consistent with PMIFA, all investment decisions are made in good faith and with the care an ordinarily prudent person would exercise under similar circumstances. The following factors, to the extent relevant, are among the considerations in managing and investing financial investments: (I) general economic conditions; (ii) the possible effect of inflation or deflation; (iii) the expected tax consequences, if any, of investment decisions or strategies; (iv) the role that each investment or course of action plays within the overall financial investment portfolio; (v) the expected total return from income and the appreciation on investments; (vi) other resources of Trinity; (vii) the needs of Trinity regarding distributions, diversification and preservation of capital; (viii) an asset’s special relationship or special value, if any, to the charitable purpose of Trinity and any restrictions placed on a particular asset by the donor or by the Vestry; (ix) management and administrative costs and (x) liquidity considerations.

Trinity’s spending policy is intended to conduct Trinity’s mission in the world by withdrawing endowment funds in a stable and sustainable way. The spending policy is a fixed 3.25% of a trailing five-year moving average on a one-year lag of the fair value of the endowment investments. The payout percentage is reviewed periodically and adjusted, as considered necessary. The 2022 operating and capital expenditure budget approved by the Vestry was $196 million which is 3.25% of the trailing five-year moving average of the fair value of the endowment investments. The actual spending rate for 2022 was 2.94%. The 2021 operating and capital expenditure budget approved by the Vestry was $186.5 million which is 3.25% of the trailing five-year moving average of the fair value of the endowment investments. The actual spending rate for 2021 was 2.87%. In addition to the operating and capital expenditure budget, the Vestry approved additional endowment draws to fund construction of the commercial portion of the parish building in 2021. There were no additional draws in 2022.

If endowment income received is not sufficient to support the total return objective, the balance is provided from capital gains. If income is received in excess of the objective, the balance is reinvested in the endowment.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 4. Endowments (Continued)

The Investment Committee, in accordance with the policies and procedures approved by the Vestry, has responsibility to develop, recommend to the Vestry and oversee the implementation of the overall asset allocation policies to secure, use prudently and grow the endowment, which is primarily unrestricted. The Investment Committee, in accordance with the policies and procedures approved by the Vestry, also has responsibility for oversight of the Trinity wholly owned commercial real estate portion of the endowment, which is without donor restrictions.

Note 5. Investment in Real Estate Subsidiaries

As part of its ongoing stewardship and prudent management of its endowment assets, Trinity Church entered into joint venture agreements with Norges HSP, Norges 375, Hines HSP and Hines 375 for the ownership of 12 commercial buildings located in Hudson Square for a period of time under an estate for years which runs through April 16, 2118, for 10 properties and April 16, 2121, for two properties. The 12 properties revert to the control of Trinity Church at the end of the EFY term. There were no contributions by the joint venture partners in 2022 and 2021. Total distributions to the joint venture partners, including distributions to preferred members, amounted to $35,899 and $74,358 in 2022 and 2021, respectively.

In addition to the real estate owned through HSP and 375 HSP, Trinity also wholly owns several development sites as well as properties held through ground leases.

Trinity closed on a transaction with The Walt Disney Company (Disney) in 2018, under which Trinity sold a 99-year EFY interest that runs through July 8, 2117. The property reverts to the control of Trinity Church at the end of the EFY term.

Disney is obligated to raze the existing buildings and construct a new building which will be used as its New York City headquarters for at least 20 years from completion (substantial completion required by the earlier of: (a) Six years after tenant vacancy or (b) Eight years after transaction closing).

Note 6. Accounts, Rent Agreements and Notes Receivable

Accounts, rent agreements and notes receivable consist of the following as of December 31:

	2022	2021
Accounts receivable - tenants	$ 6,007	$ 9,466
Rent agreements receivable	1,375	-
Other receivables	7,200	5,755
	14,582	15,221
Less allowance for doubtful accounts	(1,659)	(4,096)
Accounts, rent agreements and notes receivable, net	$ 12,923	$ 11,125

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments, Other Assets and Fair Value Measurements

Investments and other assets, at fair value, are as follows at December 31:

	2022		
	Domestic	Global	Total
Financial investments:			
Pending investments and distributions	$ 28,032	$ -	$ 28,032
Cash and cash equivalents	78,122	-	78,122
Fixed income	234,777	65,720	300,497
Equities and equity mutual funds	425,601	958,135	1,383,736
Private equity funds:			
Oil and gas	2,925	-	2,925
Distressed	396	99	495
Venture capital	103,310	144,838	248,148
Commodities	-	1,172	1,172
Real estate	59,356	-	59,356
Growth	56,471	76,799	133,270
Buyout	193,171	39,098	232,269
Marketable alternatives:			
Multi-strategy	308,712	593,076	901,788
Distressed	-	177	177
Total financial investments	1,490,873	1,879,114	3,369,987
Mission investments:			
Cash and cash equivalents	3,692	-	3,692
Private equity funds:			
Real estate	255	-	255
Total mission investments	3,947	-	3,947
Real estate investments:			
Joint venture real estate investments	5,126,034	-	5,126,034
Trinity wholly owned real estate investments	988,744	-	988,744
Total real estate investments	6,114,778	-	6,114,778
Other:			
Beneficial interest in estate	151	-	151
Beneficial interest in perpetual trusts	1,140	-	1,140
Split interest agreements held by others	1,752	-	1,752
Total other	3,043	-	3,043
Total assets carried at fair value	$ 7,612,641	$ 1,879,114	$ 9,491,755

(all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

	2021		
	Domestic	Global	Total
Financial investments:			
Pending investments and distributions	$ 76,603	$ -	76,603
Cash and cash equivalents	167,028	-	167,028
Fixed income	291,212	60,970	352,182
Equities and equity mutual funds	456,785	1,169,978	1,626,763
Private equity funds:			
Oil and gas	2,252	-	2,252
Distressed	499	144	643
Venture capital	149,613	179,743	329,356
Commodities	-	1,029	1,029
Real estate	47,234	-	47,234
Growth	36,754	68,534	105,288
Buyout	153,241	32,394	185,635
Marketable alternatives:			
Multi-strategy	304,211	703,179	1,007,390
Distressed	-	194	194
Total financial investments	1,685,432	2,216,165	3,901,597
Real estate investments:			
Joint venture real estate investments	5,331,989	-	5,331,989
Trinity wholly owned real estate investments	975,545	-	975,545
Total real estate investments	6,307,534	-	6,307,534
Other:			
Beneficial interest in estate	234	-	234
Beneficial interest in perpetual trusts	1,404	-	1,404
Split interest agreements held by others	1,828	-	1,828
Total other	3,466	-	3,466
Total assets carried at fair value	$ 7,996,432	$ 2,216,165	$ 10,212,597

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

Trinity's primary investment objectives are to maintain or increase the purchasing power of its assets net of spending, so that its ministries and programs can be maintained or increased in real terms in perpetuity and to preserve and enhance the value of Trinity's assets for generations to come. Major investment decisions are authorized by the Vestry's Investment Committee, which oversees Trinity's investment program in accordance with established guidelines.

Fixed income investments are composed of cash, U.S. treasuries and opportunistic credit and mortgage-related investments. The U.S. treasury exposure serves to protect the overall financial investments during periods of deflation, recession, and times of financial stress, while also serving as a diversifying asset class, given its relatively low correlations with other asset classes in the financial investments portfolio. The cash portion of the financial investments serves to meet Trinity's liquidity needs as the primary source of funds for operations, expenses, capital calls and new investments and includes cash and short-term liquid fixed income investments with maturities less than one year, which are valued based on quoted market prices in active markets. The majority of these investments are held in U.S. money market accounts. The opportunistic credit and mortgage portion of the financial investments serves to take advantage of attractive investment opportunities across the spectrum of performing credit securities. Non-cash fixed income investments consist of separately managed accounts and limited partnerships.

Equity and equity mutual fund investments consist of separate accounts, commingled funds, and limited partnerships, invested both actively and passively in public securities listed in the U.S., developed markets excluding the U.S. and emerging markets. Securities held in separate accounts and daily traded commingled funds are generally valued based on quoted market prices. Commingled funds and limited partnership interests in equity-oriented funds with monthly or longer liquidity are valued based on independently determined net asset value (NAV) provided by external fund managers. Equity and equity mutual fund investments may also include equity long/short funds with over 60% exposure to global public equity markets.

The marketable alternatives portfolio consists of investments in limited partnership interests in hedge funds and drawdown private investment partnerships that have broad investment mandates, including the ability to invest long and short across asset classes. While the majority of underlying investments are in marketable securities, the funds are valued based on independently determined NAV provided by external fund managers.

Private investments in debt, equity, real assets and natural resources consist of limited partnership interests in partnerships that typically invest in private securities for which there is no readily determinable market value. Market value is determined by external managers through a variety of valuation processes, including valuation models and external appraisals. Limited partnership valuations are held at the manager's reported NAV, unless information becomes available indicating the reported NAV may require adjustment. Trinity monitors the valuation practices of managers.

Trinity's real estate investments consist of directly owned assets, including ground leases, potential development sites and joint venture stakes in commercial operating properties (the Properties). Trinity actively manages these assets. Trinity recognizes both its historic relationship to its New York assets and the communities in which they reside and the challenges of the overall portfolio illiquidity presented by its substantial real estate holdings. Trinity works to enhance the value of its real estate assets while managing, and selectively reducing, when possible, the endowment's exposure to concentrated risk. The value of Trinity's real estate investments is determined quarterly to annually by independent appraisals.

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

The investments held by Trinity include commitments to some limited partnerships for additional capital funding. Funding of partnership commitments will occur over time with notice from the partnership's general partners. As of December 31, 2022 and 2021, Trinity's outstanding commitments to these limited partnerships are $473,253 and $434,624, respectively.

Trinity values its financial, mission, and real estate assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, Trinity utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considering counterparty credit risk in its assessment of fair value. Pending investments and distributions as well as cash and cash equivalents presented in Note 7 are not measured at fair value. Pending investments and distributions represent cash in transit and cash and cash equivalents represent uninvested cash.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Trinity’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

A description of the valuation techniques applied to Trinity’s major categories of assets measured at fair value on a recurring basis is provided in the following paragraphs.

Securities traded on a national securities exchange (or reported on the Nasdaq global market), such as fixed income securities, equities and equity mutual funds, are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 in the fair value hierarchy.

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

Investments in alternatives funds are composed of private equity and marketable alternative funds. These investments are valued at fair value based on the applicable percentage ownership of the net assets of each of the investment funds as of the measurement date. In determining fair value, Trinity utilizes, as a practical expedient, the net asset value (or equivalent) provided by the fund managers (NAV of Funds). The underlying investment funds value securities and other financial instruments at fair value. The estimated fair values of certain investments of the underlying investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective investment fund and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Trinity's estimates of fair value for Level 3 may differ significantly from the values that would have been used had a ready market for the investments existed.

Additionally, Trinity has investments in real estate through a controlling interest in HSP and 375 HSP and through several wholly owned commercial real estate properties. Real estate investments are stated at fair value. The real estate and capital markets are cyclical in nature. Property and investment values are affected by, among other things, the availability of capital, occupancy rates, rental rates and interest and inflation rates. As a result, determining real estate investment values involves many assumptions. Amounts ultimately realized from each investment may vary significantly from the fair value presented.

Since fair value measurements take into consideration the estimated effect of physical depreciation, depreciation and amortization on real estate related assets has been excluded from the net return from real estate investments. Significant betterments and improvements of the Properties are capitalized. Deferred expenses consisting of lease costs incurred in connection with obtaining new tenants or renewals of lease agreements are capitalized into real estate investments. Routine maintenance and repairs are charged to expense as incurred.

As of December 31, 2022 and 2021, Trinity used the fair value of land and cost of development for 561HH.

For 2022 and 2021, Trinity used the sale comparison approach on a sales per square foot basis to value the development sites Two Hudson Square and 122 Varick Street. The sales comparison approach compares the subject site to similar, recently sold properties in the surrounding or competing area. This approach relies on the principal of substitution, which holds that a property is replaceable in the market, where its value tends to be set at the cost of acquiring an equally desirable property, assuming that no costly delay is encountered in making the substitution.

For 2022 and 2021, the Joint Venture Real Estate used the income capitalization approach (discounted cash flow model). When discounted cash flows are used in determining fair value, management projects operating cash flows and market assumptions based on, but not limited to, the operating cash flows and financial performance of the Properties relative to budgets or projections, property types and geographical locations, the physical condition of the asset, prevailing market capitalization rates, prevailing market discount rates, general economic conditions and other elements of the investments' revenues and expenses including rental rates, rental growth rates, tenant improvements, commissions and operating expenses, deemed appropriate by management.

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

Considerable judgment is required in interpreting market data to determine the estimates of value; accordingly, the estimates of value presented in the financial statements are not necessarily indicative of the amount that Trinity could realize in a market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the fair values. The amounts ultimately realized by Trinity from the disposal of any of the Properties may vary significantly from the fair values presented.

As of December 31, 2022 and 2021, all of Trinity's real estate investments were classified within Level 3 of the valuation hierarchy.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

The following tables represent quantitative information about unobservable inputs related to the Level 3 fair value measurements of the Properties as of:

Joint Venture Real Estate (Income Capitalization Approach)

	Minimum	Maximum	Weighted Average
December 31, 2022:			
Terminal capitalization rates	4.75%	5.00%	4.94%
Discount rates	5.90%	7.00%	6.32%
December 31, 2021:			
Terminal capitalization rates	4.75%	5.00%	4.90%
Discount rates	5.80%	6.75%	6.13%

Development Sites (Sales Comparison Approach)

	Minimum	Maximum	Weighted Average
December 31, 2022:			
Sales price per square foot	$479	$800	$554
December 31, 2021:			
Sales price per square foot	$512	$889	$615

Ground Leases (Income Capitalization Approach)

	Assumed
December 31, 2022:	
Discount rates	6.00%
December 31, 2021:	
Discount rates	6.00%

Operating Property (Income Capitalization Approach)

	Assumed
December 31, 2022:	
Terminal capitalization rate	5.25%
Discount rate	7.50%
December 31, 2021:	
Terminal capitalization rate	n/a
Discount rate	n/a

Remainderman Interests (Income Capitalization Approach)

	Minimum	Maximum	Weighted Average
December 31, 2022:			
Terminal capitalization rates	7.00%	7.50%	7.29%
Discount rates	6.50%	8.25%	7.85%
December 31, 2021:			
Terminal capitalization rates	6.75%	7.25%	7.04%
Discount rates	6.50%	8.00%	7.66%

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

The following is a summary of assets Trinity measures at fair value on a recurring basis, by level, within the fair value hierarchy at December 31:

	2022				
	Level 1	Level 2	Level 3	Practical Expedient (Net Asset Value)[a]	Total
Financial investments:					
Pending investments and distributions	$ 28,032	$ -	$ -	$ -	$ 28,032
Cash and cash equivalents	78,122	-	-	-	78,122
Fixed income	118,001	-	-	182,496	300,497
Equities and equity mutual funds	499,975	-	-	883,761	1,383,736
Private equity funds:					
Oil and gas	-	-	-	2,925	2,925
Distressed	-	-	-	495	495
Venture capital	-	-	-	248,148	248,148
Commodities	-	-	-	1,172	1,172
Real estate	-	-	-	59,356	59,356
Growth	-	-	-	133,270	133,270
Buyout	-	-	-	232,269	232,269
Marketable alternatives:					
Multi-strategy	-	-	-	901,788	901,788
Distressed	-	-	-	177	177
Total financial investments	724,130	-	-	2,645,857	3,369,987
Mission investments:					
Cash and cash equivalents	3,692	-	-	-	3,692
Private equity funds:					
Real estate	-	-	-	255	255
Total mission investments	3,692	-	-	255	3,947
Real estate investments:					
Joint venture real estate investments	-	-	5,126,034	-	5,126,034
Trinity wholly owned real estate investments	-	-	988,744	-	988,744
Total real estate investments	-	-	6,114,778	-	6,114,778
Other:					
Beneficial interest in estate	-	-	151	-	151
Beneficial interest in perpetual trusts	-	-	1,140	-	1,140
Split interest agreements held by others	-	-	1,752	-	1,752
Total other	-	-	3,043	-	3,043
Total assets carried at fair value	$ 727,822	$ -	$ 6,117,821	$ 2,646,112	$ 9,491,755

(a) Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient are not classified within the fair value hierarchy, in accordance with ASU 2015-07 and are shown for informational purposes.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

	2021				
	Level 1	Level 2	Level 3	Practical Expedient (Net Asset Value)[a]	Total
Financial investments:					
Pending investments and distributions	$ 76,603	$ -	$ -	$ -	76,603
Cash and cash equivalents	167,028	-	-	-	167,028
Fixed income	174,118	-	-	178,064	352,182
Equities and equity mutual funds	616,867	-	-	1,009,896	1,626,763
Private equity funds:					
Oil and gas	-	-	-	2,252	2,252
Distressed	-	-	-	643	643
Venture capital	-	-	-	329,356	329,356
Commodities	-	-	-	1,029	1,029
Real estate	-	-	-	47,234	47,234
Growth	-	-	-	105,288	105,288
Buyout	-	-	-	185,635	185,635
Marketable alternatives:					
Multi-strategy	-	-	-	1,007,390	1,007,390
Distressed	-	-	-	194	194
Total financial investments	1,034,616	-	-	2,866,981	3,901,597
Real estate investments:					
Joint venture real estate investments	-	-	5,331,989	-	5,331,989
Trinity wholly owned real estate investments	-	-	975,545	-	975,545
Total real estate investments	-	-	6,307,534	-	6,307,534
Other:					
Beneficial interest in estate	-	-	234	-	234
Beneficial interest in perpetual trusts	-	-	1,404	-	1,404
Split interest agreements held by others	-	-	1,828	-	1,828
Total other	-	-	3,466	-	3,466
Total assets carried at fair value	$ 1,034,616	$ -	$ 6,311,000	$ 2,866,981	$ 10,212,597

(a) Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient are not classified within the fair value hierarchy, in accordance with ASU 2015-07 and are shown for informational purposes.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

Changes in assets measured at fair value using Level 3 inputs for the years ending December 31, 2022 and 2021, are as follows:

	2022			
	Balance January 1, 2022	Net Realized and Unrealized Losses and Other Income	Purchases and Other Adjustments	Balance December 31, 2022
Real estate:				
Joint venture real estate	$ 5,331,989	$ (296,634)	$ 90,679	$ 5,126,034
Trinity wholly owned commercial real estate	975,545	(87,956)	101,155	988,744
Total real estate investments	6,307,534	(384,590)	191,834	6,114,778
Other	3,466	(423)	-	3,043
	$ 6,311,000	$ (385,013)	$ 191,834	$ 6,117,821

	2021			
	Balance January 1, 2021	Net Realized and Unrealized Gains and Other Income	Purchases and Other Adjustments	Balance December 31, 2021
Real estate:				
Joint venture real estate	$ 5,205,933	$ 86,577	$ 39,479	$ 5,331,989
Trinity wholly owned commercial real estate	861,614	41,479	72,452	975,545
Total real estate investments	6,067,547	128,056	111,931	6,307,534
Other	3,196	270	-	3,466
	$ 6,070,743	$ 128,326	$ 111,931	$ 6,311,000

The fair value of the joint venture real estate investment at December 31, 2022 and 2021, includes adjustments of $61,034 and $61,989, respectively, to the fair value derived using a discounted cash flow of $5,065,000 and $5,270,000, respectively. The adjustment represents future payouts of tenant allowances for a tenant within one of the joint venture commercial real estate buildings and is included in the discounted cash flow which lowers the real estate investment value. Additionally, the future tenant allowance payouts for this tenant are included in accounts payable and accrued liabilities on the consolidated balance sheets at December 31, 2022 and 2021, which lowers the net asset value of the joint venture real estate. The adjustment increases the real estate investment fair value at December 31, 2022 and 2021 to offset the decrease in net asset value of the joint venture real estate related to the future payments included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

The following table summarizes the investment strategies and liquidity provisions of investments in other funds valued at the NAV as provided by the fund managers as of December 31:

	2022		2021		
	Fair Value	Unfunded Commitments	Fair Value	Redemption Frequency [e]	Redemption Notice Period
Financial investments:					
Fixed income	$ 182,496	$ 74,482	$ 178,064	Varies [a]	15 days or N/A [a]
Equities and equity mutual funds	883,761	7,290	1,009,896	Varies [b]	10 to 180 days [b]
Private equity funds:					
Oil and gas	2,925	390	2,252	Illiquid	N/A
Distressed	495	1,575	643	Illiquid	N/A
Venture capital	248,148	104,498	329,356	Illiquid	N/A
Commodities	1,172	-	1,029	Illiquid	N/A
Real estate	59,356	10,484	47,234	Illiquid	N/A
Growth	133,270	63,431	105,288	Illiquid	N/A
Buyout	232,269	167,972	185,635	Illiquid	N/A
Marketable alternatives:					
Multi-strategy	901,788	38,496	1,007,390	Varies [c][d]	30 to 90 days [c]
Distressed	177	-	194	Illiquid [d]	N/A
Total financial investments	2,645,857	468,618	2,866,981		
Mission investments:					
Private equity funds:					
Real estate	255	4,635	-	Illiquid	N/A
Total mission investments	255	4,635	-		
Total	$ 2,646,112	$ 473,253	$ 2,866,981		

(a) 2022: Redemption frequency is permitted as follows: $75.5 million quarterly and $106.9 million illiquid. Redemption notice periods are as follows: $75.5 million, 15 days' notice; $106.9 million illiquid.

(b) 2022: Redemption frequency is permitted as follows: $206.2 million monthly, $512.6 million quarterly and $165 million annually. Redemption notice periods are as follows: $59.7 million, 10 days' notice; $184.7 million, 30 days' notice; $30.6 million, 45 days' notice; $324.5 million, 60 days' notice; $248.2 million, 90 days' notice, $36 million, 180 days' notice.

(c) 2022: Redemption frequency is permitted as follows: $669.1 million quarterly and $232.7 million illiquid. Redemption notice periods are as follows: $40.6 million, 30 days' notice; $81.7 million, 45 days' notice; $358.4 million, 60 days' notice; $188.4 million, 90 days' notice; $232.7 million, illiquid.

(d) 2022: Investments totaling $4.6 million have been fully redeemed and proceeds are expected to be received in 2023.

(e) 2022: Certain investments have lock-up periods that expire within 24 months. $65.6 million of investments have lock-up periods that expire within 0-12 months, and $100.7 million of investments have lock-up periods that expire within 13-24 months.

2021: Certain investments have lock-up periods that expire within 24 months. $149.5 million of investments have lock-up periods that expire within 0-12 months, and $68.5 million of investments have lock-up periods that expire within 13-24 months.

(all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments, Other Assets and Fair Value Measurements (Continued)

ASU 2018-13 requires that Trinity disclose the period of time over which the underlying assets of non-redeemable private equity funds (PE Funds) are expected to be liquidated by the PE Funds only if the PE Fund has communicated the timing to Trinity or announced the timing publicly. As of December 31, 2022 and 2021, the timing of the liquidations of all of the PE Funds in which Trinity is invested in is unknown.

Note 8. Minimum Future Rental Commitments from Real Estate Tenants

Trinity has commitments from existing tenants under noncancelable leases expiring through January 31, 2043. Future minimum rental income related to its commercial property and ground leases subsequent to December 31, 2022, as follows:

Years ending December 31:		
2023	$	258,440
2024		264,709
2025		263,362
2026		236,946
2027		210,762
Thereafter		1,532,862
	$	2,767,081

Future minimum rental income excludes amounts to be received for real estate tax, Consumer Price Index escalations and additional rents related to ground leases, which are all contingent upon future economic events.

Note 9. Ministry Property and Equipment

Ministry property and equipment consists of the following at December 31:

		2022		2021
Land	$	37,013	$	36,978
Building and building improvements		403,663		418,289
Furniture, fixtures and equipment		13,941		19,498
		454,617		474,765
Less accumulated depreciation and amortization		(61,118)		(78,752)
Subtotal		393,499		396,013
Construction-in-progress		24,140		25,997
Ministry property and equipment, net	$	417,639	$	422,010

Trinity wrote off some fully depreciated assets no longer in use which is reflected in the reduction of the assets and accumulated depreciation in 2022.

Certain costs pertaining to the decision to demolish and rebuild a new parish building at 76 Trinity Place are reflected as parish building development in the consolidated statements of activities. Construction on the parish building was completed in 2021 and placed into service.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 9. Ministry Property and Equipment (Continued)

Construction-in-progress primarily reflects the Trinity Church Interior Master Plan and replacement of the organs, 76 Trinity Place post occupancy capital expenditures, and some Trinity Retreat Center project costs.

Note 10. Net Assets

The following tables summarize the changes in net assets without donor restrictions during the years ended December 31:

	2022				
		Endowment		Attributable to	
	Ministry	Real Estate Investments	Financial Investments	Joint Venture Partners' Interests	Total
Balance, beginning of year	$ 357,831	$ 3,431,007	$ 3,689,670	$ 2,406,709	$ 9,885,217
Change in net assets:					
Distributions to joint venture partners	-	(30)	-	(35,869)	(35,899)
Investment loss	(10,349)	(146,762)	(393,646)	(59,067)	(609,824)
Other	(157,568) [a]	(1,790)	(51)	1,801	(157,608)
Appropriated to Ministry from endowment and other transfers	176,824	(88,412)	(88,412)	-	-
Contributions and designations	(3,103)	-	3,103	-	-
Balance, end of year	$ 363,635	$ 3,194,013	$ 3,210,664	$ 2,313,574	$ 9,081,886

[a] Change in net assets for Ministry includes postretirement charges other than service costs of $552.

	2021				
		Endowment		Attributable to	
	Ministry	Real Estate Investments	Financial Investments	Joint Venture Partners' Interests	Total
Balance, beginning of year	$ 335,118	$ 3,239,315	$ 3,274,696	$ 2,341,932	$ 9,191,061
Change in net assets:					
Distributions to joint venture partners	-	(38)	-	(74,320)	(74,358)
Investment return	-	186,811	571,363	139,097	897,271
Other	(128,757) [a]	-	-	-	(128,757)
Appropriated to Ministry from endowment and other transfers	151,470	4,919	(156,389)	-	-
Balance, end of year	$ 357,831	$ 3,431,007	$ 3,689,670	$ 2,406,709	$ 9,885,217

[a] Change in net assets for Ministry includes $(323) of costs for parish building development and postretirement charges other than service costs of $4,103.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 10. Net Assets (Continued)

Net assets with donor restrictions consist of the following at December 31:

	2022	2021
Subject to appropriation and expenditure when a specific event occurs:		
Music	4,169	4,701
Education	2,589	2,742
Other	682	729
	7,440	8,172
Subject to the passage of time:		
Beneficial interest in estate	151	234
	151	234
Subject to Trinity's spending policy and appropriation:		
Investments in perpetuity (including original gift amount of $24,599 and $24,472 as of December 31, 2022 and 2021, respectively) and the investment income from which is expendable to support:		
Cemetery	800	861
Education	29,109	33,452
Medical	1,303	1,404
Other	1,005	1,093
	32,217	36,810
Not subject to spending policy or appropriations:		
Beneficial interest in perpetual trust	1,140	1,404
Split interest agreements held by others	1,752	1,828
Total net assets with donor restrictions	$ 42,700	$ 48,448

Trinity's Vestry has designated certain net assets without donor restrictions for the following purposes as of December 31:

	2022	2021
Vestry designated for endowment purposes	$ 6,404,677	$ 7,120,677

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31:

	2022	2021
Music	$ 205	$ 9
Education	172	301
Other	88	-
Ministry programs	$ 465	$ 310

(all dollar amounts in thousands unless otherwise indicated)

Note 11. Tenant Security Deposits

Tenant security deposits include cash deposits held in interest-bearing trust accounts at financial institutions on behalf of tenants to secure obligations under terms of the leases. In addition, in lieu of cash deposits, certain tenants have elected to provide irrevocable letters of credit naming Trinity as beneficiary. These letters of credit also act as security pursuant to obligations under the terms of the lease agreements and total $61,912 and $62,136 at December 31, 2022 and 2021, respectively.

Note 12. Employee Benefits and Other Postretirement Plans

Trinity sponsors two defined contribution pension plans covering all eligible employees other than clergy. Contributions are based on 5% of each covered employee's salary in 2022 and 2021, and totaled $1,456 and $1,385, respectively.

Trinity sponsors two thrift plans as supplemental plans for the above two defined contribution plans, which cover certain employees and clergy. Contributions by employees are matched at the discretion of the Vestry. Trinity contributed $1,303 and $1,275 in 2022 and 2021, respectively, which represent up to 5% of each covered employee’s salary in each year.

The clergy employees of Trinity are participants in a defined benefit pension plan sponsored by the National Episcopal Church. Contributions are based upon a percentage of salaries and housing allowances and totaled $487 and $555 in 2022 and 2021, respectively.

Trinity provides certain postretirement health and life insurance benefits for retired employees and certain dependents, as these employees become eligible. The plan was amended in 2000, effective January 1, 2001, such that these benefits are not available to new employees and their dependents. In addition, benefits were modified for current employees and retirees.

The following is a summary of the funded status, change in funded status and amounts recognized in the financial statements for postretirement health and life insurance benefits:

	Postretirement Health and Life Insurance Benefits	
	2022	2021
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 3,395	$ 7,759
Service cost	31	66
Interest cost	91	178
Benefits paid	(204)	(349)
Plan participant contributions	27	21
Actuarial gain	(643)	(4,280)
Benefit obligation, end of year	2,697	3,395
Change in plan assets:		
Employer contributions	177	328
Plan participant contributions	27	21
Benefits paid	(204)	(349)
	-	-
Funded status, end of year and amounts recognized as liability in consolidated balance sheets	$ (2,697)	$ (3,395)

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 12. Employee Benefits and Other Postretirement Plans (Continued)

Net periodic benefit cost includes the following components:

	Postretirement Health and Life Insurance Benefits	
	2022	2021
Service cost	$ 31	$ 66
Interest cost	91	178
Amortization of net gain	(573)	(43)
Net periodic benefit (gain) cost	$ (451)	$ 201

Other changes in benefit obligations recognized in changes in net assets without donor restrictions for the years ended December 31, 2022 and 2021, are sensitive to expected discount rate assumptions, plan participants and assumptions regarding the costs to purchase annuities and future healthcare costs. These changes consist of the following:

	Postretirement Health and Life Insurance Benefits	
	2022	2021
Net unrecognized gain and prior service credit, beginning of year	$ 4,777	$ 540
Actuarial gain	70	4,237
Net unrecognized gain and prior service credit end of year	$ 4,847	$ 4,777

During the years ended December 31, 2022 and 2021, the retirement benefits plan experienced a decrease in the net benefit obligation. The primary drivers for the decrease were actuarial gains due to discount rate increases partially offset by lower returns on plan assets.

Weighted average assumptions used to determine benefit obligation included the following at December 31:

	Postretirement Health and Life Insurance Benefits	
	2022	2021
Discount rate	5.25%	2.75%
Rate of compensation increase	N/A	N/A
Initial medical trend rate	7.00%	5.75%
Ultimate medical trend rate	4.75%	4.75%
Year of ultimate trend	2032	2025

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 12. Employee Benefits and Other Postretirement Plans (Continued)

Weighted average assumption used to determine net periodic pension cost included the following at December 31:

	Postretirement Health and Life Insurance Benefits	
	2022	2021
Discount rate	2.75%	2.50%
Rate of compensation increase	N/A	N/A
Expected long-term return on plan assets	N/A	N/A
Initial medical trend rate	5.75%	6.00%
Ultimate medical trend rate	4.75%	4.75%
Year of ultimate trend	2025	2025

Pri-2012 White Collar with Scale MP-2021 was used for both 2022 and 2021 mortality assumptions.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	Postretirement Health and Life Insurance Benefits
Years ending December 31:	
2023	$ 196
2024	190
2025	181
2026	170
2027	173
2028-2032	885

Trinity expects to contribute $196 to its postretirement health and life insurance benefit plan in 2023.

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 13. Notes and Loans, Net

The notes and loans, net balance as of December 31 is as follows:

	2022	2021
Revolving lines of credit	$ 184,500	$ 89,000
Term loan	172,160	184,013
Mortgage loan	400,000	400,000
Other borrowings	621	916
Deferred financing costs	(2,488)	(2,984)
	$ 754,793	$ 670,945

Future annual maturities of notes and loans are as follows:

Years ending December 31:	
2023	$ 12,318
2024	197,017
2025	12,864
2026	13,209
2027	13,564
Thereafter	508,309
	$ 757,281

On February 11, 2020, Trinity Church entered into a $205,000 15-year fixed rate fully amortizing term loan at an interest rate of 2.6%. The term loan has fixed monthly payments of $1,377 and matures on January 31, 2035. As of December 31, 2022 and 2021, $172,160 and $184,013 were outstanding, respectively.

In 2021 and through November 2022, Trinity Church had two $25,000 unsecured committed revolving credit facilities. The facilities could be drawn and paid down at any time until November 2022, when they matured and any amounts outstanding would be payable. The facilities had variable interest rates of LIBOR plus 50 basis points for LIBOR-based loans or prime for prime rate-based loans. There were no amounts outstanding under these facilities at December 31, 2021, or when they matured in November 2022.

On November 14, 2022, Trinity Church amended one of its existing unsecured committed revolving credit facilities, increasing the size to $75,000, extending the maturity to November 2025 and changing the interest rate basis from LIBOR to SOFR. On November 16, 2022, Trinity Church's second unsecured committed revolving credit facility matured and terminated. On December 29, 2022, Trinity Church closed on a new $75,000 unsecured committed revolving credit facility which matures in December 2023.The two $75,000 facilities can be drawn and paid down at any time until they mature, at which time any amounts outstanding will be payable. The facilities have variable interest rates of SOFR plus 0.6% and 0.7%, respectively. There were no amounts outstanding under these facilities at December 31, 2022.

Note 13. Notes and Loans, Net (Continued)

On October 31, 2019, 561 HH closed on a $250,000 revolving credit facility guaranteed by Trinity Church. The facility required an upfront commitment fee of $875 which has been reflected as investment in real estate in the financial statements. The facility can be drawn and paid down at any time prior to June 1, 2023 when it matures and any amounts outstanding will be payable. Borrowing proceeds will be used to finance development of a new office building at 561 Greenwich Street, New York. The facility was amended on October 31, 2022 from LIBOR and now has a variable interest rate of SOFR plus 1.60%. Outstanding loans under this facility were $184,500 and $89,000 at December 31, 2022 and 2021, respectively. The weighted average interest rate under this facility was 5.94% and 0.60% at December 31, 2022 and 2021, respectively.

The revolving lines of credit agreements have various covenants including the maintenance of unencumbered liquid assets. Trinity is not aware of any covenants that they are not in compliance with in 2022 and 2021.

On November 12, 2019, the REIT subsidiaries closed on a $250,000 revolving credit facility guaranteed by HSP and secured by a pledge by HSP of its equity interest in the REIT subsidiaries. The facility can be drawn and paid down at any time before maturity on November 11, 2021 with five 1-year extension options. On November 10, 2022, the REIT subsidiaries entered into a 1-year extension with a maturity date of November 12, 2023 and modified to reference SOFR instead of LIBOR. The facility has a variable interest rate of SOFR plus a 1.1% with an 0.1% unused facility fee on the undrawn amount. There was no loan outstanding under the facility at December 31, 2022 and 2021. The REIT subsidiaries incurred unused fees of $253 and $253 for the year ended December 31, 2022 and 2021, respectively, which is included in the net return from real estate investments line on the accompanying consolidated statements of activities.

The credit facility requires that the REIT subsidiaries comply with certain customary financial and nonfinancial covenants. Trinity is not aware of any instances of noncompliance with financial and nonfinancial covenants as of December 31, 2022 and 2021.

On August 15, 2017, 375 HH assumed a mortgage loan in the amount of $400,000 to partially fund the acquisition of the building at 375 Hudson. The loan bears a fixed interest at 3.49% per annum, is secured by the leasehold and estate for years interest in the building and requires monthly interest only payments through maturity on September 6, 2027. 375 HH has received a waiver from the lender for certain covenants which it currently does not satisfy. 375 HH is in compliance with all remaining debt covenants contained in the loan agreement at December 31, 2022.

Other borrowings consist of an interest free loan from a third party and a financial arrangement with University of California, Berkeley (UCB). In July 2015, CDSP entered into a $1,000 interest-free loan with a third party to be used for support of facilities and administrative transitional costs of the school. As of December 31, 2022 and 2021, $505 and $576 were outstanding, respectively. As part of the lease agreement with UCB, the school received a financial arrangement from UCB to provide up to $1,650 of financing for the tenant improvements to the leased property. As of December 31, 2022 and 2021, $116 and $340 were outstanding, respectively.

Deferred financing costs were incurred in obtaining the note payable and were capitalized as deferred financing costs. Amortization of deferred financing costs for the years ended December 31, 2022 and 2021, was $496 and $456, respectively. The balance of deferred financing costs as of December 31, 2022 and 2021, is $2,488 and $2,984, respectively, and is included as a reduction in notes and loans, net on the accompanying consolidated balance sheets.

Note 14. Related-Party Transactions

Trinity has property management and asset management agreements with Hines Interests Limited Partnership (HILP) to manage the operations of the 12 properties at HSP and 375 HSP, which expire on May 31, 2026. In addition, the management agreements provide for reimbursement of certain costs related to managing the properties.

The amounts paid to HILP for the property and asset management of the 12 properties was $16,387 and $15,921 in 2022 and 2021, respectively. These amounts are reflected within the net return from real estate investments line on the accompanying consolidated statements of activities.

On December 15, 2022, HSP entered into a construction management agreement with HILP, retroactively effective January 1, 2022 through June 30, 2024, to manage the repositioning capital work for 345 Hudson Street. As compensation for their services, HILP will earn $60 per month through June 2024. For the year ended December 31, 2022, HSP incurred $720 in construction management fees, which are capitalized and included in the cost basis of real estate investments.

Trinity has development management agreements with HILP to serve as the development manager at 561 HH and 92 HH. In addition, the development management agreements provide for reimbursement of certain costs related to the development of the properties. The amounts paid to HILP for the development management of the 561 HH and 92 HH properties was $1,060 and $2,525 in 2022 and 2021, respectively. These amounts are reflected within the net return from real estate investments line on the accompanying consolidated statements of activities.

Trinity Church has a Vestry member who serves as the Chief Executive Officer and a trustee of the Church Pension Fund which provides retirement benefits for the clergy as well as medical benefits to employees of Trinity Church. (See Note 12)

Note 15. Commitments and Contingencies

TREIT and THH had agreements to purchase electricity from Constellation Energy Resources which expired in December 2022. TREIT and THH have new agreements to purchase electricity from Constellation Energy Resources commencing in December 2022 and expires in December 2023. The pricing is based upon a variable rate.

TREIT and THH have agreements to purchase gas from Plymouth Rock which began in May 2019 and expired in April 2022. In November 2022, THH and TREIT signed agreements to purchase gas from Direct Energy, expiring in May 2024. The pricing is based upon a fixed rate.

375 HH had an agreement to purchase electricity from Constellation Energy Resources, which expired in December 2022. A new agreement was signed to purchase electricity from Constellation Energy Resources, which will expire in December 2023. The pricing is based upon a variable rate.

On June 26, 2019, HSP entered into a guarantee with a tenant of the commercial building located at 375 Hudson Street for 375 HSP's commitment to that tenant of $112,436 required by the lease agreement. HSP will be liable if 375 HSP defaults on its obligations. As of December 31, 2022 and 2021, the outstanding balance to the tenant is $61,034 and $61,989, respectively, however 375 HSP does not believe HSP will have to perform on the guarantee.

Note 15. Commitments and Contingencies (Continued)

Trinity enters into multi-year contracts to cover the cleaning, maintenance and security for the properties of the ministry (the ministry properties), which are cancellable upon 30 days' notice. Trinity Church has various commitments related to upkeep on the ministry properties. These contracts are funded predominantly through normal operating cash flow and supplemental borrowing as needed.

Trinity Church entered into and negotiated multi-year contracts with architects and contractors related to the development of the 76 Trinity Place parish building, which houses Trinity's congregational space, ministry offices, a gym and commercial tenants. As of December 31, 2022, Trinity Church has $651 in outstanding commitments related to the 76 Trinity Place parish building development, $311 in outstanding commitments related to the Trinity Church master plan renovation and $2,600 in outstanding commitments related to the Trinity Church organ replacement.

The total rent expense included as ministry expenses in the consolidated statements of activities for the years ended December 31, 2022 and 2021 on a straight-line basis was $122 and $105, respectively.

Trinity Church assigned its lease agreement with all of its leasehold improvements of the Trinity Church Preschool to a third party on August 31, 2020. Trinity Church remains the primary obligor on this lease which runs through April 2029. The remaining lease payments for which Trinity Church is contingently liable amounts to $4,638 at December 31, 2022.

Trinity, as an owner of real estate, is subject to various environmental laws of the federal and local governments. Compliance by Trinity with existing laws has not had a material adverse effect on Trinity's financial position and changes in net assets and management does not believe it will have such an impact in the future. However, Trinity cannot predict the impact of new or changed laws or regulations on its properties.

Consistent with many leases, there are commitments for lease and tenant-related work outstanding at any point in time. As of December 31, 2022, amounts of $3,570 and $98,947 were accrued for landlord- and tenant-related work, respectively, required by the lease agreements. As of December 31, 2021, amounts of $2,193 and $86,196 were accrued for landlord- and tenant-related work, respectively, required by the lease agreements.

Trinity is not aware of any pending or threatened litigation other than litigation arising out of the normal course of business, which is expected to be covered by liability insurance. None of such litigation is expected to have a material adverse effect on its financial position, changes in net assets or cash flows.

(all dollar amounts in thousands unless otherwise indicated)

Note 16. Risks and Concentrations

Concentration of credit risk: Financial instruments, which potentially subject Trinity to concentrations of credit risk, consist of cash and cash equivalents and tenant security deposits.

Trinity places its cash and cash equivalents and tenant security deposits with creditworthy, high quality financial institutions which, at times, may exceed federally insured limits. Trinity has not experienced any losses in these accounts and management believes that this risk is not significant.

Market risk of investment portfolio: Market risk represents the potential loss that can be caused by a change in the market value of the financial instrument. Trinity's exposure to market risk is determined by a number of factors, including interest rates and market volatility. Trinity attempts to minimize exposure to such risks by diversifying its portfolio and the active monitoring and oversight of risks by an internal investment management team.

Real estate-related concentration: Trinity's real estate investments are predominantly located in lower Manhattan within the area known as Hudson Square. Leasing-related revenue is derived principally through rental payments as provided for under the terms of the respective noncancelable operating leases. For the years ended December 31, 2022 and 2021, two tenants and one tenant accounted for more than 10% of rental revenue, respectively.

Note 17. Functional Allocation of Expenses

Trinity's primary program service is ministry activities. Natural expenses attributable to more than one functional expense category have been allocated reasonably and consistently using a variety of cost allocation techniques such as headcount of full-time equivalents by department and time and effort.

Expenses by functional classification for the years ended December 31, 2022 and 2021, consist of the following:

	2022				
	Program Activities	Parish Building Development	Institutional and Programmatic Support	Fundraising	Total Expenses
Compensation	$ 34,803	$ -	$ 12,884	$ 112	$ 47,799
Grants and other gifts	65,111	-	(51)	-	65,060
Occupancy cost	15,751	-	922	5	16,678
Professional fees	8,319	-	2,650	235	11,204
Depreciation	15,626	-	1,313	54	16,993
Supplies, services and other	14,905	-	3,582	63	18,550
Total ministry expenses	$ 154,515	$ -	$ 21,300	$ 469	$ 176,284

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 17. Functional Allocation of Expenses (Continued)

	2021				
	Program Activities	Parish Building Development	Institutional and Programmatic Support	Fundraising	Total Expenses
Compensation	$ 30,797	$ 252	$ 12,206	$ 168	$ 43,423
Grants and other gifts	52,747	-	20	-	52,767
Occupancy cost	9,416	14	646	6	10,082
Professional fees	4,161	19	2,779	180	7,139
Depreciation	14,703	31	1,956	93	16,783
Supplies, services and other	14,102	38	2,737	63	16,940
Total ministry expenses	$ 125,926	$ 354	$ 20,344	$ 510	$ 147,134

Note 18. Subsequent Events

St. Margaret's House HUD Loan Closure: The refinancing of St. Margaret's House Housing Development Fund Corporation closed on February 28, 2023, with a Housing and Urban Development (HUD) 223(f) loan. The total loan amount is $64,504 at a 5.42% interest rate with net proceeds totaling $56,500 with $5,000 in escrows for non-critical repairs and holdbacks. In addition, the garden parcel (tax lot 35) at St. Margaret's House HDFC was gifted to SMH Development LLC, an entity created to hold the ownership of the garden parcel while the potential development plan is progressing.

561 HH LLC: On May 15, 2023, the HSP Joint Venture closed on the acquisition of 561 HH LLC which holds ownership in 561 Greenwich Street. The seller requirements to execute the acquisition include the execution of the guaranteed maximum price contract by December 31, 2021, the estimated construction costs must be within 15% of the GMP contract and substantial completion must be achieved with receipt of the irrevocable and unconditional zero occupancy temporary certificate of occupancy (TCO) issued by the New York City Department of Buildings (DOB). To facilitate the closing, the Bank of America $217,000 credit facility will be paid off and Trinity is scheduled to receive a dividend payment totaling $82,900 approximately 10 days following the closing date. The final completion of the project is projected to occur in July 2023.

Church Divinity School of the Pacific: CDSP is in negotiations for a 99-year lease of the Shires Hall commercial building as a 100% leasehold interest, excluding the underlying land. The deal is expected to close in May 2023.

345 Hudson Street: On June 1, 2023, Trinity Hudson Holdings LLC contributed 345 Hudson Street to 561 HH LLC. This aligns both properties 561 Greenwich Street and 345 Hudson Street in 561 HH LLC. As part of the development of 561 Greenwich Street, the two properties have the ability to be connected and afford the tenants a larger floor plate. Given the interconnected nature of the properties, the contribution of 345 Hudson Street to 561 HH LLC was a necessary action.