

ALBANY DIOCESAN INVESTMENT TRUST

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 AND 2021

ALBANY DIOCESAN INVESTMENT TRUST

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

To the Trustees
Albany Diocesan Investment Trust

Opinion

We have audited the financial statements of Albany Diocesan Investment Trust, which comprise the statements of assets and liabilities, including the schedules of investments, as of December 31, 2022 and 2021, the related statements of operations and changes in net assets for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Albany Diocesan Investment Trust as of December 31, 2022 and 2021, and the changes in its net assets 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 Albany Diocesan Investment Trust 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 Albany Diocesan Investment Trust's ability to continue as a going concern within one year after the date that the financial statements are 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, including omissions, 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 Albany Diocesan Investment Trust'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 Albany Diocesan Investment Trust'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.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
January 24, 2024

**ALBANY DIOCESAN INVESTMENT TRUST
STATEMENTS OF ASSETS AND LIABILITIES
DECEMBER 31, 2022 AND 2021**

| ASSETS | 2022 | 2021 |
|---|----------------------|----------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash | \$ 169,801 | \$ 270,106 |
| Cash - savings | 22,800 | 9,170 |
| Investments, at fair value (cost \$19,217,201 in 2022; \$18,193,169 in 2021) | 26,443,480 | 30,612,559 |
| Money market funds | 702,434 | 662,303 |
| Dividends/Interest receivable | 60,335 | 50,552 |
| Shareholder redemption receivable | - | 54,659 |
| | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 27,398,850</u> | <u>\$ 31,659,349</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Distributions payable | \$ 264,335 | \$ 255,012 |
| Administrative fees payable | 33,682 | 19,872 |
| Due to Episcopal Diocese of Albany | 9,169 | 9,169 |
| Shareholder deposits | 763,617 | 295,027 |
| | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>1,070,803</u> | <u>579,080</u> |
| NET ASSETS | <u>26,328,047</u> | <u>31,080,269</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 27,398,850</u> | <u>\$ 31,659,349</u> |
| Net Asset Value Per Share | <u>\$ 38.14</u> | <u>\$ 45.02</u> |

See accompanying notes to financial statements.

ALBANY DIOCESAN INVESTMENT TRUST
SCHEDULES OF INVESTMENTS
DECEMBER 31, 2022 AND 2021

| | 2022 | | | 2021 | | |
|-------------------------------------|---------------|-----------------------|----------------------------------|---------------|-----------------------|----------------------------------|
| | SHARES | FAIR VALUE | PERCENT OF NET ASSETS | SHARES | FAIR VALUE | PERCENT OF NET ASSETS |
| COMMON STOCKS, UNITED STATES | | | | | | |
| Air Prod & Chemicals | 3,625 | \$ 1,117,443 | 4.24% | 3,625 | \$ 1,102,942 | 3.55% |
| Amphenol Corp | 5,305 | 403,923 | 1.53% | - | - | 0.00% |
| Arthur J. Gallagher & Co. | 9,970 | 1,879,744 | 7.14% | 11,600 | 1,968,172 | 6.33% |
| Avery Dennison Corp. | 5,000 | 905,000 | 3.44% | 5,000 | 1,082,850 | 3.48% |
| Broadridge Financial Solutions | 7,900 | 1,059,627 | 4.02% | 7,900 | 1,444,278 | 4.65% |
| Brown & Brown Inc. | - | - | 0.00% | 5,490 | 385,837 | 1.24% |
| CDW Corp. | 7,265 | 1,297,384 | 4.93% | 8,200 | 1,679,196 | 5.40% |
| Cintas Corp. | 1,095 | 494,524 | 1.88% | 1,095 | 485,271 | 1.56% |
| Entegris Inc. | 3,000 | 196,770 | 0.75% | 3,000 | 415,740 | 1.34% |
| Fastenal Co. | 9,200 | 435,344 | 1.65% | 9,200 | 589,352 | 1.90% |
| First Hawaiian Inc. | 17,875 | 465,465 | 1.77% | 17,875 | 488,524 | 1.57% |
| Hanover Insurance | 7,350 | 993,206 | 3.77% | 7,350 | 963,291 | 3.10% |
| Heico Corp. | 3,590 | 430,262 | 1.63% | 3,590 | 461,387 | 1.48% |
| Henry Jack & Associates | 4,235 | 743,497 | 2.82% | 4,235 | 707,203 | 2.28% |
| IDEX Corp. | 2,100 | 479,493 | 1.82% | 2,100 | 496,272 | 1.60% |
| Illinois Tool Works | - | - | 0.00% | 2,500 | 617,000 | 1.99% |
| Microchip Technology | 5,250 | 368,813 | 1.40% | 5,250 | 457,065 | 1.47% |
| Paychex, Inc. | 5,000 | 577,800 | 2.19% | 5,000 | 682,500 | 2.20% |
| Pool Corp. | 1,410 | 426,285 | 1.62% | 2,430 | 1,375,380 | 4.43% |
| Republic Services | 7,000 | 902,930 | 3.43% | 7,000 | 976,150 | 3.14% |
| Ross Stores, Inc. | 9,395 | 1,090,478 | 4.14% | 9,395 | 1,073,660 | 3.45% |
| Stryker Corp. | 3,050 | 745,695 | 2.83% | 4,000 | 1,069,680 | 3.44% |
| T. Rowe Price Group | - | - | 0.00% | 1,625 | 319,540 | 1.03% |
| Vulcan Materials Com. | 1,902 | 333,059 | 1.27% | 3,060 | 635,195 | 2.04% |
| Watsco Inc. | 1,515 | 377,841 | 1.44% | - | - | 0.00% |
| Common Stocks, United States | 2,170 | 179,871 | 0.68% | 5,130 | 448,279 | 1.44% |
| Total | | <u>15,904,454</u> | <u>60.39%</u> | | <u>19,924,764</u> | <u>64.11%</u> |
| COMMON STOCKS, INTERNATIONAL | | | | | | |
| Brookfield Asset Management Inc. | 4,511 | 129,330 | 0.49% | 26,400 | 1,594,032 | 5.13% |
| Brookfield Corp. | 18,047 | 567,759 | 2.16% | - | - | 0.00% |
| Genpact Limited | 22,000 | 1,019,040 | 3.87% | 22,000 | 1,167,760 | 3.76% |
| Steris, PLC. | 2,405 | 444,179 | 1.69% | 2,405 | 585,401 | 1.88% |
| Trane Technologies, PLC. | 5,800 | 974,922 | 3.70% | 5,800 | 1,171,774 | 3.77% |
| Total | | <u>3,135,230</u> | <u>11.91%</u> | | <u>4,518,967</u> | <u>14.54%</u> |

See accompanying notes to financial statements.

ALBANY DIOCESAN INVESTMENT TRUST
SCHEDULES OF INVESTMENTS
DECEMBER 31, 2022 AND 2021

| | 2022 | | | 2021 | | |
|-----------------------------------|-------------|-----------------------|----------------------------------|-------------|-----------------------|----------------------------------|
| | PAR | FAIR VALUE | PERCENT OF NET ASSETS | PAR | FAIR VALUE | PERCENT OF NET ASSETS |
| U.S. TREASURY SECURITIES | | | | | | |
| U.S. Treasury, 4.58%, 5/4/23 | 100,000 | \$ 98,489 | 0.37% | - | - | 0.00% |
| U.S. Treasury, 4.66%, 6/1/23 | 100,000 | 98,121 | 0.37% | - | - | 0.00% |
| U.S. Treasury, 4.07%, 4/6/23 | 300,000 | 296,722 | 1.13% | - | - | 0.00% |
| U.S. Treasury, 2.25%, 01/24 | 100,000 | 97,359 | 0.37% | - | - | 0.00% |
| U.S. Treasury, 2.125%, 09/24 | 200,000 | 191,844 | 0.73% | - | - | 0.00% |
| U.S. Treasury, 2.00%, 02/23 | 300,000 | 299,109 | 1.14% | - | - | 0.00% |
| U.S. Treasury, 2.25%, 04/24 | 200,000 | 193,656 | 0.74% | - | - | 0.00% |
| U.S. Treasury, 2.00%, 02/25 | 200,000 | 190,281 | 0.72% | - | - | 0.00% |
| U.S. Treasury, 2.25%, 04/22 | - | - | 0.00% | 200,000 | 201,188 | 0.65% |
| Total | | <u>1,465,581</u> | <u>5.57%</u> | | <u>201,188</u> | <u>0.65%</u> |
| FIXED INCOME SECURITIES | | | | | | |
| Stryker Corp, 3.375%, 05/24 | 300,000 | 293,359 | 1.11% | 200,000 | 210,514 | 0.68% |
| Stryker Corp, 1.15%, 05/25 | 100,000 | 91,377 | 0.35% | 100,000 | 99,047 | 0.32% |
| Autozone, 3.125%, 04/26 | 78,000 | 73,628 | 0.28% | 78,000 | 82,278 | 0.26% |
| Autozone, 3.7%, 01/22 | - | - | 0.00% | 100,000 | 100,094 | 0.32% |
| Autozone, 3.125%, 06/27 | - | - | 0.00% | 200,000 | 218,072 | 0.70% |
| Autozone, 3.75%, 6/27 | 300,000 | 285,487 | 1.08% | - | - | 0.00% |
| Air Products, 1.85%, 05/27 | 300,000 | 266,838 | 1.01% | 300,000 | 304,313 | 0.98% |
| Air Products, 3.0%, 11/21 | - | - | 0.00% | - | - | 0.00% |
| Air Products, 1.5%, 09/25 | 100,000 | 92,158 | 0.35% | 100,000 | 100,320 | 0.32% |
| McCormick & Co., 2.7%, 08/22 | - | - | 0.00% | 175,000 | 177,035 | 0.57% |
| McCormick & Co., 3.4%, 08/27 | 200,000 | 186,623 | 0.71% | 100,000 | 107,260 | 0.35% |
| McCormick & Co., 3.15%, 08/24 | 100,000 | 96,756 | 0.37% | 100,000 | 104,333 | 0.34% |
| Brookfield, 4%, 04/24 | 100,000 | 98,378 | 0.37% | 100,000 | 105,396 | 0.34% |
| Brookfield, 4%, 01/25 | 300,000 | 294,118 | 1.12% | 200,000 | 213,944 | 0.69% |
| Broadridge Financial, 3.4%, 06/26 | 276,000 | 258,716 | 0.98% | - | - | 0.00% |
| Broadridge Financial, 2.9%, 12/29 | 75,000 | 63,601 | 0.24% | - | - | 0.00% |
| Analog Devices, 2.95%, 04/25 | 300,000 | 288,149 | 1.09% | 200,000 | 209,976 | 0.68% |
| Analog Devices, 3.5%, 12/26 | 200,000 | 190,746 | 0.72% | 200,000 | 218,038 | 0.70% |
| Markel, 2.7%, 07/22 | - | - | 0.00% | 100,000 | 102,004 | 0.33% |
| Markel, 3.625%, 03/23 | 100,000 | 99,887 | 0.38% | 100,000 | 102,844 | 0.33% |
| Markel, 3.35%, 09/29 | 100,000 | 86,939 | 0.33% | 100,000 | 107,759 | 0.35% |
| Fidelity NTNL, 1.15%, 03/26 | 300,000 | 263,294 | 1.00% | 300,000 | 292,307 | 0.94% |
| Fidelity NTNL, 1.65%, 03/28 | 100,000 | 83,399 | 0.32% | 100,000 | 96,833 | 0.31% |
| Fortune Brands, 4.0%, 09/23 | 300,000 | 297,178 | 1.13% | - | - | 0.00% |
| Illinois Tool, 2.65%, 11/26 | 300,000 | 278,740 | 1.06% | - | - | 0.00% |
| Republic Services, 2.5%, 08/24 | 300,000 | 287,826 | 1.09% | - | - | 0.00% |
| Ross Stores, 4.6%, 04/25 | 300,000 | 298,053 | 1.13% | - | - | 0.00% |
| The Progressive, 2.45%, 01/27 | 300,000 | 274,967 | 1.04% | 300,000 | 311,511 | 1.00% |
| Trane Technologies, 4.25%, 06/23 | 100,000 | 99,637 | 0.38% | - | - | 0.00% |
| Trane Technologies, 3.5%, 03/26 | 200,000 | 188,705 | 0.72% | - | - | 0.00% |
| Trane Technologies, 3.75%, 08/28 | 200,000 | 189,170 | 0.72% | - | - | 0.00% |
| Corporate Bonds - United States | 3,600,000 | 910,486 | 3.46% | 3,501,000 | 2,703,762 | 8.70% |
| Total | | <u>5,938,215</u> | <u>22.54%</u> | | <u>5,967,640</u> | <u>19.21%</u> |
| Total Investments | | <u>\$ 26,443,480</u> | <u>100.41%</u> | | <u>\$ 30,612,559</u> | <u>98.50%</u> |

See accompanying notes to financial statements.

ALBANY DIOCESAN INVESTMENT TRUST
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|---------------|---------------|
| INVESTMENT INCOME AND EXPENSES | | |
| INCOME EARNED | | |
| Interest | \$ 241,335 | \$ 195,451 |
| Dividends | 295,305 | 280,773 |
| | | |
| TOTAL INCOME | 536,640 | 476,224 |
| | | |
| EXPENSES | | |
| Investment management fees | 185,553 | 193,745 |
| Administrative expenses | 140,507 | 128,941 |
| Foreign taxes paid | 2,953 | 11,759 |
| Other expenses | 63,651 | 31,261 |
| | | |
| TOTAL EXPENSES | 392,664 | 365,706 |
| | | |
| NET INVESTMENT INCOME | 143,976 | 110,518 |
| | | |
| REALIZED AND UNREALIZED GAINS ON INVESTMENTS | | |
| Net realized gain | 1,438,409 | 438,333 |
| Net unrealized gain (loss) | (5,192,812) | 4,753,516 |
| | | |
| TOTAL GAIN (LOSS) ON INVESTMENTS | (3,754,403) | 5,191,849 |
| | | |
| INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS | (3,610,427) | 5,302,367 |
| | | |
| DISTRIBUTIONS TO SHAREHOLDERS | | |
| Distributions paid | (1,072,540) | (960,026) |
| | | |
| INCREASE (DECREASE) IN NET ASSETS BEFORE SHARE TRANSACTIONS | (4,682,967) | 4,342,341 |
| | | |
| SHARE TRANSACTIONS | | |
| Increase in net assets from sales of shares, including dividend reinvestments | 860,779 | 359,802 |
| Decrease in net assets from redemption of shares | (930,034) | (505,262) |
| | | |
| INCREASE (DECREASE) IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS | (69,255) | (145,460) |
| | | |
| NET INCREASE (DECREASE) IN NET ASSETS | (4,752,222) | 4,196,881 |
| | | |
| NET ASSETS | | |
| Beginning of Year | 31,080,269 | 26,883,388 |
| | | |
| End of Year | \$ 26,328,047 | \$ 31,080,269 |
| | | |

See accompanying notes to financial statements.

ALBANY DIOCESAN INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Albany Diocesan Investment Trust (the “Trust”) is presented to assist in understanding the Trust’s financial statements. The Albany Diocesan Investment Trust was established in 1942, operates under a stated declaration that allows the Episcopal Diocese of Albany (the “Diocese”), along with its associated parishes and institutions, to purchase and redeem shares of beneficial interest in the pooled net asset value on specified dates.

Investment Valuation

For purposes of determining the fair value, investments in securities traded on national security exchanges are valued at the last reported sales price on the last day of the month; investments that are traded on public markets, but at times are not actively traded, are valued using prices obtained from a pricing source using primarily matrix pricing, which considers observable and unobservable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, credit information, and the instrument’s terms and conditions among other things; money market funds are valued at cost, which approximates fair value.

Investment Transactions

Investment transactions are accounted for on the date securities are purchased or sold. The cost of investment securities sold is determined using the average cost method.

Shareholder Deposits

Shareholder deposits, a liability account on the Trust’s statements of assets and liabilities, are principally comprised of shareholder funds received by the Trust, but not yet allocated to purchase shares.

Shareholder Distributions

Distributions are recorded to shareholders of record at closing of the last business day of each calendar quarter and paid in the following month. Distributions are generally paid in the form of cash; or, if elected by the shareholder, reinvested in additional shares. Shareholder distributions are calculated based on a 4% of net average October 31st market value per share for the prior three years. The quarterly shareholder distribution payments in 2022 and 2021 were \$0.3829 and \$0.3414 per share, respectively; or \$1.5317 and \$1.3656, respectively each year.

Related Party Transactions

The Trust is related to Episcopal Diocese of Albany (the “Diocese”) and Episcopal Charities of Albany, Inc. (Charities), entities which support the overall mission of the Episcopal Church in upstate New York. Through this relationship, these entities share management, personnel and office facilities, although each entity is governed by a separate oversight board. Transactions between these entities are deemed to be related party transactions.

Income Taxes

The Trust is a grantor trust and is, therefore, not subject to federal and state income taxes.

ALBANY DIOCESAN INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

2. INVESTMENT MANAGEMENT

The Trustees of the Episcopal Diocese of Albany have fiduciary responsibility to define investment objectives, manage securities, monitor risk and evaluate the performance of the Trust's investments. The investment policy targeted market allocations of the Trust's investments at December 31, 2022, is as follows:

| <u>Market Allocation</u> | <u>% of Trust Assets</u> |
|---|--------------------------|
| Global Fixed Income (including US) | 10% - 40% |
| Global Equity Securities (including US) | 60% - 90% |
| Cash Savings | 0% - 20% |

At December 31, 2022, the investment portfolio was in compliance with the allocation policy noted above.

Administrative services for the Trust are provided by the Diocese. The total annual costs for these services were \$140,507 and \$128,941 for 2022 and 2021, respectively.

3. SHARE TRANSACTIONS

Shares of the Trust may be issued or redeemed on the first business day of a month, at the per share valuation calculated as of the last business day of the preceding month. Purchases and redemptions may be initiated by submitting an irrevocable written request (for purchases, with a check) no later than three business days before the end of the month.

Share transactions during the years ended December 31, 2022 and 2021, were as follows:

| Number of Shares | <u>2022</u> | <u>2021</u> |
|--|--------------------|--------------------|
| Balance at beginning of year | \$ 690,421 | \$ 693,101 |
| Shares issued to shareholders, including reinvestments | 20,402 | 9,319 |
| Shares redeemed from shareholders | (20,473) | (11,999) |
| Balance at end of the year | <u>\$ 690,350</u> | <u>\$ 690,421</u> |

4. LOANS RECEIVABLE, RELATED PARTY TRANSACTIONS AND CONTINGENCIES

From time to time, the Trust may purchase certain loans from the Diocesan Development Fund, a fund of the Episcopal Diocese of Albany. These loans are purchased from the Diocese at face value (the unamortized amount of principal), with a guarantee of full recourse, including interest, in the event of a default.

The cumulative amount of loans in the portfolio at any one time is limited to \$500,000. There were no loans outstanding as of December 31, 2022 and 2021.

ALBANY DIOCESAN INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

5. CONCENTRATION OF CREDIT RISK

The Trust occasionally maintains deposits in excess of insured limits. Accounting Standards Codification (ASC) 825, *Financial Instruments* identifies these items as a concentration of credit risk requiring disclosure, regardless of degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

6. NET ASSET VALUE PER SHARE

In accordance with the Declaration of Trust, the net asset values per share at December 31, 2022 and 2021, were determined as follows:

| Net Asset Value | <u>2022</u> | <u>2021</u> |
|---------------------------|--------------------|--------------------|
| Net Assets | \$ 26,328,047 | \$ 31,080,269 |
| Shares Outstanding | <u>690,350</u> | <u>690,421</u> |
| Net Asset Value per share | <u>\$ 38.14</u> | <u>\$ 45.02</u> |

7. SHARE INFORMATION

A schedule of per share information, based upon the number of shares outstanding at December 31, 2022 and 2021, follows:

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|--------------------|
| Income earned | \$ 0.77 | \$ 0.69 |
| Expense allocation | <u>(0.57)</u> | <u>(0.53)</u> |
| Net investment income | 0.20 | 0.16 |
| Net gain from investment activities (net of expense allocation) | (5.44) | 7.46 |
| Distributions paid to shareholders | <u>(1.55)</u> | <u>(1.39)</u> |
| Increase (decrease) in net assets before share transactions | <u>\$ (6.79)</u> | <u>\$ 6.23</u> |
| Ratio of expense to Net Assets | <u>1.49%</u> | <u>1.18%</u> |
| Ratio of net investment income to Net Assets | <u>0.52%</u> | <u>0.22%</u> |
| Ratio of increase (decrease) in Net Assets to Net Assets per Share | <u>-17.81%</u> | <u>13.84%</u> |
| Shares outstanding at December 31 | <u>690,350</u> | <u>690,421</u> |

ALBANY DIOCESAN INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. FAIR VALUE MEASUREMENTS

The Trust has adopted Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are described as follows:

- Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for the years ended December 31, 2022 and 2021.

- Mutual funds, exchange traded funds, common equities and preferred equities are valued using market prices in active market.
- Municipal bonds are valued using prices obtained from a pricing source using primarily matrix pricing, which considers observable and unobservable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, credit information, and the instruments terms and conditions among other things; and money market funds are valued at cost, which approximates fair value.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2022 and 2021, are as follows:

| | <u>Fair Value</u> | <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <u>December 31, 2022:</u> | | | | |
| Money Market Funds | \$ 702,434 | \$ 702,434 | \$ - | \$ - |
| Domestic Equities | 15,904,454 | 15,904,454 | - | - |
| Foreign Equities | 3,135,230 | 3,135,230 | - | - |
| Government and Corporate Bonds | 7,403,796 | 1,465,581 | 5,938,215 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 27,145,914</u> | <u>\$ 21,207,699</u> | <u>\$ 5,938,215</u> | <u>\$ -</u> |

ALBANY DIOCESAN INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. FAIR VALUE MEASUREMENTS

| | <u>Fair Value</u> | <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> |
|--------------------------------|----------------------|----------------------|---------------------|------------------|
| <u>December 31, 2021:</u> | | | | |
| Money Market Funds | \$ 662,303 | \$ 662,303 | \$ - | \$ - |
| Domestic Equities | 19,924,764 | 19,924,764 | - | - |
| Foreign Equities | 4,518,967 | 4,518,967 | - | - |
| Government and Corporate Bonds | 6,168,828 | 201,188 | 5,967,640 | - |
| | <u>\$ 31,274,862</u> | <u>\$ 25,307,222</u> | <u>\$ 5,967,640</u> | <u>\$ -</u> |

9. RISKS AND UNCERTAINTIES

The Trust invests primarily in equity and debt securities which are exposed to various risks, such as interest rate risk, financial market risk and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

10. SUBSEQUENT EVENTS

The Trust has evaluated events and transactions that occurred between December 31, 2022 through January 24, 2024, which is the date these financial statements were available to be issued and determined that there are no subsequent events that require recording or disclosure.