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

Consolidated Financial Report
December 31, 2016

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Contents

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying 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 sheet as of December 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries as of December 31, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the financial statements, Trinity has elected to change its method of accounting for other investments, including real estate, in the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

RSM US LLP

New York, New York
May 2, 2017

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

Consolidated Balance Sheet
December 31, 2016
(all dollar amounts in thousands)

Assets		
Cash and cash equivalents	$	92,337
Accounts, rent agreements and notes receivable, net		8,070
Tenant security deposits		11,037
Ministry property and equipment, net		66,004
Investments, at fair value:		
Real estate		5,207,500
Financial		1,976,484
Prepayments and other assets		25,191
Total assets	$	7,386,623
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$	51,482
Grants payable		4,222
Tenant security deposits		11,037
Mortgage payable - St. Margaret's House		4,690
Pension and other postretirement benefits payable		9,827
Other liabilities		9,275
Total liabilities		90,533
Net assets:		
Unrestricted:		
Ministry		48,150
Endowment:		
Real Estate Investments		3,423,750
Financial Investments		1,964,269
Trinity unrestricted net assets		5,436,169
Noncontrolling interests in real estate investments		1,849,409
Total unrestricted net assets		7,285,578
Temporarily restricted - Ministry		8,423
Permanently restricted - Ministry		2,089
Total net assets		7,296,090
Total liabilities and net assets	$	7,386,623

See notes to consolidated financial statements.

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

Consolidated Statement of Activities
Year Ended December 31, 2016
(all dollar amounts in thousands)

Change in unrestricted net assets:	
Ministry:	
Ministry revenue:	
Preschool tuition and other program revenue	$ 4,019
St. Margaret's House	5,170
Contributions and donations	887
All other revenue	3,921
Release from restrictions and reclassifications	501
Total ministry revenue	14,498
Ministry expenses:	
Program expenses:	
Parish programs and outreach ministries	26,396
Grants, other gifts and diocesan assessment	9,311
St. Margaret's House	3,887
Church properties and program facilities support	10,880
Digital outreach and ministry communications	5,857
74 Trinity Place parish building development	6,509
Institutional and programmatic support	6,288
Fund development	439
Total ministry expenses	69,567
Net ministry expenditures	(55,069)
Net return from endowment:	
Commercial real estate	362,159
Financial investments	101,638
Total return from endowment, including amounts attributable to noncontrolling interests in real estate investments ($114,603)	463,797
Postretirement related charges other than net periodic costs	614
Received from noncontrolling interests in real estate investments	174,717
Distributions to noncontrolling interests	(21,085)
Change in unrestricted net assets	562,974
Change in temporarily restricted net assets:	
Return on investment portfolio	546
Contributions	74
Release from restrictions and reclassifications	(501)
Change in temporarily restricted net assets	119
Change in permanently restricted net assets:	
Contributions and change in value of interest in perpetual trust	(1)
Change in permanently restricted net assets	(1)
Change in net assets	563,092
Net assets:	
Beginning, as restated	6,732,998
Ending	$ 7,296,090

See notes to consolidated financial statements.

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

Consolidated Statement of Cash Flows
Year Ended December 31, 2016
(all dollar amounts in thousands)

Cash flows from operating activities:	
Change in net assets	$ 563,092
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in unrealized appreciation of investments in real estate	(238,572)
Net gain on financial investments	(85,485)
Depreciation and amortization	4,786
Proceeds from noncontrolling interests in real estate investments	(174,717)
Postretirement related charges other than net periodic costs	(614)
Distributions to noncontrolling interests	21,085
Changes in assets and liabilities:	
Accounts, rent agreements and notes receivable, net	526
Accounts payable and accrued liabilities	(208)
Other changes, net	(18,185)
Net cash provided by operating activities	71,708
Cash flows from investing activities:	
Additions to investments in real estate	(27,599)
Purchases of financial investments	(838,312)
Sales of financial investments	636,868
Additions to ministry property and equipment	(13,889)
Net cash used in investing activities	(242,932)
Cash flows from financing activities:	
Proceeds from noncontrolling interests in real estate investments	174,717
Principal payments on mortgage - St. Margaret's House	(700)
Distributions to noncontrolling interests	(21,085)
Net cash provided by financing activities	152,932
Net decrease in cash and cash equivalents	(18,292)
Cash and cash equivalents:	
Beginning	110,629
Ending	$ 92,337
Supplemental disclosure of cash flow information:	
Interest and make whole amount paid	$ 419
Supplemental disclosures of noncash investing activities:	
Construction costs included in accounts payable and accrued liabilities	$ 1,775
Leasing commissions included in accounts payable and accrued liabilities	$ 386
Tenant improvements included in accounts payable and accrued liabilities	$ 32,590

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, is dedicated to the promotion of the Gospel and the betterment of human life, according to God's vision, in the parish community, the city of New York, within the Anglican Communion and throughout the world, through the use of spiritual, human and financial resources.

Trinity Church is an inclusive Episcopal community focused on service to others. Its ministries include social justice and reconciliation, education, music, strengthening neighborhoods, and feeding the hungry in New York City. 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 Housing Development Fund Corporation (St. Margaret's House): St. Margaret’s House is a New York not-for-profit corporation 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 handicapped.

- Trinity Episcopal Center Association, Incorporated (Trinity Retreat Center): Trinity Retreat Center is a Connecticut Non-Stock Corporation located in West Cornwall, CT and is exempt from federal income tax under Section 501(c)(3) of the Code. The Trinity Retreat Center ceased operations for external parties effective in November 2012. Trinity Church expects to reopen its Retreat Center in late 2017.

- 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.

- Hudson Square Properties LLC (HSP): HSP is a Delaware limited liability company formed on November 30, 2015. HSP owns 100% of the voting common stock of Trinity REIT, Inc. (TREIT) and 100% of the voting common units of Trinity Hudson Holdings, LLC (THH). HSP is a real estate joint venture with 51% of the common units owned by Trinity Church, 48% owned by NBIM Franklin Hudson Square, LLC (Norges), a single member LLC of Norges Bank Investment Management and 1% owned by Hines Hudson Square Investor LLC (Hines), a single member LLC of Hines Hudson Square Associates Limited Partnership, a Texas limited partnership. Trinity Church’s investment in HSP is accounted for in accordance with Accounting Standard Codification (ASC) 810, Consolidation.

  Prior to the formation of HSP, Trinity Church owned 100% of the voting common stock for TREIT and 100% of the common units for THH. TREIT is a Delaware corporation that qualifies as a real estate investment trust that owns and operates one building within Trinity Church’s real estate portfolio. THH is a Delaware limited liability company that qualifies as a real estate investment trust that owns and operates certain buildings within Trinity Church’s real estate portfolio.

- 375 Hudson LLC (375 Hudson): 375 Hudson is a Delaware limited liability company formed as a single member LLC with THH as the sole owner on November 30, 2015. 375 Hudson qualifies as a real estate investment trust that holds the real and personal property as well as its interest in the ground lease at 375 Hudson Street in New York City formerly owned by THH. THH distributed 375 Hudson to Trinity Church on December 14, 2015.

(all dollar amounts in thousands unless otherwise indicated)

Note 1. Organization (Continued)

- Remainderman LLCs for 11 Operating Properties (Remainderman LLCs): These are Delaware limited liability companies formed as single member LLCs owned by TREIT and THH on November 30, 2015. Each of the Remainderman LLCs holds a remainder interest in one of the 11 properties owned by TREIT and THH. TREIT distributed its one Remainderman LLC and THH distributed its ten Remainderman LLCs to Trinity Church on December 14, 2015.

Note 2. Change in Accounting Principle

Accounting principles generally accepted in the United States of America (U.S. GAAP) require non-profits such as Trinity Church to report other investments at either fair value or at the lower of cost or fair value Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-325-35. Other investments include investments in real estate. Prior to 2016, Trinity Church accounted for investments in real estate at the lower of cost or fair value. Buildings, additions and improvements were depreciated over the estimated useful lives. Tenant installations and deferred leasing costs were capitalized at cost as of the lease commencement date and amortized using the straight-line method over the terms of the respective leases or earlier, should the respective leases be terminated prior to the end of its contractual term. Trinity Church management concluded that this policy did not present the entire endowment in the most meaningful manner. Trinity Church elected, effective January 1, 2016, to report other investments at fair value, as a preferable accounting policy.

The change resulted in the following restatement at January 1, 2016:

	Unrestricted Net Assets, Excluding Noncontrolling Interest	Noncontrolling Interest in Real Estate Joint Venture	Total Unrestricted Net Assets
December 31, 2015, balances as previously reported	$ 2,096,816	$ 223,614	$ 2,320,430
Effect of change in accounting for real estate investments	3,054,773	1,347,401	4,402,174
Balances as restated, January 1, 2016	$ 5,151,589	$ 1,571,015	$ 6,722,604

Note 3. 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 Retreat Center, Trinity Concerts, HSP, 375 Hudson, and the Remainderman LLCs, (collectively, Trinity). All significant intercompany accounts and transactions have been eliminated in consolidation. Noncontrolling interest in the accompanying consolidated balance sheet represents Norges' 48% ownership and Hines' 1% ownership of HSP.

Basis of accounting and financial statement presentation: The consolidated financial statements of Trinity have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.

Note 3. Summary of Significant Accounting Policies (Continued)

For financial reporting purposes, the net assets and revenues, expenses, gains and losses of Trinity are classified as follows:

- Unrestricted:

  Unrestricted net assets include net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets are generated from Trinity's ministry, mission, daily operations and income-producing assets. Some unrestricted net assets generated from Trinity's ministry, although not donor-restricted, have been voluntarily designated by the Vestry for use in a specified manner. All expenses are recorded as a reduction of unrestricted net assets.

- Temporarily restricted:

  Temporarily restricted net assets include gifts of cash and other assets received with donor stipulations that limit the use of the assets to a specific purpose or time period. When the purpose restriction is accomplished or the time restriction expires, the temporarily restricted net asset balance is reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

- Permanently restricted:

  Permanently restricted net assets include funds that have been designated by the donor to be held and invested in perpetuity. The unspent cumulative income from such investments is classified as temporarily restricted net assets.

  Permanently restricted net assets also include Trinity's interest in a perpetual trust held by a third party. Distributions received from the trust are recognized as unrestricted revenue, and the changes in value of Trinity's interest are recognized as permanently restricted gains or losses.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: 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.

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, 2016 is adequate. However, actual write-offs may exceed the recorded allowance.

Note 3. Summary of Significant Accounting Policies (Continued)

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 statement of activities.

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 3 to 50 years.

Grants expense and related payable: The Trinity Grants Program currently operates to address spiritual, social and economic issues in the Episcopal Church, metropolitan New York and throughout the world. Trinity records grant obligations when approved by the Vestry and committed to the recipient.

Revenue and expense recognition: 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 the investment in real estate. 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. These amounts are included within leasing-related revenues and operating expenses on the consolidated statement of activities.

Trinity records as ministry revenue the following types of contributions at fair value when they are received unconditionally: cash and gifts of other assets, promises to give, and certain contributed services. Conditional contributions are recognized as support when the conditions on which they depend have been substantially met. Contributions and promises to give 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 classified either as unrestricted, temporarily restricted or permanently restricted support, based on the donor's intent.

Impairment of long-lived assets: Trinity periodically assesses the recoverability of its long-lived assets and believes that there is no impairment at December 31, 2016.

Leases and related liabilities: Trinity leases space under noncancellable lease agreements, which are accounted for as operating leases. Trinity recognizes rent expense on a straight-line basis over the lease term. The cumulative excess of rents so recognized over amounts contractually due pursuant to the underlying leases is reported in other liabilities on the accompanying consolidated balance sheet.

Note 3. Summary of Significant Accounting Policies (Continued)

Recently adopted or issued accounting standards: In May 2015, the FASB issued Accounting Standards Update (ASU) 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are measured at net asset value (NAV) using the practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured using the NAV per share practical expedient. Although the investments are not categorized within the fair value hierarchy, a reporting entity shall provide the amount measured using the NAV per share (or its equivalent) practical expedient to permit reconciliation of the fair value of investments included in the fair value hierarchy to the line items presented in the balance sheet. The amendments in this update are generally effective for fiscal periods beginning after December 15, 2016 for nonpublic entities. Trinity has applied the amendments in the current year financial statements.

In August, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management has not evaluated the impact of this ASU on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expenses recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Trinity is currently evaluating the impact of the adoption of the new standard on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Trinity has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

(all dollar amounts in thousands unless otherwise indicated)

Note 3. Summary of Significant Accounting Policies (Continued)

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Currently, diversity exists in the classification and presentation of changes in restricted cash in the statement of cash flows. The updated standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The ASU is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. Trinity will include restricted cash in the statement of cash flows upon the adoption of this standard.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension cost and Net Periodic Postretirement Benefit Cost*, to improve guidance related to the presentation of defined benefit costs in the income statement. ASU 2017-07 set forth transparency to the several components of an employer's financial arrangements and cost of benefits provided to employees. The ASU is effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those annual periods. For other entities, the ASU is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted as of the beginning of an annual period for which financial statements (interim or annual) have not been issued or made available for issuance. Trinity is currently evaluating the impact of the adoption of the new standard on its financial statements.

Evaluation of 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 May 2, 2017 for these consolidated financial statements.

Note 4. Net Assets

Net assets, which are substantially endowments, consist of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor and other restricted funds for Trinity's ministry:				
Music programming	$ -	$ 3,566	$ -	$ 3,566
Training and education of candidates for priesthood in the Episcopal Church	-	1,188	1,184	2,372
Other restricted funds	-	3,669	905	4,574
	-	8,423	2,089	10,512
Others:				
Ministry	48,150	-	-	48,150
Endowment:				
Real estate[(a)]	5,273,159	-	-	5,273,159
Investments	1,964,269	-	-	1,964,269
	7,285,578	-	-	7,285,578
Total net assets	$ 7,285,578	$ 8,423	$ 2,089	$ 7,296,090

[(a)] Includes preferred units in 375 Hudson LLC of $104.

Note 4. Net Assets (Continued)

The endowment, which includes both donor-restricted and unrestricted funds, supports Trinity's legacy and mission in the world. Endowment assets are invested directly and indirectly in commercial real estate holdings and in an investment portfolio. Net assets associated with these funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Trinity's continued intention is for the endowment to exist in perpetuity and grow over time to support and sustain the church's ministries. The Vestry is responsible for overseeing the endowment. 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). As part of its endowment asset diversification efforts, Trinity Church sold a 49% interest through an estate for seventy-five years in 11 of its commercial real estate buildings. This real estate joint venture results in the diversification of Trinity Church's total assets, critical to sustaining the church's mission that encompasses programs, services, and ministries reaching millions of people in New York City and around the world. The Sustainability and Risk Oversight 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 Real Estate Committee, in accordance with the policies and procedures approved by the Vestry, has responsibility for oversight of the Trinity wholly-owned commercial real estate portion of the endowment, which is unrestricted. The HSP board, in accordance with the policies and procedures approved by the Vestry, has responsibility for oversight of the HSP and subsidiaries real estate portion of the endowment which is unrestricted. The Investment Committee, in accordance with the investment policy approved by the Vestry, has responsibility for oversight of the investment portfolio portion of the endowment, which is primarily unrestricted.

In February 2017, the ordinances were revised so that the Investment Committee now provides oversight of both the real estate and financial investments.

Trinity's spending policy is intended to carry out Trinity's present-day mission in the world by withdrawing endowment funds in a stable and sustainable way in amounts that align with Trinity's long-term goals. Actual spending of funds is determined each year as part of the annual budgeting process.

Trinity has interpreted NYPMIFA 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. The historic dollar value of permanent donor endowments is classified as permanently restricted and the remaining donor-restricted portion of the endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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

Note 4. Net Assets (Continued)

The following table summarize the changes in donor and other restricted endowment net assets during the year:

	Temporarily Restricted	Permanently Restricted	Total
Balance, beginning of year	$ 8,304	$ 2,090	$ 10,394
Contributions and other additions (deductions)	74	(1)	73
Net investment return	546	-	546
Appropriations of endowment assets for expenditures for specific ministry programs	(501)	-	(501)
Balance, end of year	$ 8,423	$ 2,089	$ 10,512

The following table summarizes the changes in unrestricted net assets during the year:

		Endowment		Attributable to	
	Ministry	Real Estate Investments	Financial Investments	Noncontrolling Interests	Total
December 31, 2015 balances as previously reported	$ 38,592	$ 378,559	$ 1,679,665	$ 223,614	$ 2,320,430
Effect of change in accounting for real estate investments	-	3,054,773	-	1,347,401	4,402,174
Balances, as restated, January 1, 2016	38,592	3,433,332	1,679,665	1,571,015	6,722,604
Change in net assets:					
Received from noncontrolling interests	-	(188,674) [(b)]	178,515	184,876	174,717
Distributions to noncontrolling interests	-	-	-	(21,085)	(21,085)
Investment return	-	247,556	101,638	114,603	463,797
Other	(54,455) [(a)]	-	-	-	(54,455)
Appropriated to Ministry from endowment and other transfers	64,013	(68,464)	4,451	-	-
Balance, end of year	$ 48,150	$ 3,423,750	$ 1,964,269	$ 1,849,409	$ 7,285,578

[(a)] Change in net assets for Ministry includes $(6,509) of costs of 74 Trinity Place Development and postretirement charges other than net periodic costs of $613.
[(b)] Includes preferred units in 375 Hudson LLC of $104.

Note 5. Investment in Real Estate Subsidiaries

As part of its ongoing stewardship and prudent management of its endowment assets, Trinity Church entered into a Joint Venture Agreement (JV Agreement) for the ownership of 11 commercial buildings through an estate for seventy-five years with Norges on December 15, 2015. Prior to this transaction, Trinity Church held the majority of its commercial real estate assets, 11 operating buildings, in two wholly-owned legal entities, TREIT and THH.

TREIT and THH distributed to Trinity Church the remainder interest after seventy-five years in each of the 11 operating buildings. In addition, THH contributed real and personal property as well as its interest in a ground lease at 375 Hudson to a Delaware limited liability company that was distributed to Trinity Church. TREIT and THH, which retained ownership of an estate for seventy-five years in each of the 11 commercial buildings, were contributed to HSP, a newly created entity.

On December 15, 2015, Trinity Church sold a 44% interest in HSP to Norges, Trinity Church's noncontrolling partner in the real estate joint venture. The purchase price was $1,562,000, subject to apportionment. The net proceeds from the sale amounted to $1,558,256 and are reflected as an increase in unrestricted net assets.

(all dollar amounts in thousands unless otherwise indicated)

Note 5. Investment in Real Estate Subsidiaries (Continued)

On April 28, 2016, Trinity Church sold an additional 4% interest in HSP to Norges and a 1% interest to Hines, Trinity Church's noncontrolling partners in the real estate joint venture. The purchase price was $177,500, subject to apportionment. The net proceeds from the sale amounted to $174,717 and are reflected as an increase in unrestricted net assets.

TREIT has outstanding 120 shares of 1 cent par value, cumulative, nonvoting preferred stock that is callable at the discretion of TREIT. On the consolidated balance sheet, both par value and additional paid-in capital are included in unrestricted net assets. 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. TREIT issued dividend distributions of $15 for preferred stock in 2016 and $11,000 for common stock in 2016. As of December 31, 2016, there were no dividends in arrears on the preferred stock.

TREIT elected to be taxed as a real estate investment trust under Section 856 of the Code. A real estate investment trust generally will not be subject to federal income taxation on that portion of its income that qualifies as real estate investment trust taxable income, to the extent that it distributes at least 90% of its taxable income to its shareholders and complies with certain other requirements. TREIT fully distributes all of the real estate investment trust taxable income to its shareholders.

In January 2015, THH issued 125 shares of 1 cent par value, cumulative, nonvoting preferred units that is callable at the discretion of THH. Holders of the preferred units are entitled to receive distributions semiannually at a per annum rate equal to 12.5% of the liquidation preference, which is $1 per share. THH elected to be taxed as a real estate investment trust under Section 856 of the Code. THH issued distributions of $16 for preferred units and $35,000 for common units in 2016.

Additionally, in January 2016, 375 Hudson issued 125 shares of 1 cent par value, cumulative, nonvoting preferred units that is callable at the discretion of 375 Hudson. Holders of the preferred units are entitled to receive distributions semiannually at a per annum rate equal to 12.5% of the liquidation preference, which is $1 per share. 375 Hudson intends to elect to be taxed as a real estate investment trust under Section 856 of the Code. 375 Hudson issued distributions of $15 for preferred units and $1,795 for common units in 2016.

Note 6. Accounts, Rent Agreements and Notes Receivable

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

Accounts receivable - Tenants	$ 5,610
Rent agreements receivable	819
Other receivables	1,919
	8,348
Less allowance for doubtful accounts	(278)
Accounts, rent agreements and notes receivable, net	$ 8,070

(all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments and Fair Value Measurements

Investments, at fair value, are as follows:

	Domestic	Global	Total
Cash and cash equivalents	$ 279,325	$ -	$ 279,325
Fixed income	90,321	139,171	229,492
Equities and equity mutual funds	541,989	542,663	1,084,652
Private equity funds:			
Oil and gas	5,987	-	5,987
Distressed	3,082	790	3,872
Venture capital	9,512	-	9,512
Commodities	-	1,373	1,373
Hedge funds:			
Multi-strategy	98	328,739	328,837
Distressed	-	33,434	33,434
Total financial investments	930,314	1,046,170	1,976,484
Real estate:			
Joint venture commercial real estate	3,735,000	-	3,735,000
Trinity wholly-owned commercial real estate	1,472,500	-	1,472,500
Total real estate investments	5,207,500	-	5,207,500
Total investments	$ 6,137,814	$ 1,046,170	$ 7,183,984

Trinity invests in a range of asset classes from marketable investments to nonmarketable alternative investments. The marketable investments, including mutual funds and managed funds, primarily hold international and domestic equities and fixed income. The nonmarketable alternative investments, including hedge funds, private equity funds and venture capital funds, invest primarily in equities, fixed and floating rate securities, derivatives, energy and energy-related assets and early-stage enterprises. Additionally, Trinity has investments in real estate through a controlling interest in HSP and through several wholly-owned commercial real estate properties.

The investments held by Trinity include commitments to some limited partnerships for additional capital funding from Trinity. Funding of partnership commitments will occur over time with notice from the partnership's general partners. At December 31, 2016, Trinity's outstanding commitments to these limited partnerships are $4,037.

Note 7. Investments and Fair Value Measurements (Continued)

Trinity values its financial 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.

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.

Investments in alternative investment funds are comprised of private equity and hedge 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.

Note 7. Investments and Fair Value Measurements (Continued)

Trinity's estimates of fair value for Levels 2 and 3 may differ significantly from the values that would have been used had a ready market for the investments existed. The financial statements of the alternative investment funds are audited annually by independent auditing firms.

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

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.

Real estate investment values are adjusted for expenditures that extend the economic life or represent additional capital investments benefiting future periods, including tenant improvements and leasing commissions. Since real estate investments are carried at estimated fair values, no provision is made for depreciation of cost or amortization of tenant improvement or leasing commissions.

Fair value calculations were prepared by independent appraisers and reviewed and approved by management. All appraisal reports and appraisal reviews comply with the currently published Uniform Standards of Professional Appraisals Practice (USPAP).

The quantitative information about significant unobservable inputs related to the Level 3 fair value measurements for real estate investments used at December 31, 2016 includes using the income capitalization method for Joint Venture commercial real estate. The discount rate ranged from 6.75% to 7.50% with a weighted average of 7.01%. The terminal capitalization rate ranged from 5.50% to 5.75% with a weighted average of 5.53%.

For the Trinity wholly-owned commercial real estate, development sites used the sales comparison valuation technique on a sales per square foot basis. The range of sales price per square foot was $450 to $825 per square foot with a weighted average of $569 per square foot. The valuation of ground leases and remainderman interests included in the Trinity wholly-owned commercial real estate was performed using the income capitalization approach. The discount rate ranged from 6.00 to 8.00% with a weighted average of 6.30%. The remainderman interests included the use of 6.5% terminal capitalization rate.

Real estate investments are accounted for at fair value and are estimated based on the price that would be received from the sale of the properties in an orderly transaction between marketplace participants at the measurement date. Considerable judgment is required in interpreting market data to determine the estimates of value; accordingly, the estimates of value presented in the consolidated financial statements are not necessarily indicative of the amount that Trinity Church could realize in a market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

(all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments and Fair Value Measurements (Continued)

Investments carried at fair value at December 31, 2016 are classified in the following table in one of the three levels described earlier.

	Level 1	Level 2	Level 3	Practical Expedient (Net Asset Value)[(a)]	Total
Cash and cash equivalents	$ 279,325	$ -	$ -	$ -	$ 279,325
Fixed income	205,932	-	-	23,560	229,492
Equities and equity mutual funds	696,115	-	-	388,537	1,084,652
Private equity funds:					
Oil and gas	-	-	-	5,987	5,987
Distressed	-	-	-	3,872	3,872
Venture capital	-	-	-	9,512	9,512
Commodities	-	-	-	1,373	1,373
Hedge funds:					
Multi-strategy	-	-	-	328,837	328,837
Distressed	-	-	-	33,434	33,434
Total financial investments	1,181,372	-	-	795,112	1,976,484
Real estate:					
Joint venture commercial real estate	-	-	3,735,000	-	3,735,000
Trinity wholly-owned commercial real estate	-	-	1,472,500	-	1,472,500
Total real estate investments	-	-	5,207,500	-	5,207,500
Total investments	$ 1,181,372	$ -	$ 5,207,500	$ 795,112	$ 7,183,984

(a) Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient are not classified as Level 2 or 3, in accordance with ASU 2015-07, and are shown for informational purposes.

(all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments 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, 2016:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed income	$ 23,560	$ -	Monthly	0 days
Equities and equity mutual funds	388,537	-	Varies [(a)]	3 to 30 days [(a)]
Private equity funds:				
Oil and gas	5,987	481	Illiquid	N/A
Distressed	3,872	1,957	Illiquid	N/A
Venture capital	9,512	1,312	Illiquid	N/A
Commodities	1,373	287	Illiquid	N/A
Hedge funds:				
Multi-strategy	328,837	-	Varies [(b)]	45 to 65 days
Distressed	33,434	-	Varies [(c)]	60 to 90 days
Total	$ 795,112	$ 4,037		

(a) Redemption frequency is permitted as follows: $161.5 million daily, $201.8 million monthly, and $25.3 million annually. Redemption notice periods are as follows: $72.3 million, 3 days notice; $153.0 million, 10 days notice; $79.2 million, 15 days notice; $58.8 million, 30 days notice; $25.3 million, 90 days notice.

(b) Redemption frequency is permitted as follows: $16.9 million daily; $131.5 million monthly; $117.6 million quarterly; $62.3 million annually; $0.6 million illiquid.

(c) Investments totaling $33.4 million have been fully redeemed and partial proceeds will be received the first quarter of 2017, and the remaining proceeds in 2017 and 2018.

As of December 31, 2016, the expected remaining life of each of the Private Equity Funds is as follows:

	1 to 5 Years	6 to 10 Years	Total
Private equity funds:			
Oil and gas	$ 5,145	$ 842	$ 5,987
Distressed	3,872	-	3,872
Venture capital	5,869	3,643	9,512
Commodities	1,373	-	1,373
Total	$ 16,259	$ 4,485	$ 20,744

(all dollar amounts in thousands unless otherwise indicated)

Note 7. Investments and Fair Value Measurements (Continued)

Changes in assets measured at fair value using Level 3 inputs for the year ended December 31, 2016 are as follows:

	Balance January 1, 2016 As Restated [(a)]	Net Realized and Unrealized Gains (Losses) and Other Income	Purchases and Other Adjustments	Sales and Other Adjustments	Balance December 31, 2016
Real estate:					
Joint venture commercial real estate	$ 3,550,000	$ 145,672	$ 39,328	$ -	$ 3,735,000
Trinity wholly-owned commercial real estate	1,379,500	92,900	100	-	1,472,500
Total	$ 4,929,500	$ 238,572	$ 39,428	$ -	$ 5,207,500

(a) The beginning balance has been restated to remove financial investments for which fair value was measured using the net asset value per share practical expedient in accordance with ASU 2015-07, and to include real estate not previously reported at fair value.

The components of return on the investment portfolio as reported in the consolidated statement of activities consist of the following:

	Financial	Real Estate
Net investment income from real estate	$ -	$ 123,587
Net realized/unrealized gains	85,485	238,572
Interest and dividends	27,331	-
Investment management fees	(5,624)	-
Investment related expenses	(5,008)	-
Net return on investment portfolio	$ 102,184	$ 362,159

The total net return on investments in 2016 was $464,343 of which $546 is in temporarily restricted net assets.

Note 8. Minimum Future Rental Commitments from Real Estate Tenants

Trinity has commitments from existing tenants under noncancellable leases for future minimum rental income related to its commercial property and ground leases subsequent to December 31, 2016 as follows:

Years ending December 31:	
2017	$ 206,855
2018	222,369
2019	227,972
2020	228,241
2021	216,035
Thereafter	1,284,055
	$ 2,385,527

(all dollar amounts in thousands unless otherwise indicated)

Note 8. Minimum Future Rental Commitments from Real Estate Tenants (Continued)

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 consist of the following:

Church buildings and grounds	$	59,858
Clergy housing		5,520
Ministry and parish facilities		38,569
Furniture, fixtures and equipment		13,286
		117,233
Less accumulated depreciation and amortization		51,229
Ministry property and equipment, net	$	66,004

Depreciation and amortization expenses for property and equipment was $4,773 in 2016 and are included as ministry expenses in the consolidated statement of activities.

Certain costs pertaining to the decision to demolish and rebuild a new parish building at 74 Trinity Place are reflected as 74 Trinity Place parish building development in the consolidated statement of activities.

In March 2016, the Vicarage at 200 Rector was sold and Trinity recognized a gain of $2,290. In May 2016, Trinity Church sold 317 acres of land to the Cornwall Conservation Trust, Inc. for $714 and recognized a gain of $662. Both gains are included in all other revenue as part of ministry revenue in the consolidated statement of activities.

Note 10. 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 $54,927 at December 31, 2016.

Note 11. Mortgage Payable - St. Margaret's House

St. Margaret's House is indebted to the U.S. Department of Housing and Urban Development (HUD) under a loan agreement dated December 1979, which is secured by the property financed with the proceeds of the loan. The loan bears interest at 7.625% per annum and is payable in monthly installments through December 2021. Interest expense was $382 for the year ended December 31, 2016. Principal amounts maturing in each of the five years subsequent to December 31, 2016 and thereafter are as follows: $755 in 2017, $815 in 2018, $879 in 2019, $949 in 2020, $1,024 in 2021 and $268 thereafter.

(all dollar amounts in thousands unless otherwise indicated)

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 2016 and totaled $780.

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 $632 in 2016, which represent up to 5% of each covered employee's salary in each year.

In addition, Trinity provides pension benefits for certain employees covered under a former defined benefit plan. The benefits under the current plan represent the difference between benefits payable under the current 403(b) plan and their former defined benefit plan. The accumulated pension benefits payable for that plan was $402 as of December 31, 2016.

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 consolidated financial statements for pension benefits and postretirement health and life insurance benefits:

	Pension Benefits	Postretirement Health and Life Insurance Benefits
Change in benefit obligation		
Benefit obligation, beginning of year	$ 355	$ 9,850
Service cost	-	120
Interest cost	8	385
Benefits paid	-	(277)
Plan settlement	-	-
Curtailment gain	-	-
Actuarial loss (gain)	39	(653)
Benefit obligation, end of year	402	9,425
Change in plan assets:		
Employer contributions	-	277
Benefits paid	-	(277)
	-	-
Funded status, end of year, and amounts recognized as liability in consolidated balance sheets	$ (402)	$ (9,425)

(all dollar amounts in thousands unless otherwise indicated)

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

Net periodic benefit cost for the plans includes the following components:

	Pension Benefits	Postretirement Health and Life Insurance Benefits
Service cost	$ -	$ 120
Interest cost	8	385
Curtailment gain	-	-
Plan settlement	-	-
Recognized net actuarial gain	-	28
Net benefit periodic cost	$ 8	$ 533

Other changes in benefit obligations recognized in changes in unrestricted net assets for the year ended December 31, 2016 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:

	Pension Benefits	Postretirement Health and Life Insurance Benefits
Net unrecognized gain (loss) and prior service credit (cost), beginning of year	$ (21)	$ (1,749)
Actuarial gain (loss)	(39)	653
Recognized net actuarial gain	-	28
Plan settlement gain (loss)	-	-
Net unrecognized gain (loss) prior service credit (cost), end of year	$ (60)	$ (1,068)

Estimated amounts to be recognized in benefit costs in 2017 consist of the following:

	Pension Benefits	Postretirement Health and Life Insurance Benefits
Net gain	$ -	$ 15
Prior service cost	-	-
Service cost	-	-

(all dollar amounts in thousands unless otherwise indicated)

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

The following table provides the weighted-average assumptions as of the measurement date:

	Pension Benefits	Postretirement Health and Life Insurance Benefits
Discount rate	4.00%	4.00%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	N/A	N/A

The Medical Trend Assumption was changed effective December 31, 2016 to an initial rate of 7.0% per year grading down to 4.75% per year in 2025 and thereafter.

The healthcare cost trend rate assumption has a significant effect on the amounts reported. For the year ended December 31, 2016, the effect of a 1% increase (decrease) in the assumed healthcare trend cost rates on the aggregate of the service and interest cost components of net periodic postretirement healthcare benefit cost and the accumulated postretirement benefit obligation for healthcare benefits is as follows:

	1% Increase	1% Decrease
Interest and service cost	$ 96	$ (75)
Accumulated postretirement benefit obligation	1,547	(1,235)

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

	Pension Benefits	Postretirement Health and Life Insurance Benefits
Years ending December 31:		
2017	$ 402	$ 447
2018	-	456
2019	-	449
2020	-	476
2021		489
Thereafter	-	2,393
	$ 402	$ 4,710

Trinity expects to contribute $402 to its pension plan and $447 to its postretirement health and life insurance benefit plan in 2017.

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

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 $411 in 2016.

Note 13. Notes and Loans

Private placement notes: TREIT had two $100,000 uncommitted private placement shelf facilities in place which were terminated in November 2016. No drawings were made on these facilities in 2016.

Revolving credit facilities: Trinity Church has two $25,000 unsecured committed revolving credit facilities. The facilities can be drawn and paid down at any time until September 16, 2019, when they mature and any amounts outstanding will be payable. The facilities have variable interest rates of London Interbank Offered Rate (LIBOR) plus 70 basis points for LIBOR based loans or prime for prime rate based loans. There were no loans outstanding under these facilities at December 31, 2016.

The credit agreement has various covenants including the maintenance of unencumbered net assets at the last day of the second quarter and the last day of each fiscal years in an amount at least equal to $100,000.

The credit agreement requires comparative financial statements be provided to the banks. The banks have issued a waiver letter permitting the submission of single year financial statements for the year ended December 31, 2016.

Note 14. Commitments and Contingencies

Trinity Church and its subsidiaries have agreements to purchase electricity from Direct Energy, which will expire in May 2019 and June 2019, respectively. The pricing is based upon a fixed rate and floating New York Installed Capacity (ICAP) rate.

Trinity Church and HSP enter into multi-year contracts to cover the cleaning, maintenance and security for their commercial real estate buildings and the properties of the ministry (the ministry properties) which are cancellable upon 30 days notice. Trinity Church has a commitment to procure gas services through 2021 for three of its real estate buildings. Consistent with many tenant leases, there are commitments for lease and tenant-related work outstanding at any point in time. Additionally, 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 has entered into and is negotiating multi-year contracts with architects and contractors related to the development of the 74 Trinity Place parish building, which formerly housed Trinity's congregational space, ministry offices, preschool and commercial tenants. As of December 31, 2016, Trinity Church has approximately $12,000 in outstanding commitments related to the 74 Trinity Place parish building development.

(all dollar amounts in thousands unless otherwise indicated)

Note 14. Commitments and Contingencies (Continued)

Trinity Church executed noncancellable leases for the preschool and temporary space for congregational gatherings and ministry offices and accounts for these leases as operating leases. The lease for the temporary space for the ministry offices provides for reimbursement of certain costs in connection with the build-out of the unit. Future minimum rental payments due under the leases are as follows:

Years ending December 31:		
2017	$	3,720
2018		3,747
2019		3,246
2020		619
2021		637
Thereafter		5,294
	$	17,263

The total rent expense included as ministry expenses in the consolidated statement of activities for the year ended December 31, 2016 on a straight-line basis is $3,509.

Trinity Church has guaranteed payments required related to a loan made by a bank to the Rector in connection with the purchase of his home. The guarantee is limited to the principal amount of $940 and accrued interest, until the final payment is due in August 2020.

In 2016, Trinity Church and HSP entered into property management and asset management agreements with Hines to manage the operations of certain real estate properties effective August 1, 2016 and June 1, 2016, respectively.

Trinity Church, 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 consolidated 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.

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 consolidated financial position or changes in net assets or cash flows.

Note 15. 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.

Note 15. Risks and Concentrations (Continued)

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 engaging an investment advisor.

Real estate-related concentration: Trinity's real estate portfolio is 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 noncancellable operating leases. For the year ended December 31, 2016, no tenants accounted for more than 10% of leasing related revenue.

In December 2015, Trinity Church entered into a seventy-five year JV Agreement with Norges. The joint venture holds 11 of Trinity's commercial real estate operating properties. Norges purchased from Trinity Church, for cash, a 44% ownership interest in the joint venture and an additional 4% ownership interest on April 28, 2016. On April 28, 2016, Hines purchased from Trinity Church, for cash, a 1% ownership interest in the joint venture. Trinity Church invested the proceeds from the joint venture interest sale in a range of financial instruments resulting in a decrease in real estate related concentration and an increase in the overall endowment diversification.

Note 16. Income Taxes

Trinity had taken no uncertain tax positions that would require adjustments or disclosure to the accompanying consolidated financial statements. Trinity is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for the years before 2013.