



FINANCE COMMITTEE MEETING
February 13, 2024
4:30 PM – 6:00 PM

AGENDA

| TOPIC | FACILITATOR | ACTION | TIME |
|---|--------------------|---------------|-------------|
| 1. Welcome and Call to Order | Shannon Matteson | | 2 |
| 2. Prayer/Poem/Positivity | Shannon Matteson | | 2 |
| 3. Approval of November 14, 2023, Minutes | Shannon Matteson | Approve | 1 |
| 4. Pre-Audit Meeting | Jeff Paille | Discuss | 20 |
| 5. Q4 & Year End Dashboards | Mark Bordeau | Review | 10 |
| 6. December & Year End Financial Reports | Erica Loomis | Approve | 15 |
| a. Income Statement & Narrative | | | |
| b. Balance Sheet | | | |
| c. Cash Flow Report | | | |
| d. Communis Fund | | | |
| 7. SIF Update | Mark Bordeau | Review | 5 |
| 8. Personnel Update | Mark Bordeau | Update | 5 |
| 9. Other Business | Shannon Matteson | Approve | 5 |

Next Meeting

May 9, 2024

4:30 PM – 6:00 PM

Prayer/Poem/Positivity: Dick Pirozzolo

RSVP to Kate Paterson at kate.paterson@foodbankst.org



Finance & Audit Committee Meeting Minutes
 Tuesday, November 14, 2023, 4:30-5:30 pm (Via Zoom)

| Board & Committee Member | In Attendance | Unable to Attend |
|--------------------------|---------------|------------------|
| Shannon Matteson (Chair) | X | |
| Steve Hoyt | | X |
| Dick Pirozzolo | X | |
| Linda Bruckner | X | |
| Meghan Rose | X | |
| Tricia Khan | X | |
| Elizabeth Brando | | X |
| | | |
| <i>Ex-Officio</i> | | |
| Mark Bordeau | X | |
| Mary Pat Dolan | X | |
| | | |
| <i>Staff</i> | | |
| Erica Loomis | X | |
| Kate Paterson | X | |
| Karen Owen | X | |
| Chris Hasenauer | X | |
| | | |
| <i>Guest</i> | | |
| Robert Libby | X | |

1. **Welcome and Call to Order:** Chairperson Shannon Matteson called the meeting to order at 4:30 pm.
2. **Prayer/Poem/Positivity:** Elizabeth Brando was unable to attend the meeting but sent the poem “Perhaps the World Ends Here” by Joy Harjo to be shared.
3. **Approval of August 8, 2023 Minutes**

*Tricia Khan made a motion to approve the August 8, 2023 minutes.
 Meghan Rose seconded. All were in favor. None opposed. Motion passed.*

4. September Financial Reports (Erica Loomis)

September financials were reviewed. The Food Bank is above target in many food line due to increase demand. Year to date expenses are at 87%. HPNAP funding starts on October 1st. The Executive Committee supports staff bonuses of \$38,950. There will be a flagpole installed in the front parking lot for \$10K.

*Tricia Khan made a motion to approve the September financials.
 Linda Bruckner seconded. All were in favor. None opposed. Motion passed.*

4. Q3 Dashboards

Mark reviewed the Q3 dashboards. Catch up numbers from CHOW are reflected in the latest dashboards. Produce is the number one product being delivered. The Food Bank is making a conscious effort to increase produce, particularly from NY state. Year Over Year Distribution by county shows all have increased quarter after quarter. People served number has increased each month since Q3 2022. Meal distribution by county still shows a food gap in all counties except Tompkins.

5. Q3 Budget Adjustments

Erica reported on Q3 budget adjustments. We are back in the black with a Surplus of \$8,503. Adding in Capital and SIF expenses, we are looking at a deficit of \$2.6M. Fundraising looks like it will meet or exceed the 2023 budget. Forecasting through the rest of 2023, there is a surplus projected of \$264,789 if fundraising meets budget. The only budget change suggested is what will be incurred through the LA grant.

*Linda Bruckner made a motion to accept the Q3 budget adjustments.
Meghan Rose seconded. All were in favor. None opposed. Motion passed.*

6. 2024 Budget

Erica presented the 2024 Budget. The general operating budget shows a deficit of \$99,955. Including a proposed Emergency Food Fund, the deficit would be \$799,955. Including SIF and Capital Expenses, the deficit would be \$3,214,894. Revenue assumptions are fundraising at \$4.8M (based on the recommendation from the Development Committee), interest income of \$300,100, administrative/program revenue of Nourish NY at \$152,847, TEFAP at \$336,375, and HPNAP LA at \$198,276. Expense assumptions include food programs, personnel, and miscellaneous expenses. There is \$130K in the turkey line and \$43K in the hams line. Personnel costs are projected to increase by 14% to \$417,666 in salary only. Health insurance has increased by 27%. A COLA of 3% for workforce members is budgeted. Three new staff positions were added in 2023, with one other addition to be made in 2024. Additional expenses are Call'em All bulk purchase credits at \$21K, contract services/staff development at \$43K, new business software of \$23K, data warehousing software at 9.7K (for 3 years) and mileage costs of \$40K.

Questions were asked about whether we were doing any modeling for the loss of donors and cybersecurity. Erica will check with our IT company through CC to find out more about cybersecurity and we have cybersecurity insurance. Information in Blackbaud is protected by Blackbaud itself. Our compliance officer at Catholic Charities works on 3rd party security compliance. The impact of the lawsuit on earned interest was discussed. The money set aside for the lawsuit is in our Communis account, not the interest earning ICS account. The jump in insurance rates was discussed. Catholic Charities saved money last year with Aetna, but this year they were going to charge a huge jump in rates.

Proposed 2024 Emergency Food Fund

The Food Bank would like to have a plan to help support agencies facing increased requests and high wholesale food costs. Because of the current landscape and SNAP emergency allotments ending, wholesale food is being used more quickly by agencies. Asking to include \$700,000 in the budget as an Emergency Food fund. Trigger points for utilization would be:

- Agency specific HPNAP and LA grants are exhausted
- HPNAP LA does not happen
- HPNAP LA is greatly reduced

These funds may be needed as early as April 2024.

Hopefully this money will not be needed. We need to look at the long-term forecasting and make some difficult decisions in the coming years if these trends continue. We believe this is the most prudent way to handle 2024. We are hoping to have more concrete information about the HPNAP grant, particularly the Legislative Award (LA), in the future.

The \$700K amount represents a max, worst-case scenario. It might all be needed, and we don't want to have to keep going back to the board with requests. We need to do modeling to figure out how to fund these shortfalls going forward.

Capital expenses in the 2024 Budget are the purchase of a truck and trailer for \$289,432, and a shrink wrap machine of \$7K, and the capital improvements of the facilities project that has been approved at \$700K. A purchase of a new dock door for \$8K had been approved in the 2023 budget, but supply/installation delays kept it from being purchased.

SIF Projects timelines were reviewed. The Service Insights project has been moved from SIF into general operating in 2023. The budget for SIF projects is \$1,410,503. There will be data-supported analysis of SIF projects by late summer/early fall on SIF projects to decide with programs should be moved to general operating and which to sunset.

No adjustments to the Budget were requested by Committee members. The increase in the fundraising budget was discussed. Mark reviewed the Development Committee's thoughts on how the fundraising budget goal was determined.

*Meghan Rose made a motion to approve the 2024 Budget.
Linda Bruckner seconded. All were in favor. None opposed. Motion passed.*

It was agreed that any large changes to the budget in the coming weeks will be communicated to the Committee.

Linda Bruckner made a motion to adjourn. The meeting was adjourned at 5:35 pm. Next meeting TBD.

| Action Items | Responsible | Due Date |
|--|-------------|------------|
| Check with CCDOR IT company re: cybersecurity best practices/oversight | Erica | 12/15/2023 |

Audit Planning Communication

2023 Audit Plan



Bonadio & Co., LLP
Certified Public Accountants



February 13, 2024

Dear Members of the Finance/Audit Committee of Foodbank of the Southern Tier:

We are pleased to present our 2023 Audit Plan for the financial statements of Foodbank of the Southern Tier or (the "Organization"). The information included in this report allows you to understand the judgments we have made in planning and scoping our audit procedures.

This report was prepared based on information obtained from meetings with management, knowledge of the Organization, consideration of the business environment and risk assessment procedures. Our audit approach will remain flexible and responsive to the Organization's environment. Any significant changes to our audit plan will be discussed with the Finance and Audit Committee at a future meeting.

Discussion of our audit plan ensures our Bonadio engagement team members understand your concerns and together we agree on mutual needs and expectations, which enables us to provide the highest level of service and audit quality. We value and encourage your observations and your input.

We look forward to addressing your questions and discussing any other matters of interest. Please feel free to call me at (585) 249-2889.

Very truly yours,

Jeff Paille

Engagement Leader

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EXECUTIVE SUMMARY

Executive Summary

Audit Planning Considerations

The Organization's Activities

- Leadership change.
- Discussion of strategy as you move through 2024.
- Effect of developments related to CCDR's Child Victims Act claims.

The Audit

- We are in the early stages of planning for the 2023 audit, with an expected timeline consistent with the prior year.
- The risks identified are consistent with those in the prior year.
- We affirm our independence from Foodbank of the Southern Tier.



AUDIT APPROACH

Our Audit Deliverables

- Audit report on the Organization's financial statements
- Summary of key financial highlights
- Planning considerations for 2024 and beyond
- Required communications to those charged with governance

Audit Objective

Our primary objectives are to:

- Perform an audit in accordance with auditing standards generally accepted in the United States of America to obtain reasonable assurance the Organization's financial statements are prepared in accordance with generally accepted accounting principles, and are free from material misstatement whether caused by error or fraud.
- Render an opinion on the financial statements of the Organization as of December 31, 2023 and for the year then ending.
- Our audit does not relieve management of its responsibilities with regard to governance and oversight.
- An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.

Audit Process

Approach

Our audit approach is based on the following principles:

- The use of a top-down, risk-based approach
- The application of well-reasoned professional judgment
- These principles, with the application of materiality, allow us to develop and execute our audit approach in an effective and efficient manner. The results of our risk assessment include the identification of audit risks and also drives the identification of significant accounts. We evaluate audit risks as defined below.
- On the following slides, we share a high-level look at our planned audit procedures.

Audit Process

Significant Audit Areas

We have outlined below the significant audit areas identified based on our preliminary risk assessment process, together with our planned audit response.

| Risk Description | Planned Audit Response |
|---|--|
| <p>Fraud – Risk of management override of controls, including accounting for significant unusual transactions, particularly sensitive accounting estimates, and manual journal entries</p> | <ul style="list-style-type: none">• Test journal entries focusing on certain characteristics that may indicate a risk of fraud• Test underlying assumptions used in any sensitive accounting estimates• Review financial statements for inaccurate or omitted disclosures• Make inquiry of key members of management and other personnel |
| <p>Revenue recognition – Risk related to revenue recognition exists in terms of classification, recording, and timing</p> | <ul style="list-style-type: none">• Assess relevant revenue controls for design effectiveness and implementation• Test manual journal entries focusing on unusual entries that impact revenue• Test material revenue line items• Test propriety of accounting treatment over exchange and non-exchange revenue transactions• Inquire regarding any unusual contributions received and ascertain appropriate accounting treatment |



Audit Process

Significant Audit Areas (Continued)

We have outlined below the significant audit areas identified based on our preliminary risk assessment process, together with our planned audit response.

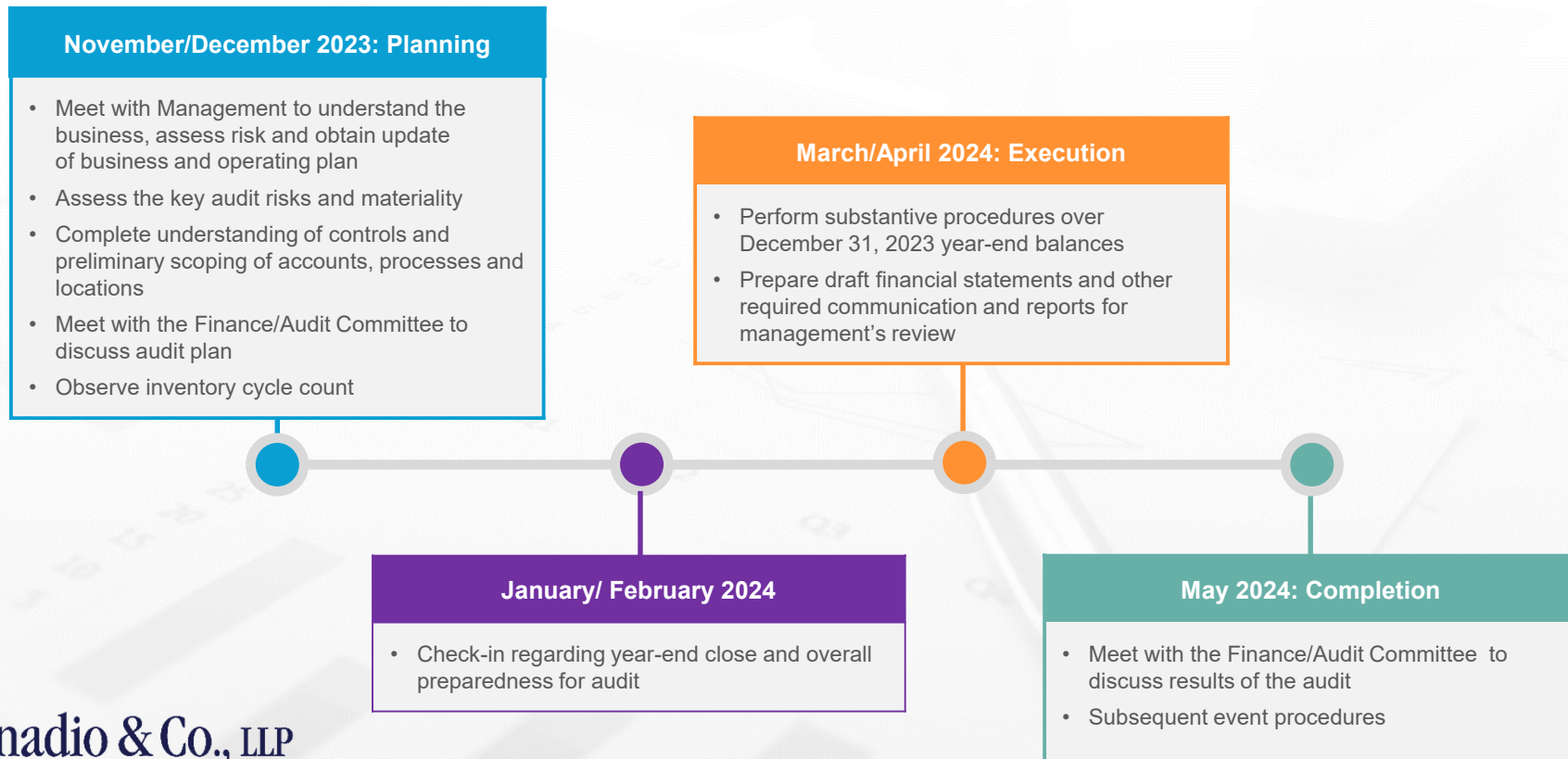
| Risk Description | Planned Audit Response |
|--|--|
| Inventory – Risks include valuation and classification as well as tracking and controls over donated inventory received and disbursed | <ul style="list-style-type: none">• Review management’s policies and procedures for tracking quantities of inventory on hand• Confirm inventory per-pound valuation input at year-end• Observe cycle count procedures• Examine inventory receipt and disbursement records |
| Expenses and accruals – Risks relate to proper year-end cut-off of expenses and sufficiency of accruals | <ul style="list-style-type: none">• Test expenses substantively and analytically• Test significant accrual balances, including payroll and other operating accruals• Consider reasonableness of allocation of expenses between program, administrative, and fundraising |
| Information technology – Risks relate to the reliance on systems that capture, track, record, and report data that flows into the financial reporting process | <ul style="list-style-type: none">• Inquire with the Organization’s IT professionals regarding controls and processes• Review results of cybersecurity testing conducted, and the potential impact on the financial reporting process |

Client Service Team

| Photo | Name | Audit Role | Email Address | Office Number |
|---|--------------------|--------------------|--------------------------|----------------|
|  | Jeff Paille | Engagement Leader | jpaille@bonadio.com | (585) 249-2889 |
|  | Liliya Vysochanska | Engagement Manager | lvysochanska@bonadio.com | (585) 203-9087 |

Timeline and Communication Plan

The table below outlines our expected timing of communications and planned audit procedures. In addition, we may communicate with you more frequently, if and when significant matters arise.



Other Required Communications

Fraud

We are required to make certain inquiries of the Finance/Audit Committee related to fraud risks. In addition, as part of our overall response to fraud risk, we incorporate unpredictability into our audit by modifying the nature, timing and extent of our procedures.

Fraud is a broad legal concept and auditors do not make legal determinations of whether fraud has occurred. Rather, the auditor's interest specifically relates to acts that result in a material misstatement of the financial statements. The primary factor that distinguishes fraud from error is whether the underlying action that results in the misstatement of the financial statements is intentional. The following two types of misstatements are relevant to the auditor's consideration of fraud:

Misstatements arising from fraudulent financial reporting are intentional misstatements or omissions of amounts or disclosures in financial statements designed to deceive financial statement users when the effect causes the financial statements not to be presented, in all material respects, in conformity with generally accepted accounting principles (GAAP).

Misstatements arising from misappropriation of assets involve the theft of an entity's assets when the effect of the theft causes the financial statements not to be presented, in all material respects, in conformity with GAAP.

Fraud items for discussion:

- Programs and controls in place to mitigate the risk of fraud and error
- Specific concerns about the risk of fraud or error
- Any actual, alleged or suspected fraud
- Violations or possible violations of law
- Other matters relevant to the audit

Other Required Communications

| | |
|---|---|
| Independence | There are no relationships or other matters identified that might reasonably be thought to bear on independence. |
| Non-compliance with laws and regulations and illegal acts | We have not identified any instances of non-compliance with laws and regulations. We have not identified any potential illegal acts. |
| Significant issues discussed with management prior to appointment or retention | There are no significant issues discussed with management in connection with the retention of Bonadio. |
| Obtain information relevant to the audit | We will inquire of the Finance/Audit Committee about whether it is aware of matters relevant to the audit and about the risks of material misstatement. |



TRENDING TOPICS

Trending Topics

Personnel

The job market remains tight, with NFP organizations competing for entry level personnel with an array of employers, from retail to restaurants and beyond. Finding and hiring for experienced, specialized positions can be even more challenging, and compensation inflation is a significant factor.

Go-forward strategy

Many organizations are revisiting strategy as they move beyond the COVID-19 disruption. For many organizations, this includes a fresh perspective on new affiliation/ joint venture/ collaborative arrangements with other providers. We understand that Food Bank has a stated plan to revisit its strategic plans in 2024.

Three strategic imperatives

1. Collaboration – The moment favors collaboration and coordination between and among community-based providers.
2. Nimbleness – Opportunities will arise at an increasingly fast pace and organizations must be ready to evaluate and react quickly.
3. Ego – Success or failure of collaborative efforts can depend on who is willing to NOT be the lead and NOT get the credit, but still actively make things happen.

The Food Bank of the Southern Tier
FINANCIAL REPORT – December 2023

% to Budget Guideline (Month 12 of 12): 100%

| | | |
|---|-------------------|---------------------|
| YTD Actual to Budget w/SIF: | 134% Total Income | 118% Total Expenses |
| YTD Actual to Budget General Operations: | 134% Total Income | 117% Total Expenses |
| 2022 YTD: | 103% Total Income | 97% Total Expenses |

OVERALL

- Overall, the 2023 surplus is \$582,326.
- Fundraising ends the year above budget by \$868,219.
- Preliminary SIF balance - \$6,684,965
- Big month for receiving and distributing donated, TEFAP, and wholesale items.
- Interest income from the ICS account continues to perform well, ending the year at \$344,091.

INCOME STATEMENT:

(Percentages Relate to Budget Projection)

Revenue Items:

| | |
|---|---|
| Agency Food: 145% | Above target. This number continues to be driven by Agency wholesale spending and utilization of NNY and TEFAP products. HPNAP: Hunger Prevention & Nutrition Assistance Program TEFAP: The Emergency Food Assistance Program |
| MFP Food: 140% | Above target. Robust performance with NNY and HPNAP LA wholesale, with overages driven by TEFAP. |
| Youth Programs Food: 500% | Above target. Supported by offerings from TEFAP and NNY. |
| Donated Product: 106% | Above target. Donated products experienced a robust performance in Q4, with a 78% increase over November levels. |
| HPNAP General Operating: 101% | On target. Operating & JSY income is vouchered incrementally. There are some seasonal components here. Transportation Grant is usually expanded in the year's first half, while Operations Support will mostly be spent in the second half. |
| Other Contracts/Programs: 120% | Above target. The surplus is attributed to additional funds from venison and the Federal TEFAP R&R Grant. TEFAP was factored into the fundraising goal. |
| Fund-Raising/Donations: 112% w/SIF | Above target. Exceeding expectations, the fundraising efforts have outpaced the budget for 2023, resulting in a surplus of \$868,219 at year's end. |
| Other Income: 136% | Above target. Interest income from the ICS account continues to perform well, ending the year at \$344,091. |

EXPENSE ITEMS:

| | |
|--|---|
| Personnel: 99% | On target. \$25,000 under budget, marking one of the closest instances to meeting the personnel budget I've encountered. |
| Agency Food: 148% | Above target. This number continues to be driven by Agency wholesale spending and utilization of NNY and TEFAP products. |
| MFP Food: 142% | Above target. overages driven by TEFAP. |
| Youth Programs Food: 144% | Above target. Supported by offerings from TEFAP and NNY |
| Other Program Food: 91% | Below target. Internal holiday food funds were supplied by other revenue channels. |
| Product Acquisition Freight: 36% 113% without subsidies | Below target. This number depends on the availability of quality donated loads, and we are receiving freight subsidies for Choice loads. This year, we started tracking freight subsidies on the income statement to show how much freight would cost if subsidies were not provided. We have received \$38,811 in subsidies. |
| Donated Product: 106% | Above target. Donated products experienced a robust performance in Q4, with a 78% increase over November levels. |
| Warehouse/Distribution: 103% | Above target. Extra packing supplies needed for production, higher use in fuel expenses, and DEC passthrough funding (\$8,500) to purchase blankets and scales. |
| General Operations: 96% | On target. |
| Development/PR: 87% | Below target. There are a few specific budget lines, including volunteer recognition and public relations, which are under budget, contributing to the overall decrease target. |
| Advocacy & Education: 17% | Below target, as expected. Seasonal / Event-driven. |
| Operation Support: 93% | Below target. Forecasted this to be |

Non-Operating ITEMS:

| | |
|------------------------------|--|
| SIF: 59% | Below target. |
| Capital Expenses: 13% | Below target. Facilities project in process. |

Program Food Accounting Distinctions:

1. There is BackPack Wholesale expense but no income (the Food Bank pays for this program expense).
2. There is Agency Shared Maintenance income but no expense (it is donated product).
3. Other Program Food expenses are paid for by matching grants and fundraising.

Food Bank of the Southern Tier

Balance Sheet

| | 12/31/2023 | 12/31/2022 |
|---|------------------------|------------------------|
| ASSETS | | |
| CASH - OPERATING | \$8,188,135.32 | \$6,819,606.63 |
| ACCTS. RECEIVABLE | \$212,993.08 | \$159,358.76 |
| CONTRACTS / GRANTS RECEIVABLE | \$861,342.10 | \$2,137,697.07 |
| INVESTMENTS - COMMUNIS | \$894,398.52 | \$2,919,309.49 |
| INVESTMENT - SCHWAB | \$2,258,668.88 | \$0.00 |
| PREPAIDS | \$4,528.71 | \$40,803.47 |
| PURCHASE FOOD INVENTORY | \$607,854.64 | \$697,670.19 |
| IN-KIND DONATED/TEFAP FOOD | \$652,475.87 | \$490,170.77 |
| PROPERTY, PLANT AND EQUIPMENT | \$2,167,330.77 | \$2,435,302.96 |
| TOTAL ASSETS | \$15,847,727.89 | \$15,699,919.34 |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| ACCOUNTS PAYABLE | \$178,159.12 | \$614,820.92 |
| DEFERRED INCOME | \$103,013.47 | \$188,311.45 |
| DEFERRED INVENTORY | \$652,475.87 | \$490,170.77 |
| ACCRUED LIABILITY | \$264,973.40 | \$339,836.54 |
| TOTAL LIABILITIES | \$1,198,621.86 | \$1,633,139.68 |
| FUND BALANCE | | |
| UNRESTRICTED FUNDS | \$2,975,896.43 | \$2,561,916.05 |
| RESTRICTED-ENDOWMENT FUND | \$94,069.87 | \$94,069.87 |
| TEMP. RESTRICTED-DONATIONS | \$495,438.37 | \$495,438.37 |
| TEMP. RESTRICTED-EXPANSION PROGRAMS | \$75,043.84 | \$75,043.84 |
| TEMP. RESTRICTED CANSTRUCTION | \$28,450.53 | \$28,450.53 |
| BOD DESIGNATED OPERATING RESERVE FUI | \$2,971,472.00 | \$2,971,472.00 |
| BOD DESIGNATED CAPITAL ASSET FUND | \$1,539,342.00 | \$1,370,996.00 |
| BOD DESIGNATED STRATEGIC INVESTMENT | \$6,469,393.00 | \$6,469,393.00 |
| TOTAL FUND BALANCE | \$14,649,106.04 | \$14,066,779.66 |
| TOTAL LIABILITIES AND FUND BALANCE | \$15,847,727.90 | \$15,699,919.34 |
| BEGINNING BALANCE WITH CURRENT YEAR AC | \$14,066,779.66 | \$13,836,236.80 |
| NET SURPLUS/(DEFICIT) | \$582,326.38 | \$230,542.86 |
| ENDING FUND BALANCE | \$14,649,106.04 | \$14,066,779.66 |

Food Bank of the Southern Tier
Cash Flow Forecast
January 2024 to June 2024

| WEEK ENDING | RECEIPTS | DISBURSEMENTS | NET CHANGE | BALANCE |
|----------------------|------------------|----------------|--------------|--------------|
| BAL. BROUGHT FORWARD | | | | 8,183,181.32 |
| 1/6/2024 | 390,035.85 D E | 234,910.15 A B | 155,125.70 | 8,338,307.02 |
| 1/13/2024 | 213,261.97 D E | 214,560.64 B | (1,298.67) | 8,337,008.35 |
| 1/20/2024 | 818,864.99 C D E | 501,546.04 A B | 317,318.95 | 8,654,327.30 |
| 1/27/2024 | 155,416.65 D | 102,022.44 B | 53,394.21 | 8,707,721.51 |
| | 40,394.05 | | 40,394.05 | 8,748,115.56 |
| | | | 0.00 | 8,748,115.56 |
| MONTHLY TOTAL | 1,617,973.51 | 1,053,039.27 | 564,934.24 | 8,748,115.56 |
| WEEK ENDING | | | | |
| 2/3/2024 | 32,827.93 D | 195,184.46 B | (162,356.53) | 8,585,759.03 |
| 2/10/2024 | 300,000.00 D C | 250,000.00 A B | 50,000.00 | 8,635,759.03 |
| 2/17/2024 | 100,000.00 E | 350,000.00 B | (250,000.00) | 8,385,759.03 |
| 2/24/2024 | 100,000.00 E | 225,000.00 A B | (125,000.00) | 8,260,759.03 |
| | | | 0.00 | 8,260,759.03 |
| MONTHLY TOTAL | 532,827.93 | 1,020,184.46 | (487,356.53) | 8,260,759.03 |
| WEEK ENDING | | | | |
| 3/9/2024 | 100,000.00 D | 260,000.00 A B | (160,000.00) | 8,100,759.03 |
| 3/16/2024 | 100,000.00 E | 75,000.00 B | 25,000.00 | 8,125,759.03 |
| 3/23/2024 | 100,000.00 E | 225,000.00 A B | (125,000.00) | 8,000,759.03 |
| 3/30/2024 | 250,000.00 C | 150,000.00 B | 100,000.00 | 8,100,759.03 |
| | | | 0.00 | 8,100,759.03 |
| MONTHLY TOTAL | 550,000.00 | 710,000.00 | (160,000.00) | 8,100,759.03 |
| 3 MONTH RECAP | 2,700,801.44 | 2,783,223.73 | (82,422.29) | |
| MONTH OF APR | 1,525,206.00 | 1,786,106.00 | (260,900.00) | 7,839,859.03 |
| MONTH OF MAY | 1,525,206.00 | 1,786,106.00 | (260,900.00) | 7,578,959.03 |
| MONTH OF JUN | 1,525,206.00 | 1,786,106.00 | (260,900.00) | 7,318,059.03 |
| 6 MONTH RECAP | 7,276,419.44 | 8,141,541.73 | (865,122.29) | 7,318,059.03 |

A INCLUDES 2 WEEKS PAYROLL
B INCLUDES FOOD PURCHASES
C INCLUDES GRANT PAYMENTS
D A/R PAYMENTS
E DONATIONS/DIRECT MAIL
F PENSION PAYMENT

Food Bank of the Southern Tier

Income Statement

Total Operations

| | CURRENT MONTH 12/01/2023 12/31/2023 | CURRENT YTD ACTUAL 01/01/2023 12/31/2023 | LAST YTD ACTUAL 01/01/2022 12/31/2022 | ORIGINAL BUDGET 01/01/2023 12/31/2023 | FULL YR PROJECT. 01/01/2023 12/31/2023 | % TO FULL YEAR PROJECTION |
|----------------------------------|--|---|--|--|---|---------------------------------|
| REVENUE | | | | | | |
| FOOD DISTRIBUTION | | | | | | |
| AGENCIES | | | | | | |
| SHARED MAINTENANCE | \$6,669.76 | \$69,697.91 | \$76,890.17 | \$102,173.00 | \$90,074.00 | 77% |
| AGENCY WHOLESALE | \$297,609.79 | \$4,295,618.83 | \$4,614,919.35 | \$2,600,971.00 | \$2,503,088.00 | 172% |
| TEFAP | \$129,543.49 | \$2,675,118.35 | \$2,459,698.04 | \$1,260,052.00 | \$1,260,052.00 | 212% |
| TOTAL AGENCY FOOD | \$433,823.04 | \$7,040,435.09 | \$7,151,507.56 | \$3,963,196.00 | \$3,853,214.00 | 183% |
| MOBILE FOOD PANTRIES | | | | | | |
| SHARED MAINTENANCE | \$7,715.52 | \$104,616.13 | \$154,524.87 | \$167,826.00 | \$96,593.00 | 108% |
| MFP WHOLESALE | \$91,714.78 | \$1,105,167.61 | \$1,195,827.51 | \$1,047,439.00 | \$899,802.00 | 123% |
| TEFAP | \$104,122.84 | \$1,726,891.84 | \$1,422,829.44 | \$840,035.00 | \$840,035.00 | 206% |
| TOTAL MOBILE FOOD PANTRY | \$203,553.14 | \$2,936,675.58 | \$2,773,181.82 | \$2,055,300.00 | \$1,836,430.00 | 160% |
| YOUTH PROGRAMS | | | | | | |
| BK SHARED MAINTENANCE | \$0.00 | \$91.45 | \$2,432.50 | \$2,668.00 | \$0.00 | 0% |
| WHOLESALE | \$0.00 | \$49,375.61 | \$44,672.89 | \$11,000.00 | \$15,115.00 | 327% |
| TEFAP | \$18,557.95 | \$327,238.39 | \$254,401.65 | \$60,224.00 | \$60,224.00 | 543% |
| TOTAL YOUTH PROGRAMS | \$18,557.95 | \$376,705.45 | \$301,507.04 | \$73,892.00 | \$75,339.00 | 500% |
| DONATED PRODUCT | | | | | | |
| | \$505,850.92 | \$6,260,148.63 | \$5,450,163.36 | \$5,883,376.00 | \$5,883,376.00 | 106% |
| TOTAL DONATED PRODUCT | \$505,850.92 | \$6,260,148.63 | \$5,450,163.36 | \$5,883,376.00 | \$5,883,376.00 | 106% |
| TOTAL FOOD DISTRIBUTION | \$1,161,785.05 | \$16,613,964.75 | \$15,676,359.78 | \$11,975,764.00 | \$11,648,359.00 | 143% |
| GRANTS / CONTRACTS | | | | | | |
| HPNAP GENERAL OPERATING | \$105,608.05 | \$934,226.28 | \$881,880.63 | \$892,733.00 | \$902,302.00 | 104% |
| OTHER GRANTS / PROGRAM INCOME | \$28,792.40 | \$793,485.54 | \$1,153,659.71 | \$909,230.00 | \$640,753.00 | 124% |
| TOTAL GRANTS / PROGRAMS | \$134,400.45 | \$1,727,711.82 | \$2,035,540.34 | \$1,801,963.00 | \$1,543,055.00 | 112% |
| FUNDRAISING / DONATIONS | | | | | | |
| CAUSE MARKETING | \$187,424.73 | \$434,668.42 | \$431,126.06 | \$339,220.00 | \$339,220.00 | 128% |
| SPECIAL EVENTS | \$0.00 | \$29,000.00 | \$21,300.00 | \$30,000.00 | \$30,000.00 | 97% |
| DIRECT MAIL | \$360,345.52 | \$1,350,741.14 | \$1,474,173.29 | \$1,319,027.00 | \$1,319,027.00 | 102% |
| ONLINE GIVING | \$185,340.50 | \$628,954.72 | \$615,342.61 | \$550,000.00 | \$550,000.00 | 114% |
| PERSONAL SOLICITATION | \$125,001.00 | \$656,013.05 | \$237,475.00 | \$400,000.00 | \$400,000.00 | 164% |
| OTHER GENERAL DEVELOPMENT GRANTS | \$35,720.00 | \$618,669.34 | \$380,411.34 | \$600,000.00 | \$673,000.00 | 92% |
| WHITE MAIL | \$268,002.89 | \$1,001,182.23 | \$1,105,588.25 | \$925,000.00 | \$925,000.00 | 108% |
| ALL OTHER PRIVATE SUPPORT | \$18,628.05 | \$285,716.38 | \$267,567.70 | \$250,000.00 | \$250,000.00 | 114% |
| BEQUESTS | \$0.00 | \$24,020.71 | \$6,300.00 | \$0.00 | \$0.00 | 0% |
| SIF DONATIONS | \$15,000.00 | \$325,500.00 | \$547,749.62 | \$0.00 | \$0.00 | 0% |

Food Bank of the Southern Tier

Income Statement

Total Operations

| | CURRENT MONTH 12/01/2023 12/31/2023 | CURRENT YTD ACTUAL 01/01/2023 12/31/2023 | LAST YTD ACTUAL 01/01/2022 12/31/2022 | ORIGINAL BUDGET 01/01/2023 12/31/2023 | FULL YR PROJECT. 01/01/2023 12/31/2023 | % TO FULL YEAR PROJECTION |
|------------------------------------|--|---|--|--|---|---------------------------------|
| TOTAL FR/DONATIONS | \$1,195,462.69 | \$5,354,465.99 | \$5,087,033.87 | \$4,413,247.00 | \$4,486,247.00 | 119% |
| OTHER INCOME | | | | | | |
| OTHER INCOME | \$33,219.84 | \$361,889.83 | \$69,062.02 | \$111,500.00 | \$265,926.00 | 136% |
| TOTAL OTHER INCOME | \$33,219.84 | \$361,889.83 | \$69,062.02 | \$111,500.00 | \$265,926.00 | 136% |
| TOTAL REVENUE | \$2,524,868.03 | \$24,058,032.39 | \$22,867,996.01 | \$18,302,474.00 | \$17,943,587.00 | 134% |
| EXPENSES | | | | | | |
| PERSONNEL EXPENSES | | | | | | |
| SALARIES | \$310,362.15 | \$3,000,171.89 | \$2,662,510.54 | \$3,041,701.00 | \$2,957,335.00 | 101% |
| FRINGE BENEFITS | \$61,133.46 | \$635,419.23 | \$525,971.50 | \$714,904.00 | \$710,970.00 | 89% |
| CONTRACT EMPLOYMENT | \$2,846.49 | \$33,600.30 | \$70,490.24 | \$15,700.00 | \$26,500.00 | 127% |
| PAYROLL PROCESSING | \$967.70 | \$6,325.48 | \$6,971.70 | \$5,600.00 | \$5,600.00 | 113% |
| RECRUITMENT-ADVERTISING | \$0.00 | \$1,600.00 | \$23,191.40 | \$1,000.00 | \$1,000.00 | 160% |
| PERSONNEL EXPENSES | \$0.00 | \$4,341.00 | \$2,242.00 | \$2,200.00 | \$2,200.00 | 197% |
| TOTAL PERSONNEL EXPENSES | \$375,309.80 | \$3,681,457.90 | \$3,291,377.38 | \$3,781,105.00 | \$3,703,605.00 | 99% |
| FOOD DISTRIBUTION | | | | | | |
| AGENCIES | \$449,445.50 | \$6,993,411.84 | \$7,037,063.21 | \$4,323,156.00 | \$4,257,709.00 | 164% |
| MOBILE FOOD PANTRIES | \$189,676.11 | \$2,811,772.91 | \$2,711,356.86 | \$1,943,865.00 | \$1,733,548.00 | 162% |
| YOUTH PROGRAMS | \$34,352.96 | \$900,194.36 | \$587,542.60 | \$569,488.00 | \$685,370.00 | 131% |
| TOTAL FOOD EXPENSE | \$673,474.57 | \$10,705,379.11 | \$10,335,962.67 | \$6,836,509.00 | \$6,676,627.00 | 160% |
| OTHER FOOD RELATED EXPENSES | | | | | | |
| OTHER FOOD/PROGRAM | \$3,821.78 | \$230,621.96 | \$258,200.95 | \$322,274.00 | \$432,785.00 | 53% |
| PRODUCT ACQUISITION FREIGHT | \$7,078.36 | \$36,278.84 | \$43,040.10 | \$100,750.00 | \$100,750.00 | 36% |
| TOTAL OTHER FOOD EXPENSES | \$10,900.14 | \$266,900.80 | \$301,241.05 | \$423,024.00 | \$533,535.00 | 50% |
| DONATED PRODUCT | \$505,850.92 | \$6,260,297.34 | \$5,450,366.82 | \$5,883,376.00 | \$5,883,376.00 | 106% |
| WAREHOUSE OPERATING | | | | | | |
| VEHICLE | \$12,008.89 | \$125,116.11 | \$139,656.42 | \$124,251.00 | \$124,251.00 | 101% |
| WAREHOUSE | \$2,882.53 | \$52,069.64 | \$62,580.05 | \$44,400.00 | \$44,400.00 | 117% |
| PRODUCTION ROOM | \$4,863.11 | \$46,104.41 | \$44,112.02 | \$39,883.00 | \$56,933.00 | 81% |
| TOTAL WHRS / DISTRIB | \$19,754.53 | \$223,290.16 | \$246,348.49 | \$208,534.00 | \$225,584.00 | 99% |
| GENERAL OPERATIONS | | | | | | |
| BUILDING | \$23,799.79 | \$207,202.18 | \$194,100.97 | \$208,451.00 | \$208,451.00 | 99% |
| GENERAL OFFICE | \$3,884.94 | \$117,602.34 | \$132,202.66 | \$190,498.00 | \$190,498.00 | 62% |
| TECHNOLOGY/SERVICES | \$13,913.15 | \$172,531.12 | \$107,029.19 | \$115,332.00 | \$141,582.00 | 122% |
| STAFF EXPENSES | \$6,145.27 | \$132,991.21 | \$56,151.79 | \$95,681.00 | \$145,881.00 | 91% |
| CONTRACT SERVICES | \$45,878.67 | \$621,274.50 | \$514,925.53 | \$648,151.00 | \$721,151.00 | 86% |
| MISCELLANEOUS | \$0.00 | \$0.00 | (\$1,199.98) | \$0.00 | \$0.00 | 0% |
| TOTAL GENERAL OPERATIONS | \$93,621.82 | \$1,251,601.35 | \$1,003,210.16 | \$1,258,113.00 | \$1,407,563.00 | 89% |

Food Bank of the Southern Tier

Income Statement

Total Operations

| | CURRENT MONTH 12/01/2023 12/31/2023 | CURRENT YTD ACTUAL 01/01/2023 12/31/2023 | LAST YTD ACTUAL 01/01/2022 12/31/2022 | ORIGINAL BUDGET 01/01/2023 12/31/2023 | FULL YR PROJECT. 01/01/2023 12/31/2023 | % TO FULL YEAR PROJECTION |
|---------------------------------------|--|---|--|--|---|---------------------------------|
| DEVELOPMENT/PR | | | | | | |
| SPECIAL EVENTS | \$361.13 | \$20,629.23 | \$10,753.51 | \$21,000.00 | \$21,000.00 | 98% |
| DIRECT MAIL | \$97,627.36 | \$402,198.01 | \$422,616.27 | \$448,338.00 | \$448,338.00 | 90% |
| GEN. DEVELOPMENT / PR EXPENSE | \$37,230.23 | \$90,940.34 | \$64,777.67 | \$122,746.00 | \$122,746.00 | 74% |
| TOTAL DEVELOPMENT/PR | \$135,218.72 | \$513,767.58 | \$498,147.45 | \$592,084.00 | \$592,084.00 | 87% |
| ADVOCACY & EDUCATION | | | | | | |
| ADVOCACY GROUP/SPEAKERS | \$0.00 | \$19,783.40 | \$10,569.14 | \$132,500.00 | \$132,500.00 | 15% |
| TOTAL ADVOCACY & EDUCATION | \$0.00 | \$19,783.40 | \$10,569.14 | \$132,500.00 | \$132,500.00 | 15% |
| CAPACITY BUILDING | | | | | | |
| OPERATION SUPPORT | \$0.00 | \$153,213.00 | \$158,413.00 | \$158,413.00 | \$158,413.00 | 97% |
| FBST OPERATION SUPPORT | \$102,533.57 | \$558,109.81 | \$410,596.67 | \$905,014.00 | \$705,160.00 | 79% |
| SANITATION SUPPLIES | \$0.00 | \$2,154.84 | \$2,176.00 | \$2,200.00 | \$2,200.00 | 98% |
| TOTAL CAPACITY BUILDING | \$102,533.57 | \$713,477.65 | \$571,185.67 | \$1,065,627.00 | \$865,773.00 | 82% |
| TOTAL EXPENSES | \$1,916,664.07 | \$23,635,955.29 | \$21,708,408.83 | \$20,180,872.00 | \$20,020,647.00 | 118% |
| NET OPERATING SURPLUS/DEFICT | \$608,203.96 | \$422,077.10 | \$1,159,587.18 | (\$1,878,398.00) | (\$2,077,060.00) | (20%) |
| CAPITAL EXPENSES | | | | | | |
| CAPITAL EXPENSES | \$0.00 | \$109,973.45 | \$15,850.00 | \$52,400.00 | \$822,400.00 | 13% |
| CAPITAL EXP. | \$0.00 | \$109,973.45 | \$15,850.00 | \$52,400.00 | \$822,400.00 | 13% |
| NET BEFORE NON-OPERATING | \$608,203.96 | \$312,103.65 | \$1,143,737.18 | (\$1,930,798.00) | (\$2,899,460.00) | (11%) |
| NON-OPERATING ADJUST. | | | | | | |
| DEPRECIATION/AMORTIZATION | (\$31,495.47) | (\$377,945.64) | (\$403,706.45) | \$0.00 | \$0.00 | 0% |
| EQUIPMENT/FURNITURE PURCHASES | \$0.00 | (\$44,683.20) | (\$15,850.00) | \$0.00 | \$0.00 | 0% |
| CAPITAL IMPROVEMENTS | \$0.00 | (\$65,290.25) | \$0.00 | \$0.00 | \$0.00 | 0% |
| BEQUESTS | \$304,437.01 | \$304,437.01 | \$0.00 | \$0.00 | \$0.00 | 0% |
| INVESTMENT GAIN/LOSS | \$59,711.33 | \$233,757.91 | (\$482,518.95) | \$0.00 | \$0.00 | 0% |
| RELEASE FROM TEMP RESTRICT | \$0.00 | \$0.00 | (\$42,818.92) | \$0.00 | \$0.00 | 0% |
| PROVISION FOR DOUBTFUL ACCT | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0% |
| TOTAL NON-OPER ADJUST | \$332,652.87 | \$270,222.73 | (\$913,194.32) | \$0.00 | \$0.00 | 0% |
| NET SURPLUS/(DEFICIT) | \$940,856.83 | \$582,326.38 | \$230,542.86 | (\$1,930,798.00) | (\$2,899,460.00) | (20%) |

Food Bank of the Southern Tier

Income Statement

Total Operations Excludes SIF

| | CURRENT MONTH 12/01/2023 12/31/2023 | CURRENT YTD ACTUAL 01/01/2023 12/31/2023 | LAST YTD ACTUAL 01/01/2022 12/31/2022 | ORIGINAL BUDGET 01/01/2023 12/31/2023 | FULL YR PROJECT. 01/01/2023 12/31/2023 | % TO FULL YEAR PROJECTION |
|----------------------------------|--|---|--|--|---|---------------------------------|
| REVENUE | | | | | | |
| FOOD DISTRIBUTION | | | | | | |
| AGENCIES | | | | | | |
| SHARED MAINTENANCE | \$6,669.76 | \$69,641.77 | \$75,695.42 | \$102,173.00 | \$90,074.00 | 77% |
| AGENCY WHOLESALE | \$297,609.79 | \$4,295,618.83 | \$4,561,922.37 | \$2,600,971.00 | \$3,518,123.00 | 122% |
| TEFAP | \$129,543.49 | \$2,675,118.35 | \$2,459,698.04 | \$1,260,052.00 | \$1,260,052.00 | 212% |
| TOTAL AGENCY FOOD | \$433,823.04 | \$7,040,378.95 | \$7,097,315.83 | \$3,963,196.00 | \$4,868,249.00 | 145% |
| MOBILE FOOD PANTRIES | | | | | | |
| SHARED MAINTENANCE | \$7,715.52 | \$104,616.13 | \$154,524.87 | \$167,826.00 | \$96,593.00 | 108% |
| MFP WHOLESALE | \$91,714.78 | \$1,105,167.61 | \$1,195,827.51 | \$1,047,439.00 | \$1,168,337.00 | 95% |
| TEFAP | \$104,122.84 | \$1,726,891.84 | \$1,422,829.44 | \$840,035.00 | \$840,035.00 | 206% |
| TOTAL MOBILE FOOD PANTRY | \$203,553.14 | \$2,936,675.58 | \$2,773,181.82 | \$2,055,300.00 | \$2,104,965.00 | 140% |
| YOUTH PROGRAMS | | | | | | |
| BK SHARED MAINTENANCE | \$0.00 | \$91.45 | \$2,432.50 | \$2,668.00 | \$0.00 | 0% |
| WHOLESALE | \$0.00 | \$49,375.61 | \$44,672.89 | \$11,000.00 | \$15,115.00 | 327% |
| TEFAP | \$18,557.95 | \$327,238.39 | \$254,401.65 | \$60,224.00 | \$60,224.00 | 543% |
| TOTAL YOUTH PROGRAMS | \$18,557.95 | \$376,705.45 | \$301,507.04 | \$73,892.00 | \$75,339.00 | 500% |
| DONATED PRODUCT | | | | | | |
| | \$505,850.92 | \$6,260,148.63 | \$5,450,163.36 | \$5,883,376.00 | \$5,883,376.00 | 106% |
| TOTAL DONATED PRODUCT | \$505,850.92 | \$6,260,148.63 | \$5,450,163.36 | \$5,883,376.00 | \$5,883,376.00 | 106% |
| TOTAL FOOD DISTRIBUTION | \$1,161,785.05 | \$16,613,908.61 | \$15,622,168.05 | \$11,975,764.00 | \$12,931,929.00 | 128% |
| GRANTS / CONTRACTS | | | | | | |
| HPNAP GENERAL OPERATING | \$105,608.05 | \$934,226.28 | \$881,880.63 | \$892,733.00 | \$924,559.00 | 101% |
| OTHER GRANTS / PROGRAM INCOME | \$28,792.40 | \$771,675.23 | \$1,153,659.71 | \$909,230.00 | \$640,753.00 | 120% |
| TOTAL GRANTS / PROGRAMS | \$134,400.45 | \$1,705,901.51 | \$2,035,540.34 | \$1,801,963.00 | \$1,565,312.00 | 109% |
| FUNDRAISING / DONATIONS | | | | | | |
| CAUSE MARKETING | \$182,424.73 | \$429,668.42 | \$426,126.06 | \$339,220.00 | \$339,220.00 | 127% |
| SPECIAL EVENTS | \$0.00 | \$29,000.00 | \$21,300.00 | \$30,000.00 | \$30,000.00 | 97% |
| DIRECT MAIL | \$360,345.52 | \$1,350,741.14 | \$1,474,173.29 | \$1,319,027.00 | \$1,319,027.00 | 102% |
| ONLINE GIVING | \$185,340.50 | \$628,954.72 | \$615,342.61 | \$550,000.00 | \$550,000.00 | 114% |
| PERSONAL SOLICITATION | \$125,001.00 | \$656,013.05 | \$237,475.00 | \$400,000.00 | \$400,000.00 | 164% |
| OTHER GENERAL DEVELOPMENT GRANTS | \$35,720.00 | \$608,169.34 | \$363,411.34 | \$600,000.00 | \$673,000.00 | 90% |
| WHITE MAIL | \$268,002.89 | \$1,001,182.23 | \$1,105,588.25 | \$925,000.00 | \$925,000.00 | 108% |
| ALL OTHER PRIVATE SUPPORT | \$18,628.05 | \$285,716.38 | \$267,567.70 | \$250,000.00 | \$250,000.00 | 114% |
| BEQUESTS | \$0.00 | \$24,020.71 | \$6,300.00 | \$0.00 | \$0.00 | 0% |
| TOTAL FR/DONATIONS | \$1,175,462.69 | \$5,013,465.99 | \$4,517,284.25 | \$4,413,247.00 | \$4,486,247.00 | 112% |

Food Bank of the Southern Tier

Income Statement

Total Operations Excludes SIF

| | CURRENT MONTH 12/01/2023 12/31/2023 | CURRENT YTD ACTUAL 01/01/2023 12/31/2023 | LAST YTD ACTUAL 01/01/2022 12/31/2022 | ORIGINAL BUDGET 01/01/2023 12/31/2023 | FULL YR PROJECT. 01/01/2023 12/31/2023 | % TO FULL YEAR PROJECTION |
|----------------------------------|--|---|--|--|---|---------------------------------|
| OTHER INCOME | | | | | | |
| OTHER INCOME | \$33,219.84 | \$361,889.83 | \$69,062.02 | \$111,500.00 | \$265,926.00 | 136% |
| TOTAL OTHER INCOME | \$33,219.84 | \$361,889.83 | \$69,062.02 | \$111,500.00 | \$265,926.00 | 136% |
| TOTAL REVENUE | \$2,504,868.03 | \$23,695,165.94 | \$22,244,054.66 | \$18,302,474.00 | \$19,249,414.00 | 123% |
| EXPENSES | | | | | | |
| PERSONNEL EXPENSES | | | | | | |
| SALARIES | \$306,147.62 | \$2,913,455.79 | \$2,506,524.34 | \$2,947,967.00 | \$2,863,601.00 | 102% |
| FRINGE BENEFITS | \$59,953.44 | \$620,164.85 | \$503,703.00 | \$697,113.00 | \$693,179.00 | 89% |
| CONTRACT EMPLOYMENT | \$2,846.49 | \$33,600.30 | \$70,490.24 | \$15,700.00 | \$39,029.00 | 86% |
| PAYROLL PROCESSING | \$967.70 | \$6,325.48 | \$6,971.70 | \$5,600.00 | \$5,600.00 | 113% |
| RECRUITMENT-ADVERTISING | \$0.00 | \$1,600.00 | \$10,688.00 | \$1,000.00 | \$1,000.00 | 160% |
| PERSONNEL EXPENSES | \$0.00 | \$4,341.00 | \$2,242.00 | \$2,200.00 | \$2,200.00 | 197% |
| TOTAL PERSONNEL EXPENSES | \$369,915.25 | \$3,579,487.42 | \$3,100,619.28 | \$3,669,580.00 | \$3,604,609.00 | 99% |
| FOOD DISTRIBUTION | | | | | | |
| AGENCIES | \$406,559.42 | \$6,735,260.50 | \$6,882,738.48 | \$3,744,108.00 | \$4,556,558.00 | 148% |
| MOBILE FOOD PANTRIES | \$189,676.11 | \$2,811,772.91 | \$2,711,356.86 | \$1,943,865.00 | \$1,983,348.00 | 142% |
| YOUTH PROGRAMS | \$22,975.33 | \$697,688.74 | \$512,744.63 | \$484,488.00 | \$485,370.00 | 144% |
| TOTAL FOOD EXPENSE | \$619,210.86 | \$10,244,722.15 | \$10,106,839.97 | \$6,172,461.00 | \$7,025,276.00 | 146% |
| OTHER FOOD RELATED EXPENSES | | | | | | |
| OTHER FOOD/PROGRAM | \$3,163.19 | \$219,684.70 | \$257,164.66 | \$308,274.00 | \$240,115.00 | 91% |
| PRODUCT ACQUISITION FREIGHT | \$7,078.36 | \$36,278.84 | \$43,040.10 | \$100,750.00 | \$100,750.00 | 36% |
| TOTAL OTHER FOOD EXPENSES | \$10,241.55 | \$255,963.54 | \$300,204.76 | \$409,024.00 | \$340,865.00 | 75% |
| DONATED PRODUCT | | | | | | |
| WAREHOUSE OPERATING | \$505,850.92 | \$6,260,297.34 | \$5,450,366.82 | \$5,883,376.00 | \$5,883,376.00 | 106% |
| VEHICLE | \$12,008.89 | \$124,947.29 | \$139,656.42 | \$124,251.00 | \$124,251.00 | 101% |
| WAREHOUSE | \$2,882.53 | \$51,508.71 | \$62,580.05 | \$44,400.00 | \$44,400.00 | 116% |
| PRODUCTION ROOM | \$106.41 | \$40,388.94 | \$29,676.82 | \$24,365.00 | \$41,415.00 | 98% |
| TOTAL WHRS / DISTRIB | \$14,997.83 | \$216,844.94 | \$231,913.29 | \$193,016.00 | \$210,066.00 | 103% |
| GENERAL OPERATIONS | | | | | | |
| BUILDING | \$23,799.79 | \$207,202.18 | \$194,100.97 | \$208,451.00 | \$208,451.00 | 99% |
| GENERAL OFFICE | \$3,884.94 | \$113,003.18 | \$102,703.11 | \$148,798.00 | \$148,798.00 | 76% |
| TECHNOLOGY/SERVICES | \$13,663.15 | \$159,531.12 | \$106,091.69 | \$105,332.00 | \$131,582.00 | 121% |
| STAFF EXPENSES | \$6,145.27 | \$132,362.01 | \$56,151.79 | \$95,681.00 | \$145,881.00 | 91% |
| CONTRACT SERVICES | \$45,878.67 | \$621,274.50 | \$462,825.54 | \$578,651.00 | \$651,651.00 | 95% |
| MISCELLANEOUS | \$0.00 | \$0.00 | (\$1,199.98) | \$0.00 | \$0.00 | 0% |
| TOTAL GENERAL OPERATIONS | \$93,371.82 | \$1,233,372.99 | \$920,673.12 | \$1,136,913.00 | \$1,286,363.00 | 96% |

Food Bank of the Southern Tier

Income Statement

Total Operations Excludes SIF

| | CURRENT MONTH 12/01/2023 12/31/2023 | CURRENT YTD ACTUAL 01/01/2023 12/31/2023 | LAST YTD ACTUAL 01/01/2022 12/31/2022 | ORIGINAL BUDGET 01/01/2023 12/31/2023 | FULL YR PROJECT. 01/01/2023 12/31/2023 | % TO FULL YEAR PROJECTION |
|---------------------------------------|--|---|--|--|---|---------------------------------|
| DEVELOPMENT/PR | | | | | | |
| SPECIAL EVENTS | \$361.13 | \$20,629.23 | \$10,753.51 | \$21,000.00 | \$21,000.00 | 98% |
| DIRECT MAIL | \$97,627.36 | \$402,198.01 | \$422,616.27 | \$448,338.00 | \$448,338.00 | 90% |
| GEN. DEVELOPMENT / PR EXPENSE | \$37,230.23 | \$90,840.34 | \$64,777.67 | \$122,746.00 | \$122,746.00 | 74% |
| TOTAL DEVELOPMENT/PR | \$135,218.72 | \$513,667.58 | \$498,147.45 | \$592,084.00 | \$592,084.00 | 87% |
| ADVOCACY & EDUCATION | | | | | | |
| ADVOCACY GROUP/SPEAKERS | \$0.00 | \$3,909.56 | \$0.00 | \$22,500.00 | \$22,500.00 | 17% |
| TOTAL ADVOCACY & EDUCATION | \$0.00 | \$3,909.56 | \$0.00 | \$22,500.00 | \$22,500.00 | 17% |
| CAPACITY BUILDING | | | | | | |
| OPERATION SUPPORT | \$0.00 | \$153,213.00 | \$158,413.00 | \$158,413.00 | \$158,413.00 | 97% |
| FBST OPERATION SUPPORT | \$9,015.17 | \$100,862.16 | \$113,811.04 | \$165,014.00 | \$115,160.00 | 88% |
| SANITATION SUPPLIES | \$0.00 | \$2,154.84 | \$2,176.00 | \$2,200.00 | \$2,200.00 | 98% |
| TOTAL CAPACITY BUILDING | \$9,015.17 | \$256,230.00 | \$274,400.04 | \$325,627.00 | \$275,773.00 | 93% |
| TOTAL EXPENSES | \$1,757,822.12 | \$22,564,495.52 | \$20,883,164.73 | \$18,404,581.00 | \$19,240,912.00 | 117% |
| NET OPERATING SURPLUS/DEFICT | \$747,045.91 | \$1,130,670.42 | \$1,360,889.93 | (\$102,107.00) | \$8,502.00 | 13,299% |
| CAPITAL EXPENSES | | | | | | |
| CAPITAL EXPENSES | \$0.00 | \$109,973.45 | \$15,850.00 | \$52,400.00 | \$822,400.00 | 13% |
| CAPITAL EXP. | \$0.00 | \$109,973.45 | \$15,850.00 | \$52,400.00 | \$822,400.00 | 13% |
| NET BEFORE NON-OPERATING | \$747,045.91 | \$1,020,696.97 | \$1,345,039.93 | (\$154,507.00) | (\$813,898.00) | (125%) |
| NON-OPERATING ADJUST. | | | | | | |
| DEPRECIATION/AMORTIZATION | (\$31,495.47) | (\$377,945.64) | (\$403,706.45) | \$0.00 | \$0.00 | 0% |
| EQUIPMENT/FURNITURE PURCHASES | \$0.00 | (\$44,683.20) | (\$15,850.00) | \$0.00 | \$0.00 | 0% |
| CAPITAL IMPROVEMENTS | \$0.00 | (\$65,290.25) | \$0.00 | \$0.00 | \$0.00 | 0% |
| BEQUESTS | \$304,437.01 | \$304,437.01 | \$0.00 | \$0.00 | \$0.00 | 0% |
| INVESTMENT GAIN/LOSS | \$59,711.33 | \$233,757.91 | (\$482,518.95) | \$0.00 | \$0.00 | 0% |
| RELEASE FROM TEMP RESTRICT | \$0.00 | \$0.00 | (\$42,818.92) | \$0.00 | \$0.00 | 0% |
| PROVISION FOR DOUBTFUL ACCT | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0% |
| TOTAL NON-OPER ADJUST | \$332,652.87 | \$270,222.73 | (\$913,194.32) | \$0.00 | \$0.00 | 0% |
| NET SURPLUS/(DEFICIT) | \$1,079,698.78 | \$1,290,919.70 | \$431,845.61 | (\$154,507.00) | (\$813,898.00) | (159%) |

Food Bank of the Southern Tier

Income Statement

Total Operations SIF Projects

| | CURRENT MONTH 12/01/2023 12/31/2023 | CURRENT YTD ACTUAL 01/01/2023 12/31/2023 | LAST YTD ACTUAL 01/01/2022 12/31/2022 | ORIGINAL BUDGET 01/01/2023 12/31/2023 | FULL YR PROJECT. 01/01/2023 12/31/2023 | % TO FULL YEAR PROJECTION |
|----------------------------------|--|---|--|--|---|---------------------------------|
| REVENUE | | | | | | |
| FOOD DISTRIBUTION | | | | | | |
| AGENCIES | | | | | | |
| SHARED MAINTENANCE | \$0.00 | \$56.14 | \$1,194.75 | \$0.00 | \$0.00 | 0% |
| AGENCY WHOLSALE | \$0.00 | \$0.00 | \$52,996.98 | \$0.00 | \$0.00 | 0% |
| TOTAL AGENCY FOOD | \$0.00 | \$56.14 | \$54,191.73 | \$0.00 | \$0.00 | 0% |
| TOTAL FOOD DISTRIBUTION | \$0.00 | \$56.14 | \$54,191.73 | \$0.00 | \$0.00 | 0% |
| GRANTS / CONTRACTS | | | | | | |
| OTHER GRANTS / PROGRAM INCOME | \$0.00 | \$21,810.31 | \$0.00 | \$0.00 | \$0.00 | 0% |
| TOTAL GRANTS / PROGRAMS | \$0.00 | \$21,810.31 | \$0.00 | \$0.00 | \$0.00 | 0% |
| FUNDRAISING / DONATIONS | | | | | | |
| CAUSE MARKETING | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$0.00 | \$0.00 | 0% |
| OTHER GENERAL DEVELOPMENT GRANTS | \$0.00 | \$10,500.00 | \$17,000.00 | \$0.00 | \$0.00 | 0% |
| SIF DONATIONS | \$15,000.00 | \$325,500.00 | \$547,749.62 | \$0.00 | \$0.00 | 0% |
| TOTAL FR/DONATIONS | \$20,000.00 | \$341,000.00 | \$569,749.62 | \$0.00 | \$0.00 | 0% |
| TOTAL REVENUE | \$20,000.00 | \$362,866.45 | \$623,941.35 | \$0.00 | \$0.00 | 0% |
| EXPENSES | | | | | | |
| PERSONNEL EXPENSES | | | | | | |
| SALARIES | \$4,214.53 | \$86,716.10 | \$155,986.20 | \$93,734.00 | \$93,734.00 | 93% |
| FRINGE BENEFITS | \$1,180.02 | \$15,254.38 | \$22,268.50 | \$17,791.00 | \$17,791.00 | 86% |
| RECRUITMENT-ADVERTISING | \$0.00 | \$0.00 | \$12,503.40 | \$0.00 | \$0.00 | 0% |
| TOTAL PERSONNEL EXPENSES | \$5,394.55 | \$101,970.48 | \$190,758.10 | \$111,525.00 | \$111,525.00 | 91% |
| FOOD DISTRIBUTION | | | | | | |
| AGENCIES | \$42,886.08 | \$258,151.34 | \$154,324.73 | \$579,048.00 | \$648,048.00 | 40% |
| YOUTH PROGRAMS | \$11,377.63 | \$202,505.62 | \$74,797.97 | \$85,000.00 | \$200,000.00 | 101% |
| TOTAL FOOD EXPENSE | \$54,263.71 | \$460,656.96 | \$229,122.70 | \$664,048.00 | \$848,048.00 | 54% |
| OTHER FOOD RELATED EXPENSES | | | | | | |
| OTHER FOOD/PROGRAM | \$658.59 | \$10,937.26 | \$1,036.29 | \$14,000.00 | \$14,000.00 | 78% |
| TOTAL OTHER FOOD EXPENSES | \$658.59 | \$10,937.26 | \$1,036.29 | \$14,000.00 | \$14,000.00 | 78% |
| WAREHOUSE OPERATING | | | | | | |
| VEHICLE | \$0.00 | \$168.82 | \$0.00 | \$0.00 | \$0.00 | 0% |
| WAREHOUSE | \$0.00 | \$560.93 | \$0.00 | \$0.00 | \$0.00 | 0% |
| PRODUCTION ROOM | \$4,756.70 | \$5,715.47 | \$14,435.20 | \$15,518.00 | \$15,518.00 | 37% |
| TOTAL WHRS / DISTRIB | \$4,756.70 | \$6,445.22 | \$14,435.20 | \$15,518.00 | \$15,518.00 | 42% |

Food Bank of the Southern Tier

Income Statement

Total Operations SIF Projects

| | CURRENT MONTH 12/01/2023 12/31/2023 | CURRENT YTD ACTUAL 01/01/2023 12/31/2023 | LAST YTD ACTUAL 01/01/2022 12/31/2022 | ORIGINAL BUDGET 01/01/2023 12/31/2023 | FULL YR PROJECT. 01/01/2023 12/31/2023 | % TO FULL YEAR PROJECTION |
|---------------------------------------|--|---|--|--|---|---------------------------------|
| GENERAL OPERATIONS | | | | | | |
| GENERAL OFFICE | \$0.00 | \$4,599.16 | \$29,499.55 | \$41,700.00 | \$41,700.00 | 11% |
| TECHNOLOGY/SERVICES | \$250.00 | \$13,000.00 | \$937.50 | \$10,000.00 | \$10,000.00 | 130% |
| STAFF EXPENSES | \$0.00 | \$629.20 | \$0.00 | \$0.00 | \$0.00 | 0% |
| CONTRACT SERVICES | \$0.00 | \$0.00 | \$52,099.99 | \$69,500.00 | \$69,500.00 | 0% |
| TOTAL GENERAL OPERATIONS | \$250.00 | \$18,228.36 | \$82,537.04 | \$121,200.00 | \$121,200.00 | 15% |
| DEVELOPMENT/PR | | | | | | |
| GEN. DEVELOPMENT / PR EXPENSE | \$0.00 | \$100.00 | \$0.00 | \$0.00 | \$0.00 | 0% |
| TOTAL DEVELOPMENT/PR | \$0.00 | \$100.00 | \$0.00 | \$0.00 | \$0.00 | 0% |
| ADVOCACY & EDUCATION | | | | | | |
| ADVOCACY GROUP/SPEAKERS | \$0.00 | \$15,873.84 | \$10,569.14 | \$110,000.00 | \$110,000.00 | 14% |
| TOTAL ADVOCACY & EDUCATION | \$0.00 | \$15,873.84 | \$10,569.14 | \$110,000.00 | \$110,000.00 | 14% |
| CAPACITY BUILDING | | | | | | |
| FBST OPERATION SUPPORT | \$93,518.40 | \$457,247.65 | \$296,785.63 | \$740,000.00 | \$590,000.00 | 77% |
| TOTAL CAPACITY BUILDING | \$93,518.40 | \$457,247.65 | \$296,785.63 | \$740,000.00 | \$590,000.00 | 77% |
| TOTAL EXPENSES | \$158,841.95 | \$1,071,459.77 | \$825,244.10 | \$1,776,291.00 | \$1,810,291.00 | 59% |
| NET OPERATING SURPLUS/DEFICT | (\$138,841.95) | (\$708,593.32) | (\$201,302.75) | (\$1,776,291.00) | (\$1,810,291.00) | 39% |
| NET BEFORE NON-OPERATING | (\$138,841.95) | (\$708,593.32) | (\$201,302.75) | (\$1,776,291.00) | (\$1,810,291.00) | 39% |
| NET SURPLUS/(DEFICIT) | (\$138,841.95) | (\$708,593.32) | (\$201,302.75) | (\$1,776,291.00) | (\$1,810,291.00) | 39% |

1

COMMUNIS

ACCOUNT NAME: CC-FOOD BANK - SOUTHERN TIER

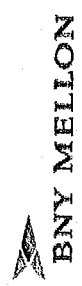
COMMUNIS FUND OF THE DIOCESE OF ROCHESTER
SUMMARY FROM 12/01/2023 TO 12/31/2023

| | ALESCO | TOTAL |
|---------------------------|------------|------------|
| BEGINNING BALANCE | 790,640.45 | 790,640.45 |
| DEPOSIT | 0.00 | 0.00 |
| WITHDRAWAL | 0.00 | 0.00 |
| TRANSFER | 0.00 | 0.00 |
| INCOME | 5,885.73 | 5,885.73 |
| FEES | (197.66) | (197.66) |
| REALIZED GAINS (LOSSES) | 33,164.00 | 33,164.00 |
| UNREALIZED GAINS (LOSSES) | 3,648.58 | 3,648.58 |
| ENDING BALANCE | 833,141.10 | 833,141.10 |

CATHOLIC CHARITIES
ATTN: FINANCE DEPARTMENT

94 EXCHANGE STREET
GENEVA NY 14456

REPORT PRODUCED BY:



Questions on your statement?

Contact Mary Ziarniak at 328.3228x1263, 1.800.388.1711x1263 or mary.ziarniak@dor.org

COMMUNIS

ACCOUNT NAME: CC-FOOD BANK ENDOWMENT

COMMUNIS FUND OF THE DIOCESE OF ROCHESTER
SUMMARY FROM 12/01/2023 TO 12/31/2023

| | ALESCO | TOTAL |
|---------------------------|------------|------------|
| BEGINNING BALANCE | 103,758.07 | 103,758.07 |
| DEPOSIT | 0.00 | 0.00 |
| WITHDRAWAL | 0.00 | 0.00 |
| TRANSFER | 0.00 | 0.00 |
| INCOME | 772.40 | 772.40 |
| FEES | (25.94) | (25.94) |
| REALIZED GAINS (LOSSES) | 4,352.21 | 4,352.21 |
| UNREALIZED GAINS (LOSSES) | 478.81 | 478.81 |
| ENDING BALANCE | 109,335.55 | 109,335.55 |

REPORT PRODUCED BY:



BNY MELLON

CATHOLIC CHARITIES
ATTN: FINANCE DEPARTMENT

94 EXCHANGE STREET
GENEVA NY 14456

Questions on your statement?

Contact Mary Ziarniak at 328.3228x1263, 1.800.388.1711x1263 or mary.ziarniak@dor.org

**Communis Fund of the
Diocese of Rochester**

As of 12/31/2023



Alesco Advisors

120 Office Park Way

Pittsford NY 14534

585.586.0970

alescoadvisors.com



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| Market Commentary & Outlook..... | Pages 18-21 |

Executive Summary

Communis Fund of the Diocese of Rochester

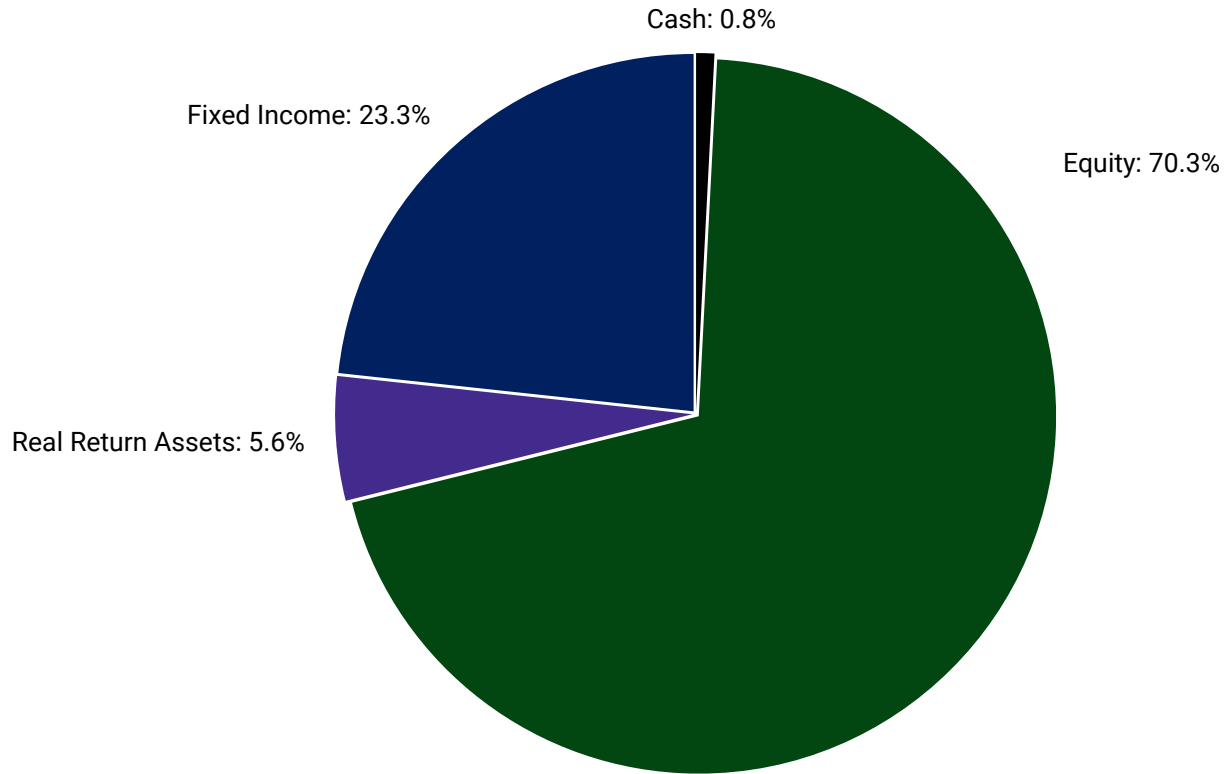
As of 12/31/2023

- Capital Markets Quarterly Overview
 - Stocks (led by smaller companies) and bonds gained ground in the fourth quarter of 2023 as investors showed optimism about the trajectory of the U.S. economy.
 - Inflation continued to slow in the quarter; markets expect inflation to decline further as the effects of higher interest rates continue to influence the economy.
 - The Fed left its target policy rate unchanged; it also indicated a dovish outlook for 2024 as inflation has moved back toward typical levels while the economy continues to grow.
 - U.S. employment remains historically strong, and consumers have continued to spend in spite of inflation and higher interest rates, which is keeping the economy out of a much-anticipated recession.
- Communis Fund Assets
 - The assets totaled \$282,650,693 as of December 31, 2023, a increase from the balance of \$259,406,510 as of September 30, 2023. There were net withdrawals of \$2.6 million in the quarter.
- Communis Fund Asset Allocation
 - The Fund was within investment policy target ranges for equity and fixed income.
- Communis Fund Performance
 - For the quarter ending December 31, 2023, the Fund returned 10.1%.
 - For the 2023 calendar year (January 1, 2023 to December 31, 2023), the Fund returned 15.5%.
 - For the trailing five year period (January 1, 2019 to December 31, 2023), the Fund returned 8.6% on an annualized basis.

Overall Portfolio

Communis Fund of the Diocese of Rochester

As of 12/31/2023

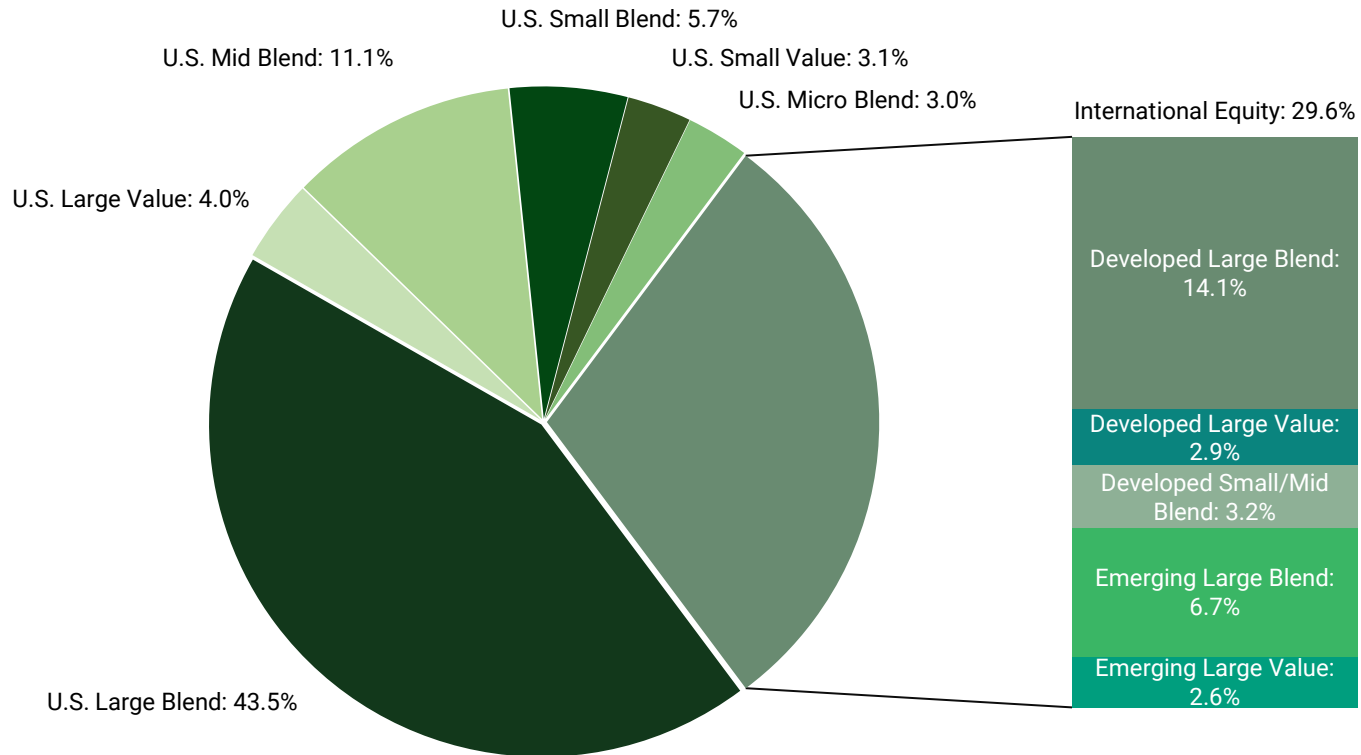


The sum of the values may not equal 100% due to rounding.

Equity

Communis Fund of the Diocese of Rochester

As of 12/31/2023

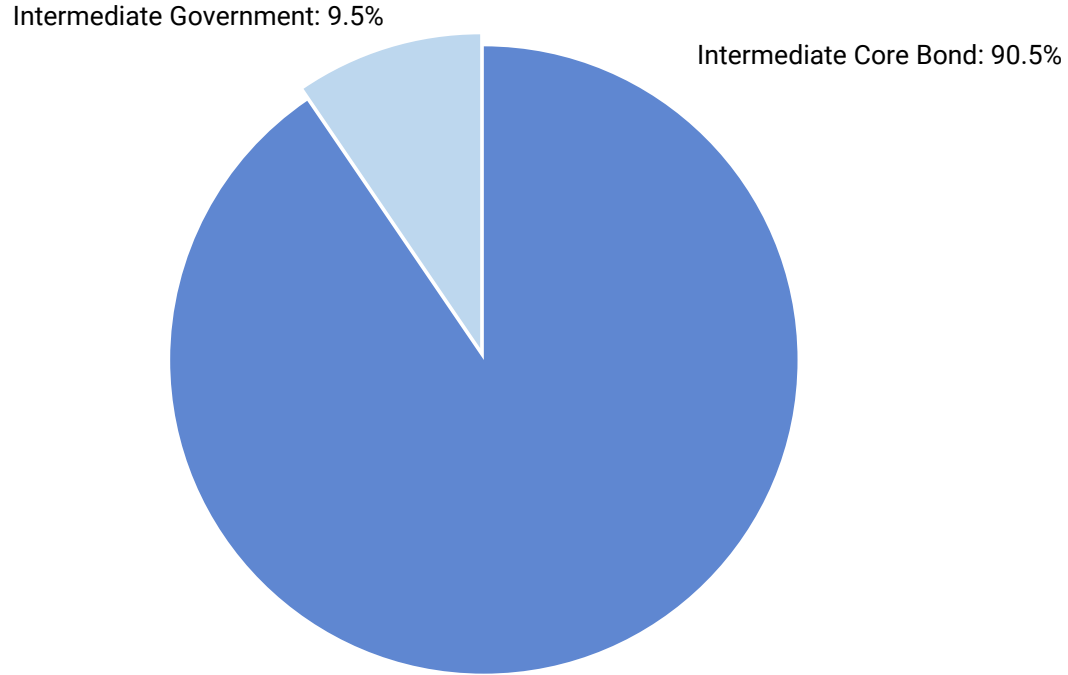


The sum of the values may not equal 100% due to rounding.

Fixed Income

Communis Fund of the Diocese of Rochester

As of 12/31/2023



| Portfolio Statistics | | Benchmark Statistics | |
|---------------------------|------|---------------------------|------|
| Average Credit Quality | AA | Average Credit Quality | AA |
| Average Duration | 6.3 | Average Duration | 6.1 |
| Average Maturity | 8.6 | Average Maturity | 8.5 |
| Average Yield to Maturity | 4.9% | Average Yield to Maturity | 5.0% |

The sum of the values may not equal 100% due to rounding.

Portfolio Activity

Communis Fund of the Diocese of Rochester

As of 12/31/2023

| Activity | QTD (\$) (10/1/23-12/31/23) | 1 Year (\$) (1/1/23-12/31/23) | 3 Year (\$) (1/1/21-12/31/23) | 5 Year (\$) (1/1/19-12/31/23) | 10 Year (\$) (1/1/14-12/31/23) | Since Inception (\$) (2/5/13-12/31/23) |
|--|--------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|---|
| Value at Beginning of Period | 259,406,510.10 | 272,562,347.06 | 314,658,451.04 | 250,490,820.08 | 79,986,257.70 | 64,775,961.68 |
| Contributions | 761,094.75 | 5,087,431.22 | 21,642,118.37 | 42,480,907.06 | 225,273,027.43 | 234,083,026.34 |
| Withdrawals | -3,332,890.16 | -34,261,809.16 | -92,858,701.20 | -126,999,494.32 | -171,301,698.15 | -174,859,651.82 |
| Income Received | 2,961,846.60 | 6,428,137.17 | 22,582,767.90 | 35,394,637.19 | 58,568,420.63 | 60,348,695.67 |
| Capital Gain/Loss | 22,854,131.75 | 32,834,586.75 | 16,626,056.93 | 81,283,823.03 | 90,124,685.43 | 98,302,661.17 |
| Value at End of Period | 282,650,693.04 | 282,650,693.04 | 282,650,693.04 | 282,650,693.04 | 282,650,693.04 | 282,650,693.04 |
| Total Investment Gain after Fees | 25,815,978.35 | 39,262,723.92 | 39,208,824.83 | 116,678,460.22 | 148,693,106.06 | 158,651,356.84 |
| Performance | | | | | | |
| Portfolio Return | 10.1% | 15.5% | 4.6% | 8.6% | 6.3% | 7.0% |
| Consolidated Portfolio Return ¹ | | | | | 6.3% | 6.9% |
| Weighted Benchmark ² | 9.5% | 16.7% | 3.7% | 9.0% | 6.8% | 7.5% |
| Morningstar Median ³ | 9.3% | 13.8% | 3.4% | 8.0% | 5.9% | 6.6% |

Portfolio performance is net of fees. Performance for periods greater than twelve months are annualized.

¹Includes the performance of investment managers external of Alesco Advisors.

²Weighted Benchmark is currently comprised of: 46.2% Russell 3000 / 19.8% MSCI ACW ex. U.S. / 11.0% Real Return / 23.0% Bloomberg Aggregate.

³Morningstar Median is the median performance of the peer group which includes all open-end mutual funds in the Morningstar Direct database categorized as allocation funds, meeting the 55% - 75% equity range as of report date, excluding target date funds.



Monthly Cash Flow

Communis Fund of the Diocese of Rochester

As of 12/31/2023

| | <u>October</u> | <u>November</u> | <u>December</u> | <u>10/01/23 to 12/31/2023</u> |
|-------------------|----------------|-----------------|-----------------|-----------------------------------|
| Contributions | \$15,462 | \$526,655 | \$218,977 | \$761,095 |
| Withdrawals | -\$811,369 | -\$1,326,523 | -\$1,194,998 | -\$3,332,890 |
| Investment Income | \$566,136 | \$183,847 | \$2,211,864 | \$2,961,847 |
| Bank Fees | \$0 | \$0 | -\$31,250 | -\$31,250 |

| | <u>Semi-Annual Management Fee¹</u> | <u>Date</u> |
|-----------------|---|-------------|
| Alesco Advisors | N/A | N/A |

¹Management fees are semi-annual based on the following schedule: 0.125% on assets under management from \$0-\$50MM; 0.100% on assets under management from \$50MM-\$100MM; and 0.075% on assets under management >\$100MM.



Performance

Communis Fund of the Diocese of Rochester

As of 12/31/2023

| | QTD (10/1/23-12/31/23) | 1 Year (1/1/23-12/31/23) | 3 Year (1/1/21-12/31/23) | 5 Year (1/1/19-12/31/23) | 10 Year (1/1/14-12/31/23) | Since Inception (2/5/13-12/31/23) |
|--|---------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|--------------------------------------|
| Equities | 11.85% | 20.49% | 7.52% | 11.84% | 8.72% | 10.14% |
| Equity Blended Benchmark ¹ | 11.37% | 22.81% | 6.49% | 12.75% | 9.45% | 10.77% |
| <i>Russell 3000</i> | <i>12.07%</i> | <i>25.96%</i> | <i>8.55%</i> | <i>15.16%</i> | <i>11.48%</i> | <i>12.91%</i> |
| S&P 500 Large Cap | 11.69% | 26.29% | 10.02% | 15.70% | 12.03% | 13.26% |
| S&P 400 Mid Cap | 11.67% | 16.44% | 8.10% | 12.62% | 9.28% | 10.70% |
| S&P 600 Small Cap | 15.12% | 16.05% | 7.29% | 11.03% | 8.66% | 10.83% |
| <i>MSCI ACWI Ex USA</i> | <i>9.75%</i> | <i>15.62%</i> | <i>1.55%</i> | <i>7.08%</i> | <i>3.83%</i> | <i>4.53%</i> |
| MSCI EAFE | 10.42% | 18.24% | 4.02% | 8.17% | 4.28% | 5.47% |
| MSCI Emerging Markets | 7.86% | 9.83% | -5.08% | 3.69% | 2.66% | 2.03% |
| Fixed Income | 6.58% | 5.46% | -2.67% | 1.33% | 1.78% | 1.58% |
| Bloomberg US Agg Bond | 6.82% | 5.53% | -3.32% | 1.10% | 1.81% | 1.54% |
| Real Return Assets | 3.75% | 4.19% | 0.45% | 2.08% | 0.28% | -0.07% |
| Real Return Blended Benchmark ² | 3.89% | 4.37% | 0.73% | 1.60% | -0.71% | -0.96% |
| CPI | 0.45% | 3.30% | 5.70% | 4.11% | 2.78% | 2.67% |
| Total Portfolio | 10.06% | 15.54% | 4.55% | 8.57% | 6.25% | 7.04% |

Total portfolio performance is net of fees. Performance returns for periods greater than twelve months are annualized.

¹Equity Blended Benchmark is currently comprised of: 70% Russell 3000 / 30% MSCI ACW ex. U.S.

²As of 06/30/2020 the Real Return Blended Benchmark is comprised of: 100% Bloomberg TIPS.



SERVICE
INTEGRITY
VALUE

Fund Detail

Communis Fund of the Diocese of Rochester

As of 12/31/2023

| | Expense Ratio | Category Average Expense Ratio | TRAILING RETURNS | | | | |
|--|---------------|--------------------------------|------------------|--------|--------|--------|---------|
| | | | Quarter | 1-Year | 3-Year | 5-Year | 10-Year |
| Equities | | | | | | | |
| Vanguard Institutional Index I (VINIX) | 0.04 | 0.79 | 11.68 | 26.24 | 9.96 | 15.66 | 12.00 |
| S&P 500 TR USD | | | 11.69 | 26.29 | 10.00 | 15.69 | 12.03 |
| iShares Core S&P 500 ETF (IVV) | 0.03 | 0.79 | 11.68 | 26.26 | 9.97 | 15.65 | 11.99 |
| S&P 500 TR USD | | | 11.69 | 26.29 | 10.00 | 15.69 | 12.03 |
| Avantis US Large Cap Value ETF (AVLV) | 0.15 | 0.90 | 10.19 | 17.37 | - | - | - |
| Russell 1000 Value TR USD | | | 9.50 | 11.46 | 8.86 | 10.91 | 8.40 |
| Dimensional US High Profitability ETF (DUHP) | 0.21 | 0.79 | 11.79 | 20.92 | - | - | - |
| Russell 1000 TR USD | | | 11.96 | 26.53 | 8.97 | 15.52 | 11.80 |
| iShares Core S&P Mid-Cap ETF (IJH) | 0.05 | 0.91 | 11.66 | 16.42 | 8.05 | 12.57 | 9.21 |
| S&P MidCap 400 TR | | | 11.67 | 16.44 | 8.09 | 12.62 | 9.27 |
| iShares Core S&P Small-Cap ETF (IJR) | 0.06 | 0.99 | 15.10 | 16.03 | 7.20 | 10.97 | 8.61 |
| S&P SmallCap 600 TR USD | | | 15.12 | 16.05 | 7.28 | 11.03 | 8.66 |
| Avantis US Small Cap Value ETF (AVUV) | 0.25 | 1.13 | 15.72 | 22.65 | 18.43 | - | - |
| Russell 2000 Value TR USD | | | 15.26 | 14.65 | 7.94 | 10.00 | 6.76 |
| Bridgeway Ultra-Small Company Market (BRSIX) | 0.75 | 1.13 | 15.60 | 11.42 | 1.44 | 8.61 | 5.08 |
| Russell Micro Cap | | | 16.06 | 9.33 | 0.61 | 8.56 | 5.79 |

Source: Morningstar. Returns for periods over one year are annualized. Category expense ratio uses average mutual fund in category assigned by Morningstar.

Fund Detail

Communis Fund of the Diocese of Rochester

As of 12/31/2023

| | Expense Ratio | Category Average Expense Ratio | TRAILING RETURNS | | | | |
|---|---------------|--------------------------------|------------------|--------|--------|--------|---------|
| | | | Quarter | 1-Year | 3-Year | 5-Year | 10-Year |
| Equities | | | | | | | |
| iShares Core MSCI EAFE ETF (IEFA) | 0.07 | 0.92 | 10.95 | 17.63 | 3.57 | 8.15 | 4.52 |
| MSCI EAFE IMI NR USD | | | 10.52 | 17.51 | 3.31 | 7.92 | 4.33 |
| iShares MSCI EAFE Value ETF (EFV) | 0.34 | 0.98 | 8.61 | 18.87 | 7.62 | 7.04 | 3.05 |
| MSCI EAFE Value NR USD | | | 8.22 | 18.95 | 7.59 | 7.08 | 3.16 |
| DFA International Small Company I (DFISX) | 0.39 | 1.12 | 10.75 | 14.43 | 2.71 | 8.02 | 4.94 |
| MSCI World Ex USA Small Cap NR USD | | | 10.60 | 12.62 | -0.20 | 7.05 | 4.63 |
| iShares Core MSCI Emerging Markets ETF (IEMG) | 0.09 | 1.14 | 7.90 | 11.30 | -3.95 | 4.24 | 2.91 |
| MSCI EM IMI NR USD | | | 8.02 | 11.67 | -3.71 | 4.46 | 3.00 |
| DFA Emerging Markets Value I (DFEVX) | 0.44 | 1.14 | 7.17 | 16.49 | 5.34 | 5.66 | 3.74 |
| MSCI EM Value | | | 8.05 | 14.21 | -0.01 | 3.38 | 1.94 |

Source: Morningstar. Returns for periods over one year are annualized. Category expense ratio uses average mutual fund in category assigned by Morningstar.

Fund Detail

Communis Fund of the Diocese of Rochester

As of 12/31/2023

| | Expense Ratio | Category Average Expense Ratio | TRAILING RETURNS | | | | |
|--|---------------|--------------------------------|------------------|--------|--------|--------|---------|
| | | | Quarter | 1-Year | 3-Year | 5-Year | 10-Year |
| Fixed Income | | | | | | | |
| Vanguard Total Bond Market Index I (VBTIX) | 0.04 | 0.58 | 6.69 | 5.72 | -3.34 | 1.13 | 1.80 |
| Bloomberg US Agg Float Adj TR USD | | | 6.72 | 5.60 | -3.33 | 1.17 | 1.83 |
| iShares US Treasury Bond ETF (GOVT) | 0.05 | 0.63 | 5.49 | 4.21 | -3.93 | 0.42 | 1.16 |
| ICE U.S. Treasury Core Bond 4PM | | | 5.51 | 3.88 | -3.85 | - | - |
| Real Return Assets | | | | | | | |
| Vanguard Inflation-Protected Secs I (VIPIX) | 0.07 | 0.63 | 4.64 | 3.85 | -1.11 | 3.05 | 2.36 |
| Bloomberg US Treasury US TIPS TR USD | | | 4.71 | 3.90 | -1.00 | 3.15 | 2.42 |
| Vanguard Shrt-Term Infl-Prot Sec Idx Ins (VTSPX) | 0.04 | 0.63 | 2.55 | 4.61 | 2.31 | 3.34 | 1.95 |
| Bloomberg US TIPS 0-5 Year TR USD | | | 2.60 | 4.57 | 2.32 | 3.37 | 1.98 |

Source: Morningstar. Returns for periods over one year are annualized. Category expense ratio uses average mutual fund in category assigned by Morningstar.

Portfolio Holdings

Communis Fund of the Diocese of Rochester

As of 12/31/2023

| Security | Symbol | Quantity | Unit Cost (\$) | Total Cost (\$) | Price (\$) | Value (\$) | Percent of Portfolio |
|--|------------|---------------|----------------|-----------------------|------------|-----------------------|----------------------|
| Cash | | | | | | | |
| DREYFUS INST PFD TREAS HAMIL 466 | 99VVCCW71 | 3,652,358.95 | 1.00 | 3,652,358.95 | 1.00 | 3,652,358.95 | 1.29% |
| SWEEP ASSET | CASH:SWEEP | -1,333,681.87 | -1.00 | -1,333,681.87 | 1.00 | -1,333,681.87 | -0.47% |
| TOTAL | | | | 2,318,677.08 | | 2,318,677.08 | 0.82% |
| Equity | | | | | | | |
| ISHARES CORE S&P 500 | IVV | 120,370.00 | 222.86 | 26,825,148.24 | 477.63 | 57,492,323.10 | 20.34% |
| ISHARES CORE MSCI EAFE ETF | IEFA | 399,351.00 | 54.27 | 21,674,065.76 | 70.35 | 28,094,342.85 | 9.94% |
| ISHARES CORE S&P MID-CAP ETF | IJH | 79,445.00 | 147.86 | 11,746,521.71 | 277.15 | 22,018,181.75 | 7.79% |
| VANGUARD INSTITUTIONAL INDEX I | VINIX | 53,318.21 | 137.07 | 7,308,327.61 | 393.48 | 20,979,650.84 | 7.42% |
| ISHARES CORE MSCI EMERGING MARKETS ETF | IEMG | 262,525.00 | 46.67 | 12,252,232.55 | 50.58 | 13,278,514.50 | 4.70% |
| ISHARES CORE S&P SMALL-CAP ETF | IJR | 104,800.00 | 45.32 | 4,749,409.77 | 108.25 | 11,344,600.00 | 4.01% |
| AVANTIS US LARGE CAP VALUE ETF | AVLV | 137,650.00 | 54.94 | 7,562,986.54 | 57.76 | 7,950,664.00 | 2.81% |
| DIMENSIONAL US HIGH PROFITABILITY ETF | DUHP | 276,350.00 | 27.38 | 7,565,772.13 | 28.61 | 7,906,373.50 | 2.80% |
| DFA INTL SMALL COMPANY INSTL | DFISX | 331,856.37 | 17.15 | 5,691,791.99 | 19.31 | 6,408,146.49 | 2.27% |
| AVANTIS US SMALL CAP VALUE ETF | AVUV | 68,950.00 | 82.35 | 5,678,253.14 | 89.80 | 6,191,710.00 | 2.19% |
| BRIDGEWAY ULTRA-SMALL COMPANY MARKET | BRSIX | 532,662.81 | 11.49 | 6,119,795.90 | 11.31 | 6,024,416.40 | 2.13% |
| ISHARES MSCI EAFE VALUE | EFV | 110,950.00 | 42.32 | 4,695,404.87 | 52.10 | 5,780,495.00 | 2.05% |
| DFA EMERGING MARKETS VALUE | DFEVX | 176,704.45 | 24.25 | 4,284,288.91 | 29.43 | 5,200,411.93 | 1.84% |
| TOTAL | | | | 126,153,999.12 | | 198,669,830.36 | 70.29% |

Portfolio Holdings

Communis Fund of the Diocese of Rochester

As of 12/31/2023

| Security | Symbol | Quantity | Unit Cost (\$) | Total Cost (\$) | Price (\$) | Value (\$) | Percent of Portfolio |
|--|--------|--------------|----------------|-----------------------|------------|-----------------------|----------------------|
| Fixed Income | | | | | | | |
| VANGUARD TOTAL BOND MARKET INDEX I | VBPIX | 6,134,152.77 | 10.66 | 65,367,117.97 | 9.71 | 59,562,623.42 | 21.07% |
| ISHARES US TREASURY BOND ETF | GOVT | 272,000.00 | 23.22 | 6,315,820.00 | 23.04 | 6,266,880.00 | 2.22% |
| TOTAL | | | | 71,682,937.97 | | 65,829,503.42 | 23.29% |
| Real Return | | | | | | | |
| VANGUARD INFLATION PROTECTED SEC INSTL | VIPIX | 974,668.70 | 10.69 | 10,417,905.68 | 9.38 | 9,142,392.36 | 3.23% |
| VANGUARD SHORT-TERM INFLATION PROTECTED SECS INDEX INSTL | VTSPX | 280,750.73 | 24.70 | 6,934,769.73 | 23.83 | 6,690,289.82 | 2.37% |
| TOTAL | | | | 17,352,675.41 | | 15,832,682.18 | 5.60% |
| GRAND TOTAL | | | | 217,508,289.58 | | 282,650,693.04 | 100.00% |

Exhibit A - Investment Policy Statement

The Communis Fund of the Diocese of Rochester, Inc. Investment Policy Statement

I. PHILOSOPHY

The Communis Fund of the Diocese of Rochester, Inc. (“Communis”) is a New York not-for-profit corporation organized exclusively for religious, charitable or educational purposes and not for pecuniary or financial gain. Under the direction of a Board of Directors (the “Board”) elected by the Diocesan Bishop, the Vicar General and the Chancellor of the Diocese of Rochester as Members, Communis receives funds from the Diocese, and its parishes, schools, institutions and organizations for investment. In addition, Communis receives funds from the Diocese of Rochester Priests’ Retirement Plan Trust and the Diocese of Rochester Lay Employees’ Retirement Accumulation Plan Trust for investment. The Diocese, in conjunction with the record keeper and trustee, The Bank of New York Mellon, maintains an accounting system to segregate funds by participant.

The assets held by Communis support an ever-broadening array of activities that assure the Diocese’s future mission. The Communis Board of Directors, ever mindful of their stewardship, have caused this statement to be prepared as a policy framework for a disciplined process that seeks to add value and minimize risk for the Diocese as well as those who benefit from these assets.

The principal reason for developing a long-term Investment Policy and for putting it in writing is to protect against ad hoc revisions to the long-term investment strategy. The written Investment Policy will help maintain a long-term perspective when short-term market movements may be distressing and emotional reactions are most apt to occur.

II. ROLES AND RESPONSIBILITIES

Board

The Board of Directors of Communis are elected by the members of the Communis Corporation: the Bishop, the Vicar General and the Chancellor of the Diocese of Rochester. The Board is responsible for this Investment Policy and for the management of the business and affairs of Communis. The Board oversees the operations of Communis including selection of service providers.

Investment Advisors

The Board shall select one or more independent Investment Advisors (the “Advisors”) to manage the investment assets of Communis. The Advisors have ultimate fiduciary responsibility for the Communis assets. The Advisors will manage the assets on a discretionary basis within the parameters of this Investment Policy. The Advisors will periodically reviews investment performance with the Board and ensures compliance with the Investment Policy. The Advisors should also periodically review the propriety of this Investment Policy considering the investment needs of Communis.

Recordkeeper

Currently, The Bank of New York Mellon serves as the record keeper of the individual participant's balance.

Custodian

Currently, The Bank of New York Mellon serves as Custodian of the funds invested in Communis.

III. SPENDING GUIDELINES**Spending and Spending Limitations****Endowment/Quasi-endowment Funds**

The amount of endowment return available for current spending (distribution) during the fiscal year is to be determined on the basis of the market value as of the preceding December 31st. Based on the long term duration and preservation of the endowment funds or principal, the purposes of the Diocesan Organizations and their endowment funds, general economic conditions, the possible effects of deflation or inflation, the expected total return from income and the appreciation of investments, other resources of the Diocesan Organizations, alternatives to expenditure of the endowment funds where appropriate and circumstances would otherwise warrant, and the investment policies of the Diocesan Organizations, the distribution is not to exceed 5.0 percent of the average market value for the last 20 quarters unless otherwise approved by the Bishop's Stewardship Council of the Diocese of Rochester.

Retirement Funds

Distributions from the retirement funds will be used to pay retirement benefits and other expenses as required.

IV. INVESTMENT OBJECTIVES**Time Horizon & Risk Tolerance**

The investment objectives are based upon a very long-term investment horizon, so interim fluctuations should be viewed from that perspective. Similarly, the asset allocation approach is based on this same perspective. Risk is inherent in all forms of investment, and in particular, the types of long-term assets in Communis will be susceptible to capital risk. The time horizon of Communis gives it the ability to ride out considerable fluctuations in value, but stops short of the risk level associated with full investment in stocks on a constant basis.

Prioritization of Investment Objectives

- A. The primary objective is the pursuit of long-term capital growth, with a goal of meeting the long-term needs of Communis.

- B. The secondary objective is for the rate of investment return to exceed the rate of inflation over the long-term.
- C. A third objective, much lower in priority than the other two, will be moderation of portfolio volatility.

This Investment Policy is explicitly designed to encourage a long-term investment horizon. This means that the majority of the assets will be invested in long-term (i.e. higher risk and higher return) securities at virtually all times. Consequently the market value of the funds invested in Communis will be subject to material levels of short-term volatility. Further, the secondary objective establishes that these assets will primarily be stocks, with bonds and cash playing a minority role. However, there is still a role for bonds and cash, as there is a desire to dampen the more extreme swings of volatility associated with stocks, as reflected by the last objective.

V. INVESTMENT GUIDELINES

Types of Assets

The Advisors will act in a fiduciary manner consistent with the Investment Advisors Act of 1940. Holdings will be consistent with such standards, and the Communis portfolio must be diversified by allowing the Advisors the flexibility to invest in various types of assets. The following types of assets are among those approved for investment.

Equity Investments

Types

- Common Stocks
- Preferred Stocks
- Convertible Securities (including Debentures)
- Foreign Stocks, excluding direct foreign investments in emerging markets (Emerging market ADR's permitted)

Diversification

The equity portfolio should be well-diversified to avoid undue exposure to any single economic section, industry group or individual security. No more than 10% of total Communis assets at market at time of purchase shall be invested in the securities of any one issuer. No more than 30% of the total Communis assets at market at time of purchase shall be invested in any one industry. For the purpose of this Investment Policy, mutual funds and exchange traded funds shall not be considered the issuer of securities, but rather the diversification guideline will apply to the underlying securities of those funds as a percentage of the Communis assets.

Equity Allocation Limits

Equity investments are expected to comprise no more than 80% and no less than 30% of the total market value of the Communis assets at the time of purchase. These allocation parameters will become effective after the period of initial positioning of the Communis assets.

Fixed Income/Cash Investments

Types

- U. S. Government and Agency Securities (Bills, Notes and Bonds)
- Commercial paper
- Certificates of Deposit
- Corporate Bonds
- Master Notes
- Insurance Company Contracts
- Money Market Funds

Diversification

No limitations are placed on investments in U. S. Government guaranteed obligations (including any full guaranteed Federal Agency obligations). Investments in any one issuer (excluding direct or indirect obligations of the U.S. Government) shall not exceed 10% of total Communis assets at time of purchase. Fixed income holdings should not represent more than 10% of a total particular issue. For the purpose of this Investment Policy, mutual funds and exchange traded funds shall not be considered the issuer of securities, but rather the diversification guideline will apply to the underlying securities of those funds as a percentage of the Communis assets.

Fixed/Cash Allocation Limits

Fixed income and cash equivalent investments are expected to comprise no less than 20% and no more than 70% of the total market value of the Communis at the time of purchase. Fixed income investments will maintain an average credit quality, as defined by Standard and Poor's Investor Service, of "A" or better at all times. Any idle cash not invested by the Advisors shall be invested daily in interest bearing securities through an automatic sweep provided by the custodian.

Total Portfolio Guidelines

All assets selected for inclusion in Communis must have a readily ascertainable market value and must be generally considered marketable at time of purchase. The following types of assets or transactions are expressly prohibited (unless approved by the Board):

- Direct investment in Commodities and Futures
- Warrants
- Eurobonds
- Naked Option Transactions
- Margin Purchase of Securities
- Unregistered or Restricted Stock

- Investments classified as level 3 by the Financial Accounting Standards Board Statement Number 157 (FASB 157)
 - Private Placements or equity
 - 144a Securities
 - Hedge Funds
- Do not buy directly in companies identified as engaging in abortion activities, embryonic stem cell research and human cloning
- Do not buy directly in companies identified as having unacceptable involvement in pornography or producing contraceptives
- Do not buy directly in companies primarily engaged in military weapons production or anti-personnel landmines.

Summary of Allocation Limits (at time of purchase)

| | <u>Maximum</u> | <u>Minimum</u> |
|--|----------------|----------------|
| Total Stocks (U.S. & Foreign) | 80% | 30% |
| Fixed Income (Bonds, Notes, & Cash) | 70% | 20% |

VI. PERFORMANCE MEASUREMENT OF INVESTMENT OBJECTIVES

- A. The Board may hire Advisors on an evaluation of their investment philosophies and long-term performance. Advisors must adhere to their stated investment philosophies and goals.
- B. Investment performance results shall be monitored on a periodic basis, with a written quarterly report presented to the Board and evaluated in accordance with the following:
 - Return/downside protection trade-off vs. market indexes
 - Comparison against a peer group or market benchmark with similar long-term asset allocation levels
 - Long-term Treasury Bonds
 - The Consumer Price Index (Inflation)
- C. The Board recognizes that performance statistics only become meaningful over full market cycles, and thus will base performance evaluation on a market cycle analysis.
- D. The Advisors must advise the Board, in writing, of any material changes in the Advisor's organization, decision making structure, ownership, investment style, key personnel or any other significant change affecting the Advisor's relationship with the Communis assets along with a statement as to the anticipated impact on the Advisors ability to provide the same style and type of money management on a continuing basis, as required by the Investment Advisors Act of 1940.

MARKET COMMENTARY & OUTLOOK

Q4 2023

The fourth quarter of 2023 saw stock and bond markets both rally as the combination of lower inflation and continued economic growth raised the possibility that the economy may achieve a “soft landing”. A soft landing would mean that inflation cools to normal levels without the economy going into recession. Enthusiasm for this potential outcome was bolstered by indications from the Federal Reserve that it expects to cut interest rates several times during 2024.

| | 4Q2023 | 1 Year |
|--------------------------|--------|--------|
| S&P 500 | 11.7% | 26.3% |
| S&P 500 Value | 13.6% | 22.2% |
| S&P 600 Small Cap | 15.1% | 16.1% |
| MSCI EAFE International | 10.4% | 18.2% |
| MSCI Emerging Markets | 7.9% | 9.8% |
| Bloomberg Aggregate Bond | 6.8% | 5.5% |
| Bloomberg US TIPS | 4.7% | 3.9% |

Total returns. Source: Bloomberg

An Unpredictable Year

At the beginning of the year, forecasts for a recession in 2023 were widespread. A World Economic Forum survey published in January 2023 revealed that 91% of economists expected U.S. economic growth to be weak or very weak in 2023. This was a stark outlier compared to the 2022 and 2024 surveys, in which a majority of respondents anticipated moderate levels of growth.

If a crystal ball had somehow revealed a list of the coming year’s headlines at the start of 2023, it would have been natural to assume we were heading into another bad year for markets. The war in Ukraine has dragged on with no end in sight. War broke out in the Middle East between Israel and Hamas, with tensions subsequently spilling over into neighboring areas. The U.S. government reached the brink of a debt default in June, followed by a near government shutdown in September. Congressional dysfunction was evident in the struggles to elect a speaker in both January and October. On the economic front, multiple high profile bank failures in March were reminiscent of 2008 and raised questions about the stability of the U.S. banking system, necessitating a forceful rescue program from the Federal Reserve. Then interest rates increased rapidly, with the yield on a 10-year Treasury moving 1.5% from May to October, following a year in which rising interest rates had pushed the stock market into a bear market.

In the face of these challenges, stock markets experienced a remarkable year. This was a classic example of “upside risk”, where avoiding a previously anticipated bad outcome leads to a surge in security prices. The U.S. economy defied recession predictions by growing at an annualized rate of 2.2% in the first quarter, 2.1% in the second quarter, and 4.9% in the third quarter. The Atlanta Fed is currently estimating fourth quarter GDP growth of 2.4%.

Why were the predictions so wrong? As is often the case, multiple contributing factors played a role. First, higher interest rates have not damaged the economy as much as traditional economic models would predict. Fixed rate mortgages on existing debt shielded many consumers from higher financing costs and many businesses had proactively extended the duration of their debt at historically low rates in advance of higher interest rates. Second, the Fed’s powerful actions to inject additional liquidity into the banking system in March served to offset some of the impact of their restrictive monetary policies. Third, the Fed’s initial assessment in 2021 that inflation was “transitory” implied a quicker resolution than we have experienced. However, some of the influences on inflation turned out to be temporary as the aftershocks of COVID-era distortions have dissipated. This has had an easing effect on inflation, mitigating the need for the Fed to exert more pressure on the economy to regain control over inflation.

Beyond all these macroeconomic factors, one of the most significant contributors to returns in 2023 may have also been among the simplest: losses in 2022 led investors to become excessively pessimistic. Throughout 2022, the price/earnings ratio for the S&P 500 Index dropped by 24% based on expected earnings, declining from 23.3 at the beginning of the year to 17.6 at the end. This set the stage for a market rebound in 2023, during which the price/earnings ratio climbed back to 22.1, still lower than before the 2022 bear market despite impressive gains.

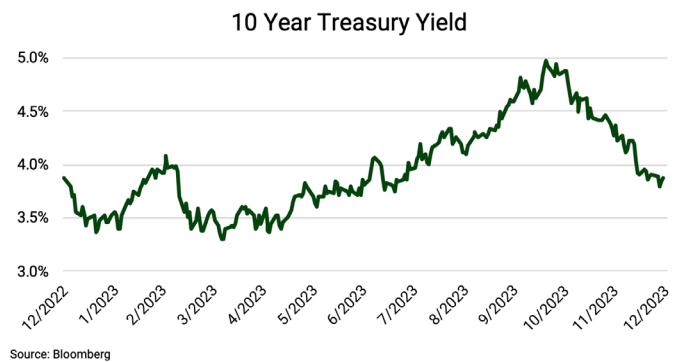
Inflation & Interest Rates

The rate of inflation experienced a substantial decline in 2023. The 12-month change in the Consumer Price Index (CPI) for the year amounted to 3.4%, a notable decrease from the 6.5% recorded in 2022. The “core” measurement, which excludes food and energy, was slightly higher, registering 3.9% for 2023 as energy costs have declined over the past year. In fact, we are now seeing deflation in several prominent categories, including gasoline, used vehicles, and durable goods like furniture and appliances.

Overall inflation has remained high due to housing costs. Shelter, constituting 35% of the inflation calculation, increased 6.2% over the past twelve months. Excluding shelter costs, all other categories in CPI increased by an average of 1.9% for the year, which is slightly below the Fed’s inflation target. Rent data is updated in CPI on a lagged basis as leases reset; other data sources suggest that rent increases on new leases are decelerating. Zillow publishes an index that tracks changes to new rental prices for homes and responds to price changes faster than the calculations included in CPI. According to this measurement, rent increased by only 3.4% for 2023 through November. The disparity in price changes between CPI and Zillow would be significant enough to impact CPI by nearly a full percentage point, suggesting the potential for CPI to sustain its downward trend as the full effects of slowing rent increases are eventually reflected.

With the cooling of the inflation rate, there is a growing anticipation that the Federal Reserve has inflation under control, reducing the need for restrictive monetary policy. Current market expectations indicate that not only are rate hikes behind us, but that rate cuts will begin during the first half of 2024. This outlook was validated in November, when the Fed signaled its expectation to lower the Fed Funds rate several times in 2024.

Longer-term interest rates experienced significant volatility during 2023 as changing investor expectations impacted the market. The yield for a 10-year U.S. Treasury Note rose from a low of 3.3% in April to a peak of 5.0% in October, setting the stage for a third consecutive year of losses in the bond market. However, the late-year shift in the outlook for monetary policy triggered a rapid decline in interest rates. The 10-year Treasury yield finished the year at 3.88%, exactly where it started. After all the ups and downs, investors were left with respectable fixed income returns for the year that essentially resulted from just the yield on their investments.



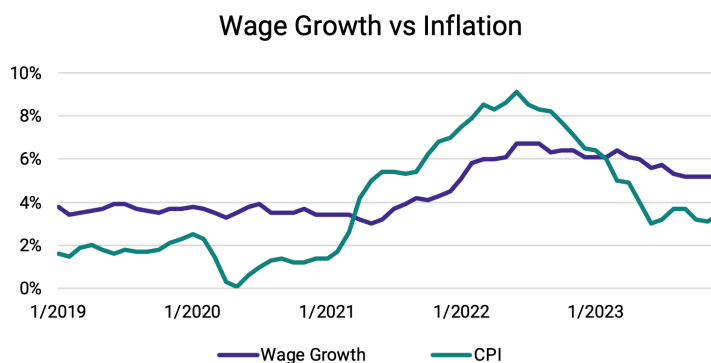
Source: Bloomberg

Labor Market

The Fed’s policies aimed at curbing inflation raised concerns about the potential impact on the job

market and, by extension, the broader economy. It was anticipated that job losses were going to be an unfortunate casualty in the battle against inflation, but so far the effects have been muted. Overall, the job market has remained very strong; the 3.7% unemployment rate in December marked the 23rd consecutive month below 4%, the longest such streak in over 50 years.

Despite the remarkable headline statistics, there has been a softening trend developing in the job market. The pace of new job creation has slowed, and while openings for new jobs still vastly outnumber available job seekers, the ratio is moving in the direction of normalization. The number of workers voluntarily quitting their jobs has also declined and has now returned to pre-pandemic levels. Meanwhile, the pace of wage gains has moderated to just over 5% after peaking at well over 6% in 2022.



Wage growth is 3-month moving average of unweighted median hourly wage growth. Source: Bloomberg, Federal Reserve Bank of Atlanta

As wage gains have slowed, inflation has slowed at an even faster rate. In 2022, the average worker experienced a decline in purchasing power of their income; for most of 2023, workers found their incomes once again outpacing inflation.

The job market is a notoriously lagging indicator of the prospects for the economy. Greater stability in the job market is an important benefit for the productivity of businesses, and other economic data continue to support an expansion.

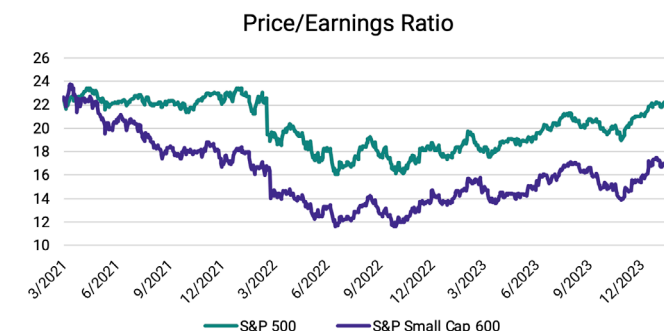
Nevertheless, the job market will be an area to monitor closely in case the mild softening we have observed so far starts to accelerate.

Asset Class Review

The sizeable gains in stock prices during 2023 should be considered together with the losses experienced in 2022. Viewing the two years collectively, the price level for the S&P 500 is virtually unchanged, even with higher earnings expectations and investors having collected two years' worth of dividends in the meantime.

As discussed earlier, the valuation for the S&P 500 is somewhat lower than a couple years ago. However, the U.S. stock market is still trading at an above-average valuation level; as of year-end, the S&P 500 Index is 27% above the average price/earnings ratio over the past 15 years. It's important to note that this is not the case across all parts of the equity markets. Strong returns for some large technology companies have led to higher valuations for the largest U.S. stocks, while valuations in other areas are at much more attractive levels. For example, U.S. small cap stocks are trading 18% below their 15-year average. Stocks in international markets are closer to average, although dependent on the characteristics of the company and the geographic region in which it is located.

These valuation discrepancies are not without reason. Large U.S. companies have been



12 month estimated forward earnings. Source: Bloomberg

extremely successful in recent years, growing their revenues and earnings at an impressive pace, with added hopefulness for increased business opportunities related to artificial intelligence. However, when considering market opportunities prospectively, faster growth is also incorporated into investors' expectations for those stocks, raising the bar they need to clear to impress investors.

It is certainly possible that their excellent business performance will continue. The key question for investors is whether that will be good enough to earn stock price gains that surpass the rest of the market. As we were reminded in 2023, attempting to forecast the economy or markets can be perilous. Therefore, for long-term investors it is important to diversify across market segments. This provides the ability to continue participating in the growth of these stocks while also maintaining meaningful exposure to other investments that may perform better if one sector of the market lags behind. Accordingly, we believe that other equity components in Alesco portfolios, such as small cap stocks and international stocks, are as important as ever in portfolio construction.

Bonds also present an attractive investment opportunity. Despite the recent volatility in bond prices, and even after a fourth quarter rally, the average yield for U.S. investment grade bonds stands at 4.6% based on the Bloomberg Aggregate Bond Index. This represents a reasonable expectation for future returns. Additionally, when we eventually encounter a recession, bonds carry the potential for capital appreciation if long-term interest rates decline.

Cash had a surge in popularity during 2023, with yields for money market funds and treasury bills exceeding 5%. Those yields may be near peak levels now, although even if the Fed begins cutting short-term interest rates soon, cash-like investments are expected to continue generating reasonable levels of income. However, it is important to remember that cash is not typically a good long-term investment. Despite widespread enthusiasm for 5% yields, cash ended up among the worst performing asset classes for the year. In most cases, cash is best suited for short-term spending needs rather than as a long-term investment.

Disciplined Investing

Periods of strong market gains like we have enjoyed in 2023 are emblematic of why discipline is so important in investing. A time marked by historically low expectations for the economy ended up leading to significant gains. Investors who tried to time the market and missed out on these gains have experienced a serious setback to the long-term compounding effects of stock market investing.

In contrast, investors who stay true to a long-term strategy, even during the inevitable periods of time when it feels uncomfortable, have been able to participate in sustained long-term capital growth. This is a core part of Alesco's investment strategy because discipline and diversification are strongly linked to successful investment outcomes.

As always, thank you for your trust in Alesco Advisors.

The content in this market commentary is provided for informational purposes only, and should not be construed as personalized investment advice. The data and information used in the preparation of the market commentary are obtained from third-party sources believed to be reliable, but Alesco Advisors does not guarantee the accuracy, completeness, or timeliness of the data and information. Past performance is not indicative of future results. The information reflects our views as of January 22nd, 2024.

CONTACT US

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