

**Investment Fund of the
Diocese of Long Island
Balanced Fund**

**Financial Statements and
Supplemental Schedule
December 31, 2008**

**Investment Fund of the Diocese of Long Island
Balanced Fund
Contents
December 31, 2008**

	Page(s)
Report of Independent Auditors	1
Financial Statements	
Statement of Assets and Liabilities	2
Statement of Operations	3
Statement of Changes in Net Assets.....	4
Notes to Financial Statements	5-10
Schedule of Investments.....	11-15
Schedule of Investments, at Fair Value.....	16
Supplemental Schedule	
Report of Independent Auditors	17
Supplementary Information.....	18

Report of Independent Auditors

To the Trustees of the Estate Belonging to The Diocese of Long Island:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets present fairly, in all material respects, the financial position of the Investment Fund of The Diocese of Long Island Balanced Fund (the "Fund"), at December 31, 2008, and the results of its operations and changes in its net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



October 22, 2009

**Investment Fund of the Diocese of Long Island
Balanced Fund
Statement of Assets and Liabilities
December 31, 2008**

Assets

Investments, at fair value (cost, \$92,546,867)	\$ 76,229,155
Cash and cash equivalents	32,427
Dividends and accrued interest receivable	76,260
Shares pending redemption	216,112
Total assets	<u>76,553,954</u>

Liabilities

Dividends payable	445,775
Oversubscription to Investment Fund Shares	35,149
Accrued expenses	202,699
Total liabilities	<u>683,623</u>
Net unrestricted assets (equivalent to \$413.46 per share, based on 183,502 shares of beneficial interest outstanding at year-end)	<u>\$ 75,870,331</u>

The accompanying notes are an integral part of these financial statements.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Statement of Operations
Year Ended December 31, 2008**

Investment income		
Interest and dividends		\$ 1,949,252
Expenses		
Fees and expenses of investment advisor and dividend-disbursing agent		625,948
General and administrative		36,075
Total expenses		<u>662,023</u>
Net investment income		<u>1,287,229</u>
Realized losses and changes in unrealized depreciation		
Realized losses from investment transactions		
Proceeds from sales of investments	\$ 43,691,225	
Cost of securities sold	<u>54,911,637</u>	
Net realized loss		(11,220,412)
Unrealized depreciation of investments		
Beginning of year	15,749,111	
End of year	<u>(16,317,712)</u>	
Change in unrealized depreciation		<u>(32,066,823)</u>
Net realized losses and change in unrealized depreciation		<u>(43,287,235)</u>
Net decrease in net assets from operations		<u>\$ (42,000,006)</u>

The accompanying notes are an integral part of these financial statements.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Statement of Changes in Net Assets
Year Ended December 31, 2008**

Net decrease in net assets from operations	\$ (42,000,006)
Dividends to shareholders	<u>(5,115,050)</u>
Net decrease in net assets from operations after dividends	<u>(47,115,056)</u>
Capital transactions	
Proceeds from subscriptions to purchase shares of beneficial interest	2,226,763
Redemption of shares of beneficial interest	<u>(1,271,709)</u>
Increase in net assets from capital transactions	<u>955,054</u>
Net decrease in net assets	(46,160,002)
Net assets	
Beginning of year	<u>122,030,333</u>
End of year	<u>\$ 75,870,331</u>

The accompanying notes are an integral part of these financial statements.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Notes to Financial Statements
December 31, 2008**

1. Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Investment Fund of The Diocese of Long Island, Balanced Fund (the "Fund"):

Organization

The Fund is an investment company maintained by the Diocese of Long Island ("Diocese"). It manages and invests the funds of the Diocese and its affiliates, including the parish and mission congregations served. The Fund is managed by the Trustees of the Estate Belonging to The Diocese of Long Island ("Trustees").

Investors may subscribe to shares of the Fund or redeem those shares on a monthly basis. If the investment does not equal the cost of one share, the remainder is recorded as an oversubscription in the statement of assets and liabilities. Subscriptions not completed at year end are recorded as funds received for investment in the statement of assets and liabilities. Redemptions not completed at year end are recorded as shares pending redemption.

At December 31, 2008, there were \$35,149 of subscriptions for shares in excess of an amount equal to the purchase price of a whole number of shares and \$216,112 disbursed awaiting redemption of shares.

Basis of Presentation

The financial statements are presented in accordance with accounting principles generally accepted for private investment companies.

Valuation of Investments

Investments of the Fund are valued at fair value and are recorded on a trade date basis. Securities listed on national exchanges are valued at closing sales prices or, in the absence of recorded sales, at the mean of the closing bid and asked prices on such exchanges. Over-the-counter securities are valued at the mean of the closing bid prices on December 31, 2008. Other investments, consisting primarily of mortgages and loans, are stated at cost which approximates estimated fair value. Cash equivalents include all purchased highly liquid financial instruments with an original maturity of three months or less.

Alternative investments include investments in limited partnerships and hedge funds and are carried at fair value. Fair value is estimated by management of the alternative investment partnership or fund. Because alternative investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. Certain of the partnerships enter into contractual commitments including futures and option contracts and other derivative financial instruments. These contracts are valued by the partnerships at the last reported sales price and involve elements of market risk in excess of the amounts recognized on the partnership statement of financial condition. Risks arise from the potential changes in securities values and interest rates. The Fund records its share of the net income or loss for the accounting period in proportion to its participating percentage in each partnership.

Realized gains and losses on sales of securities are determined on an average-cost basis. Dividend income is recorded on the ex-dividend date and interest income is recorded as earned on an accrual basis.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Notes to Financial Statements
December 31, 2008**

Unrealized gains and losses are determined by comparison of specific costs of acquisition to market values at the last day of the fiscal year.

Calculation of Gains or Losses on Investments

Net realized gains or losses on sales of investments are recorded on the trade date and are determined on the basis of average cost.

Distributions

The Fund pays a dividend based on a rolling 36 month average market value per share of beneficial interest, regardless of the actual return on investments. The rate is determined by subtracting from expected total return a factor for inflation and a factor for administrative expense. In 2008 the dividend rate was 4.50%. The rate is subject to review as conditions warrant.

Tax Exempt Status

The Fund is exempt from registration as an investment company under the Investment Company Act of 1940 since it is operated by an institution organized and operated exclusively for religious purposes and only similarly exempt organizations are eligible to participate in the Fund. As such, the income earned by the participants in the Fund is exempt from federal income tax.

Credit Risk

Credit risk is the possibility that loss may occur from a failure of a counterparty to a financial instrument to perform according to the terms of a contract. Collateral or other security is not required by the Fund to support financial instruments with credit risk, primarily investments in the Revolving Loan Fund and Socially Responsible Investments. The maximum loss from such investments is limited to amounts recorded in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant estimates relate to the realizability and valuation of certain investments. Actual results could differ from those estimates.

2. Purchases and Sales of Investment Securities

The aggregate cost of sales and proceeds from sales of investments for the year ended December 31, 2008 were \$54,911,637 and \$43,691,225, respectively.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Notes to Financial Statements
December 31, 2008**

3. Fair Value Measurements

In assessing the fair value of financial instruments, the Fund has used a variety of methods and assumptions, which were based on estimates of market conditions and risks existing at the time. The fair value of financial instruments, including cash and cash equivalents and accrued expenses, approximate their carrying value because of the current nature of these instruments. Carrying value of investments have been measured at fair value under the principles of SFAS 157, *Fair Value Measurement*.

SFAS No. 157 defines fair value, sets a framework for measuring fair value, and requires additional disclosure about fair value measurements. SFAS No. 157 does not require new fair value measurements. The adoption of SFAS No. 157 as of January 1, 2008 did not significantly impact the Fund's assets, liabilities or its results of operations. Asset and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by SFAS No. 157, are as follows:

<u>Level Input</u>	<u>Level Definition</u>
Level 1	Unadjusted, quoted market prices in active markets for identical assets.
Level 2	Inputs other than quoted market prices included in Level 1 that are observable for the asset through corroboration with market data at the measurement date.
Level 3	Unobservable inputs that are supported by little or no market activity that reflect management's best estimate of what market participants would use in pricing the asset at the measurement date.

The fair value of actively traded debt and equity securities is based on quoted market prices. Inactively traded debt securities are based on quoted market prices of identical or similar securities based on observable inputs like interest rates using either a market or income valuation approach and generally classified as Level 2. Privately held debt and equity securities are estimated using a variety of valuation methodologies, including both market and income approaches, where an observable quoted market does not exist and are generally classified as Level 3.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated within investing in those investments.

Fair value estimates are made at a point in time, based on relevant market data as well as the best information available about the financial instrument. Fair value estimates for financial instruments for which no or limited observable market data is available are based on judgments regarding current economic conditions, liquidity discounts, currency, credit and interest rate risks, loss experience and other factors. These estimates involve significant uncertainties and judgments and cannot be determined with precision. As a result, such calculated fair value estimates may not be realizable in a current sale or immediate settlement of the instrument. In addition, changes in the underlying assumptions used in the fair value measurement technique, including discount rates, liquidity risks, and estimates of future cash flows, could significantly affect these fair value estimates. Because of the inherent uncertainty of valuation, including Level 3 input risks, this

**Investment Fund of The Diocese of Long Island
Balanced Fund
Notes to Financial Statements
December 31, 2008**

estimated value may differ from the value that would have been used had a ready market for these investments existed, and the differences could be material.

The Fund's alternative investments which have been assessed using Level 3 inputs, consist of a variety of limited liability investment entities, with a variety of investment strategies. These investment funds primarily invest in marketable securities and derivative financial instruments. These investment funds are carried at estimated fair value as determined by the Investment Manager. The Investment Manager bases the estimated fair value of these investment funds on the underlying fund's net asset value, an analysis of the underlying investments and financial information of the entities.

The Fund assessed the fair value of its loans and mortgages receivable and its socially responsible investments based on historical experience with such parties and the underlying interest rates of such agreements.

The following table summarizes fair value measurements of the Fund's investments at December 31, 2008:

	Fair Value	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	\$ 3,222,959	\$ 3,222,959	\$ -	\$ -
Common stock	10,990,338	10,990,338	-	-
Mutual fund equity securities	13,927,597	13,927,597	-	-
Mutual fund debt securities	9,929,447	9,929,447	-	-
REITS	1,649,346	1,649,346	-	-
Alternative investments	36,257,446	-	-	36,257,446
Socially Responsible Investment	50,000	-	-	50,000
Revolving Loan Fund	202,022	-	-	202,022
Total investments	<u>\$ 76,229,155</u>	<u>\$ 39,719,687</u>	<u>\$ -</u>	<u>\$ 36,509,468</u>

The changes in fair value measured using significant unobservable inputs (Level 3) for the year ended December 31, 2008 were as follows:

Balance at January 1, 2008	\$ 35,418,218
Purchases or reinvestments	25,531,222
Sales of shares	(296,341)
Realized net losses	(3,732,751)
Unrealized losses	(20,389,300)
Collections on loans and mortgages receivable	(21,580)
Balance at December 31, 2008	<u>\$ 36,509,468</u>

**Investment Fund of The Diocese of Long Island
Balanced Fund
Notes to Financial Statements
December 31, 2008**

4. Investment Fees

The Fund pays fees quarterly for investment management, custodial and advisory services under a management agreement with the following: State Street Global Advisors at a rate of 0.85%, Principal Global Advisors at a rate of 0.75%, Artio Global at a rate of .80%, Globalflex at a rate of .75%, and Hall Capital at a rate of .85%.

In addition, the fund pays annual fees for investment management, custodial and advisory services for the following investment managers: J.P. Morgan Investment Management, Inc. at a rate of .5% of the market value of the Fund Investment and AEW Capital Management at the rate of 20% of the difference between RMS and the Fund's performance.

The Diocese also pays an annual fee of \$85,000 to Evaluation Associates, for investment management evaluation and consulting services.

Investment fees for all services amounted to approximately \$626,000 for the year ended December 31, 2008.

5. Other Investments

In 1989, the Trustees established a Revolving Loan Fund Program, not to exceed \$4.5 million in the aggregate, to assist parishes in the financing of renovation and building projects above that available through the Episcopal Church Building Fund. The balance of the outstanding loan under this program totaled \$202,022 at December 31, 2008 and is included in investments. Repayment of the loan is at an interest rate of 6.00% and is guaranteed by the Trustees from other financial resources under their management. The collection of the loan is administered by the Diocese. The carrying value of the note is at cost, which approximates fair value as determined by management, since this investment does not have a readily determinable market value.

6. Socially Responsible Investments

In accordance with a resolution passed at a special meeting of the shareholders of the Fund in December 1993, up to five percent of the assets of the Fund may be invested in community-based economic justice initiatives which address housing, employment, land use and community banking, with the understanding that the investments could have either lower than market returns or higher risk, or both. The carrying value of the investments is cost, which approximates fair value as determined by management, since these investments do not have readily determinable market values. Reserves for any losses are provided based on known conditions indicating any potential impairment value. Socially responsible investments totaled \$50,000 at December 31, 2008 with no reserves recorded.

7. Related Parties

Certain administrative costs, principally record keeping fees, incurred by the Diocese and allocated to the Fund amounted to approximately \$82,000 for the year ended December 31, 2008.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Notes to Financial Statements
December 31, 2008**

8. Subsequent Events

The Fund has evaluated all events that occurred after December 31, 2008 but before the financial statements were available to be issued, October 22, 2009, to determine if they must be reported. Management determined that there were no reportable subsequent events to be disclosed.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Schedule of Investments
December 31, 2008**

Common stocks	Number of Shares	Cost	Fair Value
Utilities			
American Electric Power	4,300	\$ 193,326	\$ 143,104
CMS Energy Corp	8,490	145,812	85,834
Edison International	3,350	142,161	107,602
Exelon Corp	1,820	158,564	101,210
First Energy Corp	1,310	81,233	63,640
NV Energy Inc	8,690	144,766	85,944
Total Utilities (5.34%)		<u>\$ 865,862</u>	<u>\$ 587,334</u>
Telecommunications			
Time Warner Cable-A	6,520	\$ 202,663	\$ 139,854
Verizon Communications Inc	19,232	754,780	651,965
Virgin Media Inc	3,680	43,712	18,363
Total Telecommunications (7.37%)		<u>\$ 1,001,155</u>	<u>\$ 810,182</u>
Capital Markets			
Capital One Financial Corp	3,020	\$ 179,547	\$ 96,308
Citigroup Inc	12,720	442,468	85,351
Goldman Sachs Group Inc	3,330	348,105	281,019
Merrill Lynch & Co Inc	3,290	103,952	38,296
Morgan Stanley	18,920	495,401	303,477
State Street Corp	2,140	86,380	84,166
TD AmeritradeHoldings Corp	9,242	148,709	131,698
Total Capital Markets (9.28%)		<u>\$ 1,804,562</u>	<u>\$ 1,020,315</u>

Percentages above represent the category as compared to total common stock.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Schedule of Investments
December 31, 2008**

Common stocks	Number of Shares	Cost	Fair Value
Finance			
Bank of America Corp	16,493	\$ 654,659	\$ 232,221
CIT Group Inc	6,670	169,166	30,282
Keycorp	10,200	111,292	86,904
SLM Corp	25,190	275,515	224,191
Wachovia Corp	6,900	38,324	38,226
Wells Fargo & Co	7,790	229,808	229,649
Total Finance (7.66%)		<u>\$ 1,478,764</u>	<u>\$ 841,473</u>
Insurance			
Ace Ltd	3,020	\$ 160,744	\$ 159,818
Aetna Inc	3,110	116,982	88,635
Assurant Inc	4,730	162,899	141,900
Genworth Financial Inc-CI A	15,190	397,419	42,988
Metlife Inc	990	31,712	34,511
MGIC Investment Corp	28,770	321,382	100,120
RenaissanceRe Holdings Ltd	1,260	60,842	64,966
Travelers Cos Inc/The	3,170	145,574	143,284
Wellpoint Inc	4,550	210,146	191,691
Total Insurance (8.81%)		<u>\$ 1,607,700</u>	<u>\$ 967,913</u>
Healthcare			
Abbott Laboratories	3,250	\$ 167,355	\$ 173,452
Bristol-Myers Squibb Co	3,250	70,632	75,563
Cardinal Health Inc	1,530	71,672	52,739
Celgene Corp	1,050	53,151	58,044
CVS Caremark Corp	5,970	218,929	171,578
Gilead Sciences Inc	1,770	83,923	90,518
McKesson Corp	900	46,186	34,857
Merck & Co. Inc.	10,310	400,305	313,424
Pfizer Inc	10,130	165,923	179,402
Schering-Plough Corp	10,760	261,419	183,243
Wyeth	3,490	114,998	130,910
Total Pharmaceuticals (13.32%)		<u>\$ 1,654,493</u>	<u>\$ 1,463,730</u>

Percentages above represent the category as compared to total common stock.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Schedule of Investments
December 31, 2008**

Common stocks	Number of Shares	Cost	Fair Value
Media			
Google Inc-Cl A	100	\$ 30,614	\$ 30,765
News Corp-Cl A	12,200	247,450	110,898
Time Warner Inc	13,930	202,134	140,136
Walt Disney Co/The	7,100	229,482	161,099
Total Media (4.03%)		<u>\$ 709,680</u>	<u>\$ 442,898</u>
Consumer Products			
Advance Auto Parts Inc	820	\$ 22,184	\$ 27,593
Altria Group Inc	2,890	43,865	43,523
Ball Corp	1,940	76,298	80,685
Coca-Cola Co/The	1,630	95,997	73,790
Estee Lauder Companies-Cl A	770	28,745	23,839
General Mills Inc	1,280	76,091	77,760
Hertz Global Holdings Inc	7,130	108,307	36,149
Intl Game Technology	1,960	61,424	23,304
ITT Educational Services Inc	770	46,364	73,135
Johnson Controls Inc	4,190	105,369	76,090
Procter & Gamble Co	5,300	317,270	327,646
Royal Caribbean Cruises Ltd	4,390	144,135	60,363
Safeway Inc	12,850	397,425	305,445
Sysco Corp	1,650	51,434	37,851
Total Consumer Products (11.53%)		<u>\$ 1,574,908</u>	<u>\$ 1,267,173</u>
Industrial			
Air Products & Chemicals Inc	1,360	\$ 91,158	\$ 68,367
Boeing Co	680	51,412	29,016
Domtar Corp	16,392	127,792	27,375
Dow Chemical	4,310	150,254	65,038
General Electric Co	12,849	444,769	208,154
Honeywell International Inc	3,890	110,231	127,709
Joy Global Inc Com	4,050	157,901	92,704
Kennametal Inc	2,710	84,045	60,135
Norfolk Southern Corp	2,780	126,864	130,799
Precision Castparts Corp	480	26,236	28,550
Republic Services Inc	1,670	38,789	41,399
Rohm and Haas Co	1,080	57,808	66,733
Spirit Aerosystems Hold-Cl A	5,040	158,267	51,257
Tyco Electronics Ltd	1,950	49,784	31,609
United Technologies Corp	980	68,935	52,528
Total Industrial (9.84%)		<u>\$ 1,744,245</u>	<u>\$ 1,081,373</u>

Percentages above represent the category as compared to total common stock.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Schedule of Investments
December 31, 2008**

Common stocks	Number of Shares	Cost	Fair Value
Technology			
Avnet Inc	1,660	\$ 48,000	\$ 30,229
CA Inc	3,140	73,034	58,184
Cisco Systems Inc	12,000	279,065	195,600
Corning Inc	11,400	226,935	108,642
Escrow Seagate Technology	1,700		
Lam Research Corp	930	17,835	19,790
Macrovision Solutions Corp	23		291
Microsoft Corp	2,180	62,235	42,379
Netapp Inc	3,050	39,127	42,609
Symantec Corp	5,860	100,397	79,227
Xilinx Inc	1,210	21,415	21,562
Total Technology (5.45%)		<u>\$ 868,043</u>	<u>\$ 598,513</u>
Energy			
Anadarko Petroleum Corp	690	\$ 50,865	\$ 26,599
Apache Corp	1,110	116,987	82,728
Baker Hughes Inc	630	52,869	20,204
Chevron Corp	3,200	242,124	236,704
ConocoPhillips	504	29,842	26,107
Consol Energy Inc	1,050	58,040	30,009
Exxon Mobil Corp	11,620	607,185	927,625
Halliburton Co	1,660	30,119	30,179
Hess Corp	970	46,680	52,031
Marathon Oil Corp	4,740	257,617	129,686
Occidental Petroleum Corp	1,860	127,364	111,581
Peabody Energy Corp	1,050	55,371	23,888
Williams Cos Inc	3,810	54,038	55,169
Total Energy (15.95%)		<u>\$ 1,729,101</u>	<u>\$ 1,752,510</u>
REITS			
Alexandria Real Estate Equit	770	\$ 39,687	\$ 46,462
Kimco Realty Corp	4,260	108,740	77,873
Vornado Realty Trust	540	31,721	32,589
Total REITS (1.43%)		<u>\$ 180,148</u>	<u>\$ 156,924</u>
Total Common Stocks		<u>\$ 15,218,661</u>	<u>\$ 10,990,338</u>

Percentages above represent the category as compared to total common stock.

**Investment Fund of The Diocese of Long Island
Balanced Fund
Schedule of Investments
December 31, 2008**

	Number of Shares	Cost	Fair Value
Cash Held by Investment Managers			
JP Morgan Chase		\$ 3,222,959	\$ 3,222,959
Total Cash		<u>\$ 3,222,959</u>	<u>\$ 3,222,959</u>
REITS			
Cohen & Steers International Realty Fund Class I		\$ 3,245,351	\$ 1,649,346
Total Fixed Income		<u>\$ 3,245,351</u>	<u>\$ 1,649,346</u>
Fixed Income			
PIMCO Total Return Fund	979,235	\$ 10,000,000	\$ 9,929,447
Total Fixed Income		<u>\$ 10,000,000</u>	<u>\$ 9,929,447</u>
Mutual Funds			
Montag & Caldwell Growth Fund Class I	323,755	\$ 3,554,287	\$ 5,633,329
Frontegra Ironbridge Small Cap Fund	730,773	11,407,060	8,294,268
Total Mutual Funds		<u>\$ 14,961,347</u>	<u>\$ 13,927,597</u>
Alternative Investments			
AEW Cap Mgt Real Estate Secs Long/Short Fd	32,812	\$ 4,761,042	\$ 4,384,047
Artio International Equity Fund II LLC		7,738,296	5,740,242
Columbus Circle Investors LgCap Growth Equity Fd	594,967	4,947,671	3,460,778
Crestline Offshore Fund, Ltd Clas D	40,250	4,761,042	4,948,085
GlobeFlex International All Cap Commingled Trust		8,692,831	5,717,542
Hall Capital Partners Absolute Return Fund		2,333,085	2,309,151
Rexiter Active Emerging Markets Common Trust Fund		7,412,560	6,053,002
Silver Creek Low Vol Strategies II		5,000,000	3,644,599
Total Alternative Investments		<u>\$ 45,646,527</u>	<u>\$ 36,257,446</u>
Other Investments			
Revolving Loan Fund			
St. Jude, Wantagh		\$ 202,022	\$ 202,022
Total Revolving Loan Fund		<u>\$ 202,022</u>	<u>\$ 202,022</u>
Socially Responsible Investments			
Leviticus 25:23 Alternative Fund (2% subvention certificate)		\$ 50,000	\$ 50,000
Total Socially Responsible Investments		<u>\$ 50,000</u>	<u>\$ 50,000</u>
Total Other Investments		<u>\$ 252,022</u>	<u>\$ 252,022</u>
Total Investments		<u>\$ 92,546,867</u>	<u>\$ 76,229,155</u>
Other Assets and Liabilities, Net		<u>(358,824)</u>	<u>(358,824)</u>
Total Net Assets		<u>\$ 92,188,043</u>	<u>\$ 75,870,331</u>

**Investment Fund of The Diocese of Long Island
Balanced Fund
Schedule of Investments, at Fair Value
December 31, 2008**

	Market Value	%
Cash	\$ 3,222,959	4.24%
Common Stocks	10,990,338	14.47%
REITS	1,649,346	2.17%
Mutual Funds	23,857,044	31.42%
Alternative Investments	36,257,446	47.83%
Revolving Loan Fund	202,022	0.26%
Socially Responsible Investments	50,000	0.06%
Total investments	76,229,155	100.45%
Other Assets and Liabilities, Net	(358,824)	-0.45%
Total Net Assets	\$ 75,870,331	100.00%

**Report of Independent Auditors on
Supplemental Schedule**

To the Trustees of the Estate Belonging to The Diocese of Long Island:

Our report on the audit of the financial statements of the Investment Fund of The Diocese of Long Island Balanced Fund, as of December 31, 2008 and for the year then ended appears on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for each of the seven years in the period ended December 31, 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

October 22, 2009

**Investment Fund of The Diocese of Long Island
Balanced Fund
Supplementary Information (Unaudited)
December 31, 2008**

The following data is based upon weighted average beneficial interest shares outstanding throughout each period:

	2008	2007	2006	2005	2004	2003	2002
Investment income	\$ 10.682	\$ 32.919	\$ 22.430	\$ 19.049	\$ 18.630	\$ 13.219	\$ 10.487
Expenses	3.628	3.184	2.712	2.490	2.296	1.917	2.185
Dividends to shareholders	(28.030)	(26.462)	(24.535)	(22.991)	(30.780)	(33.483)	(37.758)
Net realized gains and change in unrealized (depreciation) appreciation	(237.207)	16.927	79.204	25.604	43.079	92.683	(73.424)
Ratio to average net assets							
Expenses	.67%	.48%	.44%	.44%	.40%	0.38%	.43%
Net investment income	1.30%	4.993%	3.638%	3.346%	3.275%	2.258%	1.614%
Number of shares outstanding							
Weighted average for the period	182,487	180,869	175,870	171,719	151,464	141,433	136,295
Net asset value based on year end shares							
Beginning of period	\$ 671.370	\$ 651.025	\$ 577.177	\$ 558.184	\$ 532.851	\$ 462.978	\$ 566.385
End of period	\$ 413.458	\$ 671.370	\$ 651.025	\$ 577.177	\$ 558.184	\$ 532.851	\$ 462.978
(Decrease) increase in net asset value	\$ (257.912)	\$ 20.345	\$ 73.848	\$ 18.993	\$ 25.333	\$ 69.873	\$ (103.407)