

**The Corporation of  
The Brick Presbyterian Church  
In the City of New York**

Financial Statements

December 31, 2014

## Independent Auditors' Report

### **The Board of Trustees of The Corporation of the Brick Presbyterian Church in the City of New York**

We have audited the accompanying financial statements of The Corporation of the Brick Church in the City of New York (the "Church") which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

#### ***Basis for Qualified Opinion***

As discussed in the summary of significant accounting policies note, the Church does not capitalize acquisitions of, or improvements to, buildings, furniture, and equipment, except for the original cost of the Church's manses. Manses, although capitalized, were not depreciated over expected useful lives. Generally accepted accounting principles in the United States of America require that long-lived tangible assets be capitalized and depreciated over their estimated useful lives. The effect of this departure from generally accepted accounting principles is not determinable.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Corporation of the Brick Church in the City of New York as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary schedules on pages 19 through 22 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

**Report on Summarized Comparative Information**

We have previously audited The Corporation of the Brick Church in the City of New York's December 31, 2013 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated April 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*O'Connor Davies, LLP*

April 23, 2015

**The Corporation of Brick Presbyterian Church  
in the City of New York**

Statement of Financial Position  
December 31, 2014  
(with comparative amounts at December 31, 2013)

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 741,780	\$ 824,097
Accounts receivable	2,978	-
Prepaid expenses and other assets	90,566	40,928
Promises to give receivable, net	1,625,114	1,572,140
Note receivable	360,000	360,000
Investments	38,560,975	38,591,735
Restricted investments	1,824,258	1,824,258
Beneficial interest in perpetual trusts	1,433,773	1,422,890
Land, buildings, furniture and equipment	1	1
Manses	<u>449,996</u>	<u>449,996</u>
	<u>\$ 45,089,441</u>	<u>\$ 45,086,045</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 176,599	\$ 239,705
Other liabilities	182,722	134,404
Deferred tuition	<u>1,782,752</u>	<u>1,676,240</u>
Total Liabilities	<u>2,142,073</u>	<u>2,050,349</u>
Net Assets (Deficit)		
Unrestricted		
Operating	(104,400)	149,153
Quasi-endowment	14,516,377	14,655,553
Plant	<u>3,663,338</u>	<u>3,936,909</u>
Total Unrestricted	18,075,315	18,741,615
Temporarily restricted	21,614,022	21,046,933
Permanently restricted	<u>3,258,031</u>	<u>3,247,148</u>
Total Net Assets	<u>42,947,368</u>	<u>43,035,696</u>
	<u>\$ 45,089,441</u>	<u>\$ 45,086,045</u>

See notes to financial statements

**The Corporation of the Brick Presbyterian Church  
in the City of New York**

Statement of Activities  
Year Ended December 31, 2014  
(with summarized totals for the year ended December 31, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
<b>OPERATING SUPPORT AND REVENUE</b>					
Contributions and gifts	\$ 640,273	\$ 3,393,567	\$ -	\$ 4,033,840	\$ 4,007,201
Day School tuition and fees, including financial aid of \$448,689 and \$435,155	3,696,795	-	-	3,696,795	3,500,521
Brick Church Fair income, net of direct expenses of \$170,743 and \$123,034	72,017	-	-	72,017	139,924
Program revenue	61,719	-	-	61,719	82,897
Allocated investment income	792,822	879,116	-	1,671,938	3,418,608
Income from perpetual trust	53,392	-	-	53,392	38,831
Interest and other income	2,298	-	-	2,298	24,594
Net assets released from restrictions					
Stewardship	1,964,454	(1,964,454)	-	-	-
Other specific donor purposes	1,741,140	(1,741,140)	-	-	-
Total Operating Support and Revenue	<u>9,024,910</u>	<u>567,089</u>	<u>-</u>	<u>9,591,999</u>	<u>11,212,576</u>
<b>OPERATING EXPENSES</b>					
Pastoral	1,162,587	-	-	1,162,587	950,577
Ministry of music	421,151	-	-	421,151	394,500
Day School direct expenses	4,048,017	-	-	4,048,017	3,996,679
Day School Summer Steps	171,736	-	-	171,736	169,744
Christian education	103,925	-	-	103,925	83,039
Denominational assessment	49,120	-	-	49,120	50,000
Benevolence	495,265	-	-	495,265	546,481
Operation and maintenance of plant	1,240,364	-	-	1,240,364	1,228,789
Administration	1,359,701	-	-	1,359,701	1,255,022
Anniversary preparation	45,000	-	-	45,000	-
Uncollectible promises to give receivable	102,697	-	-	102,697	36,504
Total Operating Expenses	<u>9,199,563</u>	<u>-</u>	<u>-</u>	<u>9,199,563</u>	<u>8,711,335</u>
Excess (Deficiency) of Operating Support and Revenue Over Operating Expenses	(174,653)	567,089	-	392,436	2,501,241
<b>NON-OPERATING ACTIVITIES</b>					
Contributions and gifts for capital improvements	11,092	-	-	11,092	619,455
Church maintenance expenses	(574,759)	-	-	(574,759)	(2,331,374)
Non-operating investment income	72,020	-	-	72,020	1,945,169
Change in beneficial interest in perpetual trusts	-	-	10,883	10,883	135,092
Change in Net Assets	(666,300)	567,089	10,883	(88,328)	2,869,583
<b>NET ASSETS</b>					
Beginning of year	<u>18,741,615</u>	<u>21,046,933</u>	<u>3,247,148</u>	<u>43,035,696</u>	<u>40,166,113</u>
End of year	<u>\$ 18,075,315</u>	<u>\$ 21,614,022</u>	<u>\$ 3,258,031</u>	<u>\$ 42,947,368</u>	<u>\$ 43,035,696</u>

See notes to financial statements

**The Corporation of Brick Presbyterian Church  
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Statement of Cash Flows  
Year Ended December 31, 2014  
(with comparative amounts for the year ended December 31, 2013)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (88,328)	\$ 2,869,583
Adjustments to reconcile change in net assets to net cash from operating activities		
Uncollectible promises to give receivable	102,697	36,504
Net realized gains on sales of investments	(1,726,121)	(2,910,524)
Depreciation (appreciation) of investments	847,258	(1,771,196)
Change in beneficial interest in perpetual trusts	(10,883)	(135,092)
Net change in operating assets and liabilities	(116,563)	304,490
Net Cash From Operating Activities	(991,940)	(1,606,235)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	9,008,025	16,067,499
Purchase of investments	(9,550,950)	(17,876,926)
Net change in money market investments	1,452,548	3,262,439
Cash advanced on note receivable	-	8,839
Net Cash From Investing Activities	909,623	1,461,851
Net Change in Cash and Cash Equivalents	(82,317)	(144,384)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	824,097	968,481
End of year	\$ 741,780	\$ 824,097

See notes to financial statements

**The Corporation of The Brick Presbyterian Church  
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Notes to Financial Statements  
December 31, 2014

**1. Summary of Significant Accounting Policies**

***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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 the reported amounts of revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at the time of purchase.

***Promises to Give Receivable***

Unconditional promises to give receivable are recorded when the promise is made. An estimate of uncollectible promises has been made and included as an offset to promises to give receivable. Unconditional promises to give to be received in future years are discounted to present value.

***Fair Value Measurements***

The Church follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

***Investments Valuation***

Investments are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value (“NAV”) as reported by the management of the respective alternative investment fund. FASB guidance provides for the use of NAV as a “practical expedient” for estimating fair value of alternative investments. Alternative investments’ classification within Level 2 or 3 is based on the Church’s ability to redeem its interest in the near term.

**The Corporation of The Brick Presbyterian Church  
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Notes to Financial Statements  
December 31, 2014

**1. Summary of Significant Accounting Policies (*continued*)**

***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

***Plant Assets***

The Church expenses the cost of plant additions and improvements. In 2014, such costs for Church renovation expenses in the amount of \$574,759 (\$2,331,374 for 2013) were financed by unrestricted net assets from the Maintenance fund together with contributions and net assets released from restrictions for capital improvements.

No provision is made for depreciation in the accompanying financial statements. A transfer is made from unrestricted operating net assets each year to unrestricted plant maintenance net assets based on the size of the Church plant, estimates of likely capital requirements in future years, and other factors. The transfer was \$300,000 and \$350,000 for 2014 and 2013, respectively. Details to 2014 activity in the Unrestricted Plant Maintenance Net Assets are included in Note 13 of the financial statements.

***Net Assets Presentation***

Unrestricted net assets are not subject to donor-imposed stipulation and may be expended at the discretion of the Church. Included in unrestricted net assets are the board-designated Quasi-Endowment Fund, Plant Fund and Women's Association Fund. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by the actions of the Church or the passage of time. Permanently restricted net assets are subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or removed by the action of the Church.

***Deferred Tuition***

Deferred tuition consists of Day School tuition received that pertains to the subsequent period.

***Accounting for Uncertainty in Income Taxes***

The Church recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Church had no uncertain tax positions that would require financial statement recognition. The Church is no longer subject to audits by the applicable taxing jurisdictions for periods prior to December 31, 2011.



**The Corporation of The Brick Presbyterian Church  
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Notes to Financial Statements  
December 31, 2014

**1. Summary of Significant Accounting Policies (continued)**

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 23, 2015.

***Presentation of Prior Year Information***

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Church's financial statements for 2013, from which the summarized information was derived.

**2. Credit Risk Concentration**

Certain financial instruments potentially subject the Church to concentrations of credit risk. These financial instruments consist primarily of temporary cash investments and promises to give receivables. The Church places its temporary cash investments with creditworthy, high-quality financial institutions. A significant portion of such investments are not insured by the FDIC or related entity. Management believes there is a very low risk of loss due to the failure of these institutions. Concentrations of credit risk with respect to promises to give receivables are generally diversified due to the large number of individuals composing the Church's donor base.

**3. Promises to Give Receivable**

Promises to give receivable at December 31, 2014, discounted to fair value using a discount rate of 3.25%, are summarized as follows:

<u>Scheduled Collection</u>	<u>Value of Promises</u>
2015	\$ 1,754,841
2016	10,000
2017	10,000
2018	10,000
2019	10,000
Thereafter	<u>40,000</u>
Total scheduled collections	1,834,841
Discount on pledge receivable	(10,799)
Allowance for doubtful accounts	<u>(198,928)</u>
Promises to Give Receivable, net	<u>\$ 1,625,114</u>

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Notes to Financial Statements  
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**4. Note Receivable**

The note receivable in unrestricted quasi-endowment consists of a three percent note from a current employee, due in monthly installments on a level debt service basis commencing at the end of the employee's service as such.

**5. Pooled Funds**

The Church follows the policy of pooling its invested funds. Investment income and capital appreciation are allocated quarterly based upon a sharing percentage adjusted for additions to and withdrawals from the pooled fund. Additions and withdrawals made to the pooled fund mid-quarter affect the sharing percentage on the first day of the following quarter. Each participating fund is allocated a percentage of the total pooled funds according to the fair value of its interest at the beginning of the quarter. At December 31, 2014, the pooling group, at fair value, consists of the following:

Unrestricted Operating	\$ 1,508,460	3.72%
Unrestricted Quasi-Endowment	14,516,377	35.86%
Unrestricted Plant	3,213,341	7.93%
Temporarily Restricted	19,435,719	47.99%
Permanently Restricted	<u>1,824,258</u>	4.50%
	<u>\$ 40,498,155</u>	<u>100.00%</u>

Assets underlying the pooled group consist of the following at December 31:

Investments	\$ 40,138,155
Note Receivable	<u>360,000</u>
Total Pooled Assets	<u>\$ 40,498,155</u>

Pooled funds do not include an investment of IBM stock donated to support the maintenance of Watson Hall at a fair value of \$247,078.

**The Corporation of The Brick Presbyterian Church  
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Notes to Financial Statements  
December 31, 2014

**6. Assets Stated at Fair Value**

The following are the classes and major categories of investments and other assets at December 31, 2014 grouped by the fair value hierarchy for those assets measured at fair value on a recurring basis:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Temporary cash investments	\$ 1,354,239	\$ -	\$ -	\$ 1,354,239
Equity Securities				
Technology	247,078	-	-	247,078
Mutual funds				
Domestic large cap equity	8,219,027	-	-	8,219,027
Domestic mid/small cap equity	2,215,681	-	-	2,215,681
International large cap equity	4,980,821	-	-	4,980,821
Emerging markets equity	1,040,880	-	-	1,040,880
Natural resources equity	547,090	-	-	547,090
High grade bonds	2,476,011	-	-	2,476,011
Real estate and infrastructure	-	691,265	-	691,265
Floating rate debt	2,117,697	-	-	2,117,697
Comingled funds				
Global equity	-	3,163,650	-	3,163,650
Emerging markets equity	-	927,234	-	927,234
Hedge funds	-	-	3,092,898	3,092,898
Funds of hedge funds	-	-	5,997,384	5,997,384
Private equity	-	-	3,314,278	3,314,278
Total Investments	23,198,524	4,782,149	12,404,560	40,385,233
Beneficial interest in perpetual trusts	-	-	1,433,773	1,433,773
Total Assets at Fair Value	<u>\$ 23,198,524</u>	<u>\$ 4,782,149</u>	<u>\$ 13,838,333</u>	<u>\$ 41,819,006</u>

**The Corporation of The Brick Presbyterian Church  
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Notes to Financial Statements  
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**6. Assets Stated at Fair Value (continued)**

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3) during 2014:

	Hedge Funds	Funds of Hedge Funds	Private Equity	Beneficial Interest in Perpetual Trusts	Total
Balance, beginning	\$ 1,094,556	\$ 5,725,553	\$ 3,848,861	\$ 1,422,890	\$ 12,091,860
Total gains or losses (realized/ unrealized) included in changes in net assets	(1,658)	271,831	429,461	10,883	710,517
Purchases and (settlements)	2,000,000	-	(964,044)	-	1,035,956
Balance, end of year	<u>\$ 3,092,898</u>	<u>\$ 5,997,384</u>	<u>\$ 3,314,278</u>	<u>\$ 1,433,773</u>	<u>\$ 13,838,333</u>

Information regarding Level 2 and 3 investments at December 31, 2014 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge funds (see a. below)	\$ 3,092,898	\$ -	Quarterly - Biennially (Every Second Year)	65-90 days
Funds of hedge funds (see b. below)	5,997,384	-	Annually	75 - 95 days
Comingled funds (see c. below)				
Global equity	3,163,650	-	Bimonthly (Twice a Month)	3 days
Emerging markets equity	927,234	-	Monthly	10 days
Private equity (see d. below)	3,314,278	924,377	N/A	N/A
	<u>\$ 16,495,444</u>	<u>\$ 924,377</u>		

a) This category includes investments in hedge funds. One fund invests across the capital structures of U.S. and non-U.S. companies. Management of the hedge fund has the ability to shift investment strategies. The investment in this fund may be redeemed biennial (every second year) subject to 90 days written notice. The other investment in this category is organized to achieve capital appreciation through event-driven investments which seek to exploit situations in which announced or anticipated events create opportunities to invest in securities and other financial instruments at a discount to their exit values, such as distressed funds. The investment in this fund may be redeemed quarterly subject to 65 days written notice. The fair values of the investments in this category have been estimated using the net asset value per share of the investments as reported by the funds' managers. Thirty-two percent of this category is subject to the biennial redemption frequency.

b) This category includes investments in funds of hedge funds that achieves total return by focusing primarily on U.S. and international long and short equity investment strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments as reported by the funds' managers. The investments in this category may be redeemed annually subject to 75-95 days written notice.

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**6. Assets Stated at Fair Value (continued)**

c) This category includes investments in comingled funds. One fund is organized primarily to afford participants an opportunity to obtain long-term capital gains and income from a diversified portfolio of mid and smaller capitalization equity securities generally located in emerging market countries. This investment may be redeemed monthly subject to 10 days written notice. The other investment in this fund seeks to achieve its investment objective by investing primarily in equity securities listed on global stock exchanges. This investment may be redeemed bimonthly (twice a month) subject to 3 days written notice. The fair values of the investments in this entire category have been estimated using the net asset value per share of the investments.

d) This category includes several private equity funds that invest in domestic and foreign private equity investment partnerships. One fund primarily invests in companies undergoing financial distress, operating difficulties and significant restructuring. These investments can never be redeemed with the funds. Instead, it is expected that the investments in this category will be realized as distributions are received from the liquidation of the underlying assets of the funds. Management has estimated that the underlying assets of the funds will be liquidated over 7 to 11 years.

***Investment Risks and Uncertainties***

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, and private equity funds. Certain of the underlying investments of such funds, are not currently traded in a public market and may be subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

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Notes to Financial Statements  
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**6. Assets Stated at Fair Value (continued)**

Investment return is summarized as follows:

	2014	2013
Interest and dividends, net	\$ 865,095	\$ 682,057
Net realized gains on sale of investments	1,726,121	2,910,524
Net appreciation of investments	(847,258)	1,771,196
Total investment return	\$ 1,743,958	\$5,363,777
Allocated investment return:		
Budgetary allocation of investment income	\$ 792,822	\$ 710,448
Investment income on restricted funds	879,116	2,708,160
	1,671,938	3,418,608
Non-operating investment income	72,020	1,945,169
	\$ 1,743,958	\$5,363,777

Investment return is reported net of investment advisory and custody fees. Investment advisory fees, which totaled \$60,814 in 2014 and \$80,145 in 2013, are allocated to each pooled fund consistent with the allocation of investment income.

**7. Investment in Plant**

The Church's land, building, furniture and equipment are carried at a nominal value of one dollar. The Church's interests in two cooperative apartments and a condominium used as manses are carried at cost. The Church buildings and contents were, for insurance purposes, valued at approximately \$52,000,000 at December 31, 2014.

**8. Deferred Compensation**

Pursuant to an agreement with a current employee, the Church has deferred a portion of the compensation to be paid until after the employee's retirement. Such deferred compensation amounted to \$162,678 and \$127,566 at December 31, 2014 and 2013. The deferred compensation is included within other liabilities on the statement of financial position. The balance of deferred compensation at the date of the employees' retirement shall be used to repay the note receivable described in Note 4 of the financial statements. If the amount of deferred compensation at the time of retirement exceeds the note receivable, then the excess will be paid to the employee in accordance with the terms of the agreement. Conversely, if the amount of deferred compensation at retirement is less than the note receivable, the employee must repay the remaining outstanding balance in accordance with the terms of agreement.

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**9. Temporarily and Permanently Restricted Net Assets**

***Temporarily Restricted Net Assets***

Temporarily restricted net assets as of December 31, 2014 are available for the following periods and purposes:

Restricted as to Period	
Received for 2015	\$ 2,039,142
Restricted as to Purpose	
Ministry of music	1,894,130
Day School	6,525,626
Christian education	90,505
Seminary education	1,426,000
Benevolence	1,610,468
Building fund	2,306,178
Summer Steps	642,621
Falcone Children, Youth and Family Fund	2,558,175
Operation and maintenance of plant	<u>2,521,177</u>
Total	<u>\$ 21,614,022</u>

Net assets released from restrictions during 2014 were for the following donor restricted and time restricted purposes:

	<u>Expenses Funded from Operations</u>	<u>Net Assets Released from Restriction</u>	<u>Unrestricted Operating Expenses</u>
Operating Activities:			
Pastoral	\$ 920,999	\$ 241,588	\$ 1,162,587
Ministry of music	323,986	97,165	421,151
Day School	2,917,210	1,130,807	4,048,017
Summer Steps	-	171,736	171,736
Christian education	101,499	2,426	103,925
Denominational assessment	49,120	-	49,120
Benevolence	414,270	80,995	495,265
Operation and maintenance of plant	1,223,941	16,423	1,240,364
Administration	1,359,701	-	1,359,701
Fundraising	45,000	-	45,000
Uncollectible pledges	102,697	-	102,697
Total	<u>\$ 7,458,423</u>	<u>\$ 1,741,140</u>	<u>\$ 9,199,563</u>
Stewardship contributions and promises to give received in 2013 for 2014		<u>1,964,454</u>	
Total Net Assets Released from Restrictions		<u>\$ 3,705,594</u>	

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December 31, 2014

**9. Temporarily and Permanently Restricted Net Assets (continued)**

***Permanently Restricted Net Assets***

Permanently restricted net assets as of December 31, 2014 represent original gifts that have been restricted by donors in perpetuity, the income from which is expendable to support the following:

Ministry of music	\$ 109,531
Benevolence	354,205
Seminary education	5,000
Day school	881,626
Christian education	21,730
Operation and maintenance of plant	452,166
Operations support from beneficial interest in trusts	<u>1,433,773</u>
	<u>\$ 3,258,031</u>

***Beneficial Interest in Holden Trust***

Edith Holden established in 1965 a separate trust fund with \$300,000. The Church is to receive, in perpetuity, the income generated by the trust.

***Beneficial Interest in Blyden Trust***

Edith Holden established a trust fund to provide distributions of net income to Edward Wilmot Blyden, III and, upon his death, to provide the distributions of net income to the Church in perpetuity. Edward Blyden died on October 10, 2010, at which time the trust had a then current value of \$69,885.

**10. Endowment Funds**

The Church's endowment consists of various individual funds established primarily for the support of the Church and its Day School. Its endowment includes donor-restricted endowment funds as well as board designated endowment funds.

***Interpretation of Relevant Law***

The Board of Trustees has interpreted the New York Prudent Management of Institutional Funds Act as allowing the Church to appropriate for expenditures or accumulate so much of the earnings on the donor-restricted endowment fund as the Church determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donors as expressed in their gift instruments.



**The Corporation of The Brick Presbyterian Church  
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Notes to Financial Statements  
December 31, 2014

**10. Endowment Funds (continued)**

***Return Objective and Risk Parameters***

The Church utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Target allocation percentages are established for various asset classes and are modified over time, to provide a balance that is intended to enhance the long-term total return of the overall investment portfolio while avoiding undue risk or concentration in any single asset class or investment category. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation.

***Spend rate policy***

For 2014, the Church followed a policy of budgeting the spending of 4.75% of the trailing three year average of its endowment funds, subject to abiding by the purpose and other restrictions of certain of the funds. The following is a reconciliation of the 2014 investment activity in the donor restricted and unrestricted quasi endowment and plant funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2014	\$14,295,554	\$8,302,331	\$ 1,824,258	\$24,422,143
Contributions	17,302	-	-	17,302
Transfers	(228,409)	-	-	(228,409)
Interest and dividends	332,959	295,871	-	628,830
Capital appreciation	366,886	251,813	-	618,699
Appropriation for expenditure	(627,915)	(403,691)	-	(1,031,606)
Balance, December 31, 2014	<u>\$14,156,377</u>	<u>\$8,446,324</u>	<u>\$ 1,824,258</u>	<u>\$24,426,959</u>
Comprised of the following:				
Donor restricted funds	\$ -	\$ 8,446,324	\$ 1,824,258	\$ 10,270,582
Board designated funds	<u>14,156,377</u>	<u>-</u>	<u>-</u>	<u>14,156,377</u>
Total Funds	<u>\$14,156,377</u>	<u>\$8,446,324</u>	<u>\$ 1,824,258</u>	<u>\$24,426,959</u>

**11. Commitments**

***Defined Contribution Plan***

The Church has a Section 403(b) plan for all eligible full time employees. Plan expense was \$108,263 in 2014 and \$103,718 in 2013.

Day School employees participate in a cafeteria benefit plan. For employees who use cafeteria benefits for health insurance, the Day School contributes an additional three percent of salary to ensure that each Day School employee has a minimum of five percent of regular salary contributed to the cafeteria plan. Plan expense totaled \$221,162 in 2014 and \$176,654 in 2013.

**The Corporation of The Brick Presbyterian Church  
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Notes to Financial Statements  
December 31, 2014

**11. Commitments (continued)**

***Other Retirement Commitments***

The clergy are covered under a separate retirement arrangement administered by the Board of Pensions of the Presbyterian Church. Contributions based on 12% of monthly-defined compensation are immediately vested and provide monthly benefits upon retirement. Church expense for the clergy pension plan amounted to \$90,349 in 2014 and \$63,042 in 2013.

***Operating Leases***

The Church is obligated under noncancelable operating leases for its manse property and office equipment expiring at various dates through December 2016. Total lease expense for the year ended December 31, 2014 and 2013 amounted to \$72,324 and \$50,599, respectively. At December 31, 2014, the aggregate minimum annual rental commitments under these leases are as follows:

Year ending December 31,	Amount
2015	\$ 99,978
2016	<u>57,572</u>
	<u>\$ 157,550</u>

**12. Net Change in Operating Assets and Liabilities**

The net change in operating assets and liabilities reported for cash flow purposes consisted of the following for 2014 and 2013:

	2014	2013
Decrease (increase) in:		
Accounts receivable	\$ (2,978)	\$ 85,000
Promises to give receivable	(155,671)	(8,674)
Prepaid expenses	(49,638)	(996)
Increase (decrease) in:		
Accounts payable and accrued expenses	(63,106)	115,319
Other liabilities	48,318	22,587
Deferred tuition	<u>106,512</u>	<u>91,254</u>
	<u>\$ (116,563)</u>	<u>\$304,490</u>

**The Corporation of The Brick Presbyterian Church  
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Notes to Financial Statements  
December 31, 2014

**13. Interfund Transfers**

The following interfund transfers were made during the year ended December 31, 2014:

- a) A transfer of \$300,000 from Operating to Unrestricted Plant Maintenance to provide for future capital replacements.
- b) A transfer of \$40,000 from Unrestricted Quasi-Endowment to Operating to cover Endowment 2000 costs.
- c) A transfer of \$26,202 from Unrestricted Quasi-Endowment to Operating to cover memorial cost.
- d) A transfer of \$45,000 from Unrestricted Quasi-Endowment to Operating to cover anniversary preparation cost.
- e) A transfer of \$574,759 from Unrestricted Plant Maintenance to Operating to cover costs of Church maintenance.
- f) A transfer of \$792,822 from Unrestricted Quasi-Endowment and Plant Maintenance to Operating pursuant to the Church's spending rate policy.
- g) A transfer of \$117,207 from Unrestricted Quasi-Endowment to Women's Association to finance the Women's Association Fund.
- h) A transfer of \$15,000 from Women's Association to Operating to cover operating cost.

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**The Corporation of  
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Supplementary Information

December 31, 2014

**The Corporation of the Brick Presbyterian Church  
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Schedule of Financial Position by Fund  
December 31, 2014  
(with summarized totals at December 31, 2013)

	Unrestricted				Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total	
	Operating	Quasi- Endowment	Plant	Women's Association					Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 218,382	\$ -	\$ -	\$ -	\$ 218,382	\$ 523,398	\$ -	\$ 741,780	\$ 824,097
Accounts receivable	2,978	-	-	-	2,978	-	-	2,978	-
Prepaid expenses and other assets	90,566	-	-	-	90,566	-	-	90,566	40,928
Promises to give receivable, net	217,287	-	-	-	217,287	1,407,827	-	1,625,114	1,572,140
Note receivable	-	360,000	-	-	360,000	-	-	360,000	360,000
Investments	1,508,460	14,156,377	3,213,341	-	18,878,178	19,682,797	-	38,560,975	38,591,735
Restricted investments	-	-	-	-	-	-	1,824,258	1,824,258	1,824,258
Beneficial interest in perpetual trusts	-	-	-	-	-	-	1,433,773	1,433,773	1,422,890
Land, buildings, furniture and equipment	-	-	1	-	1	-	-	1	1
Manses	-	-	449,996	-	449,996	-	-	449,996	449,996
	<u>\$ 2,037,673</u>	<u>\$ 14,516,377</u>	<u>\$ 3,663,338</u>	<u>\$ -</u>	<u>\$ 20,217,388</u>	<u>\$ 21,614,022</u>	<u>\$ 3,258,031</u>	<u>\$ 45,089,441</u>	<u>\$ 45,086,045</u>
<b>LIABILITIES AND NET ASSETS</b>									
Liabilities									
Accounts payable and accrued expenses	\$ 176,599	\$ -	\$ -	\$ -	\$ 176,599	\$ -	\$ -	\$ 176,599	\$ 239,705
Other liabilities	182,722	-	-	-	182,722	-	-	182,722	134,404
Deferred tuition	<u>1,782,752</u>	-	-	-	<u>1,782,752</u>	-	-	<u>1,782,752</u>	<u>1,676,240</u>
Total Liabilities	2,142,073	-	-	-	2,142,073	-	-	2,142,073	2,050,349
Net Assets (Deficit)	<u>(104,400)</u>	<u>14,516,377</u>	<u>3,663,338</u>	<u>-</u>	<u>18,075,315</u>	<u>21,614,022</u>	<u>3,258,031</u>	<u>42,947,368</u>	<u>43,035,696</u>
	<u>\$ 2,037,673</u>	<u>\$ 14,516,377</u>	<u>\$ 3,663,338</u>	<u>\$ -</u>	<u>\$ 20,217,388</u>	<u>\$ 21,614,022</u>	<u>\$ 3,258,031</u>	<u>\$ 45,089,441</u>	<u>\$ 45,086,045</u>

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**The Corporation of the Brick Presbyterian Church  
in the City of New York**

Schedule of Change in Unrestricted Net Assets by Fund  
Year Ended December 31, 2014  
(with summarized totals for the year ended December 31, 2013)

	<u>Operating</u>	<u>Quasi- Endowment</u>	<u>Plant</u>	<u>Women's Association</u>	<u>2014 Total</u>	<u>2013 Total</u>
<b>OPERATING SUPPORT AND REVENUE</b>						
Contributions and gifts	\$ 586,703	\$ 7,309	\$ -	\$ 46,261	\$ 640,273	\$ 676,159
Day School tuition and fees, including financial aid of \$448,689 and \$435,155	3,696,795	-	-	-	3,696,795	3,500,521
Brick Church Fair income, net of direct expenses of \$170,743 and \$123,034	-	-	-	72,017	72,017	139,924
Program revenue	61,719	-	-	-	61,719	82,897
Allocated investment income	792,822	-	-	-	792,822	710,448
Income from perpetual trust	53,392	-	-	-	53,392	38,831
Interest and other income	2,298	-	-	-	2,298	24,594
Net assets released from restrictions						
Stewardship	1,964,454	-	-	-	1,964,454	2,064,160
Other specific donor purposes	<u>1,731,134</u>	<u>-</u>	<u>-</u>	<u>10,006</u>	<u>1,741,140</u>	<u>1,738,048</u>
Total Operating Support and Revenue	<u>8,889,317</u>	<u>7,309</u>	<u>-</u>	<u>128,284</u>	<u>9,024,910</u>	<u>8,975,582</u>
<b>OPERATING EXPENSES</b>						
Pastoral	1,162,587	-	-	-	1,162,587	950,577
Ministry of music	421,151	-	-	-	421,151	394,500
Day School direct expenses	4,048,017	-	-	-	4,048,017	3,996,679
Day School summer steps	171,736	-	-	-	171,736	169,744
Christian education	103,925	-	-	-	103,925	83,039
Denominational assessment	49,120	-	-	-	49,120	50,000
Benevolence	392,065	-	-	103,200	495,265	546,481
Operation and maintenance of plant	1,240,364	-	-	-	1,240,364	1,228,789
Administration	1,232,410	-	-	127,291	1,359,701	1,255,022
Anniversary preparation	45,000	-	-	-	45,000	-
Uncollectible pledges	<u>102,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,697</u>	<u>36,504</u>
Total Operating Expenses	<u>8,969,072</u>	<u>-</u>	<u>-</u>	<u>230,491</u>	<u>9,199,563</u>	<u>8,711,335</u>
Excess (Deficiency) of Operating Support and Revenue Over Operating Expenses	(79,755)	7,309	-	(102,207)	(174,653)	264,247
<b>NON-OPERATING ACTIVITIES</b>						
Contributions and gifts for capital improvements	-	10,000	1,092	-	11,092	119,455
Net assets released from restrictions for capital improvements	-	-	-	-	-	1,060,000
Church maintenance expenses	(574,759)	-	-	-	(574,759)	(2,331,374)
Non-operating investment income	-	71,924	96	-	72,020	1,945,169
Interfund transfers	<u>400,961</u>	<u>(228,409)</u>	<u>(274,759)</u>	<u>102,207</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(253,553)	(139,176)	(273,571)	-	(666,300)	1,057,497
<b>NET ASSETS (DEFICIT)</b>						
Beginning of year	<u>149,153</u>	<u>14,655,553</u>	<u>3,936,909</u>	<u>-</u>	<u>18,741,615</u>	<u>17,684,118</u>
End of year	<u>\$ (104,400)</u>	<u>\$ 14,516,377</u>	<u>\$ 3,663,338</u>	<u>\$ -</u>	<u>\$ 18,075,315</u>	<u>\$ 18,741,615</u>

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**The Corporation of the Brick Presbyterian Church  
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Schedule of Changes in Unrestricted Quasi-Endowment and Plant Net Assets  
Year Ended December 31, 2014

	Quasi-Endowment Net Assets				Plant Net Assets			Total Quasi- Endowment and Plant	
	Memorial	Endowment	Endowment 2000	Women's Association	Total	Maintenance	Investment in Plant		Total
<b>OPERATING SUPPORT</b>									
Contributions and gifts	\$ 7,309	\$ -	\$ -	\$ -	\$ 7,309	\$ -	\$ -	\$ -	\$ 7,309
<b>OTHER CHANGES IN NET ASSETS</b>									
Non-operating contributions	-	10,000	-	-	10,000	1,092	-	1,092	11,092
Non-operating investment income	5,306	658,960	20,506	15,067	699,839	165,003	-	165,003	864,842
Interfund transfers									
To finance Church maintenance expenses	-	-	-	-	-	(574,759)	-	(574,759)	(574,759)
To provide for future capital replacements	-	-	-	-	-	300,000	-	300,000	300,000
To finance Memorial and Endowment 2000 cost	(26,202)	-	(40,000)	-	(66,202)	-	-	-	(66,202)
To finance Women's Association	-	-	-	(117,207)	(117,207)	-	-	-	(117,207)
To finance anniversary preparation cost	-	(45,000)	-	-	(45,000)	-	-	-	(45,000)
To finance operations (allocated investment income)	(3,814)	(624,101)	-	-	(627,915)	(164,907)	-	(164,907)	(792,822)
Change in Net Assets	(17,401)	(141)	(19,494)	(102,140)	(139,176)	(273,571)	-	(273,571)	(412,747)
<b>NET ASSETS</b>									
Beginning of year	<u>109,202</u>	<u>13,815,493</u>	<u>431,965</u>	<u>298,893</u>	<u>14,655,553</u>	<u>3,486,912</u>	<u>449,997</u>	<u>3,936,909</u>	<u>18,592,462</u>
End of year	<u>\$ 91,801</u>	<u>\$ 13,815,352</u>	<u>\$ 412,471</u>	<u>\$ 196,753</u>	<u>\$ 14,516,377</u>	<u>\$ 3,213,341</u>	<u>\$ 449,997</u>	<u>\$ 3,663,338</u>	<u>\$ 18,179,715</u>

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**The Corporation of the Brick Presbyterian Church  
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Schedule of Changes in Temporarily and Permanently Restricted Net Assets  
Year Ended December 31, 2014

	Contributions Gifts, Auction and Bequests	Investment Income	Net Assets Released from Restrictions	Change in Beneficial Interest in Perpetual Trust	Change in Net Assets	Net Assets, Beginning of Year	Net Assets, End of Year	Temporarily Restricted	Permanently Restricted
Special Organ Fund	\$ -	\$ 6,968	\$ -	\$ -	\$ 6,968	\$ 145,214	\$ 152,182	\$ 127,182	\$ 25,000
Helen W. Buckner Scholarship	-	10,544	(8,854)	-	1,690	219,358	221,048	121,048	100,000
Day School Special	885,059	29,521	(807,535)	-	107,045	1,220,004	1,327,049	1,327,049	-
Day School Retirement	-	80	(4,227)	-	(4,147)	4,223	76	76	-
Day School Teachers Salaries	5,300	196,195	(162,964)	-	38,531	4,122,146	4,160,677	3,919,993	240,684
Day School Cultural Fund	6,108	49	(31,832)	-	(25,675)	77,597	51,922	51,922	-
Music Special Projects	36,222	11	(22,165)	-	14,068	29,611	43,679	43,679	-
Paul Wolfe Memorial	7,050	74,551	(64,723)	-	16,878	1,568,942	1,585,820	944,878	640,942
Clifford Levy Scholarship	34,000	4,862	(1,105)	-	37,757	77,135	114,892	114,892	-
Guest Speakers	-	5,229	(2,426)	-	2,803	109,432	112,235	90,505	21,730
Designated Benevolence	-	-	-	-	-	1,301	1,301	1,301	-
Ladies Helping Hand	-	16,198	(14,004)	-	2,194	335,326	337,520	297,520	40,000
Merrill Fund	-	85,607	(75,000)	-	10,607	1,797,193	1,807,800	1,723,269	84,531
Colin Reed Trust	-	1,119	(1,160)	-	(41)	23,341	23,300	18,300	5,000
Watson Hall Maintenance	-	83,939	(16,423)	-	67,516	2,905,827	2,973,343	2,521,177	452,166
Watson Hall Kitchen	-	-	-	-	-	-	-	-	-
Church Outreach	-	55,123	(47,583)	-	7,540	1,142,149	1,149,689	981,725	167,964
Sick Children's Aid	-	10,821	(9,402)	-	1,419	223,968	225,387	189,146	36,241
Whitfield Beadleston	-	1,390	(1,152)	-	238	28,959	29,197	19,197	10,000
Clifford Seminary Fund	-	65,955	(43,873)	-	22,082	1,385,618	1,407,700	1,407,700	-
Edward Wilmot Blyden Trust	-	-	-	(155)	(155)	87,919	87,764	-	87,764
Holden Trust Beneficial Interest	-	-	-	11,038	11,038	1,334,971	1,346,009	-	1,346,009
Spinelli Fund for Professional Development	10,682	77	(58,421)	-	(47,662)	214,478	166,816	166,816	-
Building Fund	-	109,543	(90,967)	-	18,576	2,287,602	2,306,178	2,306,178	-
Falcone Children, Youth and Family Fund	-	121,120	(105,588)	-	15,532	2,542,643	2,558,175	2,558,175	-
Disaster Relief Fund	-	6	-	-	6	525	531	531	-
Summer Steps	370,004	208	(171,736)	-	198,476	444,145	642,621	642,621	-
Time Restricted Stewardship Contributions	2,039,142	-	(1,964,454)	-	74,688	1,964,454	2,039,142	2,039,142	-
	<u>\$ 3,393,567</u>	<u>\$ 879,116</u>	<u>\$ (3,705,594)</u>	<u>\$ 10,883</u>	<u>\$ 577,972</u>	<u>\$ 24,294,081</u>	<u>\$ 24,872,053</u>	<u>\$ 21,614,022</u>	<u>\$ 3,258,031</u>

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