

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

Financial Statements

December 31, 2013

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, 2013, 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, 2013, 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 18 through 21 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, 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, 2012 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated April 18, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

O'Connor Davies, LLP

April 24, 2014

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

Statement of Financial Position
December 31, 2013
(with comparative amounts at December 31, 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 824,097	\$ 968,481
Accounts receivable	-	85,000
Prepaid expenses and other assets	40,928	39,932
Promises to give receivable, net	1,572,140	1,599,970
Note receivable	360,000	368,839
Investments	38,591,735	35,363,027
Restricted investments	1,824,258	1,824,258
Beneficial interest in perpetual trusts	1,422,890	1,287,798
Land, buildings, furniture and equipment	1	1
Manses	<u>449,996</u>	<u>449,996</u>
	<u>\$ 45,086,045</u>	<u>\$ 41,987,302</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 239,705	\$ 124,386
Other liabilities	134,404	111,817
Deferred tuition	<u>1,676,240</u>	<u>1,584,986</u>
Total Liabilities	<u>2,050,349</u>	<u>1,821,189</u>
Net Assets		
Unrestricted		
Operating	149,153	133,086
Quasi-endowment	14,655,553	13,264,158
Plant	<u>3,936,909</u>	<u>4,286,874</u>
	18,741,615	17,684,118
Temporarily restricted	21,046,933	19,369,939
Permanently restricted	<u>3,247,148</u>	<u>3,112,056</u>
Total Net Assets	<u>43,035,696</u>	<u>40,166,113</u>
	<u>\$ 45,086,045</u>	<u>\$ 41,987,302</u>

See notes to financial statements

**The Corporation of the Brick Presbyterian Church
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Statement of Activities
Year Ended December 31, 2013
(with summarized totals for the year ended December 31, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
OPERATING SUPPORT AND REVENUE					
Contributions and gifts	\$ 676,159	\$ 3,331,042	\$ -	\$ 4,007,201	\$ 3,878,659
Day School tuition and fees, including financial aid of \$435,155 and \$396,344	3,500,521	-	-	3,500,521	3,307,324
Brick Church Fair income, net of direct expenses of \$123,034 and \$115,344	139,924	-	-	139,924	115,885
Program revenue	82,897	-	-	82,897	310,081
Allocated investment income	710,448	2,708,160	-	3,418,608	2,669,119
Income from perpetual trust	38,831	-	-	38,831	57,842
Interest and other income	24,594	-	-	24,594	3,500
Net assets released from restrictions					
Stewardship	2,064,160	(2,064,160)	-	-	-
Other specific donor purposes	1,738,048	(1,738,048)	-	-	-
Total Operating Support and Revenue	<u>8,975,582</u>	<u>2,236,994</u>	<u>-</u>	<u>11,212,576</u>	<u>10,342,410</u>
OPERATING EXPENSES					
Pastoral	950,577	-	-	950,577	941,453
Ministry of music	394,500	-	-	394,500	402,198
Day School direct expenses	3,996,679	-	-	3,996,679	3,987,891
Day School Summer Steps	169,744	-	-	169,744	110,823
Christian education	83,039	-	-	83,039	83,661
Denominational assessment	50,000	-	-	50,000	50,000
Benevolence	546,481	-	-	546,481	590,702
Operation and maintenance of plant	1,228,789	-	-	1,228,789	1,159,025
Administration	1,255,022	-	-	1,255,022	1,277,647
Uncollectible promises to give receivable	36,504	-	-	36,504	97,421
Total Operating Expenses	<u>8,711,335</u>	<u>-</u>	<u>-</u>	<u>8,711,335</u>	<u>8,700,821</u>
Excess of Operating Revenue Over Operating Expenses	264,247	2,236,994	-	2,501,241	1,641,589
NON-OPERATING ACTIVITIES					
Contributions and gifts for capital improvements	119,455	500,000	-	619,455	-
Net assets released from restrictions for capital improvements	1,060,000	(1,060,000)	-	-	-
Church maintenance expenses	(2,331,374)	-	-	(2,331,374)	(134,346)
Non-operating investment income	1,945,169	-	-	1,945,169	1,227,715
Change in beneficial interest in perpetual trusts	-	-	135,092	135,092	68,472
Change in Net Assets	<u>1,057,497</u>	<u>1,676,994</u>	<u>135,092</u>	<u>2,869,583</u>	<u>2,803,430</u>
NET ASSETS					
Beginning of year	<u>17,684,118</u>	<u>19,369,939</u>	<u>3,112,056</u>	<u>40,166,113</u>	<u>37,362,683</u>
End 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>

See notes to financial statements

**The Corporation of Brick Presbyterian Church
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Statement of Cash Flows
Year Ended December 31, 2013
(with comparative amounts for the year ended December 31, 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,869,583	\$ 2,803,430
Adjustments to reconcile change in net assets to net cash from operating activities		
Uncollectible promises to give receivable	36,504	97,421
Net realized gains on sales of investments	(2,910,524)	(56,394)
Appreciation of investments	(1,771,196)	(3,006,625)
Change in beneficial interest in perpetual trusts	(135,092)	(68,472)
Net change in operating assets and liabilities	304,490	19,455
Net Cash From Operating Activities	(1,606,235)	(211,185)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	16,067,499	1,625,284
Purchase of investments	(17,876,926)	(2,571,879)
Net change in money market investments	3,262,439	615,246
Cash advanced on note receivable	8,839	(8,839)
Net Cash From Investing Activities	1,461,851	(340,188)
Net Change in Cash and Cash Equivalents	(144,384)	(551,373)
 CASH AND CASH EQUIVALENTS		
Beginning of year	968,481	1,519,854
End of year	\$ 824,097	\$ 968,481

See notes to financial statements

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2013

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, 2013

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 2013, such costs for Church renovation expenses in the amount of \$2,331,374 (\$134,346 for) 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 \$350,000 in both 2013 and 2012. Details on 2013 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, 2010.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2013

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 24, 2014.

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 2012, 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 pledge 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 pledge 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, 2013, discounted to fair value using a discount rate of 3.25%, are summarized as follows:

Scheduled Collection	Value of Promises
2014	\$ 1,694,579
2015	10,000
2016	10,000
2017	10,000
2018	10,000
Thereafter	50,000
Total scheduled collections	1,784,579
Discount on pledge receivable	(13,359)
Allowance for doubtful accounts	(199,080)
Promises to Give Receivable, net	\$ 1,572,140

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Notes to Financial Statements
December 31, 2013

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, 2013, the pooling group, at fair value, consists of the following:

Unrestricted Operating	\$ 1,641,840	4.06%
Unrestricted Quasi-Endowment	14,655,553	36.20%
Unrestricted Plant	3,486,912	8.61%
Temporarily Restricted	18,878,572	46.63%
Permanently Restricted	<u>1,824,258</u>	<u>4.51%</u>
	<u>\$ 40,487,135</u>	<u>100.00%</u>

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

Investments	\$ 40,127,135
Note Receivable	<u>360,000</u>
Total Pooled Assets	<u>\$ 40,487,135</u>

Pooled funds do not include an investment of IBM stock donated to support the maintenance of Watson Hall at a fair value of \$288,858.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2013

6. Assets Stated at Fair Value

The following are the classes and major categories of investments and other assets at December 31, 2013 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	\$ 2,806,787	\$ -	\$ -	\$ 2,806,787
Equity Securities				
Technology	288,858	-	-	288,858
Mutual funds				
Domestic large cap equity	10,233,343	-	-	10,233,343
Domestic mid/small cap equity	2,482,280	-	-	2,482,280
International Large Cap Equity	6,323,880	-	-	6,323,880
Emerging markets equity	1,814,833	-	-	1,814,833
Natural resources equity	710,569	-	-	710,569
High grade bonds	2,361,002	-	-	2,361,002
Real estate and infrastructure	-	643,705	-	643,705
Floating rate debt	2,081,766	-	-	2,081,766
Hedge funds	-	-	1,094,556	1,094,556
Funds of hedge funds	-	-	5,725,553	5,725,553
Private equity	-	-	3,848,861	3,848,861
Total Investments	29,103,318	643,705	10,668,970	40,415,993
Beneficial interest in perpetual trusts	-	-	1,422,890	1,422,890
Total Assets at Fair Value	<u>\$ 29,103,318</u>	<u>\$ 643,705</u>	<u>\$ 12,091,860</u>	<u>\$ 41,838,883</u>

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2013

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 2013:

	Hedge Funds	Funds of Hedge Funds	Private Equity	Beneficial Interest in Perpetual Trusts
Balance, beginning	\$ -	\$ 3,038,871	\$ 4,209,322	\$ 1,287,798
Total gains or losses (realized/unrealized) included in changes in net assets	94,556	686,682	430,577	135,092
Purchases and (settlements)	1,000,000	2,000,000	(791,038)	-
Balance, end of year	<u>\$ 1,094,556</u>	<u>\$ 5,725,553</u>	<u>\$ 3,848,861</u>	<u>\$ 1,422,890</u>

Certain information contained in the Church's presentation of 2012 investing activity within the fair value hierarchy has been re-categorized to conform with the 2013 presentation.

Information regarding Level 2 and Level 3 investments at December 31, 2013 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge funds (see a. below)	\$ 1,094,556	\$ -	Biennially	90 days
Funds of hedge funds (see b. below)	5,725,553	-	Annually - Biennially	75 - 95 days
Private equity (see c. below)	3,848,861	1,141,157	N/A	N/A
	<u>\$ 10,668,970</u>	<u>\$ 1,141,157</u>		

a) This category includes an investment in a hedge fund that 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 fair value of the investment in this category has been estimated using the net asset value per share of the investment as reported by the funds' manager. The investment in this category may be redeemed biennially subject to 90 days written notice.

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 to biennially subject to 75-95 days written notice. Sixty-one percent of this category is subject to the biennial redemption frequency.

c) 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.

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

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.

Investment return is summarized as follows:

	2013	2012
Interest and dividends, net	\$ 682,057	\$ 833,815
Net realized gains on sale of investments	2,910,524	56,394
Net appreciation of investments	1,771,196	3,006,625
Total investment return	\$ 5,363,777	\$3,896,834
Allocated investment return:		
Budgetary allocation of investment income	\$ 710,448	\$ 703,596
Investment income on restricted funds	2,708,160	1,965,523
	3,418,608	2,669,119
Non-operating investment income	1,945,169	1,227,715
	\$ 5,363,777	\$3,896,834

Investment return is reported net of investment advisory and custody fees. Investment advisory fees, which totaled \$80,145 in 2013 and \$76,736 in 2012, 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 manuses are carried at cost. The Church buildings and contents were, for insurance purposes, valued at approximately \$48,000,000 at December 31, 2013.

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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 employees' retirement. Such deferred compensation amounted to \$127,566 and \$100,309 at December 31, 2013 and 2012. 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.

9. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2013 are available for the following purposes or periods:

Restricted as to Period	
Received for 2014	\$ 1,964,454
Restricted as to Purpose	
Ministry of music	1,862,487
Day School	6,402,899
Christian education	87,702
Seminary education	1,403,959
Benevolence	1,597,381
Building fund	2,287,602
Summer Steps	444,145
Falcone Children, Youth and Family Fund	2,542,643
Operation and maintenance of plant	2,453,661
Total	<u>\$ 21,046,933</u>

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
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9. Temporarily and Permanently Restricted Net Assets (continued)

Temporarily Restricted Net Assets (continued)

Net assets released from restrictions during 2013 were for the following donor restricted and time restricted purposes:

	Expenses Funded from Operations	Net Assets Released from Restriction	Unrestricted Operating Expenses
Operating Activities:			
Pastoral	\$ 752,992	\$ 197,585	\$ 950,577
Ministry of music	315,041	79,459	394,500
Day School	2,789,357	1,207,322	3,996,679
Summer Steps	-	169,744	169,744
Christian education	80,939	2,100	83,039
Denominational assessment	50,000	-	50,000
Benevolence	464,915	81,566	546,481
Operation and maintenance			
of plant	1,228,517	272	1,228,789
Administration	1,255,022	-	1,255,022
Uncollectible pledges	36,504	-	36,504
Total	<u>\$ 6,973,287</u>	<u>\$ 1,738,048</u>	<u>\$ 8,711,335</u>
Stewardship contributions and promises to give received in 2012 for 2013		2,064,160	
Non-Operating Activities:			
Watson Hall fund		430,000	
Watson Hall renovation Fund		630,000	
Total Net Assets Released from Restrictions		<u>\$ 4,862,208</u>	

Permanently Restricted Net Assets

Permanently restricted net assets as of December 31, 2013 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	1,422,890
	<u>\$ 3,247,148</u>

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2013

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

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 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.

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.

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

Notes to Financial Statements
December 31, 2013

10. Endowment Funds (continued)

Spend rate policy

For 2013, 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 2013 investment activity in the donor restricted and unrestricted quasi endowment and plant funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2013	\$ 12,904,159	\$ 7,171,289	\$ 1,824,258	\$ 21,899,706
Contributions	23,272	-	-	23,272
Transfers	(125,187)	-	-	(125,187)
Interest and dividends	263,820	244,784	-	508,604
Capital appreciation	1,788,417	1,701,849	-	3,490,266
Appropriation for expenditure	(558,927)	(815,591)	-	(1,374,518)
Balance, December 31, 2013	<u>\$ 14,295,554</u>	<u>\$ 8,302,331</u>	<u>\$ 1,824,258</u>	<u>\$ 24,422,143</u>
Comprised of the following:				
Donor restricted funds	\$ -	\$ 8,302,331	\$ 1,824,258	\$ 10,126,589
Board designated funds	<u>14,295,554</u>	<u>-</u>	<u>-</u>	<u>14,295,554</u>
Total Funds	<u>\$ 14,295,554</u>	<u>\$ 8,302,331</u>	<u>\$ 1,824,258</u>	<u>\$ 24,422,143</u>

11. Pension Commitments

Defined Contribution Plan

The Church has a Section 403(b) plan for all eligible full time employees. Plan expense was \$103,718 in 2013 and \$86,420 in 2012.

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 \$176,654 in 2013 and \$188,841 in 2012.

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 \$63,042 in 2013 and \$62,813 in 2012.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2013

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 2013 and 2012:

	2013	2012
Decrease (increase) in:		
Accounts receivable	\$ 85,000	\$ (82,800)
Promises to give receivable	(8,674)	(60,944)
Prepaid expenses	(996)	16,281
Increase (decrease) in:		
Accounts payable and accrued expenses	115,319	42,776
Other liabilities	22,587	7,242
Deferred tuition	91,254	96,900
	<u>\$304,490</u>	<u>\$ 19,455</u>

13. Interfund Transfers

The following interfund transfers were made during the year ended December 31, 2013:

- a) A transfer of \$350,000 from Operating to Unrestricted Plant Maintenance to provide for future capital replacements.
- b) A transfer of \$38,607 from Unrestricted Quasi-Endowment to Operating to cover Endowment 2000 costs.
- c) A transfer of \$25,120 from Unrestricted Quasi-Endowment to Operating to cover memorial cost.
- d) A transfer of \$1,271,279 from Unrestricted Plant Maintenance to Operating to cover costs of Church maintenance.
- e) A transfer of \$710,448 from Unrestricted Quasi-Endowment and Plant Maintenance to Operating pursuant to the Church's spending rate policy.
- f) A transfer of \$61,460 from Unrestricted Quasi-Endowment to Women's Association to finance the Women's Association Fund.
- g) 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, 2013

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

Schedule of Financial Position by Fund
December 31, 2013
(with summarized totals at December 31, 2012)

	Unrestricted				Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total	
	Operating	Quasi- Endowment	Plant	Women's Association					Total
ASSETS									
Cash and cash equivalents	\$ 317,407	\$ -	\$ -	\$ -	\$ 317,407	\$ 506,690	\$ -	\$ 824,097	\$ 968,481
Accounts receivable	-	-	-	-	-	-	-	-	85,000
Prepaid expenses and other assets	40,928	-	-	-	40,928	-	-	40,928	39,932
Promises to give receivable, net	199,327	-	-	-	199,327	1,372,813	-	1,572,140	1,599,970
Note receivable	-	360,000	-	-	360,000	-	-	360,000	368,839
Investments	1,641,840	14,295,553	3,486,912	-	19,424,305	19,167,430	-	38,591,735	35,363,027
Restricted investments	-	-	-	-	-	-	1,824,258	1,824,258	1,824,258
Beneficial interest in perpetual trust	-	-	-	-	-	-	1,422,890	1,422,890	1,287,798
Land, buildings, furniture and equipment	-	-	1	-	1	-	-	1	1
Manses	-	-	449,996	-	449,996	-	-	449,996	449,996
	<u>\$ 2,199,502</u>	<u>\$ 14,655,553</u>	<u>\$ 3,936,909</u>	<u>\$ -</u>	<u>\$ 20,791,964</u>	<u>\$ 21,046,933</u>	<u>\$ 3,247,148</u>	<u>\$ 45,086,045</u>	<u>\$ 41,987,302</u>
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	\$ 239,705	\$ -	\$ -	\$ -	\$ 239,705	\$ -	\$ -	\$ 239,705	\$ 124,386
Other liabilities	134,404	-	-	-	134,404	-	-	134,404	111,817
Deferred tuition	1,676,240	-	-	-	1,676,240	-	-	1,676,240	1,584,986
Total Liabilities	2,050,349	-	-	-	2,050,349	-	-	2,050,349	1,821,189
Net Assets	<u>149,153</u>	<u>14,655,553</u>	<u>3,936,909</u>	<u>-</u>	<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>
	<u>\$ 2,199,502</u>	<u>\$ 14,655,553</u>	<u>\$ 3,936,909</u>	<u>\$ -</u>	<u>\$ 20,791,964</u>	<u>\$ 21,046,933</u>	<u>\$ 3,247,148</u>	<u>\$ 45,086,045</u>	<u>\$ 41,987,302</u>

See independent auditors' report

**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, 2013
(with summarized totals for the year ended December 31, 2012)

	Operating	Quasi- Endowment	Plant	Women's Association	2013 Total	2012 Total
OPERATING SUPPORT AND REVENUE						
Contributions and gifts	\$ 617,557	\$ 23,272	\$ -	\$ 35,330	\$ 676,159	\$ 768,971
Day School tuition and fees, including financial aid of \$435,155 and \$396,344	3,500,521	-	-	-	3,500,521	3,307,324
Brick Church Fair income, net of direct expenses of \$123,034 and \$115,344	-	-	-	139,924	139,924	115,885
Program revenue	82,897	-	-	-	82,897	310,081
Allocated investment income	710,448	-	-	-	710,448	703,596
Income from perpetual trust	38,831	-	-	-	38,831	57,842
Interest and other income	24,594	-	-	-	24,594	3,500
Net assets released from restrictions						
Stewardship	2,064,160	-	-	-	2,064,160	2,005,829
Other specific donor purposes	1,738,048	-	-	-	1,738,048	1,813,493
Total Operating Support and Revenue	<u>8,777,056</u>	<u>23,272</u>	<u>-</u>	<u>175,254</u>	<u>8,975,582</u>	<u>9,086,521</u>
OPERATING EXPENSES						
Pastoral	950,577	-	-	-	950,577	957,769
Ministry of music	394,500	-	-	-	394,500	402,198
Day School direct expenses	3,996,679	-	-	-	3,996,679	3,987,891
Day School summer steps	169,744	-	-	-	169,744	110,823
Christian education	83,039	-	-	-	83,039	83,661
Denominational assessment	50,000	-	-	-	50,000	50,000
Benevolence	455,481	-	-	91,000	546,481	574,386
Operation and maintenance of plant	1,228,789	-	-	-	1,228,789	1,159,025
Administration	1,124,308	-	-	130,714	1,255,022	1,277,647
Uncollectible pledges	36,504	-	-	-	36,504	97,421
Total Operating Expenses	<u>8,489,621</u>	<u>-</u>	<u>-</u>	<u>221,714</u>	<u>8,711,335</u>	<u>8,700,821</u>
Excess (Deficiency) of Operating Revenue Over Operating Expenses	287,435	23,272	-	(46,460)	264,247	385,700
NON-OPERATING ACTIVITIES						
Contributions and gifts for capital improvements	-	-	119,455	-	119,455	-
Net assets released from restrictions for capital improvements	1,060,000	-	-	-	1,060,000	-
Church maintenance expenses	(2,331,374)	-	-	-	(2,331,374)	(134,346)
Non-operating investment income	-	1,493,310	451,859	-	1,945,169	1,227,715
Interfund transfers	1,000,006	(125,187)	(921,279)	46,460	-	-
Change in Net Assets	16,067	1,391,395	(349,965)	-	1,057,497	1,479,069
NET ASSETS						
Beginning of year	133,086	13,264,158	4,286,874	-	17,684,118	16,205,049
End 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>

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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, 2013

	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	
OPERATING SUPPORT									
Contributions and gifts	\$ 23,272	\$ -	\$ -	\$ -	\$ 23,272	\$ -	\$ -	\$ -	\$ 23,272
OTHER CHANGES IN NET ASSETS									
Non-operating contributions	-	-	-	-	-	119,455	-	119,455	119,455
Non-operating investment income	17,261	1,919,555	62,623	52,798	2,052,237	603,380	-	603,380	2,655,617
Interfund transfers									
To finance Church maintenance expenses	-	-	-	-	-	(1,271,279)	-	(1,271,279)	(1,271,279)
To provide for future capital replacements	-	-	-	-	-	350,000	-	350,000	350,000
To finance Memorial and Endowment 2000 cost	(25,120)	-	(38,607)	-	(63,727)	-	-	-	(63,727)
To finance Women's Association	-	-	-	(61,460)	(61,460)	-	-	-	(61,460)
To finance operations (allocated investment income)	(3,290)	(555,637)	-	-	(558,927)	(151,521)	-	(151,521)	(710,448)
Change in Net Assets	12,123	1,363,918	24,016	(8,662)	1,391,395	(349,965)	-	(349,965)	1,041,430
NET ASSETS									
Beginning of year	<u>97,079</u>	<u>12,451,575</u>	<u>407,949</u>	<u>307,555</u>	<u>13,264,158</u>	<u>3,836,877</u>	<u>449,997</u>	<u>4,286,874</u>	<u>17,551,032</u>
End 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>

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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, 2013

	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	\$ -	\$ 19,704	\$ -	\$ -	\$ 19,704	\$ 125,510	\$ 145,214	\$ 120,214	\$ 25,000
Helen W. Buckner Scholarship	-	26,320	-	-	26,320	193,038	219,358	119,358	100,000
Day School Special	912,364	83,435	(832,509)	-	163,290	1,056,714	1,220,004	1,220,004	-
Day School Retirement	5,000	29	(45,800)	-	(40,771)	44,994	4,223	4,223	-
Day School Teachers Salaries	2,325	572,699	(172,574)	-	402,450	3,719,696	4,122,146	3,881,462	240,684
Day School Cultural Fund	15,921	55	(9,020)	-	6,956	70,641	77,597	77,597	-
Music Special Projects	36,040	-	(6,429)	-	29,611	-	29,611	29,611	-
Paul Wolfe Memorial	21,759	215,641	(66,903)	-	170,497	1,398,445	1,568,942	928,000	640,942
Clifford Levy Scholarship	-	10,469	-	-	10,469	66,666	77,135	77,135	-
Guest Speakers	-	15,156	(2,600)	-	12,556	96,876	109,432	87,702	21,730
Designated Benevolence	-	-	-	-	-	1,301	1,301	1,301	-
Ladies Helping Hand	-	46,124	(13,635)	-	32,489	302,837	335,326	295,326	40,000
Merrill Fund	-	249,806	(73,030)	-	176,776	1,620,417	1,797,193	1,712,662	84,531
Colin Reed Trust	-	3,218	(1,101)	-	2,117	21,224	23,341	18,341	5,000
Watson Hall Maintenance	-	408,561	(430,272)	-	(21,711)	2,927,538	2,905,827	2,453,661	452,166
Watson Hall Kitchen	500,000	-	(630,000)	-	(130,000)	130,000	-	-	-
Church Outreach	-	161,266	(46,311)	-	114,955	1,027,194	1,142,149	974,185	167,964
Sick Children's Aid	-	31,016	(9,165)	-	21,851	202,117	223,968	187,727	36,241
Whitfield Beadleston	-	3,475	-	-	3,475	25,484	28,959	18,959	10,000
Clifford Seminary Fund	-	193,647	(53,423)	-	140,224	1,245,394	1,385,618	1,385,618	-
Edward Wilmot Blyden Trust	-	-	-	7,147	7,147	80,772	87,919	-	87,919
Holden Trust Beneficial Interest	-	-	-	127,945	127,945	1,207,026	1,334,971	-	1,334,971
Spinelli Fund for Professional Development	24,730	202	(80,516)	-	(55,584)	270,062	214,478	214,478	-
Building Fund	-	313,571	(38,640)	-	274,931	2,012,671	2,287,602	2,287,602	-
Falcone Children, Youth and Family Fund	-	353,471	(103,921)	-	249,550	2,293,093	2,542,643	2,542,643	-
Disaster Relief Fund	1,500	5	(12,455)	-	(10,950)	11,475	525	525	-
Summer Steps	346,949	290	(169,744)	-	177,495	266,650	444,145	444,145	-
Time Restricted Stewardship Contributions	1,964,454	-	(2,064,160)	-	(99,706)	2,064,160	1,964,454	1,964,454	-
	<u>\$ 3,831,042</u>	<u>\$ 2,708,160</u>	<u>\$ (4,862,208)</u>	<u>\$ 135,092</u>	<u>\$ 1,812,086</u>	<u>\$ 22,481,995</u>	<u>\$ 24,294,081</u>	<u>\$ 21,046,933</u>	<u>\$ 3,247,148</u>

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