

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

Financial Statements

December 31, 2015

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 Presbyterian Church In the City of New York (the "Church") which comprise the statement of financial position as of December 31, 2015, 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 qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note 1, 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. Accounting principles generally accepted 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 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 Presbyterian Church In the City of New York as of December 31, 2015, 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.

Report on Supplementary Information

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 audit 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 Presbyterian Church In the City of New York's December 31, 2014 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated April 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

April 8, 2016

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

Statement of Financial Position
December 31, 2015
(with comparative amounts at December 31, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,434,884	\$ 741,780
Accounts receivable	900	2,978
Prepaid expenses and other assets	75,092	90,566
Promises to give receivable, net	1,705,579	1,625,114
Capital campaign pledges receivable, net	3,177,198	-
Note receivable	360,000	360,000
Investments	37,172,554	38,560,975
Restricted investments	1,824,258	1,824,258
Beneficial interest in perpetual trusts	1,382,422	1,433,773
Land, buildings, furniture and equipment	1	1
Manses	449,996	449,996
	\$ 47,582,884	\$ 45,089,441
 LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities		
Accounts payable and accrued expenses	\$ 153,060	\$ 176,599
Other liabilities	229,866	182,722
Deferred tuition	1,897,847	1,782,752
Total Liabilities	2,280,773	2,142,073
 Net Assets (Deficit)		
Unrestricted		
Operating	(188,566)	(104,400)
Quasi-endowment	14,189,951	14,516,377
Plant	3,367,173	3,663,338
Total Unrestricted	17,368,558	18,075,315
Temporarily restricted	24,726,873	21,614,022
Permanently restricted	3,206,680	3,258,031
Total Net Assets (Deficit)	45,302,111	42,947,368
	\$ 47,582,884	\$ 45,089,441

See notes to financial statements

**The Corporation of The Brick Presbyterian Church
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**Statement of Activities
Year Ended December 31, 2015
(with summarized totals for the year ended December 31, 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
OPERATING SUPPORT AND REVENUE					
Contributions and gifts	\$ 1,383,797	\$ 3,824,542	\$ -	\$ 5,208,339	\$ 4,033,840
Capital campaign	-	4,033,781	-	4,033,781	-
Day School tuition and fees, including financial aid of \$400,733 and \$448,689	3,839,576	-	-	3,839,576	3,696,795
Brick Church Fair income, net of direct expenses of \$120,805 and \$170,743	170,512	-	-	170,512	72,017
Program revenue	44,827	-	-	44,827	61,719
Allocated investment return	820,445	(412,290)	-	408,155	1,671,938
Income from perpetual trust	27,135	-	-	27,135	53,392
Interest and other income	5,440	-	-	5,440	2,298
Net Assets Released From Restrictions					
Stewardship	2,039,142	(2,039,142)	-	-	-
Other specific donor purposes	2,103,465	(2,103,465)	-	-	-
Total Operating Support and Revenue	<u>10,434,339</u>	<u>3,303,426</u>	<u>-</u>	<u>13,737,765</u>	<u>9,591,999</u>
OPERATING EXPENSES					
Pastoral	1,139,232	-	-	1,139,232	1,162,587
Ministry of music	415,377	-	-	415,377	421,151
Day School direct expenses	4,207,672	-	-	4,207,672	4,048,017
Summer Steps	222,912	-	-	222,912	171,736
Christian education	78,416	-	-	78,416	103,925
Denominational assessment	50,000	-	-	50,000	49,120
Benevolence	507,267	-	-	507,267	495,265
Operation and maintenance of plant	1,247,266	-	-	1,247,266	1,240,364
Administration	1,336,857	-	-	1,336,857	1,359,701
Anniversary preparation	281,291	-	-	281,291	45,000
Uncollectible promises to give	171,358	-	-	171,358	102,697
Total Operating Expenses	<u>9,657,648</u>	<u>-</u>	<u>-</u>	<u>9,657,648</u>	<u>9,199,563</u>
Excess of Operating Support and Revenue Over Operating Expenses	776,691	3,303,426	-	4,080,117	392,436
NON-OPERATING ACTIVITIES					
Contributions and gifts for capital improvements	865	-	-	865	11,092
Valuation adjustment	-	(190,575)	-	(190,575)	-
Church maintenance expenses	(343,188)	-	-	(343,188)	(574,759)
Non-operating investment return	(1,141,125)	-	-	(1,141,125)	72,020
Change in beneficial interest in perpetual trusts	-	-	(51,351)	(51,351)	10,883
Change in Net Assets	<u>(706,757)</u>	<u>3,112,851</u>	<u>(51,351)</u>	<u>2,354,743</u>	<u>(88,328)</u>
NET ASSETS					
Beginning 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>
End of year	<u>\$ 17,368,558</u>	<u>\$ 24,726,873</u>	<u>\$ 3,206,680</u>	<u>\$ 45,302,111</u>	<u>\$ 42,947,368</u>

See notes to financial statements

**The Corporation of The Brick Presbyterian Church
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Statement of Cash Flows
Year Ended December 31, 2015
(with comparative amounts for the year ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,354,743	\$ (88,328)
Adjustments to reconcile change in net assets to net cash from operating activities		
Uncollectible promises to give receivable	171,358	102,697
Valuation adjustment	190,575	-
Net realized (gains) losses on sales of investments	253,511	(1,726,121)
Depreciation of investments	920,241	847,258
Change in beneficial interest in perpetual trusts	51,351	(10,883)
Decrease (increase) in:		
Accounts receivable	2,078	(2,978)
Promises to give receivable	(442,398)	(155,671)
Capital campaign pledges	(3,177,198)	-
Prepaid expenses and other assets	15,474	(49,638)
Increase (decrease) in:		
Accounts payable and accrued expenses	(23,539)	(63,106)
Other liabilities	47,144	48,318
Deferred tuition	115,095	106,512
Net Cash From Operating Activities	478,435	(991,940)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	6,266,905	9,008,025
Purchase of investments	(5,975,594)	(9,550,950)
Net change in money market investments	(76,642)	1,452,548
Net Cash From Investing Activities	214,669	909,623
Net Change in Cash and Cash Equivalents	693,104	(82,317)
 CASH AND CASH EQUIVALENTS		
Beginning of year	741,780	824,097
End of year	\$ 1,434,884	\$ 741,780

See notes to financial statements

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2015

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"), except that acquisitions and improvements to buildings, furniture and equipment are expensed and no provision is made for depreciation. U.S. GAAP requires such acquisitions and improvements be capitalized and depreciated over their estimated useful lives. U.S. GAAP 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 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.

Capital Campaign Pledges Receivable

The Church has commenced a capital campaign to support improvements to its facilities, increased community benevolence programs, and enhancement of its endowment. Pledges are recorded as they are received, and an estimate of uncollectible pledges has been made and included as an offset to the Capital Campaign Pledges Receivable. Amounts expected to be received in future years are discounted to present value.

Investments Valuation

Investments are carried at fair value.

Fair Value Measurements

The Corporation of The Brick Presbyterian Church In the City of New York (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.

During 2015, the Church adopted new U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient. Adoption of this guidance was applied retrospectively and had no effect on the carrying value of such investments.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2015

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 additions and improvements. In 2015, such costs for Church renovation expenses in the amount of \$343,188 (\$574,759 for 2014) were financed by unrestricted net assets from the Maintenance fund.

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 \$280,000 and \$300,000 for 2015 and 2014, respectively. Details to 2015 activity in the Unrestricted Plant Maintenance Net Assets are included in Note 12 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.

Tuition and Fees

Tuition is earned ratably over the school year. Fees are earned when the related activity takes place.

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.

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Notes to Financial Statements
December 31, 2015

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 8, 2016.

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 2014, 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 any other 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, 2015, discounted to fair value using a discount rate of 3.34%, are summarized as follows:

<u>Scheduled Collection</u>	<u>Value of Promises</u>
2016	\$ 1,854,886
2017	10,000
2018	10,000
2019	10,000
2020	10,000
Thereafter	<u>30,000</u>
Total scheduled collections	1,924,886
Discount on pledge receivable	(8,488)
Allowance for doubtful accounts	<u>(210,819)</u>
Promises to Give Receivable, net	<u>\$ 1,705,579</u>

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Notes to Financial Statements
December 31, 2015

3. Promises to Give Receivable (continued)

Capital Campaign pledges receivable at December 31, 2015, discounted to fair value using a discount rate of 3.34%, are summarized as follows:

Scheduled Collection	Value of Promises
2016	\$ 823,593
2017	725,000
2018	900,000
2019	665,000
2020	395,000
Thereafter	60,000
Total scheduled collections	3,568,593
Discount on pledge receivable	(200,820)
Allowance for doubtful accounts	(190,575)
Capital Campaign, net	\$ 3,177,198

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.

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, 2015, the pooling group, at fair value, consists of the following:

Unrestricted operating	\$ 980,664	2.51%
Unrestricted quasi-Endowment	14,189,951	36.25%
Unrestricted plant	2,917,176	7.45%
Temporarily restricted	19,232,828	49.13%
Permanently restricted	1,824,258	4.66%
	\$ 39,144,877	100.00%

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Notes to Financial Statements
December 31, 2015

5. Pooled Funds (continued)

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

Investments	\$ 38,784,877
Note Receivable	<u>360,000</u>
Total Pooled Assets	<u>\$ 39,144,877</u>

Pooled funds do not include an investment of IBM stock donated to support the maintenance of Watson Hall at a fair value of \$211,935.

6. Assets Stated at Fair Value

The following are the classes and major categories of investments and other assets at December 31, 2015 grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity Securities				
Technology	\$ 211,935	\$ -	\$ -	\$ 211,935
Mutual Funds				
Domestic large cap equity	5,573,085	-	-	5,573,085
Domestic mid/small cap equity	2,108,617	-	-	2,108,617
International Large Cap Equity	3,547,049	-	-	3,547,049
Emerging markets equity	3,506,235	-	-	3,506,235
Natural resources equity	239,153	-	-	239,153
High grade bonds	2,489,734	-	-	2,489,734
Real estate and infrastructure	-	749,254	-	749,254
Floating rate debt	<u>2,149,458</u>	-	-	<u>2,149,458</u>
Subtotal	19,825,266	749,254	-	20,574,520
Temporary cash investments				1,410,125
Comingled Funds				
Global equity (1)				3,344,211
Emerging markets equity (1)				1,151,053
European equity (1)				835,320
Hedge funds (1)				2,914,429
Funds of hedge funds (1)				6,034,093
Private equity (1)				<u>2,733,061</u>
Total Investments				38,996,812
Beneficial interest in perpetual trusts	-	-	1,382,422	<u>1,382,422</u>
Total Assets at Fair Value	<u>\$ 19,825,266</u>	<u>\$ 749,254</u>	<u>\$ 1,382,422</u>	<u>\$ 40,379,234</u>

(1) As discussed in Note 1, investments that are measured using NAV per share as a practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in the total column of this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements
December 31, 2015

6. Assets Stated at Fair Value (continued)

There were no transfers between levels of the fair value hierarchy during 2015.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3) during 2015:

	Beneficial Interest in Perpetual Trusts
Balance, beginning	\$ 1,433,773
Total gains or losses (realized/unrealized) included in changes in net assets	(51,351)
Balance, end of year	\$ 1,382,422

Information regarding alternative investments measured using NAV as a practical expedient at December 31, 2015 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge funds (see a. below)	\$ 2,914,429	\$ -	Quarterly - Biennially	65-90 days
Funds of hedge funds (see b. below)	6,034,093	-	Annually	75 - 95 days
Comingled Funds (see c. below)				
Global equity	3,344,211	-	Bimonthly	3 days
Emerging markets equity	1,151,053	-	Monthly	10 days
European equity	835,320	-	April 2018	90 days
Private equity (see d. below)	2,733,061	1,396,174	N/A	N/A
	\$ 17,012,167	\$ 1,396,174		

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. Thirty-two percent of this category is subject to the biennial redemption frequency.

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6. Assets Stated at Fair Value (continued)

b) This category includes investments in funds of hedge funds that achieve total return by focusing primarily on U.S. and international long and short equity investment strategies. The investments in this category may be redeemed annually subject to 75-95 days written notice.

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 second fund in this category 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 third fund in this category invests in a relatively concentrated portfolio of European equity securities. This investment may be redeemed in full in April 2018.

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, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are 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. Investments are carried at fair value. 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.

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

Investment Risks and Uncertainties (continued)

Investment return is summarized as follows:

	2015	2014
Interest and dividends, net	\$ 440,782	\$ 865,095
Net realized (losses) gains on sale of investments	(253,511)	1,726,121
Net depreciation of investments	(920,241)	(847,258)
Total Investment Return	\$ (732,970)	\$ 1,743,958
Allocated Investment Return:		
Budgetary allocation of investment income	\$ 820,445	\$ 792,822
Investment income on restricted funds	(412,290)	879,116
	408,155	1,671,938
Non-operating investment return	(1,141,125)	72,020
	\$ (732,970)	\$ 1,743,958

Investment return is reported net of investment advisory and custody fees. Investment advisory fees, which totaled \$59,787 and \$60,814 in 2015 and 2014, respectively, 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, 2015.

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 \$199,586 at December 31, 2015. 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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Notes to Financial Statements
December 31, 2015

9. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2015 are available for the following periods and purposes:

Restricted as to Period	
Received for 2016	\$ 2,212,984
Restricted as to Purpose	
Ministry of music	1,804,139
Day School	6,557,532
Christian education	84,796
Seminary education	1,347,339
Benevolence	1,498,044
Building fund	2,173,163
Summer Steps	705,050
Falcone Children, Youth and Family Fund	2,398,779
Operation and maintenance of plant	2,427,680
Capital Campaign	<u>3,517,367</u>
Total	<u>\$ 24,726,873</u>

Net assets released from restrictions during 2015 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	\$ 888,503	\$ 250,729	\$ 1,139,232
Ministry of music	318,735	96,642	415,377
Day School	3,089,208	1,118,464	4,207,672
Summer Steps	-	222,912	222,912
Christian education	74,922	3,494	78,416
Denominational assessment	50,000	-	50,000
Benevolence	426,959	80,308	507,267
Operation and maintenance of plant	1,242,641	4,625	1,247,266
Administration	1,336,857	-	1,336,857
Fundraising	-	281,291	281,291
Uncollectible pledges	<u>171,358</u>	-	<u>171,358</u>
Total	<u>\$ 7,599,183</u>	2,058,465	<u>\$ 9,657,648</u>
Stewardship contributions and promises to give received in 2014 for 2015		2,039,142	
Reimbursement for 2014 Capital Campaign costs		<u>45,000</u>	
Total Net Assets Released from Restrictions		<u>\$ 4,142,607</u>	

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

Notes to Financial Statements
December 31, 2015

9. Temporarily and Permanently Restricted Net Assets (continued)

Permanently Restricted Net Assets

Permanently restricted net assets as of December 31, 2015 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>1,382,422</u>
	<u>\$ 3,206,680</u>

Beneficial Interest in Perpetual Trust

The Church maintains beneficial interest in certain trusts administered by third parties. Those trusts were valued of \$1,382,422 at December 31, 2015. As these trusts are controlled and invested by independent third parties, the Church records a beneficial interest and contribution revenue for its ratable share of the assets based on the fair value of the trusts' underlying assets.

Beneficial Interest in Holden Trust: Edith Holden established in 1965 a separate trust fund in the amount of \$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
In the City of New York**

Notes to Financial Statements
December 31, 2015

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 2015, 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 2015 investment activity in the donor restricted and unrestricted quasi-endowment and plant funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2015	\$14,156,377	\$8,446,324	\$ 1,824,258	\$24,426,959
Contributions	707,591	37,650	-	745,241
Transfers	(126,733)	-	-	(126,733)
Interest and dividends	174,237	123,248	-	297,485
Capital depreciation	(430,054)	(397,958)	-	(828,012)
Appropriation for expenditure	(651,467)	(410,069)	-	(1,061,536)
Balance, December 31, 2015	\$13,829,951	\$7,799,195	\$ 1,824,258	\$23,453,404
Comprised of the following:				
Donor restricted funds	\$ -	\$ 7,799,195	\$ 1,824,258	\$ 9,623,453
Board designated funds	13,829,951	-	-	13,829,951
Total Funds	\$13,829,951	\$7,799,195	\$ 1,824,258	\$23,453,404

11. Commitments

Defined Contribution Plan

The Church has a Section 403(b) plan for all eligible full time employees. Plan expense was \$107,985 in 2015.

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

Notes to Financial Statements
December 31, 2015

11. Commitments (continued)

Defined Contribution Plan (continued)

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 \$219,341 in 2015.

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. Clergy are immediately vested and the plans provides for monthly benefits upon retirement. Church expense for the clergy pension plan amounted to \$90,349 in 2015.

Operating Leases

The Church is obligated under noncancelable operating leases for its manse property and office equipment expiring at various dates through December 2019. Total lease expense for the year ended December 31, 2015 amounted to \$72,324. At December 31, 2015, the aggregate minimum annual rental commitments under these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2016	\$ 63,104
2017	5,532
2018	5,532
2019	<u>1,383</u>
	<u>\$ 75,551</u>

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

Notes to Financial Statements
December 31, 2015

12. Interfund Transfers

The following interfund transfers were made during the year ended December 31, 2015:

- a) A transfer of \$280,000 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 \$10,808 from Unrestricted Quasi-Endowment to Operating to cover memorial cost.
- d) A transfer of \$343,188 from Unrestricted Plant Maintenance to Operating to cover costs of Church maintenance.
- e) A transfer of \$820,445 from Unrestricted Quasi-Endowment and Plant Maintenance to Operating pursuant to the Church's spending rate policy.
- f) A transfer of \$16,525 from Unrestricted Quasi-Endowment (Women's Association) 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 costs.
- h) A transfer of \$104,400 from Unrestricted Quasi-Endowment to Operating to cover an accumulated deficit.
- i) A transfer of \$45,000 from the 250th and 75th Anniversary Capital Campaign to the Unrestricted Quasi-Endowment to reimburse for the initial costs of the campaign borne by the Quasi-Endowment in 2014.

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

Supplementary Information

December 31, 2015

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

Schedule of Financial Position by Fund
December 31, 2015
(with summarized totals at December 31, 2014)

	Unrestricted				Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total	
	Operating	Quasi- Endowment	Plant	Women's Association					Total
ASSETS									
Cash and cash equivalents	\$ 833,078	\$ -	\$ -	\$ -	\$ 833,078	\$ 601,806	\$ -	\$ 1,434,884	\$ 741,780
Accounts receivable	900	-	-	-	900	-	-	900	2,978
Prepaid expenses and other assets	75,092	-	-	-	75,092	-	-	75,092	90,566
Promises to give receivable, net	202,473	-	-	-	202,473	1,503,106	-	1,705,579	1,625,114
Capital campaign pledges receivable, net	-	-	-	-	-	3,177,198	-	3,177,198	-
Note receivable	-	360,000	-	-	360,000	-	-	360,000	360,000
Investments	980,664	13,829,951	2,917,176	-	17,727,791	19,444,763	-	37,172,554	38,560,975
Restricted investments	-	-	-	-	-	-	1,824,258	1,824,258	1,824,258
Beneficial interest in perpetual trusts	-	-	-	-	-	-	1,382,422	1,382,422	1,433,773
Land, buildings, furniture and equipment	-	-	1	-	1	-	-	1	1
Manses	-	-	449,996	-	449,996	-	-	449,996	449,996
	<u>\$ 2,092,207</u>	<u>\$ 14,189,951</u>	<u>\$ 3,367,173</u>	<u>\$ -</u>	<u>\$ 19,649,331</u>	<u>\$ 24,726,873</u>	<u>\$ 3,206,680</u>	<u>\$ 47,582,884</u>	<u>\$ 45,089,441</u>
LIABILITIES AND NET ASSETS (DEFICIT)									
Liabilities									
Accounts payable and accrued expenses	\$ 153,060	\$ -	\$ -	\$ -	\$ 153,060	\$ -	\$ -	\$ 153,060	\$ 176,599
Other liabilities	229,866	-	-	-	229,866	-	-	229,866	182,722
Deferred tuition	1,897,847	-	-	-	1,897,847	-	-	1,897,847	1,782,752
Total Liabilities	2,280,773	-	-	-	2,280,773	-	-	2,280,773	2,142,073
Net assets (deficit)	<u>(188,566)</u>	<u>14,189,951</u>	<u>3,367,173</u>	<u>-</u>	<u>17,368,558</u>	<u>24,726,873</u>	<u>3,206,680</u>	<u>45,302,111</u>	<u>42,947,368</u>
	<u>\$ 2,092,207</u>	<u>\$ 14,189,951</u>	<u>\$ 3,367,173</u>	<u>\$ -</u>	<u>\$ 19,649,331</u>	<u>\$ 24,726,873</u>	<u>\$ 3,206,680</u>	<u>\$ 47,582,884</u>	<u>\$ 45,089,441</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, 2015
(with summarized totals for the year ended December 31, 2014)**

	Operating	Quasi- Endowment	Plant	Women's Association	2015 Total	2014 Total
OPERATING SUPPORT AND REVENUE						
Contributions and gifts	\$ 623,903	\$ 707,590	\$ -	\$ 52,304	\$ 1,383,797	\$ 640,273
Day School tuition and fees, including financial aid of \$400,733 and \$448,689	3,839,576	-	-	-	3,839,576	3,696,795
Brick Church Fair income, net of direct expenses of \$120,805 and \$170,743	-	-	-	170,512	170,512	72,017
Program revenue	44,827	-	-	-	44,827	792,822
Allocated investment return	820,445	-	-	-	820,445	53,392
Income from perpetual trust	27,135	-	-	-	27,135	2,298
Interest and other income	5,440	-	-	-	5,440	-
Net Assets Released From Restrictions						
Stewardship	2,039,142	-	-	-	2,039,142	1,964,454
Other specific donor purposes	2,092,235	-	-	11,230	2,103,465	1,741,140
Total Operating Support and Revenue	<u>9,492,703</u>	<u>707,590</u>	<u>-</u>	<u>234,046</u>	<u>10,434,339</u>	<u>9,024,910</u>
OPERATING EXPENSES						
Pastoral	1,139,232	-	-	-	1,139,232	1,162,587
Ministry of music	415,377	-	-	-	415,377	421,151
Day School direct expenses	4,207,672	-	-	-	4,207,672	4,048,017
Summer Steps	222,912	-	-	-	222,912	171,736
Christian education	78,416	-	-	-	78,416	103,925
Denominational assessment	50,000	-	-	-	50,000	49,120
Benevolence	409,167	-	-	98,100	507,267	495,265
Operation and maintenance of plant	1,247,266	-	-	-	1,247,266	1,240,364
Administration	1,199,386	-	-	137,471	1,336,857	1,359,701
Anniversary preparation	281,291	-	-	-	281,291	45,000
Uncollectible promises to give	171,358	-	-	-	171,358	102,697
Total Operating Expenses	<u>9,422,077</u>	<u>-</u>	<u>-</u>	<u>235,571</u>	<u>9,657,648</u>	<u>9,199,563</u>
Excess (Deficiency) of Operating Support and Revenue Over Operating Expenses	70,626	707,590	-	(1,525)	776,691	(174,653)
NON-OPERATING ACTIVITIES						
Contributions and gifts for capital improvements	-	-	865	-	865	11,092
Church maintenance expenses	(343,188)	-	-	-	(343,188)	(574,759)
Non-operating investment return	-	(907,283)	(233,842)	-	(1,141,125)	72,020
Interfund transfers	188,396	(126,733)	(63,188)	1,525	-	-
Change in Net Assets	(84,166)	(326,426)	(296,165)	-	(706,757)	(666,300)
NET ASSETS (DEFICIT)						
Beginning 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>
End of year	<u>\$ (188,566)</u>	<u>\$ 14,189,951</u>	<u>\$ 3,367,173</u>	<u>\$ -</u>	<u>\$ 17,368,558</u>	<u>\$ 18,075,315</u>

See independent auditors' report

**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, 2015

	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	\$ 7,590	\$ -	\$ -	\$ -	\$ 7,590	\$ -	\$ -	\$ -	\$ 7,590
OTHER CHANGES IN NET ASSETS									
Non-operating contributions	-	700,000	-	-	700,000	865	-	865	700,865
Non-operating investment income	(1,689)	(243,641)	(7,684)	(2,802)	(255,816)	(64,864)	-	(64,864)	(320,680)
Interfund Transfers									
To finance Church maintenance expenses	-	-	-	-	-	(343,188)	-	(343,188)	(343,188)
To provide for future capital replacements	-	-	-	-	-	280,000	-	280,000	280,000
To finance Memorial and Endowment 2000 cost	(10,808)	-	(40,000)	-	(50,808)	-	-	-	(50,808)
To finance operating deficit	-	(104,400)	-	-	(104,400)	-	-	-	(104,400)
To reimburse the initial costs of 2015 capital campaign	-	45,000	-	-	45,000	-	-	-	45,000
To finance Women's Association	-	-	-	(16,525)	(16,525)	-	-	-	(16,525)
To finance operations (allocated investment return)	(4,431)	(647,036)	-	-	(651,467)	(168,978)	-	(168,978)	(820,445)
Change in Net Assets	(9,338)	(250,077)	(47,684)	(19,327)	(326,426)	(296,165)	-	(296,165)	(622,591)
NET ASSETS									
Beginning 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>
End of year	<u>\$ 82,463</u>	<u>\$ 13,565,275</u>	<u>\$ 364,787</u>	<u>\$ 177,426</u>	<u>\$ 14,189,951</u>	<u>\$ 2,917,176</u>	<u>\$ 449,997</u>	<u>\$ 3,367,173</u>	<u>\$ 17,557,124</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, 2015**

	Contributions Gifts, Auction and Bequests	Investment Income	Net Assets Released from Restrictions	Change in Beneficial Interest in Perpetual Trust	Valuation Adjustment	Change in Net Assets	Net Assets, Beginning of Year	Net Assets, End of Year	Temporarily Restricted	Permanently Restricted
Special Organ Fund	\$ -	\$ (3,003)	\$ -	\$ -	\$ -	\$ (3,003)	\$ 152,182	\$ 149,179	\$ 124,179	\$ 25,000
Helen W. Buckner Scholarship	-	(4,216)	(10,000)	-	-	(14,216)	221,048	206,832	106,832	100,000
Day School Special	1,224,711	(15,162)	(811,220)	-	-	398,329	1,327,049	1,725,378	1,725,378	-
Day School Retirement	-	-	-	-	-	-	76	76	76	-
Day School Faculty Fund	2,800	(78,712)	(176,758)	-	-	(252,670)	4,160,677	3,908,007	3,667,323	240,684
Day School Cultural Fund	20,062	26	(17,768)	-	-	2,320	51,922	54,242	54,242	-
Wilson Music Fund	23,697	24	(18,642)	-	-	5,079	43,679	48,758	48,758	-
Paul Wolfe Memorial	9,425	(30,264)	(66,884)	-	-	(87,723)	1,585,820	1,498,097	857,155	640,942
Clifford Levy Scholarship	10,000	(2,650)	(2,899)	-	-	4,451	114,892	119,343	119,343	-
Guest Speakers	-	(2,215)	(3,494)	-	-	(5,709)	112,235	106,526	84,796	21,730
Designated Benevolence	-	1	-	-	-	1	1,301	1,302	1,302	-
Ladies Helping Hand	-	(6,488)	(9,872)	-	-	(16,360)	337,520	321,160	281,160	40,000
Merrill Fund	20,000	(34,067)	(78,000)	-	-	(92,067)	1,807,800	1,715,733	1,631,202	84,531
Colin Reed Trust	425	(460)	-	-	-	(35)	23,300	23,265	18,265	5,000
Watson Hall Maintenance	-	(88,872)	(4,625)	-	-	(93,497)	2,973,343	2,879,846	2,427,680	452,166
Church Outreach Fund	5,000	(22,902)	(49,504)	-	-	(67,406)	1,149,689	1,082,283	914,319	167,964
Sick Children's Aid Fund	-	(2,953)	(9,702)	-	-	(12,655)	225,387	212,732	176,491	36,241
Whitfield/Beadleston Fund	-	(558)	(1,230)	-	-	(1,788)	29,197	27,409	17,409	10,000
Clifford Seminary Fund	-	(27,219)	(51,407)	-	-	(78,626)	1,407,700	1,329,074	1,329,074	-
Edward Wilmot Blyden Trust	-	-	-	(7,200)	-	(7,200)	87,764	80,564	-	80,564
Holden Trust Beneficial Interest	-	-	-	(44,151)	-	(44,151)	1,346,009	1,301,858	-	1,301,858
Spinelli Fund for Professional Development	10,050	84	(42,935)	-	-	(32,801)	166,816	134,015	134,015	-
Building Fund	-	(44,215)	(88,800)	-	-	(133,015)	2,306,178	2,173,163	2,173,163	-
Falcone Children, Youth and Family Fund	-	(48,874)	(110,522)	-	-	(159,396)	2,558,175	2,398,779	2,398,779	-
Disaster Relief Fund	-	-	-	-	-	-	531	531	531	-
Summer Steps	284,989	352	(222,912)	-	-	62,429	642,621	705,050	705,050	-
250th and 75th Anniversary Capital Campaign	4,034,180	53	(326,291)	-	(190,575)	3,517,367	-	3,517,367	3,517,367	-
Time Restricted Stewardship Contributions	2,212,984	-	(2,039,142)	-	-	173,842	2,039,142	2,212,984	2,212,984	-
	<u>\$ 7,858,323</u>	<u>\$ (412,290)</u>	<u>\$ (4,142,607)</u>	<u>\$ (51,351)</u>	<u>\$ (190,575)</u>	<u>\$ 3,061,500</u>	<u>\$ 24,872,053</u>	<u>\$ 27,933,553</u>	<u>\$ 24,726,873</u>	<u>\$ 3,206,680</u>

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