

**THE PRESBYTERY OF DETROIT, INC.**  
**(Consolidated)**

**Financial Statements**  
**Independent Auditor's Report**  
**with Comparative and Supplementary Information**  
**December 31, 2014 and 2013**

# THE PRESBYTERY OF DETROIT, INC.

## Financial Statements Independent Auditor's Report with Supplementary Information December 31, 2014 and 2013

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## Independent Auditor's Report

To the Presbytery Board of Trustees  
The Presbytery of Detroit, Inc.

We have audited the accompanying statements of The Presbytery of Detroit, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities, and cash flows for the years 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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.

### Opinion

In our opinion, except for the effects of the unrecorded net book value of capital assets, the depreciation expense and the related entities excluded from the consolidation report as in Note 1 to the financial statements, the financial statements referred to above present fairly, in all material respects, the financial position of The Presbytery of Detroit, Inc. as of December 31, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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A PROFESSIONAL LIMITED LIABILITY COMPANY

Members of Private Companies Practice Section of the American Institute of Certified Public Accountants and Michigan Association of Certified Public Accountants

Independent Auditor's Report  
(Continued)

**Other Matters**

As more fully described in Note 6 to the financial statements, certain capital expenditures were not capitalized or depreciated as assets by The Presbytery of Detroit, Inc. Also, as discussed in Note 1, not all entities under the control of The Presbytery of Detroit are included. Accounting principles generally accepted in the United States of America require that such assets be capitalized and depreciated, and all entities are included in consolidated reporting. The effect of these departures from generally accepted accounting principles on financial position, results of operations, and cash flows has not been determined.

The accompanying additional information on page 14 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Tellis and Company, PLLC*

Detroit, Michigan  
August 17, 2015

# THE PRESBYTERY OF DETROIT, INC.

## Statements of Financial Position As of December 31, 2014 and 2013

<b>Assets</b>	<u>2014</u>	<u>2013</u>
<b>Cash and Cash Equivalents</b>	\$ 2,166,978	\$ 1,787,203
<b>Presbyterian Investment Loan Program (Note 2)</b>	525,900	524,566
<b>Investment Securities (Notes 3 and 8)</b>	18,479,787	17,806,756
<b>Notes Receivable (Note 1)</b>		
Notes Receivable	453,537	562,912
Note Receivable from Synod of Covenant	-	34,000
Total Notes and Land Contracts Receivable	<u>453,537</u>	<u>596,912</u>
<b>Other Assets</b>		
Other Receivables (Note 1)	2,829,815	3,321,382
Store Inventory	12,782	9,086
Prepaid Assets	34,239	42,937
Total Other Assets	<u>2,876,836</u>	<u>3,373,405</u>
<b>Property, Buildings, and Equipment - Net (Notes 5 and 6)</b>	<u>867,036</u>	<u>901,862</u>
Total Assets	<u>\$ 25,370,074</u>	<u>\$ 24,990,704</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Notes Payable to Presbyterian Church (U.S.A.) (Note 1)	\$ 2,975,170	\$ 3,839,788
Notes Payable to Synod of Covenant (Note 1)	-	34,000
Note Payable - Huntington National Bank (Note 13)	11,871	14,838
General Mission payable	42,673	95,730
Accrued Liabilities	88,207	111,649
Total Liabilities	<u>3,117,921</u>	<u>4,096,005</u>
<b>Net Assets:</b>		
Unrestricted		
General Operating (Deficit)	(1,552,887)	(1,683,538)
Designated for Long-Term Investment and Other (Note 11)	5,905,523	5,314,891
Designated for Committee on Local Arrangement	58,425	-
Designated for Property, Buildings, and Equipment	867,036	901,862
Temporarily Restricted (Note 8 and 9)	1,744,912	1,687,634
Permanently Restricted (Note 8 and 10)	15,229,144	14,673,850
Total Net Assets	<u>22,252,153</u>	<u>20,894,699</u>
Total Liabilities and Net Assets	<u>\$ 25,370,074</u>	<u>\$ 24,990,704</u>

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

**THE PRESBYTERY OF DETROIT, INC.**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2014 and 2013**

	Unrestricted		Howell Conference and Nature Center (Property and Equip)		COLA	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
	General Operating	Designated								
<b>Changes in Net assets</b>										
Revenue, gains, and other support										
Par capita apportionments	\$ 420,391	\$ -	\$ -	\$ -	\$ -	\$ 420,391	\$ -	\$ -	\$ 420,391	\$ 375,971
Presbytery Mission giving	222,216	-	-	-	-	222,216	-	-	222,216	203,972
Grants	19,714	104,042	-	-	-	123,756	-	-	123,756	47,234
Offerings/Donations	79,373	241,642	-	-	-	321,015	-	-	321,015	506,192
Outdoor ministries	-	-	2,116,929	-	-	2,116,929	8,274	-	2,125,203	1,867,784
Committee on Local Arrangement	-	-	-	241,657	-	241,657	-	-	241,657	-
Other Income (Loss)	2,000	-	-	-	-	2,000	(15,706)	-	(13,706)	19,789
Net realized and unrealized gains	-	59,322	-	-	-	59,322	70,138	621,452	750,910	2,620,549
Sale, Disposal of Fixed Assets	-	573,307	-	-	-	573,307	-	-	573,307	-
Interest and dividends	2,659	62,905	-	-	-	65,564	-	-	65,564	67,976
Endowment income	176,585	46,452	-	-	-	223,037	46,205	408,621	677,863	460,655
Net assets released from restrictions-										
Satisfaction of program restrictions	549,551	(23,141)	-	-	-	526,410	(51,631)	(474,778)	-	-
	<u>1,472,489</u>	<u>1,064,529</u>	<u>2,116,929</u>	<u>241,657</u>	<u>4,895,604</u>	<u>57,278</u>	<u>555,294</u>	<u>5,508,176</u>	<u>6,170,122</u>	
Total revenue, gains, and other support										
Expenses:										
Program expenses (Note 15)	1,161,030	542,560	1,348,391	100,979	-	3,172,960	-	-	3,172,960	2,655,018
Management and general (Note 15)	207,214	7,371	631,684	82,253	-	928,522	-	-	928,522	1,024,192
Fundraising expenses (Note 15)	-	-	49,240	-	-	49,240	-	-	49,240	48,514
Total expenses	<u>1,388,244</u>	<u>549,931</u>	<u>2,029,315</u>	<u>183,232</u>	<u>4,150,722</u>	<u>-</u>	<u>-</u>	<u>4,150,722</u>	<u>3,728,724</u>	
Increase (Decrease) in Net Assets - Before transfers	84,245	514,598	87,614	58,425	744,882	57,278	555,294	1,357,454	2,441,398	
Transfers	46,406	76,034	(122,440)	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	<u>130,651</u>	<u>590,632</u>	<u>(34,826)</u>	<u>58,425</u>	<u>744,882</u>	<u>57,278</u>	<u>555,294</u>	<u>1,357,454</u>	<u>2,441,398</u>	
Net Assets - January 1,	(1,663,638)	5,314,891	901,862	-	4,533,215	1,687,634	14,673,850	20,894,699	18,453,301	
Net Assets - December 31,	<u>(1,552,887)</u>	<u>5,905,523</u>	<u>867,036</u>	<u>58,425</u>	<u>5,278,097</u>	<u>1,744,912</u>	<u>15,229,144</u>	<u>22,252,153</u>	<u>20,894,699</u>	

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

**THE PRESBYTERY OF DETROIT, INC.**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 1,357,454	\$ 2,441,398
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	110,179	103,160
Net realized and unrealized (gains) losses on investments (Net of Income and Transfers)	(715,321)	(2,383,282)
<b>Changes in assets and liabilities:</b>		
(Increase) Decrease in Presbytery causes receivable	109,375	342,980
(Increase) Decrease in other receivables	491,568	(1,212,377)
(Increase) Decrease in store Inventory	(3,696)	2,292
(Increase) Decrease in prepaid assets	8,698	2,333
Increase (Decrease) in general mission payable	(53,057)	31,580
Increase (Decrease) in accrued liabilities	(23,443)	14,022
	<u>1,281,757</u>	<u>(657,894)</u>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash Flows in Investing Activities</b>		
Net (Purchase) Sales of investment securities	40,956	83,961
Net (Purchases) of property, buildings, and equipment	(75,353)	(57,105)
Issuance (Proceeds) from receipt of payment on notes receivables from churches	(864,618)	862,362
Issuance (Proceeds) from receipt of payment on land contract receivable	-	-
	<u>(899,015)</u>	<u>889,218</u>
<b>Net cash provided by (used in) investing activities</b>		
<b>Cash Flows in Financing Activities</b>		
(Decrease) in notes payable	(2,967)	(3,238)
	<u>(2,967)</u>	<u>(3,238)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	379,775	228,086
Cash and Cash Equivalents - Beginning of year	<u>1,787,203</u>	<u>1,559,117</u>
Cash and Cash Equivalents - End of year	<u>\$ 2,166,978</u>	<u>\$ 1,787,203</u>

**Supplemental Cash Flow Disclosures**

Cash Paid During the Year for Interest	\$ 57,456	\$ 58,881
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The accompanying notes are an integral part of these financial statements.

**THE PRESBYTERY OF DETROIT, INC.**  
Notes to Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 1 - Nature of Operations and Significant Accounting Policies:**

The Presbytery of Detroit, Inc. (the "Presbytery") is one of the presbyteries that comprise the Synod of the Covenant, which is a member of the Presbyterian Church (U.S.A.). The Presbytery consolidation policy is to include all entities under its common control. These consolidated financial statements include: the "Presbytery", and "Howell Conference and Nature Center". These consolidated financial statements exclude the following related entity: "Presbyterian Women in the Presbytery of Detroit" (PWPD). The effect on the consolidated report as of December 31, 2014 and 2013 has not been determined.

In addition to starting and sustaining new churches in southeastern Michigan, the Presbytery provides program leadership and resources to help meet the educational needs of the churches and also participates in the operation of outdoor ministries (Howell Conference and Nature Center) in southeastern Michigan for use by church groups, school, businesses, and individuals. Funds are expended to develop and support ministries to meet the needs of people served by the Presbytery.

**Significant accounting policies are as follows:**

The financial statements of the Presbytery have been prepared on the accrual basis of accounting. The Presbytery records transactions based on the nature of the activity as unrestricted, temporarily restricted, or permanently restricted.

**Unrestricted Assets** - Unrestricted net assets of the Presbytery consist of general operations and programs. Unrestricted designated funds consist of amounts received or receivable that the Presbytery, Council, or Trustees have earmarked for a specific purpose. Unrestricted property and equipment consist of the Presbytery's investment in tangible property.

Gifts of cash or other assets that must be used to acquire long-lived assets initially are reported as restricted support. Absent donor stipulations about how long these long-lived assets must be maintained, the Presbytery reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

**Temporarily Restricted Assets** - Temporarily restricted assets of the Presbytery consist of amounts received from donors who have specified the time and purpose for which the funds are to be spent. When a donor restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets.

**Permanently Restricted Assets** - Permanently restricted assets of the Presbytery consist of amounts received from donors who have specified that the principal of the donation is to remain intact for investment purposes. Realized and unrealized gains on these assets are also permanently restricted. Annual earnings on these assets are released to unrestricted or temporarily restricted net assets.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses and changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents** - The Presbytery considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Functional Basis and Allocation** - Indirect cost have been allocated between the program and support services based on activity-based costing methods. Although the methods of allocation used are considered appropriate other methods could be used that would produce different amounts.



**THE PRESBYTERY OF DETROIT, INC.**  
Notes to Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 1 - Nature of Operations and Significant Accounting Policies: (Continued)**

**Concentration of Credit Risk Arising From Deposit** – The Presbytery maintains cash balances with different banks. Accounts at each institution are insured by Federal Deposit Insurance Corporation (FDIC). The Presbytery evaluates the financial institutions with which it deposits funds; however, it may not be practical to insure all cash deposits.

**Risks and Uncertainties** – The Presbytery invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

**Notes Receivable and Payable** - The Presbyterian Church (U.S.A.) makes loans to various churches within The Presbytery of Detroit, Inc.'s jurisdiction, and the Presbytery cosigns for these loans. Included in notes receivable balance from Presbytery churches is \$3,524,612 and \$4,159,555 at December 31, 2014 and 2013. Of this amount \$3,288,020 for December 31, 2014 and \$3,839,788 for December 31, 2013 is due on Presbyterian Church (U.S.A.) loans, and \$0 and \$34,000 for December 31, 2014 and 2013 is due on Synod of the Covenant loans. Principal and interest payments on these loans are made directly by the churches to the Presbyterian Church (U.S.A.), and include interest rates from 3 percent to 5 percent due at various maturity dates through 2021. Notes receivable are reviewed periodically throughout the year and assessed for collectability. An allowance for doubtful accounts is set-up once a receivable collectability is in doubt. The allowance (shown net) is \$36,423 for the year ended December 31, 2014 and \$36,423 as of December 31, 2013.

**Other Receivables** - This amount represents receivables from participants in the outdoor ministries program and other miscellaneous receivables. The outdoor ministries receivables are stated at their net invoice amounts. An allowance for doubtful accounts is established based on specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made.

**Property, Building, and Equipment** - Buildings, furniture and fixtures, and equipment are depreciated over their estimated useful lives using the straight-line method. Buildings are depreciated over a 20-year life and furniture and fixtures and equipment are depreciated over lives ranging from 3 to 10 years.

**Investment Fees** - The investment management fee is paid by a reduction in trust principal only.

**Income Tax Status** - The Presbytery is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and did not conduct any unrelated business activities during the calendar year. Therefore, The Presbytery has no provision for federal income taxes in the accompanying financial statements.

**Donated Property and Services** – The Presbytery records donated property at its estimated market value only. Additionally, the Presbytery members provided volunteer services in many activities of the entity. These volunteers have a significant impact on making the ministry effective. However, the value of those services are not reflected herein inasmuch as the amount of services provided is indeterminable.

**THE PRESBYTERY OF DETROIT, INC.**  
Notes to Financial Statements  
For the Years Ended December 31, 2014 and 2013

**Note 1 - Nature of Operations and Significant Accounting Policies: (Continued)**

**Subsequent Events** - The Presbytery management has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report August 17, 2015, which is the same date the financial statements were available to be issued. See Note 14 for Subsequent Event.

**Pension Plan** - Certain members of the Presbytery's staff are participants in a pension plan that is administered by the Board of Pensions, which is governed by the Presbyterian Church (U.S.A.). The Presbytery's contributions are calculated as a percentage of eligible wages and are funded as accrued. Pension expense was \$13,506 and \$14,372 for the years ended December 31, 2014 and 2013. While contributions are based on fixed rates, federal laws impose certain contingent liabilities on contributors to multiemployer plans. In the event of withdrawal from the plan and under certain other conditions, a contributor to a multiemployer pension plan may be liable to the plan in accordance with formulas established by law.

**Trustee Expenses** - These expenses represent non-salaried expenses used to run the day-to-day operation of the Presbytery office.

**Note 2 - Investment Loan Program**

At December 31, 2014 and 2013, the Presbytery has \$525,900 and \$524,566 in a money market fund with the Presbytery Church (U.S.A.) Investment Program. Under this program, loans are made to churches for capital investments or improvements. The investments are available for allocation to reduce interest charged on loans to local churches participating in the program. Under, this program the Presbytery is required to maintain a balance of twenty-five percent (25%) of the outstanding balance in liquid assets. The Presbytery is contingently liable for the full amount of the loan outstanding should an individual church default on its loan and the proceeds from the liquidation of the collateral is insufficient to satisfy the outstanding balance. Periodic assessments are made to determine the exposure to the Presbytery for this contingency.

**Note 3 - Investment Securities**

	<u>2014</u>	<u>2013</u>
The fair market value of securities is as follows:		
Corporate stocks and bonds	\$15,747,983	\$15,230,203
U.S. government obligations	2,221,541	2,301,718
Money market securities	<u>510,263</u>	<u>274,835</u>
Total	<u>\$18,479,787</u>	<u>\$17,806,756</u>

Net investment income for the period consist of:

	<u>2014</u>	<u>2013</u>
Net realized and unrealized gains (losses) on investments	\$ 750,910	\$ 2,620,549
Dividends and Interest	743,427	528,631
Investment fees	<u>( 85,928)</u>	<u>( 79,706)</u>
Net Investment Income	<u>\$ 1,408,409</u>	<u>\$ 3,069,474</u>

**THE PRESBYTERY OF DETROIT, INC.**  
Notes to Financial Statements  
For the Years Ended December 31, 2014 and 2013

**Note 3 - Fair Value Measurement (Continued)**

The Presbytery adopted the Fair Value Measurements of its Investments. This accounting standard establishes a fair value hierarchy that measures the difference market participant assumptions developed based on market data obtained from sources independent of the Presbytery (observable inputs) and the reporting Presbytery's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The Fair Value measurement also include an adjustment for risk if market participants would include one in pricing the related asset or liability, even if the adjustment is difficult to determine. Fair Value further reports and discloses its results on one of the three levels:

Level 1 – Quoted market prices in an active market for the same assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

The Presbytery holds investments in corporate stock and bonds, U.S. government obligations, and Money Market Securities. These investments are based upon quoted prices and determined to be Level 1's for the year ended December 31, 2014.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stock and bonds	\$15,747,983	\$	\$	\$15,747,983
U.S. government obligations	2,221,541	-	-	2,221,541
Money Market Securities	<u>510,263</u>	<u>-</u>	<u>-</u>	<u>510,263</u>
Totals	<u>\$18,479,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,479,787</u>

**Note 4 – Advertising Costs**

It is the policy of the Presbytery to expense advertising costs as incurred. Advertising costs for the ended December 31, 2014 was \$3,040.

**Note 5 – Property, Buildings, and Equipment**

Property, buildings, and equipment at December 31, 2014 and 2013 are comprised of the following:

	<u>2014</u>	<u>2013</u>
Camp	\$3,072,957	\$3,007,799
Less accumulated depreciation	<u>2,205,921</u>	<u>2,105,937</u>
Net carrying amount	<u>\$ 867,036</u>	<u>\$ 910,862</u>

As further discussed in Note 6, certain capital expenditures are not recorded as assets by the Presbytery.

**Note 6 – Depreciation of Assets**

During 1989, Accounting Standards "Accounting For Depreciation of Assets" became effective for all not-for-profit organizations. This statement required the Presbytery to record as assets all capital expenditures since inception, and record depreciation charges each year over their estimated useful lives. Prior to 2010 the Presbytery recorded, as assets, all expenditures of a capital nature since 1983 and was recognizing their cost over the estimated useful lives through depreciation charges. In 2010 the Presbytery removed all of their assets from their books, the remaining properties reported reflects the Camp assets only.

**THE PRESBYTERY OF DETROIT, INC.**  
**Notes to Financial Statements**  
**For the Years Ending December 31, 2014 and 2013**

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**Note 7 – Leases**

The Presbytery rents its office facility from a member church under a thirty-six month lease commencing January 1, 2010 and expiring August 31, 2015. Rent expense, including costs of security, was \$40,501 for 2014 and \$38,646 for 2013. The Presbytery also leases photocopier equipment under an operating lease agreement expiring October, 2018. The lease expense for the year ended December 31, 2014 amounted to \$40,501.

Future minimum lease payments required under all of the leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 63,284
2016	21,546
2017	21,546
2018	<u>17,955</u>
Total	<u>\$ 124,331</u>

**Note 8 – Net Assets (Endowment Funds)**

As described in Notes 9 and 10, the Presbytery has temporarily and permanently restricted net assets. These funds are invested in a common account managed by Comerica Bank according to investment policies determined by the Presbytery. The primary objective of these policies is to outline the investment objective of the Presbytery so that a maximum total rate of return will be realized given a level of risk consistent with the preservation of capital and anticipated future cash flow requirements. This objective is accomplished utilizing a balanced strategy of equities, fixed income securities and cash equivalents in a mix which is conducive to participation in rising markets while allowing for adequate protection in falling markets. Certain investments commonly known as alternatives are generally not allowed in the portfolio.

All of the temporarily and permanently restricted net assets are restricted by the donor whereby only the income may be spent for the purpose stipulated by the donor. The principal of the permanently restricted fund may not be spent below its original amount. The Presbytery has also followed the guideline that the principal amount of the temporarily restricted fund may also not be spent below its original amount.

Expenditures from the funds are dictated by the donor for the stated purpose and amount. Amounts are determined based on the investment performance of the managed Comerica account.

A summary of the activity in the Comerica account for the years ended December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Account balance, beginning of the year	\$17,806,756	\$15,509,501
Contributions	19,153	574
Investment gain (loss)	1,295,050	2,930,729
Distributions	( 547,874)	( 547,526)
Expenses	<u>( 93,298)</u>	<u>( 86,522)</u>
Account balance, end of year	<u>\$18,479,787</u>	<u>\$17,806,756</u>

**THE PRESBYTERY OF DETROIT, INC.**  
Notes to Financial Statements  
For the Years Ending December 31, 2014 and 2013

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**Note 9 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

Presbytery of Detroit – Ranney-Balch Fund are available to provide aid to the aged, poor, and/or for the benefit of Christian work among Italian, Negro, and other underprivileged groups within the boundaries specified in this fund.

Howell Conference and Nature's Center – This represents funds contributed by various donors to the Nature Center to help nurture nature creations.

Presbytery of Detroit - Mission Fund represents funds (per capita, shared and directed missions, offerings, etc.) collected from the various church entities on behalf of General Assembly and the Synod. The fund balances as of December 31, 2014 and 2013 reflects excess dollars paid out during this time period than collected. The excess represents a temporary timing difference.

	<u>2014</u>	<u>2013</u>
Ranney-Balch Fund	\$1,755,296	\$1,690,587
Howell Conference and Nature Center	44,039	35,765
Mission Fund	<u>( 54,423)</u>	<u>( 38,718)</u>
	<u>\$1,744,912</u>	<u>\$1,687,634</u>

**Note 10 – Permanently Restricted Net Assets**

Permanently restricted net assets are investments of the following amounts. The income on such investments is specified by the donor to be used for the purposes noted:

	<u>2014</u>	<u>2013</u>
McKay Fund - Provide funding for new Presbyterian churches and Missions within the city of Detroit	\$ 476,611	\$ 459,178
James Joy Fund - Provide funding to support the Fort Street Presbyterian church, and missions of the Presbyterian throughout Michigan		
- Fort Street Presbyterian has a (50%) ownership interest		
- Presbytery of Detroit, Inc. has a (40%) ownership interest		
- And (10%) ownership interest is shared between Lake Michigan, Lake Huron and Mackinaw Presbyterian Churches	14,137,577	13,622,128
Connor Fund - Earnings used to support Fort Street Presbyterian Church	<u>614,956</u>	<u>592,544</u>
Total permanently restricted net assets	<u>\$15,229,144</u>	<u>\$14,673,850</u>

**THE PRESBYTERY OF DETROIT, INC.**  
Notes to Financial Statements  
For the Years Ending December 31, 2014 and 2013

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**Note 11 - Designated Net Assets**

Certain unrestricted gifts and revenue have been designated for specific purposes by the Presbytery for unique causes sponsored by the Presbytery. The specific purposes are as follows:

	<u>2014</u>	<u>2013</u>
Funds available to provide financial assistance to new and Established churches – Capital Fund	\$5,750,982	\$5,022,280
Funds designated for Presbytery projects	<u>154,541</u>	<u>292,611</u>
Total designated net assets	<u>\$5,905,523</u>	<u>\$5,314,891</u>

**Note 12 – Transfers**

The transfers represent revenue and expense transferred within the unrestricted net assets funds for 2014. These funds were transferred during the year because the Presbytery maintains only one operating checking account.

**Note 13 – Note Payable-The Huntington National Bank (Howell)**

Note payable with Huntington National Bank, is secured by a vehicle (Camp Van) and payable in 72 monthly installments of \$325, which includes principal and interest of 6.24% per annum.

The Maturities of the note are as follows:

Years ending December 31:	
2015	\$ 3,203
2016	3,408
2017	3,627
Thereafter	<u>1,633</u>
	<u>\$11,871</u>

**Note 14 – Subsequent Event**

The Presbytery has loans and guarantees outstanding totaling \$594,988 from a member church which has been determined as distressed debt due to a split in the church ministry. The church property has been made available for sale at Fair Market Value. As of December 31, 2014 the property has not been sold. The actual sale date was prior to the closing of this report on January 20, 2015. The actual gain on the sale of the property was \$34,473 and has been reflected in the 2014 financial statements.

**THE PRESBYTERY OF DETROIT, INC.**  
Notes to Financial Statements  
For the Years Ended December 31, 2014 and 2013

**Note 15 - Unrestricted Expenses**

Unrestricted program and management and general expenses for the year were as follows:

	<u>2014</u>	<u>2013</u>
Program expenses:		
Howell Conference and Nature Center	\$ 1,348,391	\$ 1,224,960
Operations	1,454,141	1,143,269
Designated Funds:		
Committee on Local Arrangement (COLA)	100,979	15,515
Hand on Missions Project	14,957	-
Alma College	-	10,750
Ecumenical Theological Seminary	-	12,750
Domestic Violence	9,756	-
Fort Street Open Door	26,585	30,448
Two Cents A Meal	7,400	-
Kenya Well	13,256	-
Peace Presbytery	-	8,973
Habitat for Humanity	5,916	4,658
New Transformation Worship PCUSA Grant	7,500	-
Presbyterian Village	-	16,933
Hunger Program	9,378	16,228
Katrina	-	3,146
NCD Commuidad 4500 (Rent)	19,438	6,326
A Place of Refuge	-	14,935
Detroit Inbound Mission	6,234	-
Second Mile Center	22,922	17,013
Dexter/Chelsea NCD Grants Synod, PCUSA	54,322	37,288
Presbyterian Men	-	5,665
Campus Ministry	-	17,338
Other Expenses	<u>71,785</u>	<u>69,823</u>
Total Program Expenses	<u>\$ 3,172,960</u>	<u>\$ 2,656,018</u>
Management and general expenses:		
Trustees (Note 1)	\$ 650,162	\$ 841,326
COLA	82,253	-
Depreciation expense	110,179	103,160
Investment fees	<u>85,928</u>	<u>79,706</u>
Total Management and General Expenses	<u>\$ 928,522</u>	<u>\$ 1,024,192</u>
Fundraising Expense	<u>\$ 49,240</u>	<u>\$ 48,514</u>

# **Supplementary Information**



**THE PRESBYTERY OF DETROIT, INC.**  
**Schedule of Indebtedness of Churches and the Presbytery of Detroit**  
**to Other Presbyterian Organizations**  
**For the Year Ended December 31, 2014**

Church Name	Loans from General Assembly	Grant Mortgage (Deferred Payment) Loans	Presbyterian Investment Loan Program	Loans from Presbytery	Total
Ann Arbor, Calvary	\$ -	5,000 \$	-	-	5,000
Ann Arbor, Calvary	-	9,000	-	-	9,000
Detroit, St John's	31,584	-	-	-	31,584
Dearborn, Cherry Hill	-	28,940	-	-	28,940
Dearborn, Littlefield	-	17,083	-	-	17,083
Churches of Detroit	-	-	-	-	-
Broadstreet	-	-	-	-	-
Calvin East	-	20,000	-	13,470	33,470
Grandale	-	29,050	-	-	29,050
Outer Drive	-	20,000	-	-	20,000
Trinity Community	-	21,664	-	-	21,664
Eunmenical Center & International Residence	-	53,787	-	6,375	60,162
Farmington, First Presbyterian	-	-	634,020	-	634,020
Drayton Plains, Community	-	28,688	-	-	28,688
Howell, First Presbyterian	-	-	430,297	-	430,297
Lake Shore Presbyterian, St. Clair Shores	-	-	188,078	-	188,078
Livonia, St. Pauls	-	-	-	-	-
Livonia, St Timothy's	32,629	10,000	-	-	42,629
Macomb, Church of the Covenant	312,849	-	-	-	312,849
New Life Presbyterian	-	-	-	-	-
Northville, First Presbyterian	-	-	1,270,715	2,728	1,273,443
Novi, Faith Community	-	-	306,704	-	306,704
Pontiac, Jostyn Ave.	-	22,175	-	-	22,175
Redford, Village	-	11,418	-	-	11,418
Sterling Heights, Utica	33,914	-	-	-	33,914
Sterling Heights, Utica	47,231	-	-	-	47,231
<b>Total Loans - Churches</b>	<b>\$ 458,207</b>	<b>\$ 276,805</b>	<b>\$ 2,829,814</b>	<b>\$ 22,573</b>	<b>\$ 3,587,399</b>