THE PRESBYTERY OF DETROIT, INC.
(Consolidated)

Financial Statements
Independent Auditor's Report
with Comparative and Supplementary Information
December 31, 2015 and 2014

THE PRESBYTERY OF DETROIT, INC.

Financial Statements
Independent Auditor's Report
with Supplementary Information
December 31, 2015 and 2014

TABLE OF CONTENTS

Anita R. Tellis, CPA, MST

15 E. Kirby St., Suite 106
Detroit, Michigan 48202
(313) 873-3812
(313) 873-3816 Fax
www.tellisandcompanycpas.com

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Presbytery of Detroit, Inc. (a nonprofit organization) which comprise the consolidated statements of financial position as of December 31, 2015 and the related consolidated statements of activities, and consolidated statements of cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, 2015 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Presbytery of Detroit, Inc. 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 17, 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 consolidated financial statements from which it has been derived.

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.

Supplementary Information

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 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Tellis and Company, Pllc

Detroit, Michigan
August 31, 2016

THE PRESBYTERY OF DETROIT, INC.

Consolidated Statements of Financial Position
As of December 31, 2015 and 2014

Assets

		2015		2014
Cash and Cash Equivalents	$	2,231,422	$	2,166,978
Presbyterian Investment Loan Program (Note 2)		527,200		525,900
Investment Securities (Notes 3 and 8)		17,510,238		18,479,787
Notes Receivable (Note 1)				
Notes Receivable		78,793		453,537
Total Notes and Land Contracts Receivable		78,793		453,537
Other Assets				
Other Receivables (Note 1)		2,709,251		2,829,815
Store Inventory		12,631		12,782
Prepaid Assets		75,461		34,239
Total Other Assets		2,797,343		2,876,836
Property, Buildings, and Equipment - Net (Notes 5 and 6)		972,593		867,036
Total Assets	$	24,117,589	$	25,370,074

Liabilities and Net Assets

		2015		2014
Liabilities:				
Notes Payable to Presbyterian Church (U.S.A.) (Note 1)	$	2,806,132	$	2,975,170
Note Payable - Huntington National Bank (Note 13)		8,633		11,871
General Mission payable		135,579		42,673
Accrued Liabilitites		109,267		88,207
Total Liabilities		3,059,611		3,117,921
Net Assets:				
Unresticted				
General Operating (Deficit)		(1,554,943)		(1,552,887)
Designated for Long-Term Investment and Other (Note 11)		5,598,433		5,905,523
Designated for Committee on Local Arrangement		-		58,425
Designated for Property, Buildings, and Equipment		972,593		867,036
Temporarily Restricted (Note 8 and 9)		1,616,814		1,744,912
Permanently Restricted (Note 8 and 10)		14,425,081		15,229,144
Total Net Assets		21,057,978		22,252,153
Total Liabilities and Net Assets	$	24,117,589	$	25,370,074

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

THE PRESBYTERY OF DETROIT, INC.

Consolidated Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2015 and 2014

	Unrestricted								
	General Operating	Designated	Howell Conference and Nature Center Nine months Ending 9-30-15	Howell Nature Center, LLC Three months Ending 12-31-15	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Changes in Net assets									
Revenue, gains, and other support									
Per capita apportionments	$ 368,927	$ -	$ -	$ -	$ 368,927	$ -	$ -	$ 368,927	$ 420,391
Presbytery Mission giving	196,192	-	-	-	196,192	-	-	196,192	222,216
Grants	32,936	20,000	-	-	52,936	-	-	52,936	123,756
Offerings/Donations	12,033	195,228	-	-	207,261	-	-	207,261	321,015
Outdoor ministries	-	-	1,593,892	496,402	2,090,294	153,600	-	2,243,894	2,125,203
Committee on Local Arrangement	-	-	-	-	-	-	-	-	241,657
Other Income (Loss)	2,000	-	-	-	2,000	516	-	2,516	(13,706)
Net realized and unrealized gains	-	(66,795)	-	-	(66,795)	(78,853)	(699,861)	(845,509)	750,910
Sale, Disposal of Fixed Assets	-	(158,286)	-	-	(158,286)		-	(158,286)	573,307
Interest and dividends	3,753	55,273	-	-	59,026	-	-	59,026	65,564
Endowment income	201,609	48,255	-	-	249,864	49,211	441,556	740,631	677,863
Net assets released from restrictions- Satisfaction of program restrictions	902,832	(4,120)	(100,382)	-	798,330	(252,572)	(545,758)	-	-
Total revenue, gains, and other support	1,720,282	89,555	1,493,510	496,402	3,799,749	(128,098)	(804,063)	2,867,588	5,508,176
Expenses:									
Program expenses (Note 15)	1,331,412	390,480	1,146,117	351,172	3,219,181	-	-	3,219,181	3,172,960
Management and general (Note 15)	118,669	6,165	512,066	190,933	827,833	-	-	827,833	928,522
Fundraising expenses (Note 15)	-	-	14,749	-	14,749	-	-	14,749	49,240
Total expenses	1,450,081	396,645	1,672,932	542,105	4,061,763	-	-	4,061,763	4,150,722
Increase (Decrease) in Net Assets - Before transfers	270,201	(307,090)	(179,422)	(45,703)	(262,014)	(128,098)	(804,063)	(1,194,175)	1,357,454
Transfers	(330,682)	-	(687,614)	1,018,296		-	-	-	-
Increase (Decrease) in Net Assets	(60,481)	(307,090)	(867,036)	972,593	(262,014)	(128,098)	(804,063)	(1,194,175)	1,357,454
Net Assets - January 1,	(1,494,462)	5,905,523	867,036	-	5,278,097	1,744,912	15,229,144	22,252,153	20,894,699
Net Assets - December 31,	$ (1,554,943)	$ 5,598,433	$ -	$ 972,593	$ 5,016,083	$ 1,616,814	$ 14,425,081	$ 21,057,978	$ 22,252,153

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

THE PRESBYTERY OF DETROIT, INC.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Changes in net assets	$ (1,194,175)	$ 1,357,454
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	126,024	110,179
Net realized and unrealized (gains) losses on investments (Net of Income and Transfers)	974,304	(715,321)
Changes in assets and liabilities:		
(Increase) Decrease in Presbytery causes receivable	374,744	109,375
(Increase) Decrease in other receivables	120,564	491,568
(Increase) Decrease in store inventory	151	(3,696)
(Increase) Decrease in prepaid assets	(41,222)	8,698
Increase (Decrease) in general mission payable	92,906	(53,057)
Increase (Decrease) in accrued liabilities	21,060	(23,443)
Net cash provided by (used in) operating activities	474,356	1,281,757
Cash Flows In Investing Activities		
Net (Purchases) Sales of investment securities	(5,481)	40,956
Net (Purchases) of property, buildings, and equipment	(232,156)	(75,353)
Issuance (Proceeds) from receipt of payment on notes receivables from churches	(169,037)	(864,618)
Net cash provided by (used in) investing activities	(406,674)	(899,015)
Cash Flows In Financing Activities		
(Decrease) in notes payable	(3,238)	(2,967)
Net Increase in Cash and Cash Equivalents	64,444	379,775
Cash and Cash Equivalents - Beginning of year	2,166,978	1,787,203
Cash and Cash Equivalents - End of year	$ 2,231,422	$ 2,166,978

Supplemental Cash Flow Disclosures

	2015	2014
Cash Paid During the Year for Interest	$ 56,242	$ 57,456

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

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”, “Howell Conference and Nature Center”, and “Howell Nature Center, LLC”. 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, 2015 and 2014 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.

Effective as of October 1, 2015 “Howell Conference and Nature Center” had a name change, and transferred all of its assets to “Howell Nature Center, LLC, in which “The Presbytery of Detroit, Inc. is the managing member.

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.

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

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.

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).

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 the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the consolidated statement of financial position.

Notes Receivable, Other Receivables 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 $3,032,148 and $3,524,612 at December 31, 2015 and 2014. Of this amount $2,923,269 for December 31, 2015 and $3,288,020 for December 31, 2014 is due on Presbyterian Church (U.S.A.) 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 2037. The 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, 2015 and $36,423
as of December 31, 2014.

These amounts also include 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.

The decrease in the Notes Receivable from 2014 to 2015 was from a member church which was sold and was reported as of December 31, 2014.

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 values of those services are not reflected herein inasmuch as the amount of services provided is indeterminable.

Principles of Consolidation – The consolidated financial statements include the accounts of The Presbytery and “Howell Conference and Nature Center”, and “Howell Nature Center, LLC” because The Presbytery has both control and an economic interest in the Howell. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as “The Presbytery”.

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 31, 2016, 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 $13,728 and $13,506 for the years ended December 31, 2015 and 2014. 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, 2015 and 2014, the Presbytery has $527,200 and $525,900 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

The fair market value of securities is as follows:

	2015	2014
Corporate stocks and bonds	$ 9,887,821	$15,747,983
U.S. government obligations	-	2,221,541
Mutual Funds	7,335,988	-
Money market securities	286,429	510,263
Total	$17,510,238	$18,479,787

Net investment income for the period consist of:

	2015	2014
Net realized and unrealized gains (losses) on investments	$(845,510)	$ 750,910
Dividends and Interest	799,658	743,427
Investment fees	(71,877)	(85,928)
Net Investment Income (Loss)	$(117,729)	$ 1,408,409

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, Mutual Funds and Money Market Securities. These investments are based upon quoted prices and determined to be Level 1's for the year ended December 31, 2015.

	Level 1	Level 2	Level 3	Total
Corporate Stock and bonds	$ 9,887,821	$ -	$ -	$ 9,887,821
Mutual Funds	7,335,988	-	-	7,335,988
Money Market Securities	286,429	-	-	286,429
Totals	$17,510,238	$ -	$ -	$17,510,238

Note 4 – Advertising Costs

It is the policy of the Presbytery (Howell's) to expense advertising costs as incurred. Advertising costs for the ended December 31, 2015 was $5,588.

Note 5 – Property, Buildings, and Equipment

Property, buildings, and equipment at December 31, 2015 and 2014 are comprised of the following:

	2015	2014
Camp	$3,305,112	$3,072,957
Less accumulated depreciation	2,332,519	2,205,921
Net carrying amount	$ 972,593	$ 867,036

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.

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. This lease was renewed on September 1, 2015 for another thirty-six months, with options for renewal for two (2) extended terms of twelve (12) month's each. Rent expense, including costs of security, was $42,047 for 2015 and $40,501 for 2014. The Presbytery also leases photocopier equipment under an operating lease agreement expiring October, 2018, with monthly payments of $1,795. The lease expense for the year ended December 31, 2015 amounted to $63,593.

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

Year Ending December 31,		Amount
2016		$ 64,520
2017		65,136
2018		64,021
2019		47,921
2020		32,772
	Total	$ 274,370

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 (See Note 14, Subsequent Events). 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, 2015 and 2014 is as follows:

	2015	2014
Account balance, beginning of the year	$18,479,787	$17,806,756
Contributions	11,715	19,153
Investment gain (loss)	(289,240)	1,295,050
Distributions	(613,982)	(547,874)
Expenses	(78,042)	(93,298)
Account balance, end of year	$17,510,238	$18,479,787

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, 2015 and 2014 reflects excess dollars paid out during this time period than collected. The excess represents a temporary timing difference.

	2015	2014
Ranney-Balch Fund	$1,670,721	$1,755,296
Howell Conference and Nature Center	-	44,039
Mission Fund	(53,907)	(54,423)
	$1,616,814	$1,744,912

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:

	2015	2014
McKay Fund - Provide funding for new Presbyterian churches and Missions within the city of Detroit	$ 451,500	$ 476,611
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	13,390,911	14,137,577
Connor Fund - Earnings used to support Fort Street Presbyterian Church	582,670	614,956
Total permanently restricted net assets	$14,425,081	$15,229,144

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:

	2015	2014
Funds available to provide financial assistance to new and Established churches – Capital Fund	$5,462,497	$5,750,982
Funds designated for Presbytery projects	135,936	154,541
Total designated net assets	$5,598,433	$5,905,523

Note 12 – Transfers

The transfers represent revenue and expense transferred within the unrestricted net assets funds for 2015. 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:

2016	$ 3,408
2017	3,627
2018	1,598
	$ 8,633

Note 14 – Subsequent Events

On July 1, 2016 “Howell Nature Center, LLC” converted to a Non-profit membership corporation in which the “Presbytery of Detroit, Inc.” is the only member.

On July 25, 2016 “Howell Nature Center”, was approved for a line of credit with Comerica Bank with a $250,000 limit. Interest is at a variable rate. The line of credit is secured by personal property (as defined in the Security Agreement), and guaranteed by “Presbytery of Detroit, Inc., a Michigan Non-Profit Corporation”.

The “Presbytery of Detroit, Inc.” adopted a New Investment Policy (T7) as of June 2016. The Trustees established a clear understanding of the values, philosophy and investment objective to be applied to the Investment Portfolio(s).

The “Presbytery of Detroit, Inc.” adopted a New Cash and Line of Credit Policy Statement (T-17) as of August 2016.

On May 25, 2016 the “Presbytery of Detroit, Inc.”, was approved for a line of credit with Comerica Bank with a $500,000 limit. Interest is at a variable rate. The line of credit is secured by all assets referred to in the Security Agreement (excluding real property which is not a fixture).

THE PRESBYTERY OF DETROIT, INC.
Consolidated Notes to Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 15 - Unrestricted Expenses

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

	2015	2014
Program expenses:		
Howell Conference and Nature Center	$ 1,497,289	$ 1,348,391
Operations	1,498,648	1,454,141
Designated Funds:		
Committee on Local Arrangement (COLA)	-	100,979
Hand on Missions Project	25,156	14,957
Ecumenical Theological Seminary	2,550	-
Barnabas	4,100	-
Domestic Violence	-	9,756
Fort Street Open Door	15,260	26,585
Two Cents A Meal	2,250	7,400
Kenya Well	-	13,256
Clergy in Transit	3,620	-
Habitat for Humanity	-	5,916
New Transformation Worship PCUSA Grant	-	7,500
Presbyterian Village	3,928	-
Hunger Program	14,060	9,378
NCD Commuidad 4500 (Rent)	14,758	19,438
A Place of Refuge	1,500	-
Detroit Inbound Mission	2,320	6,234
Second Mile Center	56,700	22,922
Dexter/Chelsea NCD Grants Synod, PCUSA	46,509	54,322
Presbyterian Men	3,153	-
Other Expenses	27,380	71,785
Total Program Expenses	$ 3,219,181	$ 3,172,960
Management and general expenses:		
Trustees (Note 1)	$ 629,932	$ 650,162
COLA	-	82,253
Depreciation expense	126,024	110,179
Investment fees	71,877	85,928
Total Management and General Expenses	$ 827,833	$ 928,522
Fundraising Expense	$ 14,749	$ 49,240

Supplementary Information

THE PRESBYTERY OF DETROIT, INC.

Schedule of Indebtedness of Churches and the Presbytery of Detroit
to Other Presbyterian Organziations
For the Year Ended December 31, 2015

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	24,549	-	-	-	24,549
Dearborn, Cherry Hill	-	28,940	-	-	28,940
Dearborn, Littlefield	-	17,083	-	-	17,083
Churches of Detroit					
Broadstreet	-	20,000	-	8,910	28,910
Calvin East	-	29,050	-	-	29,050
Grandale	-	20,000	-	-	20,000
Outer Drive	-	21,664	-	-	21,664
Trinity Community	-	-	-	1,245	1,245
Eunmenical Center & International Residence	-	53,787	-	-	53,787
Farmington, First Presbyterian	-	-	582,698	-	582,698
Drayton Plains, Community	-	28,688	-	-	28,688
Howell, First Presbyterian	-	-	399,147	-	399,147
Livonia, St. Pauls	-	10,000	-	-	10,000
New Life Presbyterian	-	-	-	1,841	1,841
Northville, First Presbyterian	-	-	1,119,320	-	1,119,320
Novi, Faith Community	-	-	287,231		287,231
Pontiac, Joslyn Ave.	-	22,175	-	-	22,175
Redford, Village	-	11,418	-	-	11,418
Rochester University	-	-	320,855	-	320,855
Sterling Heights, Utica	29,744	-	-	-	29,744
Sterling Heights, Utica	42,589	-	-	-	42,589
Total Loans - Churches	$ 96,882	$ 276,805	$ 2,709,251	$ 11,996	$ 3,094,934