



**Redeemer Presbyterian Church  
of New York City and Affiliate**

Consolidated Financial Statements

December 31, 2014

## INDEPENDENT AUDITORS' REPORT

### **The Trustees and The Session Redeemer Presbyterian Church of New York City**

We have audited the accompanying consolidated financial statements of Redeemer Presbyterian Church of New York City and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

#### ***Management's Responsibility for the Consolidated 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 the consolidated 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 consolidated 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 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 auditors' 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 consolidated 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 consolidated 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Redeemer Presbyterian Church of New York City and Affiliate as of December 31, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**The Trustees and The Session  
Redeemer Presbyterian Church of New York City  
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**Report on Summarized Comparative Information**

We have previously audited Redeemer Presbyterian Church of New York City and Affiliate's, December 31, 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 22, 2014. In our opinion, the summarized comparative information presented herein as of December 31, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*O'Connor Davies, LLP*

April 30, 2015

**Redeemer Presbyterian Church of New York City  
and Affiliate**

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

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,224,824	\$ 8,117,858
Prepaid expenses and other current assets	341,465	277,458
Lease security deposits	1,125,332	239,304
Property, furnishings, equipment, and leasehold improvements, net	55,229,757	56,173,305
Deferred financing costs	227,626	-
	\$ 69,149,004	\$ 64,807,925
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 750,415	\$ 560,374
Capital lease obligations	141,609	311,117
Deferred rent credit	19,017	133,115
Security deposit payable	50,000	51,500
Loans payable	28,369,428	30,362,431
Total Liabilities	29,330,469	31,418,537
 <b>Net Assets</b>		
<b>Unrestricted</b>		
Current operating	4,801,293	3,360,552
Redeemer City to City	4,364,621	2,996,263
Investment in property, furnishings, equipment and leasehold improvements, net of related liabilities	26,946,346	24,511,889
Total Unrestricted Net Assets	36,112,260	30,868,704
 <b>Temporarily Restricted</b>		
Redeemer Presbyterian Church	1,927,805	1,449,206
Redeemer City to City	1,778,470	1,071,478
Total Temporarily Restricted Net Assets	3,706,275	2,520,684
Total Net Assets	39,818,535	33,389,388
	\$ 69,149,004	\$ 64,807,925

See notes to consolidated financial statements

**Redeemer Presbyterian Church of New York City  
and Affiliate**

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

	2014			2013 Total
	Unrestricted	Temporarily Restricted	Total	
<b>CONTRIBUTIONS AND REVENUE</b>				
Contributions				
General	\$ 20,414,855	\$ -	\$ 20,414,855	\$ 15,303,476
RENEW Campaign 2010 - 2012	-	294,016	294,016	823,443
Mercy and Justice	-	679,864	679,864	672,864
Redeemer City to City	5,490,370	1,866,678	7,357,048	4,826,715
Other	462,930	1,037,244	1,500,174	700,378
Total Contributions	<u>26,368,155</u>	<u>3,877,802</u>	<u>30,245,957</u>	<u>22,326,876</u>
Revenue				
Counseling	1,696,932	-	1,696,932	1,533,728
Ministry program	486,528	-	486,528	526,054
Sales of sermons, books, and others	682,974	-	682,974	718,695
Interest income	32,228	-	32,228	41,862
Rental income	668,959	-	668,959	517,205
Royalty income	155,917	-	155,917	302,062
Total Revenue	<u>3,723,538</u>	<u>-</u>	<u>3,723,538</u>	<u>3,639,606</u>
Total Contributions and Revenue before Net Assets Released from Restrictions	30,091,693	3,877,802	33,969,495	25,966,482
Net assets released from restrictions	<u>2,692,211</u>	<u>(2,692,211)</u>	<u>-</u>	<u>-</u>
Total Contributions and Revenue	<u>32,783,904</u>	<u>1,185,591</u>	<u>33,969,495</u>	<u>25,966,482</u>
<b>EXPENSES</b>				
Congregations	9,551,024	-	9,551,024	9,094,225
Community Formation	2,251,998	-	2,251,998	2,085,522
Mercy and Justice	986,408	-	986,408	1,399,979
Center for Faith and Work	1,139,042	-	1,139,042	1,191,453
Redeemer City to City	4,804,288	-	4,804,288	4,211,759
Leadership, administration, facilities, and fundraising	8,807,588	-	8,807,588	8,430,728
Total Expenses	<u>27,540,348</u>	<u>-</u>	<u>27,540,348</u>	<u>26,413,666</u>
Change in Net Assets	5,243,556	1,185,591	6,429,147	(447,184)
<b>NET ASSETS</b>				
Beginning of year	<u>30,868,704</u>	<u>2,520,684</u>	<u>33,389,388</u>	<u>33,836,572</u>
End of year	<u>\$ 36,112,260</u>	<u>\$ 3,706,275</u>	<u>\$ 39,818,535</u>	<u>\$ 33,389,388</u>

See notes to consolidated financial statements

**Redeemer Presbyterian Church of New York City  
and Affiliate**

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

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,429,147	\$ (447,184)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,664,383	1,619,522
Deferred rent credit amortization	(114,098)	(114,098)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(64,007)	(8,086)
Accounts payable and accrued expenses	190,041	(111,273)
Security deposit payable	(887,528)	125,349
Deferred revenue	-	(33,611)
Net Cash from Operating Activities	7,217,938	1,030,619
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of certificates of deposit	-	550,205
Purchase of furnishings, equipment, and improvements	(716,876)	(1,332,247)
Deferred finance costs	(231,585)	-
Net Cash from Investing Activities	(948,461)	(782,042)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from construction loan	-	1,053,270
Repayment of loans payable	(1,993,003)	(348,921)
Repayment of capital lease obligations	(169,508)	(184,453)
Net Cash from Financing Activities	(2,162,511)	519,896
 Net Change in Cash and Cash Equivalents	4,106,966	768,473
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	8,117,858	7,349,385
End of year	\$ 12,224,824	\$ 8,117,858
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 1,755,302	\$ 1,958,469
Non-Cash Investing Activity		
Disposal of fully depreciated assets	665,413	29,719
Acquisition of equipment financed through capital lease	-	43,524
Refinancing of loans payable	29,085,621	-

See notes to consolidated financial statements

## **Redeemer Presbyterian Church of New York City and Affiliate**

Notes to the Consolidated Financial Statements  
December 31, 2014

### **1. Organization and Taxation**

Redeemer Presbyterian Church of New York City (the "Church") is a corporation organized pursuant to Article 10 of the Religious Corporations Law of the State of New York and is part of the Presbyterian Church in America. The Church's vision is to build a great city for all people through a gospel movement that brings personal conversion, community formation, social justice and cultural renewal to New York and, through it, to the world.

As a religious organization, the Church is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under comparable laws.

Redeemer City to City ("CTC", "Affiliate") is a not-for-profit corporation organized on January 2, 2008 under the laws of the State of New York. CTC's by-laws require the Church to nominate a majority of the CTC board members. The purpose of CTC is to serve the great cities of the world through church planting, training of church leaders and content development. All church planting activities are part of CTC.

CTC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under comparable laws.

### **2. Summary of Significant Accounting Policies**

#### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the Church and CTC (collectively known as "Redeemer"). Accounting principles generally accepted in the United States of America ("U.S. GAAP") require all organizations over which the Church has both control and an economic interest to be accounted for as consolidated affiliates. All material inter-organizational accounts and transactions have been eliminated.

#### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP. Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Church and changes therein are classified as permanently restricted, temporarily restricted or unrestricted.

#### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management considers the self-insured health plan to be a critical financial statement area requiring extensive subjective judgments. Management bases its estimates for the self insurance health plan on historical experience, industry averages, and industry experience. Actual results could differ from these estimates under different assumptions or conditions.

## **Redeemer Presbyterian Church of New York City and Affiliate**

Notes to the Consolidated Financial Statements  
December 31, 2014

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Cash Equivalents***

Cash equivalents consist of short-term highly liquid debt investments, with maturities of three months or less at the time of purchase except those designated as held for investment.

#### ***Contributions***

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor indications of intent to give in the future that do not rise to a level of a promise to give are not reflected in the consolidated financial statements. Contributions received are recorded as unrestricted and temporarily restricted contributions depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

#### ***Property, Furnishings, Equipment, and Leasehold Improvements***

It is Redeemer's policy to capitalize property, furnishings, equipment, and leasehold improvements over \$1,000. Lesser amounts are expensed. Furnishings, equipment and leasehold improvements are capitalized at cost or fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of office equipment and furnishings (5 to 10 years), computer equipment (3 to 5 years), website (3 years), leasehold improvements (10 years or the life of the lease, whichever is shorter), and building and improvements (40 years).

#### ***Allocation of Functional Expenses***

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated across the ministry fronts and congregations.

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

Redeemer recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Redeemer had no uncertain tax positions that would require financial statement recognition or disclosure. CTC is not subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2011.

#### ***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 30, 2015.



## Redeemer Presbyterian Church of New York City and Affiliate

Notes to the Consolidated Financial Statements  
December 31, 2014

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***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 Redeemer's financial statements for the year ended December 31, 2013 from which the summarized information was derived.

### 3. Prior Period Correction of Financial Statements

The accompanying financial statements for the year ended December 31, 2013 have been restated to correct an error made relating to the release of temporarily restricted net assets. In 2009, the Church started a multi-year campaign for several projects. From 2010 through 2013, certain donations received for these projects were recorded as temporarily restricted. However, the amounts were not recorded as released from restriction when the expenditures were made during that period. Accordingly, the comparative 2013 amounts shown on the consolidated statement of financial position have been restated to reflect an increase in unrestricted net assets and a decrease in temporarily restricted net assets totaling \$948,160, respectively.

### 4. Property, Furnishings, Equipment, and Leasehold Improvements

Property, furnishings, equipment, and leasehold improvements at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Office equipment and furnishings	\$ 1,229,746	\$ 1,114,347
Computer equipment	870,298	816,062
Website	184,255	118,903
Leasehold improvements	800,828	1,055,429
Building and improvements	<u>42,853,432</u>	<u>42,838,248</u>
	45,938,559	45,942,989
Less accumulated depreciation and amortization	<u>4,708,802</u>	<u>3,769,684</u>
	41,229,757	42,173,305
Land	<u>14,000,000</u>	<u>14,000,000</u>
	<u>\$ 55,229,757</u>	<u>\$ 56,173,305</u>

Office equipment and furnishings at December 31, 2014 and 2013 include capital leases totaling \$443,273 and \$761,220 with accumulated depreciation totaling \$223,845 and \$332,766.

## Redeemer Presbyterian Church of New York City and Affiliate

Notes to the Consolidated Financial Statements  
December 31, 2014

### 5. Deferred Financing Costs

Financing costs of \$231,585 associated with refinancing the loans outstanding (see Note 7) are being amortized over the life of the mortgage loan. Accumulated amortization was \$3,959 at December 31, 2014. Amortization expense incurred in 2014 was \$3,959. Amortization expense for the next five years is expected to be approximately \$24,600 per year.

### 6. Capital Lease Obligation

Future minimum rental obligations for office equipment and furniture under capital lease agreements as of December 31, 2014 are as follows:

2015	\$ 107,189
2016	30,635
2017	12,003
2018	<u>5,270</u>
Total Lease Payments	155,097
Less portion representing interest	<u>13,488</u>
Principal value of all capital leases	<u>\$ 141,609</u>

Interest expense on the capital lease obligation was approximately \$23,000 and \$40,000 for 2014 and 2013.

### 7. Loans Payable

Redeemer has a mortgage loan payable with a bank, which is secured by an interest in real property located at 150 West 83<sup>rd</sup> Street, New York, NY. The loan bears interest at the rate of 6.375% annually. Monthly payments of interest and principal of \$107,139 were due and paid from November 1, 2010 to October 1, 2013. A balloon payment of \$16,633,511 was originally due at maturity on November 1, 2013. The bank agreed to extend the maturity date pending refinancing of the loan which took place in May 2014.

On February 27, 2009, Redeemer entered into a construction loan agreement which gives Redeemer access to \$14,300,000 to fund the construction of its community center and worship space. The loan bears an interest rate of 6.375% annually. Payments of \$89,094 consisting of principal and interest are due monthly for 11 months commencing on March 1, 2013. A balloon payment of the remaining balance was originally due on February 1, 2014. The bank agreed to extend the maturity date pending refinancing of the loan which took place in May 2014.

On May 27, 2014 the Church consolidated the two maturing loans into a new loan in the amount of \$29,085,621 at an interest rate of 4.750%, adjustable once after five years. The term of the new loan is ten years. Payments will be made on a twenty-five year amortization schedule, starting from the closing date of the new loan, with monthly loan payments of interest and principal of approximately \$165,884. A balloon payment of the remaining balance (\$20,610,586) is due at the maturity of the loan in June 2024.

Total interest incurred for the years ended December 31, 2014 and 2013 amounted to \$1,732,337 and \$1,918,116.

**Redeemer Presbyterian Church of New York City and Affiliate**

Notes to the Consolidated Financial Statements  
December 31, 2014

**7. Loans Payable (continued)**

Future maturities of the loan payable under the schedule of the new bank commitment agreement are as follows as of December 31:

2015	\$ 757,551
2016	690,373
2016	727,599
2017	762,922
2018	799,960
Thereafter	<u>24,631,023</u>
	<u>\$ 28,369,428</u>

**8. Temporarily Restricted Net Assets; Net Assets Released from Restrictions**

Net assets which were the subject of donor imposed restrictions held at December 31, 2014 and 2013 and net assets released from restrictions during the year are follows:

	2014		2013	
	Net Assets Held at Year End	Released During the Year	Net Assets Held at Year End	Released During the Year
Redeemer Presbyterian Church of New York City				
Asia Relief	\$ 49,096	\$ 30,000	\$ 71,531	\$ -
Building Fund	690,130	427,265	182,854	647
Center for Faith and Work - Incubator	139,923	50,377	150,436	69,709
Center for Faith and Work	73,027	-	73,027	63,700
Hope for New York	19,892	109,411	47,585	63,876
Mercy Fund (Diaconate)	710,042	633,896	753,574	741,446
New York City Disaster Relief	51,769	560	52,329	349,301
Other donor restricted contributions	51,600	18,017	41,217	100,320
Promise of Hope Fund	41,156	19,900	48,296	13,140
RENEW Campaign	75,945	241,684	23,680	-
Youth Scholarships	25,225	1,415	4,677	-
Total Redeemer Presbyterian Church of New York City Temporarily Restricted Net Assets	<u>\$ 1,927,805</u>	<u>\$ 1,532,525</u>	<u>\$ 1,449,206</u>	<u>\$ 1,402,139</u>

## Redeemer Presbyterian Church of New York City and Affiliate

Notes to the Consolidated Financial Statements  
December 31, 2014

### 8. Temporarily Restricted Net Assets; Net Assets Released from Restrictions (continued)

	2014		2013	
	Net Assets Held at Year End	Released During the Year	Net Assets Held at Year End	Released During the Year
Redeemer City to City				
Asian Immersion Project	\$ 97,573	\$ 11,296	\$ 52,369	\$ 8,971
Athens Project	4,150	19,168	3,387	47,900
Barcelona Project	42,452	72,077	48,469	118,208
Berlin Projekt	13,486	28,717	6,903	26,072
Brussels Project	60,091	51,143	57,799	23,250
Buenos Aires Project	-	7760	260	32,500
Church Planting Center	-	-	-	42,500
City Life London	9,500	10,200	7,200	2,333
Delhi Aamir/Deokuliar Project	6,695	5,000	-	-
East Asia Movement	8,531	1,112	9,644	28,000
Edinburgh Project	13,000	25,000	13,000	25,000
Europe Project	144,345	37,259	40,104	201,066
First Fruits Program	7,626	20,000	27,626	-
Frankfurt Project	7,439	19,775		
Hamburg Project	43,891	61,475	20,682	12,910
Hong Kong Project	500	50,000	-	-
India Project	-	8,105	8,105	15,011
Kirche Project	47,288	50,710	13,382	42,275
Kreuzberg Project	11,469	76,305	24,600	31,100
Lisbon/Manuel Rainho Project	397	-	-	-
London/Camdentown Project	-	667	667	4,983
Miscellaneous restricted donations	256,164	86,150	42,022	26,900
Mumbai Project	28,102	5,200	12,302	-
New York City Projects	12,374	-	12,374	112,794
New York City Movement Projects	399,212	195,497	346,765	56,250
Paris Project	66,704	53,340	66,791	86,280
Prague Project	1,750	53,581	26,081	51,386
Pretoria/One Mokgatle Project	31,278	33,997	-	-
Randburg Project	888	11,863	-	-
Rome/Rome II Projects	40,007	23,000	60,007	20,000
Rotterdam	-	50,973	973	35,000
Santiago Project	84,412	15,000	96,912	-
Sydney Project	72,500	30,000	50,000	50,000
Taipei Project	40,000	300	-	-
Tokyo Project	<u>226,646</u>	<u>45,016</u>	<u>23,054</u>	<u>49,114</u>
Total Redeemer City to City Temporarily Restricted Net Assets	<u>1,778,470</u>	<u>1,159,686</u>	<u>1,071,478</u>	<u>1,149,803</u>
 Total Redeemer Presbyterian Church of New York City and Affiliate Temporarily Restricted Net Assets	 <u>\$ 3,706,275</u>	 <u>\$ 2,692,211</u>	 <u>\$ 2,520,684</u>	 <u>\$ 2,551,942</u>

## **Redeemer Presbyterian Church of New York City and Affiliate**

Notes to the Consolidated Financial Statements  
December 31, 2014

### **8. Temporarily Restricted Net Assets; Net Assets Released from Restrictions (continued)**

#### ***RENEW Campaign***

By 2020, Redeemer's vision is to have multiple strong congregations serving a total of 9,000-10,000 people, worshipping at 7-9 locations and conducting 12 or more services around New York City. To achieve this goal, in 2009 Redeemer launched the RENEW Campaign to raise \$20 million in order to:

1. Identify and develop pastoral and preaching leadership
2. Grow and equip lay leaders
3. Establish 7-Day-A-Week ministry centers to serve New York City's neighborhoods

The first \$10,000,000 raised through the RENEW Campaign was used to complete the renovations of the West Side Building to help accomplish the third goal of establishing 7-Day-A-Week ministry centers. The remaining funds raised through RENEW will support all three of the above goals, including the initial establishment of a rented 7-Day-A-Week ministry center on the East Side, and costs to run and administer the campaign.

As of December 31, 2014, approximately \$15 million has been contributed towards the campaign. Redeemer's executive leadership approached members of the congregation who have indicated an intention to give, and many of those who expressed an intention give have been unable to do so, primarily based on the negative impact to income, due to the after-effect of the financial crisis of 2008. At this point, Redeemer will be closing down the RENEW campaign and does not anticipate that additional giving to the campaign will be substantive on a going forward basis.

### **9. Rental Commitments**

Redeemer occupies office and counseling space under a non-cancellable operating lease that expired on February 28, 2015. Redeemer has entered into a new lease beginning January 1, 2015 through August 30, 2020 to replace their expired lease. Both lease agreements contain provisions for free rent periods and rent inducement payments. The total amount of rental payment due over the lease term is being charged to rent expense on a straight-line basis over the term of the lease. Redeemer sublets a portion of its office and counseling space. Rent reimbursed to Redeemer under the sub-lease was approximately \$46,000 in 2014 and 2013 and was netted against rental expenses.

As part of its' rental arrangement under the new office lease, Redeemer has obtained a letter of credit with a compensating balance held at a commercial bank of an amount no less than \$885,280 at all times as a lease security deposit required pursuant to the sublease agreement. The letter of credit, which was effective June 9, 2014, shall be extended annually with a final expiration of date of August 30, 2020.

Redeemer has leases on two worship spaces, one of which expires on December 27, 2015, and the other on June 30, 2015. In addition, Redeemer leases various pieces of office equipment under operating leases with various expiration dates through 2015.

## Redeemer Presbyterian Church of New York City and Affiliate

Notes to the Consolidated Financial Statements  
December 31, 2014

### 9. Rental Commitments *(continued)*

Rental expense for all operating leases totaled approximately \$2,514,000 and \$2,530,000 for 2014 and 2013.

Future remaining minimum commitments for operating leases with terms greater than one year as of December 31, 2014 are approximately as follows:

2015	\$ 1,760,000
2016	1,771,000
2017	1,771,000
2018	1,771,000
2019	1,771,000
Thereafter	<u>1,180,000</u>
	<u>\$ 10,024,000</u>

### 10. Retirement Plan

Redeemer contributes to a multi-employer defined contribution church pension plan maintained by the Presbyterian Church in America on behalf of its clergy and other senior non-clergy employees. Contributions are determined each year by the Church's Board of Elders in conjunction with CTC's Executive Director and Board of Directors. Expense amounted to \$334,688 and \$312,514 for 2014 and 2013.

### 11. Commitments and Contingencies

Effective August 1, 2014, Redeemer established a self-insured health plan for its employees electing to participate in the plan. The plan is administered by a third party. Claims in excess of \$75,000 are covered by a stop loss insurance policy purchased by Redeemer. Claims incurred on the plan totaled approximately \$580,000 in 2014. Management believes that Redeemer has recorded appropriate health insurance reserves to cover the future costs of any self insured claims for 2014. Approximately \$68,000 as of December 31, 2014 is included in accounts payable and accrued expenses on the consolidated statement of financial position.

On February 8, 2011, an incident at the construction site of the new community center and worship space resulted in the death of two workers employed by an independent contractor. The Church is a co-defendant in cases filed by the workers' estates in the New York State Supreme Court in New York County, New York. The suits seek unspecified damages. The Church believes it is not responsible for the death of the workers and intends to vigorously defend its position. The Church believes that a finding against the Church, if any, will be covered by insurance. The ultimate outcome of this litigation cannot presently be determined. However, in management's opinion, the likelihood of a material adverse outcome is remote. Accordingly, a liability, if any, that might result from the resolution of this matter, has not been reflected in the financial statements.

## **Redeemer Presbyterian Church of New York City and Affiliate**

Notes to the Consolidated Financial Statements  
December 31, 2014

### **12. Credit Risk Concentration**

The Church maintains cash and cash equivalent balances at multiple financial institutions. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000 and accounts at each brokerage institution are insured by the Securities Investor Protection Corporation (SIPC insured) up to \$500,000 (\$250,000 for cash). The Church has not experienced any loss in such accounts. As of December 31, 2014, the uninsured balance is approximately \$11,400,000. The Church believes it is not exposed to any significant credit risk on its cash and cash equivalent balances.

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