

**TRINITARIAN CONGREGATIONAL CHURCH**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Smith  Sullivan  
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581  
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**TRINITARIAN CONGREGATIONAL CHURCH**

**REPORT ON FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

*“Our Mission is to be and to  
make Disciples of  
Jesus Christ”*

TRINITARIAN CONGREGATIONAL CHURCH  
REPORT ON FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Elders and Council Members  
Trinitarian Congregational Church  
Wayland, Massachusetts

We have reviewed the accompanying statements of financial position of Trinitarian Congregational Church (a Massachusetts nonprofit organization) as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Church's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Smith, Sullivan & Brown, P.C.*

Westborough, Massachusetts  
June 5, 2014

TRINITARIAN CONGREGATIONAL CHURCH

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents, General Operations	\$ 24,431	\$ 14,416
Cash and Cash Equivalents, Mission Fund	50,101	48,991
Cash and Cash Equivalents, Deacon's Fund	10,400	23,094
Cash and Cash Equivalents, Donor-Designated Fund	40,704	70,809
Total Current Assets	<u>125,636</u>	<u>157,310</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>6,575,091</u>	<u>6,671,492</u>
<u>OTHER ASSETS:</u>		
Loan Receivable, Pastor	112,333	123,805
Loan Receivable, Associate Pastor	<u>115,000</u>	<u>-</u>
Total Other Assets	<u>227,333</u>	<u>123,805</u>
<u>TOTAL ASSETS</u>	<u>\$ 6,928,060</u>	<u>\$ 6,952,607</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
<u>CURRENT LIABILITIES:</u>		
Note Payable	\$ 207,075	\$ 112,075
Accrued Payroll and Related Costs	<u>10,843</u>	<u>8,878</u>
Total Current Liabilities	<u>217,918</u>	<u>120,953</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets:		
General Fund, Operations	105,921	89,343
General Fund, Facilities	6,503,016	6,599,417
Mission Fund	50,101	48,991
Deacon's Fund	<u>10,400</u>	<u>23,094</u>
Total Unrestricted Net Assets	6,669,438	6,760,845
Temporarily Restricted Net Assets	<u>40,704</u>	<u>70,809</u>
Total Net Assets	<u>6,710,142</u>	<u>6,831,654</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 6,928,060</u>	<u>\$ 6,952,607</u>

TRINITARIAN CONGREGATIONAL CHURCH

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013  
*(With Summarized Comparative Totals for 2012)*

	<u>GENERAL</u> <u>FUND</u>	<u>MISSION</u> <u>FUND</u>	<u>DEACON'S</u> <u>FUND</u>	<u>TOTAL</u> <u>UNRESTRICTED</u>	<u>TEMPORARILY</u> <u>RESTRICTED</u>	<u>TOTAL ACTIVITIES</u> <u>2013</u>	<u>2012</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>							
<i>Public Support:</i>							
Tithes and Offerings	\$ 1,023,156	\$ 209,521	\$ 12,795	\$ 1,245,472	\$ -	\$ 1,245,472	\$ 1,109,885
Other Gifts and Contributions	-	-	-	-	30,371	30,371	223,006
Total Public Support	<u>1,023,156</u>	<u>209,521</u>	<u>12,795</u>	<u>1,245,472</u>	<u>30,371</u>	<u>1,275,843</u>	<u>1,332,891</u>
<i>Other Revenues:</i>							
Ministry Activity Fees	22,137	-	-	22,137	-	22,137	14,974
Building Use Fees	11,183	-	-	11,183	-	11,183	9,758
Gain (Loss) on Sale of Donated Stocks	(10)	-	-	(10)	-	(10)	910
Interest and Dividend Income	4,167	-	2	4,169	-	4,169	1,326
Total Other Revenues	<u>37,477</u>	<u>-</u>	<u>2</u>	<u>37,479</u>	<u>-</u>	<u>37,479</u>	<u>26,968</u>
<i>Reclassification of Net Assets:</i>							
Net Assets Released from Restriction	60,476	-	-	60,476	(60,476)	-	-
<b><u>TOTAL SUPPORT, REVENUES</u></b> <b><u>AND RECLASSIFICATIONS</u></b>	<b><u>1,121,109</u></b>	<b><u>209,521</u></b>	<b><u>12,797</u></b>	<b><u>1,343,427</u></b>	<b><u>(30,105)</u></b>	<b><u>1,313,322</u></b>	<b><u>1,359,859</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>							
<i>Program Services:</i>							
Ministry Expenses	981,879	208,411	25,491	1,215,781	-	1,215,781	1,233,817
<i>Supporting Services:</i>							
Administrative	219,053	-	-	219,053	-	219,053	217,844
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>1,200,932</u></b>	<b><u>208,411</u></b>	<b><u>25,491</u></b>	<b><u>1,434,834</u></b>	<b><u>-</u></b>	<b><u>1,434,834</u></b>	<b><u>1,451,661</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>(79,823)</u></b>	<b><u>1,110</u></b>	<b><u>(12,694)</u></b>	<b><u>(91,407)</u></b>	<b><u>(30,105)</u></b>	<b><u>(121,512)</u></b>	<b><u>(91,802)</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>6,688,760</u></b>	<b><u>48,991</u></b>	<b><u>23,094</u></b>	<b><u>6,760,845</u></b>	<b><u>70,809</u></b>	<b><u>6,831,654</u></b>	<b><u>6,923,456</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 6,608,937</u></b>	<b><u>\$ 50,101</u></b>	<b><u>\$ 10,400</u></b>	<b><u>\$ 6,669,438</u></b>	<b><u>\$ 40,704</u></b>	<b><u>\$ 6,710,142</u></b>	<b><u>\$ 6,831,654</u></b>

TRINITARIAN CONGREGATIONAL CHURCH

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>GENERAL</u> <u>FUND</u>	<u>MISSION</u> <u>FUND</u>	<u>DEACON'S</u> <u>FUND</u>	<u>TOTAL</u> <u>UNRESTRICTED</u>	<u>TEMPORARILY</u> <u>RESTRICTED</u>	<u>TOTAL</u> <u>ACTIVITIES</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>						
<i>Public Support:</i>						
Tithes and Offerings	\$ 887,892	\$ 201,320	\$ 20,673	\$ 1,109,885	\$ -	\$ 1,109,885
Other Gifts and Contributions	-	-	-	-	223,006	223,006
Total Public Support	<u>887,892</u>	<u>201,320</u>	<u>20,673</u>	<u>1,109,885</u>	<u>223,006</u>	<u>1,332,891</u>
<i>Other Revenues:</i>						
Ministry Activity Fees	14,974	-	-	14,974	-	14,974
Building Use Fees	9,758	-	-	9,758	-	9,758
Gain on Sale of Donated Stocks	910	-	-	910	-	910
Interest and Dividend Income	1,321	-	5	1,326	-	1,326
Total Other Revenues	<u>26,963</u>	<u>-</u>	<u>5</u>	<u>26,968</u>	<u>-</u>	<u>26,968</u>
<i>Reclassification of Net Assets:</i>						
Net Assets Released from Restriction	<u>203,519</u>	<u>-</u>	<u>-</u>	<u>203,519</u>	<u>(203,519)</u>	<u>-</u>
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>1,118,374</u></b>	<b><u>201,320</u></b>	<b><u>20,678</u></b>	<b><u>1,340,372</u></b>	<b><u>19,487</u></b>	<b><u>1,359,859</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>						
<i>Program Services:</i>						
Ministry Expenses	999,905	212,454	21,458	1,233,817	-	1,233,817
<i>Supporting Services:</i>						
Administrative	<u>217,844</u>	<u>-</u>	<u>-</u>	<u>217,844</u>	<u>-</u>	<u>217,844</u>
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>1,217,749</u></b>	<b><u>212,454</u></b>	<b><u>21,458</u></b>	<b><u>1,451,661</u></b>	<b><u>-</u></b>	<b><u>1,451,661</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>(99,375)</u></b>	<b><u>(11,134)</u></b>	<b><u>(780)</u></b>	<b><u>(111,289)</u></b>	<b><u>19,487</u></b>	<b><u>(91,802)</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>6,788,135</u></b>	<b><u>60,125</u></b>	<b><u>23,874</u></b>	<b><u>6,872,134</u></b>	<b><u>51,322</u></b>	<b><u>6,923,456</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 6,688,760</u></b>	<b><u>\$ 48,991</u></b>	<b><u>\$ 23,094</u></b>	<b><u>\$ 6,760,845</u></b>	<b><u>\$ 70,809</u></b>	<b><u>\$ 6,831,654</u></b>

TRINITARIAN CONGREGATIONAL CHURCH

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013  
 (With Summarized Comparative Totals for 2012)

	<u>MINISTRY</u> <u>EXPENSES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
			<u>2013</u>	<u>2012</u>
<i><u>Personnel Expenses :</u></i>				
Salaries, Wages and Compensation	\$ 375,499	\$ 130,426	\$ 505,925	\$ 409,524
Housing Allowances	78,457	-	78,457	28,864
Payroll Taxes and Workers Compensation Insurance	34,819	12,234	47,053	33,777
Employee Benefits	58,382	20,512	78,894	56,678
Contracted Services/Temporary Personnel	19,104	-	19,104	90,166
Professional Development/Education	4,990	-	4,990	11,336
Total Personnel Expenses	571,251	163,172	734,423	630,345
<i><u>Direct Ministry Expenses :</u></i>				
All Church	13,758	-	13,758	10,390
Adult Ministries	13,773	-	13,773	13,725
Youth Ministries	18,421	-	18,421	14,208
Children's Ministries	10,338	-	10,338	10,981
Music/Worship	19,858	-	19,858	19,687
Audio	1,025	-	1,025	1,048
Girls Gathering	1,114	-	1,114	853
Vacation Bible School	199	-	199	3,367
Stephen Ministry	1,840	-	1,840	50
Fellowship	4,907	-	4,907	6,254
Flower Guild	2,499	-	2,499	1,889
Deaconesses	1,448	-	1,448	-
Total Direct Ministry Expenses	89,180	-	89,180	82,452
<i><u>Missionary Expenses :</u></i>				
Missionary Support	208,411	-	208,411	212,454
Global Outreach	384	-	384	44,634
Total Missionary Expenses	208,795	-	208,795	257,088
<i><u>Deacon's Fund :</u></i>				
Benevolence	25,491	-	25,491	24,122
Total Deacon's Fund Expenses	25,491	-	25,491	24,122
<i><u>Other Operating Expenses :</u></i>				
Occupancy and Facilities	87,274	4,593	91,867	144,190
Depreciation Expense	174,427	9,180	183,607	180,173
Equipment Rental, Repairs and Maintenance	26,498	6,624	33,122	28,561
Office Supplies	-	7,639	7,639	7,249
Minor Equipment Purchases	5,882	-	5,882	20,521
Telephone and Communications	3,466	867	4,333	5,110
Postage and Shipping	1,458	365	1,823	2,636
Printing and Publications	153	38	191	793
Professional Fees	-	10,584	10,584	26,093
Staff Travel	2,639	-	2,639	6,776
Insurance	19,267	1,014	20,281	19,163
Interest	-	7,144	7,144	4,557
Advertising	-	7,068	7,068	2,064
Gifts	-	-	-	9,634
Other Expenses	-	765	765	134
Total Other Operating Expenses	321,064	55,881	376,945	457,654
<b>Total Functional Expenses</b>	<b>\$ 1,215,781</b>	<b>\$ 219,053</b>	<b>\$ 1,434,834</b>	<b>\$ 1,451,661</b>



TRINITARIAN CONGREGATIONAL CHURCH

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>MINISTRY</u> <u>EXPENSES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
<i><u>Personnel Expenses :</u></i>			
Salaries, Wages and Compensation	\$ 278,480	\$ 131,044	\$ 409,524
Housing Allowances	28,864	-	28,864
Payroll Taxes and Workers Compensation Insurance	23,115	10,662	33,777
Employee Benefits	45,904	10,774	56,678
Contracted Services/Temporary Personnel	90,166	-	90,166
Professional Development/Education	10,666	670	11,336
Total Personnel Expenses	<u>477,195</u>	<u>153,150</u>	<u>630,345</u>
<i><u>Direct Ministry Expenses :</u></i>			
All Church	10,390	-	10,390
Adult Ministries	13,725	-	13,725
Youth Ministries	14,208	-	14,208
Children's Ministries	10,981	-	10,981
Music/Worship	19,687	-	19,687
Audio	1,048	-	1,048
Girls Gathering	853	-	853
Vacation Bible School	3,367	-	3,367
Stephen Ministry	50	-	50
Fellowship	6,254	-	6,254
Flower Guild	1,889	-	1,889
Total Direct Ministry Expenses	<u>82,452</u>	<u>-</u>	<u>82,452</u>
<i><u>Missionary Expenses :</u></i>			
Missionary Support	212,454	-	212,454
Global Outreach	44,634	-	44,634
Total Missionary Expenses	<u>257,088</u>	<u>-</u>	<u>257,088</u>
<i><u>Deacon's Fund :</u></i>			
Benevolence	24,122	-	24,122
Total Deacon's Fund Expenses	<u>24,122</u>	<u>-</u>	<u>24,122</u>
<i><u>Other Operating Expenses :</u></i>			
Occupancy and Facilities	136,980	7,210	144,190
Depreciation Expense	171,164	9,009	180,173
Equipment Rental, Repairs and Maintenance	22,849	5,712	28,561
Office Supplies	-	7,249	7,249
Minor Equipment Purchases	20,521	-	20,521
Telephone and Communications	4,088	1,022	5,110
Postage and Shipping	2,109	527	2,636
Printing and Publications	634	159	793
Professional Fees	-	26,093	26,093
Staff Travel	6,776	-	6,776
Insurance	18,205	958	19,163
Interest	-	4,557	4,557
Advertising	-	2,064	2,064
Gifts	9,634	-	9,634
Other Expenses	-	134	134
Total Other Operating Expenses	<u>392,960</u>	<u>64,694</u>	<u>457,654</u>
<b>Total Functional Expenses</b>	<b><u>\$ 1,233,817</u></b>	<b><u>\$ 217,844</u></b>	<b><u>\$ 1,451,661</u></b>

TRINITARIAN CONGREGATIONAL CHURCH  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ (121,512)	\$ (91,802)
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	183,607	180,173
Forgiveness of Loan Receivable, Pastor	11,472	-
<i>Increase (Decrease) in Current Liabilities:</i>		
Accrued Payroll and Related Costs	1,965	(18,771)
Net Adjustment	<u>197,044</u>	<u>161,402</u>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<b><u>75,532</u></b>	<b><u>69,600</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of Property and Equipment	(87,206)	(50,133)
Loan Receivable Advances, Pastor	-	(123,805)
Loan Receivable Advances, Associate Pastor	(115,000)	-
Net Cash Flows From Investing Activities	<u>(202,206)</u>	<u>(173,938)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Proceeds from Note Payable	95,000	40,000
Net Cash Flows From Financing Activities	<u>95,000</u>	<u>40,000</u>
<b><u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b>(31,674)</b>	<b>(64,338)</b>
<b><u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u></b>	<b><u>157,310</u></b>	<b><u>221,648</u></b>
<b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	<b><u>\$ 125,636</u></b>	<b><u>\$ 157,310</u></b>
 <i>Supplemental Disclosures:</i>		
Interest Paid	<u>\$ 7,144</u>	<u>\$ 4,557</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

TRINITARIAN CONGREGATIONAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1      ORGANIZATION

Trinitarian Congregational Church (“TCC” or the “Church”) was founded in 1828 and qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The Church has been classified as a charitable organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Church qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2      PROGRAM SERVICES

The primary mission of Trinitarian Congregational Church is to be and to make Disciples of Jesus Christ. In addition to regularly scheduled worship services, Trinitarian Congregational Church offers a wide range of ministries and programs that serve a broad population. The Church’s revenues consist primarily of offerings received from its members. Based in Wayland, with a congregation of approximately 540 adults, teens, and children, Trinitarian Congregational Church’s area of ministry include Children’s Ministries, Youth Ministries, Adult Ministries, Music and Worship, Pastoral Care and Missions.

NOTE 3      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Church's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management’s opinion, resulted in reliable and consistent financial reporting by the Church. The following policies should be read in conjunction with the accompanying notes to the financial statements.

**Basis of Accounting:**

The Church’s policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Church reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

*Unrestricted Net Assets* - consists of assets, public support and program revenues which are available and used for activities and programs. Unrestricted net assets represents the portion of net assets of the Church that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

TRINITARIAN CONGREGATIONAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 3     *(Continued)*

In addition, unrestricted net assets of the Church includes board designated funds as further explained in Note 7.

*Temporarily Restricted Net Assets* - includes funds with donor-imposed restrictions which permit the Church to expend the assets as specified and is satisfied either by the passage of time or by actions of the Church. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

*Permanently Restricted Net Assets* - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Church to expend part or all of the income derived from the donated assets. For the years presented, the Church did not have any assets of this nature.

**Cash Equivalents:**

For the purposes of the Statements of Cash Flows, Trinitarian Congregational Church considers equivalent to cash all cash reserve funds and savings deposits held at banks and brokerage firms.

**Property and Equipment:**

Effective with the year ended December 31, 2012, property, equipment and improvements in excess of \$10,000 are capitalized at cost, if purchased or if donated, at the fair value on the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method and is charged to activities over the estimated useful lives of the assets, as expressed in terms of years.

Prior to 2012, the Church had not maintained an inventory of property and equipment and its policy was to expense such purchases. Management has determined that all property and equipment purchases prior to the implementation of the capitalization policy, with the exception of the 2009 Church renovation project, would be fully depreciated as of December 31, 2012 and there is no reasonable method to determine historical cost. Therefore, the net book value is estimated to be zero *(See Note 4)*.

**Contributions, Gifts and Grants:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, contributions are required to be recorded as receivables and revenues and the Church is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, stocks, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

TRINITARIAN CONGREGATIONAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 3      *(Continued)*

Multi-year commitments are recorded during the year of the initial pledge.

Each year, the Church asks members of the congregation to submit pledge cards indicating the donations the members intend to give for the operating budget. Since these pledges do not meet the criteria for revenue recognition as required by the *FASB Accounting Standards Codification*<sup>TM</sup>, they are not reflected as contributions in the Statement of Activities until pledges are collected.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

**Donated Services:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Church maintains a policy whereby the value of the donated goods and services which require a specialized skill and/or which would have otherwise been purchased by the Church, are recognized as revenue on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses. Although the Church receives a substantial amount of services donated by its members in carrying out the Church's ministry, no amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

**Ministry Activity Fees:**

The Church receives fees in exchange for some of its ministry programs. Fees for these activities represent exchange transactions and, accordingly, are recognized as revenue as the services are provided.

**Functional Expenses:**

The Church allocates its expenses on a functional basis among its various ministries and support services. Expenses can be identified with a specific ministry/program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based upon approximate time and space usage. Supporting services are those related to operating and managing the Church and its ministries on a day-to-day basis.

Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to Trinitarian Congregational Church's internal management and accounting for ministries and program services.

*Fund Raising* - includes all activities related to direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds for Trinitarian Congregational Church's activities. For the years presented, there were no fund raising activities other than those conducted on a volunteer basis by church members.

TRINITARIAN CONGREGATIONAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 3      *(Continued)*

**Advertising:**

The Church expenses advertising costs as incurred. For the years ended December 31, 2013 and 2012, advertising costs were \$7,068 and \$2,064, respectively.

**Tax Position:**

The Church currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Church are the existence of Unrelated Business Income Tax and the Church's status as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. For the years presented, the Church has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation. All tax periods prior to 2010 are no longer subject to examination by tax authorities.

NOTE 4      PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31, 2013 and 2012:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
				<u>2013</u>	<u>2012</u>
Church Building/Renovation Project	40	\$7,206,921	\$765,735	\$6,441,186	\$6,621,359
Building Improvements	40	<u>137,339</u>	<u>3,434</u>	<u>133,905</u>	<u>50,133</u>
Total		<u>\$7,344,260</u>	<u>\$769,169</u>	<u>\$6,575,091</u>	<u>\$6,671,492</u>

In addition to the Church Building/Renovation Project, TCC owns three other buildings in Wayland, MA: the Ewing Administration Building, Bradford Hall and the Parsonage at 47 Cochituate Road. As discussed in Note 3, these financial statements reflect a net book value of zero for these properties.

NOTE 5      LOANS RECEIVABLE

**Loan Receivable, Pastor:**

During 2012, the Church entered into two loan agreements with the new Pastor of TCC as part of his relocation agreement. The first loan, in the form of a promissory note in the amount of \$89,389, represents funds advanced to finance the down payment on the Pastor's home and is secured by a second mortgage on the property. Interest shall be due on the loan until paid in full at the rate of 2.18% per annum. Payments of interest only in the amount of \$1,953 shall be due and payable on December 31 of each year of the loan beginning on December 31, 2013. Repayment is required at the earlier of (a) the sale of the house or (b) within 90 days of termination of employment with TCC. The second loan, with an original amount of \$34,416, is an interest-free forgivable loan to cover costs associated with the relocation. One third of this loan (\$11,472) was forgiven during 2013 on the first anniversary of employment, and the remaining balance will be forgiven in twenty-four equal installments each month thereafter, for the subsequent 24 months. As of December 31, 2013 and 2012, the total amounts due under these obligations were \$112,333 and \$123,805, respectively.

TRINITARIAN CONGREGATIONAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 5      *(Continued)*

**Loan Receivable, Associate Pastor:**

During 2013, the Church entered into a loan agreement with the new Associate Pastor of TCC as part of his employment agreement. The loan, in the form of a promissory note in the amount of \$115,000, represents funds advanced to the Associate Pastor to enable him to refinance his current home at a more favorable interest rate. This loan is secured by a second mortgage on the property. Annual interest-only payments will be calculated and payable at an adjustable rate using the Applicable Federal Rate (2.18% for 2013). The principal balance will be due in its entirety within 90 days of termination of employment with TCC, or upon the sale or refinance of the underlying property.

As there is no expectation for actual repayment of these debts, the loans are classified as non-current assets.

NOTE 6      NOTE PAYABLE

The Church is party to an annual renewable promissory note agreement with The Village Bank. The principal balance of the note as of December 31, 2013 and 2012 was \$207,075 and \$112,075, respectively, and is secured by the Church property. On August 21, 2012, the note was modified to a total available line of \$1,000,000 and the rate converted to an adjustable annual rate of 1% above the prime rate as quoted in the Wall Street Journal, with a 4.5% floor (4.5% as of December 31, 2013 and 2012). The note was renewed in August 2013 and matures on August 21, 2014.

NOTE 7      DESIGNATIONS AND RESTRICTIONS OF NET ASSETS

**Board Designated Net Assets:**

As of December 31, 2013 and 2012, unrestricted net assets of the Trinitarian Congregational Church includes funds which represent unrestricted resources designated by the Board for the following specific purposes:

<u>Designation</u>	<u>2013</u>	<u>2012</u>
Mission Fund	\$50,101	\$48,991
Deacon's Fund	<u>10,400</u>	<u>23,094</u>
Total Board Designated Net Assets	<u>\$60,501</u>	<u>\$72,085</u>

TRINITARIAN CONGREGATIONAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 7      *(Continued)*

**Temporarily Restricted Net Assets:**

As of December 31, 2013 and 2012, temporarily restricted net assets were restricted for the following purposes:

<u>Nature of Restriction</u>	<u>2013</u>	<u>2012</u>
Mission/Global Outreach and Development	\$ 8,893	\$ 8,033
Pastor Support	-	42,116
Special Offering for Deacon's Fund	17,181	4,335
Youth Programs and Scholarships	7,285	8,695
Worship and Music	4,535	4,820
Other Ministry	2,372	2,372
Other Designated Gifts	<u>438</u>	<u>438</u>
Total Temporarily Restricted Net Assets	<u>\$40,704</u>	<u>\$ 70,809</u>

For the years presented, net assets were released from restriction from the following programs and purposes:

<u>Nature of Restriction</u>	<u>2013</u>	<u>2012</u>
Mission/Global Outreach and Development	\$ 500	\$ 44,270
Pastor Support	42,116	123,805
Special Offering for Deacon's Fund	15,000	23,337
Youth Programs and Scholarships	1,410	810
Worship and Music	1,450	1,200
Other Ministry	-	100
Other Designated Gifts	<u>-</u>	<u>9,997</u>
Total Net Assets Released from Restriction	<u>\$60,476</u>	<u>\$203,519</u>

NOTE 8      RETIREMENT PLAN

Trinitarian Congregational Church maintains a 403(b) deferred compensation plan on behalf of its employees. The Church will match eligible employees' salary deferrals, dollar for dollar, up to a specified percentage of the employees' salary. The match is determined by the Church Board of Directors on an annual basis (4% for the years ended December 31, 2013 and 2012). The retirement plan expense for the years ended December 31, 2013 and 2012 was \$7,880 and \$3,859, respectively, and is included in *Employee Benefits* in the accompanying Statement of Functional Expenses.

NOTE 9      OCCUPANCY AND FACILITIES

Costs for maintaining and occupying the Church's facilities have been grouped together and allocated to the ministry and administrative functions based upon management's analysis of the space usage as expressed in terms of square footage.



TRINITARIAN CONGREGATIONAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 9     *(Continued)*

For the years presented, the specific costs included in the category of *Occupancy and Facilities* are as follows:

<u>Cost Component</u>	<u>2013</u>	<u>2012</u>
<i>Utilities:</i>		
Electricity	\$24,924	\$ 22,103
Gas	18,682	14,353
Water	2,997	2,035
<i>Maintenance:</i>		
Cleaning Services and Supplies	14,143	12,863
Waste Management	3,120	2,657
Building	20,670	82,921
Yard/Land	<u>7,331</u>	<u>7,258</u>
Total	<u>\$91,867</u>	<u>\$144,190</u>

NOTE 10     LEASE COMMITMENTS

The Church leases copier equipment pursuant to a monthly rental agreement which is properly classified as an operating lease; accordingly, the monthly installments are recorded as *Equipment Rental, Repair and Maintenance* in the accompanying Statement of Functional Expenses.

As of December 31, 2013, the future minimum lease obligation arising from the above commitment is as follows:

<u>Year Ended</u>	<u>Total</u> <u>Lease Obligation</u>
December 31, 2014	\$ 9,670
December 31, 2015	<u>5,641</u>
Total	<u>\$15,311</u>

NOTE 11     SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through June 5, 2014, the date which the financial statements were available for issue, and noted no events which met the recognition criteria.