

**THE BROTHERHOOD OF ST. GREGORY, INC.**  
**(a Not-for-Profit Organization)**

**COMPILED FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 & 2017**

**The Brotherhood of St. Gregory, Inc.**  
**(a Not-for-Profit Organization)**

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**December 31, 2018 & 2017**

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## **INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

To the Board of Directors:  
THE BROTHERHOOD OF ST. GREGORY, INC

We have compiled the accompanying statements of assets, liabilities and net assets – modified cash basis, of The Brotherhood of St. Gregory, Inc (a not-for-profit organization) as of December 31, 2018 & 2017, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

*Keith Boyer, Certified Public Accountant, LLC*

Keith Boyer Certified Public Accountant, LLC

Tarrytown, NY  
July 8, 2019

**THE BROTHERHOOD OF ST. GREGORY, INC**  
**(A Not-for-Profit Organization)**

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -  
MODIFIED CASH BASIS**

<b>December 31,</b>	<b>2018</b>	<b>2017</b>
Assets:		
Cash and Cash Equivalents	122,023	102,956
Investments	481,117	518,146
<b>Total Assets</b>	<b>\$ 603,140</b>	<b>\$ 621,102</b>
Liabilities:		
	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
Net Assets		
Unrestricted	603,140	621,102
Temporarily restricted	-	
Permanently restricted	-	
<b>Total Net Assets</b>	<b>603,140</b>	<b>621,102</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 603,140</b>	<b>\$ 621,102</b>

See accompanying notes and independent accountants' compilation report.

**THE BROTHERHOOD OF ST. GREGORY, INC**  
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**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
MODIFIED CASH BASIS**

Year ended December 31,	2018	2017
<b>Revenue</b>		
Member Tithes - Current Year	116,525	107,109
Member Tithes - Prior Year	4,621	929
Undesignated Donations	300	60
Annual Convocation	68	186
Publications	-	136
Investment Income	22,606	20,624
Unrealized Gain/(Loss)	(62,028)	61,480
<b>Total Revenue</b>	<b>82,092</b>	<b>190,524</b>
<b>Expenses:</b>		
Program Services:		
Br John E. Nidecker Education Fund	475	292
NAECC Participation	939	831
Publications	2,099	1,301
Education Program	-	42
Minister General Discretionary	-	93
Outreach Grants	12,298	15,840
Convocation and Council	65,494	70,976
<b>Total Program Services</b>	<b>81,305</b>	<b>89,375</b>
Management and General:		
Habit Parts	268	496
Insurance	3,330	3,252
Office Expenses	2,701	7,555
Public Relations/Advertising	1,763	479
Provincial Expense	10,687	6,292
<b>Total Management and General</b>	<b>18,749</b>	<b>18,074</b>
<b>Total Expenses</b>	<b>100,054</b>	<b>107,449</b>
Excess/(Deficit) of Revenue over Expenses	(17,962)	83,075
Net Assets-Unrestricted, Beginning of Year,	621,102	538,027
<b>Net Assets-Unrestricted, End of Year</b>	<b>603,140</b>	<b>621,102</b>

See accompanying notes and independent accountants' compilation report.

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 & 2017

1. ORGANIZATION, Organization

**TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES:** The Brotherhood of Saint Gregory, Inc, (the Brotherhood), is a Christian Community of the Episcopal Church, whose members follow a common rule and serve the church on parochial, diocesan, and national levels. Members – clergy and lay, without regard to marital status – live individually, in small groups, or with their families. They support themselves and the community through their secular or church-related work, making use of their God-given talents in the world while not being of the world. The trust that all labor and life can be sanctified is summed in the community's motto: *Sole Deo Gloria*, To God Alone the Glory.

The Brotherhood was founded on Holy Cross Day 1969, by Richard Thomas Biernacki, the present Minister General.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the modified cash basis of accounting income is recognized when received, expenses are recognized when paid. Assets are recognized when received. The carrying value of *Investment Income* reflects distributions actually received from the investments not the proportionate earnings of the DFMS portfolio which is discussed further in the Note below entitled *Investments*.

Tax Status

The Brotherhood is exempt from Federal Income Tax under Section 501 (a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The Brotherhood adopted the accounting standard for uncertainty in income taxes which prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of the accounting standards did not have an impact on the Brotherhood's financial statements.

In assessing the realizability of tax benefits, management considers whether it is more likely than not that some portion or all of any tax position will not be realized. The ultimate realization of such tax positions is dependent upon the generation of future income. Management considers projected future income, and tax planning strategies in making this assessment. Based upon the level of historical income and projections for future income, management believes it is more likely than not that the Brotherhood will realize all tax benefits. Management believes that its tax-exempt status would be sustained upon examination.

If applicable, the Brotherhood would classify interest and penalties on underpayments of income tax as miscellaneous expenses.

The Brotherhood does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the fiscal year ended December 31, 2018. However, The Brotherhood is subject to regular audit by tax authorities. The Brotherhood believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the

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amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

The Brotherhood files income tax returns in the United States Federal and New York State jurisdictions. With few exceptions, the Brotherhood is no longer subject to U.S. federal or state income tax examinations by tax authorities for fiscal years before 2014.

Basis of Presentation

The Brotherhood reports its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

These classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by The Brotherhood is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of The Brotherhood.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by The Brotherhood is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of The Brotherhood pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. However, if a restriction is fulfilled in the same time period in which the contribution is received, The Brotherhood reports the support as unrestricted.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Investments

The Brotherhood carries its investments at fair value. In accordance with accounting standards, investments have been measured at fair value determined by quoted market prices and realized and unrealized gains and losses are reported in the statement of activities. Income from investments is considered unrestricted net assets unless restricted by a donor. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting standards establish a fair value hierarchy in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable units be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of The Brotherhood. Unobservable inputs reflect The Brotherhood's assumption about inputs used by market participants at the measurement date. The fair value hierarchy is categorized into three levels based on inputs as follows:

Level 1- Valuation based on quoted prices in active markets for identical assets or liabilities that The Brotherhood has the ability to access.

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Level 2- Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3- Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

Level 3 assets and liabilities measured at fair market value are based on one or more of three valuation techniques noted in the standard. The three valuation techniques are as follows:

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018. The Brotherhood's investments consist of publicly traded securities which are considered Level 1 inputs.

	<b><u>Assets at Fair Value as of December 31, 2018</u></b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Fund	<u>\$481,117</u>			<u>\$481,117</u>
Total Assets at Fair Value	<u>\$481,117</u>			<u>\$481,117</u>

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Cost approach – Amount that would be required to replace the service capacity of an asset (i.e. replacement costs); and

Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option pricing models, and lattice models).

**Risks and Uncertainties**

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 and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could affect the Foundation's statement of financial position and statement of activities.

The Brotherhood adopted the provisions of the fair value measurements standard for certain non-financial assets and liabilities. Under this standard, the Brotherhood reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the entity recognizes an impairment loss. No impairment losses were recognized for the year ended December 31, 2018.



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Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles of the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date of December 31, 2018 and through the accountant's report date and date of issuance, July 8, 2019. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles in the United States of America. Management has determined that there are no unrecognized subsequent events that require additional disclosure.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. As of December 31, 2018, cash and cash equivalents totaled \$102,957.

- 2. INVESTMENTS:** The Brotherhood participates in a trust fund maintained by the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America, (DFMS). As of December 31, 2018, The Brotherhood's participation was 22,339.518 shares. On a quarterly basis DFMS distributes funds to participants. These distributions have been reflected in these financial statements as *Investment Income*.