

**The Corporation of
The Brick Presbyterian Church
in the City of New York**

Financial Statements

December 31, 2008



Independent Auditors' Report

**The Board of Trustees of
The Corporation of the Brick Presbyterian
Church in the City of New York**

We have audited the accompanying statement of financial position of The Corporation of the Brick Presbyterian Church in the City of New York (the "Church") as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Church's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Church's financial statements for the year ended December 31, 2007 and, in our report dated April 17, 2008, we expressed a qualified opinion on those financial statements, before restatement. The qualification in our 2007 report was due to the fact that the Church does not capitalize and depreciate acquisitions of, or improvements to, buildings, furniture and equipment, except for the original cost of the Church's manses, which were capitalized, but not depreciated, as required by generally accepted accounting principles.

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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in the summary of significant accounting policies note, the Church does not capitalize and depreciate acquisitions of, or improvements to, buildings, furniture and equipment, except for the original cost of the Church's manses, which were capitalized, but not depreciated. Generally accepted accounting principles in the United States of America require that long-lived tangible assets be capitalized and depreciated over their estimated useful lives. The effect of this departure from generally accepted accounting principles is not determinable.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Corporation of the Brick Presbyterian Church in the City of New York at December 31, 2008, 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.

As discussed in Note 7, the financial statements include investments valued at \$9,394,111 (33% of net assets), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on fair value information provided by the fund managers or general partners.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effect of not capitalizing and depreciating plant assets, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'Connor Davies Munno & Dobbins, LLP

New York, New York
April 27, 2009

**The Corporation of Brick Presbyterian Church
in the City of New York**

Statement of Financial Position

December 31, 2008

(With comparative amounts at December 31, 2007)

	2008	2007
		(restated)
ASSETS		
Cash and cash equivalents	\$ 1,127,458	\$ 2,534,517
Accounts receivable	234,533	146,390
Note receivable	368,057	369,898
Investments	25,169,182	32,217,007
Prepaid expenses and other assets	20,424	20,362
Promises to give receivable, net	1,933,724	2,383,155
Land, buildings, furniture and equipment	1	1
Manses	449,996	449,996
Beneficial interest in perpetual trust	973,767	1,299,468
	\$ 30,277,142	\$ 39,420,794
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 75,623	\$ 132,255
Other liabilities	199,827	196,555
Accrued pension plan cost	-	273,041
Deferred tuition	1,309,367	1,160,464
	1,584,817	1,762,315
Net Assets		
Unrestricted		
Operating	\$ (541,057)	\$ 473,798
Quasi-endowment	10,621,111	14,033,077
Plant	2,831,941	3,568,994
Women's Association	-	233,419
	12,911,995	18,309,288
Temporarily restricted	9,054,363	12,510,462
Permanently restricted	6,725,967	6,838,729
	28,692,325	37,658,479
	\$ 30,277,142	\$ 39,420,794

See notes to financial statements

**The Corporation of the Brick Presbyterian Church
in the City of New York**

Statement of Activities

Year Ended December 31, 2008
(with summarized totals for the year ended December 31, 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u> (restated)
OPERATING REVENUE					
Contributions and gifts	\$ 893,702	\$ 2,531,077	\$ 212,940	\$ 3,637,719	\$ 4,347,525
Allocated investment (loss) income	790,524	(2,696,319)	-	(1,905,795)	2,167,346
Income from perpetual trust	30,274	-	-	30,274	34,219
Day School tuition and fees	2,566,789	-	-	2,566,789	2,383,537
Brick Church Fair income, net of direct expenses of \$180,648 and \$224,902	146,672	-	-	146,672	187,879
Interest and other income	52,812	-	-	52,812	83,133
Net Assets Released from Restrictions					
Stewardship	1,732,129	(1,732,129)	-	-	-
Capital Campaign	363,924	(363,924)	-	-	-
Other	1,194,804	(1,194,804)	-	-	-
Total Operating Revenue	<u>7,771,630</u>	<u>(3,456,099)</u>	<u>212,940</u>	<u>4,528,471</u>	<u>9,203,639</u>
OPERATING EXPENSES					
Pastoral	680,358	-	-	680,358	648,296
Ministry of music	363,690	-	-	363,690	380,886
Day School direct expenses	2,798,265	-	-	2,798,265	2,471,091
Christian education	177,665	-	-	177,665	136,029
Denominational assessment	82,045	-	-	82,045	75,163
Benevolence	867,925	-	-	867,925	864,009
Administration	1,164,650	-	-	1,164,650	1,149,951
Operation and maintenance of plant	1,017,126	-	-	1,017,126	1,040,677
Uncollectible pledges	275,770	-	-	275,770	10,359
Total Operating Expenses	<u>7,427,494</u>	<u>-</u>	<u>-</u>	<u>7,427,494</u>	<u>6,776,461</u>
Excess (Deficiency) of Operating Revenue Over Operating Expenses	344,136	(3,456,099)	212,940	(2,899,023)	2,427,178
NON-OPERATING ACTIVITIES					
Church maintenance expenses	(255,725)	-	-	(255,725)	(360,769)
Non-operating investment (loss) income	(5,485,704)	-	-	(5,485,704)	791,184
Change in beneficial interest in perpetual trust	-	-	(325,702)	(325,702)	32,151
Change in Net Assets Before Other Changes	(5,397,293)	(3,456,099)	(112,762)	(8,966,154)	2,889,744
OTHER CHANGES IN NET ASSETS					
Effect of adoption of FASB Statement No. 158 net of curtailment gain	-	-	-	-	20,820
Change in Net Assets	(5,397,293)	(3,456,099)	(112,762)	(8,966,154)	2,910,564
NET ASSETS					
Beginning of year - restated for 2007	<u>18,309,288</u>	<u>12,510,462</u>	<u>6,838,729</u>	<u>37,658,479</u>	<u>34,747,915</u>
End of year	<u>\$ 12,911,995</u>	<u>\$ 9,054,363</u>	<u>\$ 6,725,967</u>	<u>\$ 28,692,325</u>	<u>\$ 37,658,479</u>

See notes to financial statements

**The Corporation of Brick Presbyterian Church
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Statement of Cash Flows

Year Ended December 31, 2008

(with comparative amounts for the year ended December 31, 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (8,966,154)	\$ 2,910,564
Adjustments to reconcile change in net assets to net cash from operating activities		
Uncollectible capital campaign pledges	275,770	10,359
Net realized gains on sales of investments	(195,254)	(5,485,142)
Depreciation of investments	8,089,761	3,007,190
Change in beneficial interest in perpetual trust	325,702	(32,151)
Effect of adoption of FASB Statement No. 158	-	(20,820)
Net change in operating assets and liabilities	<u>(92,042)</u>	<u>967,514</u>
Net Cash From Operating Activities	<u>(562,217)</u>	<u>1,357,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,894,646	17,563,507
Purchase of investments	(3,456,715)	(17,514,965)
Net change in money market investments	715,386	(531,477)
Cash received on note receivable	<u>1,841</u>	<u>1,818</u>
Net Cash From Investing Activities	<u>(844,842)</u>	<u>(481,117)</u>
Net Change in Cash and Cash Equivalents	(1,407,059)	876,397
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,534,517</u>	<u>1,658,120</u>
End of year	<u>\$ 1,127,458</u>	<u>\$ 2,534,517</u>

See notes to financial statements

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

1. Summary of Significant Accounting Policies

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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Net assets and revenues, expenses, 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 and reported as unrestricted, temporarily restricted and permanently restricted.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less at the time of purchase.

Accounts and Promises to Give Receivable

The Church believes all accounts receivable are current and collectible.

Unconditional promises to give receivable are recorded when the promise is made. An estimate of uncollectible promises has been made and included as an offset to promises to give receivable. Unconditional promises to give to be received in future years are discounted to present value.

Investments

The Church adopted SFAS No. 157 "Fair Value Measurements" as of January 1, 2008, which, among other things, establishes a hierarchical framework for disclosure and measurement of investments at fair value. The hierarchical disclosure framework prioritizes and ranks the level of market price observations used in measuring investments at fair value. Market price observations are impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observations and a lesser degree of judgment used in measuring fair value.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

1. Summary of Significant Accounting Policies *(continued)*

Investments *(continued)*

Investments measured and reported at fair value are classified and disclosed under SFAS 157 in one of the following categories:

Level 1—quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level I include listed equities, listed mutual funds and listed derivatives.

Level 2—pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3—pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The types of investments which would generally be included in this category include equity and/or debt securities issued by private entities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The value by input level of the Church's financial instruments are included in Note 7 to the financial statements.

Marketable investments are carried at quoted market values. Alternative investments (non-traditional, not-readily marketable assets) are stated at fair value as estimated in an unquoted market. Individual investment holdings within the alternative investments may, in turn, include investments in both marketable and market-traded securities. Fair values of the alternative investments are determined by the investment managers or general partners. Values may be based on historical cost, appraisals or other estimates that require varying degrees of judgment. Generally, fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses.

Some of the underlying investments held by the Limited Partnerships in which the Church has an equity interest are in privately held companies. The fair value of those investments has been estimated by the General Partners (GP) of such Limited Partnerships after consideration of current financial conditions and operating results, recent third-party market transactions and other pertinent information about the individual companies comprising such investments.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

1. Summary of Significant Accounting Policies *(continued)*

Investments (continued)

Investments made in such Limited Partnerships are generally considered by their GP to be long-term investments and are not intended to be liquidated on a short-term basis. Accordingly, fair values determined by such GP's may not reflect amounts that could be realized upon immediate sale, or amounts that ultimately may be realized.

Plant Assets

The Church expenses the cost of plant additions and improvements. During 2008, such costs in the amount of \$262,212 (\$363,605 for 2007) were financed by temporarily restricted and unrestricted net assets as follows:

Unrestricted	
From the Maintenance fund for Church renovation expenses	\$255,725
Temporarily restricted	
From the Watson Hall Maintenance fund for Church improvements	<u>6,487</u>
 Total Church Expenses	 <u>\$262,212</u>

No provision is made for depreciation in the accompanying financial statements. A transfer is made from Unrestricted Operating Net Assets each year to Unrestricted Plant Maintenance Net Assets based on the size of the Church plant compared to other facilities, estimates of likely capital requirements in future years and other factors. In 2008 and 2007, the transfer was \$450,000. Details to all 2008 activity in the Unrestricted Plant Maintenance Net Assets are included in Note 13 of the financial statements, and page 19 of the supplementary information.

Tuition and Deferred Tuition

Tuition revenue includes scholarships, which have been reported as a Day School direct expense. Scholarships included in Day School expenses amounted to \$106,600 and \$124,129 for the years ended December 31, 2008 and 2007.

Deferred tuition consists of Day School tuition received that pertains to the subsequent period.

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Church's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

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Notes to Financial Statements

2. Credit Risk Concentration

The Church places its cash with highly rated financial institutions. At times, cash balances may be in excess of federally insured limits. The Church does not have a material concentration of credit risk with respect to accounts receivable.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments (other than alternative investments) represent a significant concentration of market risk.

3. Endowment Funds

The Board utilizes various spending methods to determine its annual drawdown from the Endowment funds. The following are the Church's spending policies:

Quasi Endowment – 5% of trailing three year average.

Permanently Restricted Endowment Funds – 5% of trailing three year average, limited to actual income if the market value of the fund is less than its historical dollar value, or to the extent permitted by the donor.

The following is a reconciliation of the investment activity in the donor restricted and unrestricted quasi endowment and plant funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, December 31, 2007	\$ 13,663,179	\$ 5,659,232	\$ 6,838,729	\$ 26,161,140
Contributions	2,841	596,545	212,940	812,326
Transfers	679,228			679,228
Interest and dividends	210,263	175,794	-	386,057
Capital depreciation	(4,121,742)	(2,151,749)	-	(6,273,491)
Change in beneficial interest in perpetual trust	-	-	(325,702)	(325,702)
Appropriation for expenditure	(666,098)	(389,052)	-	(1,055,150)
Balance, December 31, 2008	<u>\$ 9,767,671</u>	<u>\$ 3,890,770</u>	<u>\$ 6,725,967</u>	<u>\$ 20,384,408</u>
Comprised of the following:				
Donor restricted funds	\$ (485,383)	\$ 3,890,770	\$ 6,725,967	\$ 10,131,354
Board designated funds	10,253,054	-	-	10,253,054
Total Funds	<u>\$ 9,767,671</u>	<u>\$ 3,890,770</u>	<u>\$ 6,725,967</u>	<u>\$ 20,384,408</u>

**The Corporation of The Brick Presbyterian Church
in the City of New York**

Notes to Financial Statements

3. Endowment Funds (continued)

The permanently restricted endowment funds have experienced losses due to market fluctuations. Generally accepted accounting principals require that such excess losses be absorbed by the unrestricted net assets of the Church and that future gains be allocated to unrestricted net assets until such losses have been restored. Aggregate cumulative losses absorbed by the unrestricted net assets at December 31, 2008 amounted to \$485,383.

The Church utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation. In recent years, the Church has followed a policy of budgeting the spending of 5% of the trailing three year average of its endowment funds, subject to abiding by the purpose and other restrictions of certain of the funds.

4. Note Receivable

The note receivable in Unrestricted Quasi-Endowment consists of a five percent secured note from a employee due in December 2014.

5. Promises to Give Receivable

Promises to give receivable, which include the annual Stewardship, the 2004 Capital Campaign and the Day School Capital Campaign pledges at December 31, 2008, discounted to fair value using a discount rate of 4.25 percent are summarized as follows:

Scheduled Collection Date by Year	Future Value of Promise	Discount	Present Value of Promise
2009	\$ 2,193,388	\$ -	\$ 2,193,388
2010	84,668	(3,452)	81,216
2011	10,000	(799)	9,201
	<u>\$ 2,288,056</u>	<u>\$ (4,251)</u>	<u>2,283,805</u>
Allowance for doubtful accounts			<u>(350,081)</u>
Promises to Give Receivable, net			<u>\$ 1,933,724</u>

During 2008, the Church revised its methodology for estimating the allowance for doubtful accounts, applying it to the actual amount pledged, rather than the receivable balance, and increasing the percentage. The new method applied a 4.5 percent allowance against total gross pledges for the 2009 campaign, and maintained the prior 3 percent allowance on those made in 2007 and 2006. This resulted in a significant one-time increase that is reflected on the statement of activities for the year ended December 31, 2008.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

6. Pooled Funds

The Church follows the policy of pooling its invested funds. Investment income and capital appreciation are allocated quarterly based upon a sharing percentage adjusted for additions to and withdrawals from the pooled fund. Each participating fund is allocated a percentage of the total pooled funds according to the fair value of its interest at the beginning of the quarter.

At December 31, 2008, the pooling group consisted of the following:

	<u>Fair Value</u>	<u>Sharing Percentage</u>
Unrestricted Operating	\$ 165,949	0.65%
Unrestricted Quasi-Endowment	10,621,111	41.80%
Unrestricted Plant	2,381,994	9.38%
Temporarily Restricted	6,486,379	25.53%
Permanently Restricted	<u>5,752,200</u>	<u>22.64%</u>
	<u>\$ 25,407,633</u>	<u>100.00%</u>

Assets underlying the pooled group consisted of the following at December 31:

Investments	\$ 25,039,576
Note receivable	<u>368,057</u>
Total Pooled Assets	<u>\$ 25,407,633</u>

7. Investments and Investment Return

Investments

Investments consisted of the following at December 31, 2008:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	<u>Percentage of Total</u>
Cash and equivalents	\$ 12,812	\$ -	\$ 12,812	0.05%
Mutual Fund - Fixed income	6,523,845	-	6,523,845	25.92%
Mutual Fund - Equity securities	9,238,414	-	9,238,414	36.71%
Alternative investments				
Hedge funds	-	5,719,483	5,719,483	22.72%
Fund of funds	-	2,528,320	2,528,320	10.05%
Private equity	-	1,146,308	1,146,308	4.55%
Total Investments	<u>\$ 15,775,071</u>	<u>\$ 9,394,111</u>	<u>\$ 25,169,182</u>	<u>100.00%</u>

**The Corporation of The Brick Presbyterian Church
in the City of New York**

Notes to Financial Statements

7. Investments and Investment Return (continued)

Investments (continued)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value using significant unobservable inputs (Level 3) during the period ended December 31, 2008:

	<u>Hedge Funds</u>	<u>Fund of Funds</u>	<u>Private Equity</u>	<u>Total</u>
Beginning balance	\$ 6,908,669	\$ 2,968,187	\$ 219,905	\$ 10,096,761
Total gains or losses (realized/unrealized) included in changes in net assets	(1,168,044)	(439,867)	(73,597)	(1,681,508)
Purchases and (settlements), net	<u>(21,142)</u>	<u>-</u>	<u>1,000,000</u>	<u>978,858</u>
Ending balance	<u>\$ 5,719,483</u>	<u>\$ 2,528,320</u>	<u>\$ 1,146,308</u>	<u>\$ 9,394,111</u>

Investments underlying the pooled funds totaled \$25,039,576 at December 31, 2008. Investments not part of pooled assets include an investment of IBM stock donated to support the maintenance of Watson Hall at a fair value of \$129,606.

At December 31, 2008, under the terms of the private equity agreements, the Church is obligated to fund a remaining commitment of \$2,736,293. Additionally the Church's investment of \$2,528,320 in the fund of funds is subject to a three year lockup such that shares may not be redeemed until the first quarter-end that falls at least three years from the purchase date of July 1, 2007.

Investment Return

Investment return for the years ended December 31 is summarized as follows:

	<u>2008</u>	<u>2007</u>
Interest and dividends, net	\$ 503,008	\$ 480,578
Net realized gains on sale of investments	195,254	5,485,142
Net depreciation of investments	<u>(8,089,761)</u>	<u>(3,007,190)</u>
	<u>\$ (7,391,499)</u>	<u>\$ 2,958,530</u>
Allocated investment income:		
Budgetary allocation of investment income	\$ 790,524	\$ 887,451
Investment (loss) income restricted funds	<u>(2,696,319)</u>	<u>1,279,895</u>
	(1,905,795)	2,167,346
Non-operating investment income	<u>(5,485,704)</u>	<u>791,184</u>
	<u>\$ (7,391,499)</u>	<u>\$ 2,958,530</u>

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

7. Investments and Investment Return (continued)

Investment Return (continued)

Investment income is reported net of investment advisory and custody fees. Investment advisory and custodial fees, which totaled \$66,545 in 2008 and \$81,973 in 2007, are allocated to each pooled fund consistent with the allocation of investment income.

8. Investment in Plant

The Church's land, building, furniture and equipment are carried at a nominal value of one dollar. The Church's interests in two cooperative apartments and a condominium are carried at cost. The Church buildings and contents were, for insurance purposes, valued at approximately \$48,077,625 at December 31, 2008.

9. Deferred Compensation

Pursuant to an agreement with a former employee, the Church had deferred a portion of the employee's compensation to be paid after the employee's retirement. Such deferred compensation amounted to \$102,760 and \$121,163 at December 31, 2008 and 2007. The deferred compensation is included within other liabilities.

10. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2008 are available for the following purposes or periods:

Restricted as to Period

Contributions and promises to give received for 2009	\$ 1,636,302
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Restricted as to Purpose

Ministry of music	1,304,268
Day School	1,872,346
Christian education	65,548
Benevolence	1,120,763
Building fund	1,362,772
Capital Campaign	245,058
Operation and maintenance of plant	<u>1,447,306</u>

Total	<u><u>\$ 9,054,363</u></u>
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**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

10. Temporarily and Permanently Restricted Net Assets (continued)

Temporarily Restricted Net Assets (continued)

Net assets released from restrictions during 2008 represent contributions and promises to give received in 2007 for 2008 and revenue from various restricted funds expended during the year as follows:

	Expenses Funded from Operations	Net Assets Released from Restriction	Total Unrestricted Operating Expenses
Pastoral	\$ 680,358	\$ -	\$ 680,358
Ministry of music	269,079	94,611	363,690
Day School	1,965,407	832,858	2,798,265
Christian education	131,202	46,463	177,665
Denominational assessment	82,045	-	82,045
Benevolence	426,250	441,675	867,925
Administration	1,164,650	-	1,164,650
Operation and maintenance of plant	1,010,639	6,487	1,017,126
Uncollectible pledges	139,136	136,634	275,770
Total	\$ 5,868,766	\$ 1,558,728	\$ 7,427,494
Stewardship contributions and promises to give received in 2007 for 2008		1,732,129	
Total Net Assets Released from Restrictions		\$ 3,290,857	

Permanently Restricted Net Assets

Permanently restricted net assets as of December 31, 2008 represent original gifts that have been restricted by the donor in perpetuity, the income from which is expendable to support the following:

Ministry of music	\$ 109,531
Benevolence	359,205
Day school	3,787,260
Christian education	21,730
Seminary education	1,022,309
Operation and maintenance of plant	452,166
Operations - from beneficial interest in Holden Trust	973,766
	\$ 6,725,967

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

10. Temporarily and Permanently Restricted Net Assets (*continued*)

Beneficial Interest in Holden Trust

Edith Holden, who died on January 4, 1967, established in 1965 a separate trust fund with \$300,000 and designated the Church to receive, in perpetuity, the income generated by the trust.

11. Pension Commitments

Effective December 31, 2007 the Church curtailed its then existing defined benefit pension plan. The plan covered all eligible lay employees, with all participants becoming 100% vested in their benefits. The effects of such curtailment were considered in actuarial computations in 2007. As a result of the curtailment, all benefits were frozen. During 2008, plan participants received their retirement benefits under one of two elections: as a lump-sum distribution equal to the present value of the retirement benefit accrued rolled over directly into a new 403(b) Plan; or in the form of a lifetime annuity beginning on the participant's normal retirement date or early retirement date.

Defined Contribution Plan

The Church implemented a new Section 403(b) plan for substantially all eligible full time employees effective as of January 1, 2008. Plan expense for 2008 was \$102,236.

Day school employees participate in a cafeteria benefit plan, which was instituted in 2004. For employees who use cafeteria benefits for health insurance, the Day School contributes an additional three percent of salary to ensure that each Day School employee has a minimum of five percent of regular salary contributed to the defined contribution plan. The defined contribution plan expense totaled \$32,135 in 2008 and \$17,644 in 2007.

Other Retirement Commitments

The clergy are covered under a separate retirement arrangement administered by the Board of Pensions of the Presbyterian Church. Contributions based on 12% of monthly-defined compensation are immediately vested and provide monthly benefits upon retirement. Church expense for clergy pension plan amounted to \$49,436 in 2008 and \$48,639 in 2007.

**The Corporation of The Brick Presbyterian Church
in the City of New York**

Notes to Financial Statements

12. Net Change in Operating Assets and Liabilities

The net change in operating assets and liabilities reported for cash flow purposes consisted of the following for the years ended December 31, 2008 and 2007:

	2008	2007
Decrease (increase) in:		
Accounts receivable	\$ (88,143)	\$ (67,383)
Promises to give receivable	173,661	652,962
Accrued interest receivable	-	33,707
Prepaid expenses	(62)	2,045
Other assets	-	8,223
Increase (decrease) in:		
Accrued pension cost	(273,041)	273,041
Minimum pension liability	-	(99,980)
Accounts payable and accrued expenses	(56,632)	41,830
Other liabilities	3,272	(17,508)
Deferred tuition	148,903	140,577
	<u>\$ (92,042)</u>	<u>\$ 967,514</u>

13. Interfund Transfers

The following interfund transfers were made during the year ended December 31, 2008:

- a) A transfer of \$450,000 from Operating to Unrestricted Plant Maintenance to provide for future capital replacements.
- b) A transfer of \$23,201 from Unrestricted Quasi-Endowment to Operating to cover Endowment 2000 costs.
- c) A transfer of \$255,725 from Unrestricted Plant Maintenance to Operating to cover costs of church maintenance.
- d) A transfer of \$790,524 from Unrestricted Quasi-Endowment and Plant Maintenance to Operating pursuant to the Church's spending rate policy.
- e) A transfer of \$485,463 to transfer the accumulated operating surplus to December 31, 2007 to the unrestricted Quasi-Endowment.
- f) A transfer of \$12,000 from Women's Association to Operating to cover operating expenses.
- g) A transfer of \$233,412 from Women's Association to Unrestricted Quasi-Endowment to supplement the Women's Association Fund.
- h) A transfer of \$39,647 from Unrestricted Quasi-Endowment to the Women's Association to cover operating cost.

**The Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

14. Prior Period Adjustment

A portion of the beginning of the year 2007, temporarily restricted net assets in the statement of activities has been reclassified as permanently restricted net assets and unrestricted net assets to properly reflect the donors' original intent. The reclassification consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Net Assets - Beginning of year, 2007	\$ 18,141,670	\$ 16,608,617	\$ 2,908,192
Reclassification of temporarily restricted net assets to permanently restricted net assets	-	(3,930,537)	3,930,537
Reclassification of temporarily restricted net assets to unrestricted net assets (Quasi-Endowment)	<u>167,618</u>	<u>(167,618)</u>	<u>-</u>
Net Assets - Beginning of year, 2007 restated	<u>\$ 18,309,288</u>	<u>\$ 12,510,462</u>	<u>\$ 6,838,729</u>

Supplementary Information

**The Corporation of the Brick Presbyterian Church
in the City of New York**

Schedule of Financial Position by Fund

December 31, 2008

(with summarized totals at December 31, 2007)

	Unrestricted				Temporarily Restricted	Permanently Restricted	2008 Total	2007 Total	
	Operating	Quasi- Endowment	Plant	Women's Association					Total
ASSETS									
Cash and cash equivalents	\$ 275,186	\$ -	\$ -	\$ -	\$ 275,186	\$ 852,272	\$ -	\$ 1,127,458	\$ 2,534,517
Accounts receivable	234,533	-	-	-	234,533	-	-	234,533	146,390
Note receivable	-	368,057	-	-	368,057	-	-	368,057	369,898
Investments	165,949	10,253,054	2,381,944	-	12,800,947	6,616,035	5,752,200	25,169,182	32,217,007
Prepaid expenses and other assets	20,424	-	-	-	20,424	-	-	20,424	20,362
Promises to give receivable, net	347,668	-	-	-	347,668	1,586,056	-	1,933,724	2,383,155
Land, buildings, furniture and equipment	-	-	1	-	1	-	-	1	1
Manses	-	-	449,996	-	449,996	-	-	449,996	449,996
Beneficial interest in perpetual trust	-	-	-	-	-	-	973,767	973,767	1,299,468
	<u>\$ 1,043,760</u>	<u>\$ 10,621,111</u>	<u>\$ 2,831,941</u>	<u>\$ -</u>	<u>\$ 14,496,812</u>	<u>\$ 9,054,363</u>	<u>\$ 6,725,967</u>	<u>\$ 30,277,142</u>	<u>\$ 39,420,794</u>
LIABILITIES AND NET ASSETS									
Current liabilities									
Accounts payable and accrued expenses	\$ 75,623	\$ -	\$ -	\$ -	\$ 75,623	\$ -	\$ -	\$ 75,623	\$ 132,255
Other liabilities	199,827	-	-	-	199,827	-	-	199,827	196,555
Accrued pension plan cost	-	-	-	-	-	-	-	-	273,041
Deferred tuition	1,309,367	-	-	-	1,309,367	-	-	1,309,367	1,160,464
Total Liabilities	<u>1,584,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,584,817</u>	<u>-</u>	<u>-</u>	<u>1,584,817</u>	<u>1,762,315</u>
Net assets	<u>(541,057)</u>	<u>10,621,111</u>	<u>2,831,941</u>	<u>-</u>	<u>12,911,995</u>	<u>9,054,363</u>	<u>6,725,967</u>	<u>28,692,325</u>	<u>37,658,479</u>
	<u>\$ 1,043,760</u>	<u>\$ 10,621,111</u>	<u>\$ 2,831,941</u>	<u>\$ -</u>	<u>\$ 14,496,812</u>	<u>\$ 9,054,363</u>	<u>\$ 6,725,967</u>	<u>\$ 30,277,142</u>	<u>\$ 39,420,794</u>

See independent auditors' report

**The Corporation of the Brick Presbyterian Church
in the City of New York**

Schedule of Change in Unrestricted Net Assets by Fund

Year Ended December 31, 2008
(with summarized totals for the year ended December 31, 2007)

	Operating	Quasi- Endowment	Plant	Women's Association	2008 Total	2007 Total
OPERATING REVENUE						
Contributions and gifts	\$ 856,555	\$ 1,000	\$ -	\$ 36,147	\$ 893,702	\$ 1,115,335
Allocated investment income	790,524	-	-	-	790,524	887,451
Income from perpetual trust	30,274	-	-	-	30,274	34,219
Day School tuition and fees	2,566,789	-	-	-	2,566,789	2,383,537
Brick Church Fair income, net of direct expenses of \$180,648 and \$224,902	-	-	-	146,672	146,672	187,879
Interest and other income	52,812	-	-	-	52,812	83,133
Net Assets Released from Restrictions						
Stewardship	1,732,129	-	-	-	1,732,129	1,717,642
Capital campaign	363,924	-	-	-	363,924	339,182
Other	1,194,804	-	-	-	1,194,804	966,954
Total Operating Revenue	7,587,811	1,000	-	182,819	7,771,630	7,715,332
OPERATING EXPENSES						
Pastoral	680,358	-	-	-	680,358	648,296
Ministry of music	363,690	-	-	-	363,690	380,886
Day School direct expenses	2,798,265	-	-	-	2,798,265	2,471,091
Christian education	177,665	-	-	-	177,665	136,029
Denominational assessment	82,045	-	-	-	82,045	75,163
Benevolence	798,105	-	-	69,820	867,925	864,009
Administration	1,054,102	-	-	110,548	1,164,650	1,149,951
Operation and maintenance of plant	1,017,126	-	-	-	1,017,126	1,040,677
Uncollectible pledges	275,770	-	-	-	275,770	10,359
Total Operating Expenses	7,247,126	-	-	180,368	7,427,494	6,776,461
Excess (Deficiency) of Operating Revenue Over Operating Expenses	340,685	1,000	-	2,451	344,136	938,871
NON-OPERATING ACTIVITIES						
Church maintenance expenses	(255,725)	-	-	-	(255,725)	(360,769)
Non-operating investment income	(485,383)	(4,068,993)	(931,328)	-	(5,485,704)	791,184
Interfund transfers	(614,432)	656,027	194,275	(235,870)	-	-
Changes in Net Asset Before Other Changes	(1,014,855)	(3,411,966)	(737,053)	(233,419)	(5,397,293)	1,369,286
OTHER CHANGES IN NET ASSETS						
Effect of adoption of FASB Statement No. 158 net of curtailment gain	-	-	-	-	-	20,820
Change in Net Assets	(1,014,855)	(3,411,966)	(737,053)	(233,419)	(5,397,293)	1,390,106
NET ASSETS						
Beginning of year, before restatement	473,798	14,033,077	3,568,994	233,419	18,309,288	16,751,564
Prior period adjustment	-	-	-	-	-	167,618
Beginning of year, restated	473,798	14,033,077	3,568,994	233,419	18,309,288	16,919,182
End of year	\$ (541,057)	\$ 10,621,111	\$ 2,831,941	\$ -	\$ 12,911,995	\$ 18,309,288

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**The Corporation of the Brick Presbyterian Church
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Schedule of Changes in Unrestricted Quasi-Endowment and Plant Net Assets

Year ended December 31, 2008

	Quasi-Endowment Net Assets					Plant Net Assets			Total Quasi- Endowment and Plant
	Memorial	Endowment	Endowment 2000	Women's Association	Total	Maintenance	Investment in Plant	Total	
OPERATING REVENUE									
Contributions and gifts	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
OTHER CHANGES IN NET ASSETS									
Non-operating investment income	(16,699)	(3,235,099)	(113,732)	(60,566)	(3,426,096)	(783,308)	-	(783,308)	(4,209,404)
Interfund transfers									
To finance Church maintenance expenses	-	-	-	-	-	(255,725)	-	(255,725)	(255,725)
To provide for future capital replacements	-	-	-	-	-	450,000	-	450,000	450,000
To finance Memorial and Endowment 2000 cost	-	-	(23,201)	-	(23,201)	-	-	-	(23,201)
To replenish the endowment	-	485,463	-	193,765	679,228	-	-	-	679,228
To finance operations	(8,733)	(634,164)	-	-	(642,897)	(148,020)	-	(148,020)	(790,917)
Change in Net Assets	(25,432)	(3,382,800)	(136,933)	133,199	(3,411,966)	(737,053)	-	(737,053)	(4,149,019)
NET ASSETS									
Beginning of year	72,992	13,319,036	473,431	-	13,865,459	3,118,997	449,997	3,568,994	17,434,453
Prior period adjustment	-	-	-	167,618	167,618	-	-	-	167,618
Beginning of year, as adjusted	72,992	13,319,036	473,431	167,618	14,033,077	3,118,997	449,997	3,568,994	17,602,071
End of year	\$ 47,560	\$ 9,936,236	\$ 336,498	\$ 300,817	\$ 10,621,111	\$ 2,381,944	\$ 449,997	\$ 2,831,941	\$ 13,453,052

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**The Corporation of the Brick Presbyterian Church
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Schedule of Changes in Temporarily and Permanently Restricted Net Assets

Year Ended December 31, 2008

	Contributions Gifts, Auction and Bequests	Investment Income	Net Assets Released from Restrictions	Change in Beneficial Interest in Perpetual Trust	Change in Net Assets	Net Assets, Beginning of Year	Prior Period Adjustment	Net Assets, Beginning of Year, As Restated	Net Assets, End of Year	Temporarily Restricted	Permanently Restricted
Special Organ Fund	\$ -	\$ (29,272)	\$ -	\$ -	\$ (29,272)	\$ 119,490	\$ -	\$ 119,490	\$ 90,218	\$ 65,218	\$ 25,000
Helen W. Buckner Scholarship	-	(63,373)	-	-	(63,373)	245,889	-	245,889	182,516	82,516	100,000
Day School Special	633,136	(229,030)	(679,463)	-	(275,357)	1,246,288	-	1,246,288	970,931	970,931	-
Day School Retirement	8,750	3,309	-	-	12,059	128,846	-	128,846	140,905	140,905	-
Day School Teachers Salaries	146,584	45,553	(98,375)	-	93,762	3,052,556	-	3,052,556	3,146,318	-	3,146,318
Day School Cultural Fund	31,539	(6,278)	(31,733)	-	(6,472)	19,765	-	19,765	13,293	13,293	-
Paul Wolfe Memorial	9,775	(364,251)	(69,986)	-	(424,462)	1,480,259	-	1,480,259	1,055,797	414,855	640,942
Guest Speakers	209	(23,582)	(3,583)	-	(26,956)	99,706	-	99,706	72,750	51,020	21,730
Designated Benevolence	-	-	-	-	-	12,000	-	12,000	12,000	12,000	-
Ladies Helping Hand	-	(79,347)	(13,500)	-	(92,847)	338,812	-	338,812	245,965	205,965	40,000
Merrill Fund	-	(444,040)	(94,611)	-	(538,651)	1,862,232	-	1,862,232	1,323,581	1,239,050	84,531
Colin Reed Trust	-	(7,020)	(1,452)	-	(8,472)	29,881	-	29,881	21,409	16,409	5,000
Watson Hall Maintenance	-	(609,342)	(6,487)	-	(615,829)	2,515,301	-	2,515,301	1,899,472	1,447,306	452,166
Church Outreach	-	(234,611)	(46,438)	-	(281,049)	996,790	-	996,790	715,741	594,791	120,950
Sick Children's Aid	-	(54,329)	(10,554)	-	(64,883)	230,641	-	230,641	165,758	129,517	36,241
Whitfield Beadleston	-	(6,378)	-	-	(6,378)	24,660	-	24,660	18,282	8,282	10,000
Church of the Covenant	-	(38,410)	-	-	(38,410)	156,707	-	156,707	118,297	71,283	47,014
Clifford Seminary Fund	154,956	(67,553)	(44,066)	-	43,337	978,972	-	978,972	1,022,309	-	1,022,309
Holden Trust Beneficial Interest	-	-	-	(325,702)	(325,702)	1,299,468	-	1,299,468	973,766	-	973,766
Spinelli Fund for Professional Development Building Fund	122,766	(57,041)	(51,676)	-	14,049	318,313	-	318,313	332,362	332,362	-
Womens Association Fund	-	(442,475)	-	-	(442,475)	1,805,247	-	1,805,247	1,362,772	1,362,772	-
Christian Ed Housing	-	-	-	-	-	167,618	(167,618)	-	-	-	-
Christian Ed Housing	-	1,112	(42,880)	-	(41,768)	56,296	-	56,296	14,528	14,528	-
Capital Campaign	-	10,039	(363,924)	-	(353,885)	598,943	-	598,943	245,058	245,058	-
Time Restricted Stewardship Contributions	1,636,302	-	(1,732,129)	-	(95,827)	1,732,129	-	1,732,129	1,636,302	1,636,302	-
	<u>\$ 2,744,017</u>	<u>\$ (2,696,319)</u>	<u>\$ (3,290,857)</u>	<u>\$ (325,702)</u>	<u>\$ (3,568,861)</u>	<u>\$ 19,516,809</u>	<u>\$ (167,618)</u>	<u>\$ 19,349,191</u>	<u>\$ 15,780,330</u>	<u>\$ 9,054,363</u>	<u>\$ 6,725,967</u>