

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

Financial Statements

December 31, 2011

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, 2011, 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, 2010 and, in our report dated April 20, 2011, we expressed a qualified opinion on those financial statements. Our 2010 report was qualified due to departures from accounting principles generally accepted in the United States of America regarding buildings, furniture and equipment. Acquisition costs and improvements, excluding manses, have not been capitalized as assets. Manses, although capitalized as assets, have not been subject to depreciation over expected useful lives as required.

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 the 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 acquisitions of, or improvements to, buildings, furniture, and equipment, except for the original cost of the Church's manses. Manses, although capitalized, were not depreciated over expected useful lives. 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, 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary schedules on pages 19 through 22 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

O'Connor Davies, LLP

New York, New York
April 17, 2012

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

Statement of Financial Position

December 31, 2011

(with comparative amounts at December 31, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 1,519,854	\$ 982,812
Accounts receivable	2,200	75,275
Note receivable	360,000	369,233
Investments	31,968,659	32,250,054
Prepaid expenses and other assets	56,213	11,854
Promises to give receivable, net	1,636,447	1,763,784
Land, buildings, furniture and equipment	1	1
Manses	449,996	449,996
Restricted investments	1,824,258	1,824,258
Beneficial interest in perpetual trusts	<u>1,219,326</u>	<u>1,278,964</u>
	<u>\$ 39,036,954</u>	<u>\$ 39,006,231</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 81,610	\$ 78,956
Other liabilities	104,575	157,466
Deferred tuition	<u>1,488,086</u>	<u>1,448,785</u>
Total Liabilities	<u>1,674,271</u>	<u>1,685,207</u>
Net Assets		
Unrestricted		
Operating	(1,239)	(491,972)
Quasi-endowment	12,407,724	13,091,249
Plant	<u>3,798,564</u>	<u>3,679,760</u>
	16,205,049	16,279,037
Temporarily restricted	18,114,050	17,938,765
Permanently restricted	<u>3,043,584</u>	<u>3,103,222</u>
Total Net Assets	<u>37,362,683</u>	<u>37,321,024</u>
	<u>\$ 39,036,954</u>	<u>\$ 39,006,231</u>

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, 2011
(with summarized totals for the year ended December 31, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
OPERATING REVENUE					
Contributions and gifts	\$ 1,254,921	\$ 3,390,657	\$ -	\$ 4,645,578	\$ 3,831,719
Allocated investment income	719,940	(137,768)	-	582,172	2,755,519
Income from perpetual trust	49,634	-	-	49,634	40,143
Day School tuition and fees, net of financial aid of \$230,555 and \$222,222	2,983,916	-	-	2,983,916	2,744,290
Brick Church Fair income, net of direct expenses of \$124,364 and \$172,917	158,233	-	-	158,233	155,370
Program revenue	415,515	-	-	415,515	-
Interest and other income	24,271	-	-	24,271	19,948
Net assets released from restrictions					
Stewardship	1,698,101	(1,698,101)	-	-	-
Capital campaign	-	-	-	-	-
Other specific donor purposes	<u>1,379,503</u>	<u>(1,379,503)</u>	-	-	-
Total Operating Revenue	<u>8,684,034</u>	<u>175,285</u>	<u>-</u>	<u>8,859,319</u>	<u>9,546,989</u>
OPERATING EXPENSES					
Pastoral	761,045	-	-	761,045	679,538
Ministry of music	425,343	-	-	425,343	373,155
Day School direct expenses	3,530,937	-	-	3,530,937	3,586,057
Christian education	112,093	-	-	112,093	93,237
Denominational assessment	50,000	-	-	50,000	56,067
Benevolence	484,272	-	-	484,272	658,233
Administration	1,138,417	-	-	1,138,417	1,091,685
Operation and maintenance of plant	1,010,222	-	-	1,010,222	1,009,591
Uncollectible pledges	<u>102,269</u>	<u>-</u>	<u>-</u>	<u>102,269</u>	<u>136,688</u>
Total Operating Expenses	<u>7,614,598</u>	<u>-</u>	<u>-</u>	<u>7,614,598</u>	<u>7,684,251</u>
Excess of Operating Revenue Over Operating Expenses	1,069,436	175,285	-	1,244,721	1,862,738
NON-OPERATING ACTIVITIES					
Church maintenance expenses	(281,222)	-	-	(281,222)	(286,373)
Non-operating investment income	(862,202)	-	-	(862,202)	1,209,076
Change in beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>(59,638)</u>	<u>(59,638)</u>	<u>82,706</u>
Change in Net Assets	(73,988)	175,285	(59,638)	41,659	2,868,147
NET ASSETS					
Beginning of year	<u>16,279,037</u>	<u>17,938,765</u>	<u>3,103,222</u>	<u>37,321,024</u>	<u>34,452,877</u>
End of year	<u>\$ 16,205,049</u>	<u>\$ 18,114,050</u>	<u>\$ 3,043,584</u>	<u>\$ 37,362,683</u>	<u>\$ 37,321,024</u>

See notes to financial statements

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

Statement of Cash Flows

Year Ended December 31, 2011
(with comparative amounts for the year ended December 31, 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,659	\$ 2,868,147
Adjustments to reconcile change in net assets to net cash from operating activities		
Uncollectible pledges	102,269	136,688
Net realized losses (gains) on sales of investments	666,564	(3,059)
Depreciation (appreciation) of investments	300,488	(3,383,515)
Permanently restricted contribution	-	(69,885)
Change in beneficial interest in perpetual trusts	59,638	(152,591)
Net change in operating assets and liabilities	42,848	2,025,525
Net Cash From Operating Activities	1,213,466	1,421,310
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	4,199,658	3,965,541
Purchase of investments	(4,645,206)	(4,866,560)
Net change in money market investments	(240,109)	(469,570)
Cash advanced on note receivable	9,233	(631)
Net Cash From Investing Activities	(676,424)	(1,371,220)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contribution	-	69,885
Net Change in Cash and Cash Equivalents	537,042	119,975
CASH AND CASH EQUIVALENTS		
Beginning of year	982,812	862,837
End of year	\$ 1,519,854	\$ 982,812

See notes to financial statements

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

Notes to Financial Statements
December 31, 2011

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 include 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.

Fair Value Measurements

The Church follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments Valuation

Investments are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. FASB guidance provides for the use of NAV as a "practical expedient" for estimating fair value of alternative investments. Alternative investments' classification within Level 2 or 3 is based on the Church's ability to redeem its interest in the near term.

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

Notes to Financial Statements
December 31, 2011

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

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Plant Assets

The Church expenses the cost of plant additions and improvements. In 2011, such costs in the amount of \$281,222 (\$303,430 for 2010) were financed by unrestricted net assets from the Maintenance fund for Church renovation expenses.

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. The transfer was \$350,000 in 2011 and \$275,000 in 2010. Details on 2011 activity in the Unrestricted Plant Maintenance Net Assets are included in Note 13 of the financial statements.

Deferred Tuition

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

Accounting for Uncertainty in Income Taxes

The Church recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Church had no uncertain tax positions that would require financial statement recognition. The Church is no longer subject to audits by the applicable taxing jurisdictions for periods prior to December 31, 2008.

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 17, 2012.

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

Notes to Financial Statements
December 31, 2011

1. 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 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 2010, from which the summarized information was derived.

2. Credit Risk Concentration

Certain financial instruments potentially subject the Church to concentrations of credit risk. These financial instruments consist primarily of temporary cash investments and pledge receivables. The Church places its temporary cash investments with creditworthy, high-quality financial institutions. A significant portion of such investments are not insured by the FDIC or related entity. Management believes there is a very low risk of loss due to the failure of these institutions. Concentrations of credit risk with respect to pledge receivables are generally diversified due to the large number of individuals composing the Church's donor base.

3. Note Receivable

The note receivable in unrestricted quasi-endowment consists of a five percent secured note from an employee due in December 2014.

4. Promises to Give Receivable

Promises to give receivable at December 31, 2011 are summarized as follows:

<u>Scheduled Collection</u>	<u>Value of Promises</u>
2012	\$ 1,834,644
Allowance for doubtful accounts	<u>(198,197)</u>
Promises to Give Receivable, net	<u>\$ 1,636,447</u>

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

Notes to Financial Statements
December 31, 2011

5. 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, 2011, the pooling group consisted of the following:

	<u>Fair Value</u>	<u>Sharing Percentage</u>
Unrestricted Operating	\$ 372,408	1.10%
Unrestricted Quasi-Endowment	12,407,724	36.63%
Unrestricted Plant	3,348,567	9.89%
Temporarily Restricted	15,916,785	46.99%
Permanently Restricted	<u>1,824,258</u>	<u>5.39%</u>
	<u>\$ 33,869,742</u>	<u>100.00%</u>

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

Investments	\$ 33,509,742
Note Receivable	<u>360,000</u>
Total Pooled Assets	<u>\$ 33,869,742</u>

Pooled funds do not include an investment of IBM stock donated to support the maintenance of Watson Hall at a fair value of \$283,175.

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

Notes to Financial Statements
December 31, 2011

6. Investments and Investment Return

Investments

The following are the classes and major categories of investments at December 31, 2011 grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Measured at fair value				
Equity Securities				
Healthcare	\$ 506,138	\$ -	\$ -	\$ 506,138
Technology	556,109	-	-	556,109
Services	104,670	-	-	104,670
Oil and gas	151,637	-	-	151,637
Research	41,384	-	-	41,384
Financial	85,284	-	-	85,284
Industrial goods	95,312	-	-	95,312
Specialty chemicals	62,460	-	-	62,460
International	87,969	-	-	87,969
U.S Treasury notes	118,300	-	-	118,300
Mutual funds				
Foreign large cap	2,138,975	-	-	2,138,975
Diversified emerging markets	1,554,980	-	-	1,554,980
Mid cap blend	1,549,384	-	-	1,549,384
Large blend	5,354,926	-	-	5,354,926
Real estate & infrastructure	-	521,580	-	521,580
Corporate bonds	4,172,426	-	-	4,172,426
Hedge funds	-	6,109,676	-	6,109,676
Fund of funds	-	2,496,255	3,242,498	5,738,753
Private equity	-	-	3,605,667	3,605,667
Beneficial interest in perpetual trusts	-	-	1,219,326	1,219,326
Total at fair value	<u>\$ 16,579,954</u>	<u>\$ 9,127,511</u>	<u>\$ 8,067,491</u>	\$ 33,774,956
Temporary cash investments, at cost plus accrued interest				<u>1,237,287</u>
Total Investments and Beneficial Interest in Perpetual Trusts				<u>\$ 35,012,243</u>

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

Notes to Financial Statements
December 31, 2011

6. 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 2011:

	Fund of Funds	Private Equity	Beneficial Interest in Perpetual Trusts	Total
Balance, beginning	\$ 3,385,761	\$ 3,386,485	\$ 1,278,964	\$ 8,051,210
Total gains or losses (realized/unrealized) included in changes in net assets	(147,242)	(186,922)	(59,638)	(393,802)
Purchases	<u>3,979</u>	<u>406,104</u>	<u>-</u>	<u>410,083</u>
Balance, end of year	<u>\$ 3,242,498</u>	<u>\$ 3,605,667</u>	<u>\$ 1,219,326</u>	<u>\$ 8,067,491</u>

Information regarding Level 2 and Level 3 investments at December 31, 2011 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge funds (see a. below)	\$ 6,109,676	-	Quarterly - Semiannually	90 days
Fund of funds (see b. below)	5,738,753	-	Monthly-Annually	7-100 days
Private equity (see c. below)	<u>3,605,667</u>	<u>1,593,088</u>	N/A	N/A
	<u>\$ 15,454,096</u>	<u>\$ 1,593,088</u>		

a) This category includes investments in hedge funds that invest both long and short in U.S. and international common stocks. Management of the hedge funds has the ability to shift investment strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments as reported by the funds' managers. Investments in this category may be redeemed quarterly to semiannually subject to written notice prior to month end.

b) This category includes investments in fund of funds. One fund allocates its investments to investment partnerships pursuing a broad range of strategies in the domestic and international equity and debt markets. Management of the fund and the underlying partnerships have the ability to shift investment strategies. The other fund achieves total return through investing in a diversified portfolio of international equities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Investments in this category may be redeemed monthly to annually subject to written notice prior to month end.

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

Notes to Financial Statements
December 31, 2011

6. Investments and Investment Return (continued)

Investments (continued)

c) This category includes several private equity funds that invest in domestic and foreign private equity investment partnerships. One fund primarily invests in companies undergoing financial distress, operating difficulties and significant restructuring. These investments can never be redeemed with the funds. Instead, it is expected that the investments in this category will be realized as distributions are received from the liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of the fund will be liquidated over 7 to 11 years.

Investment Risks and Uncertainties

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, and private equity funds. Certain of the underlying investments of such funds, are not currently traded in a public market and may be subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

Investment returns are summarized as follows:

	<u>2011</u>	<u>2010</u>
Interest and dividends, net	\$ 687,022	\$ 578,021
Net realized gains (losses) on sale of investments	(666,564)	3,059
Net appreciation (depreciation) of investments	<u>(300,488)</u>	<u>3,383,515</u>
	<u>\$ (280,030)</u>	<u>\$ 3,964,595</u>
Allocated investment income:		
Budgetary allocation of investment income	\$ 719,940	\$ 739,524
Investment income on restricted funds	<u>(137,768)</u>	<u>2,015,995</u>
	582,172	2,755,519
Non-operating investment income	<u>(862,202)</u>	<u>1,209,076</u>
	<u>\$ (280,030)</u>	<u>\$ 3,964,595</u>

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

Notes to Financial Statements
December 31, 2011

6. Investments and Investment Return (continued)

Investments (continued)

Investment income is reported net of investment advisory and custody fees. Investment advisory fees, which totaled \$51,391 in 2011 and \$52,302 in 2010, are allocated to each pooled fund consistent with the allocation of investment income.

7. 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 used as manses are carried at cost. The Church buildings and contents were, for insurance purposes, valued at approximately \$48,000,000 at December 31, 2011.

8. Deferred Compensation

Pursuant to agreements with a former and a current employee, the Church has deferred a portion of the employees' compensation to be paid after the employees' retirements. Such deferred compensation amounted to \$93,404 and \$94,751 at December 31, 2011 and 2010. The deferred compensation is included within other liabilities.

9. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2011 are available for the following purposes or periods:

Restricted as to Period	
Contributions and promises to give received for 2012	\$ 2,005,828
Restricted as to Purpose	
Ministry of music	1,514,329
Day School	5,689,361
Christian education	64,608
Seminary education	1,147,787
Benevolence	1,292,818
Building fund	1,827,323
Summer steps	241,587
Falcone Children, Youth and Family Fund	2,144,574
Operation and maintenance of plant	<u>2,185,835</u>
Total	<u>\$ 18,114,050</u>

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

Notes to Financial Statements
December 31, 2011

9. Temporarily and Permanently Restricted Net Assets (continued)

Temporarily Restricted Net Assets (continued)

Net assets released from restrictions during 2011 were for the following donor restricted and time restricted purposes:

	Expenses Funded from Operations	Net Assets Released from Restriction	Unrestricted Operating Expenses
Pastoral	\$ 761,045	\$ -	\$ 761,045
Ministry of music	347,363	77,980	425,343
Day School	2,423,781	1,107,156	3,530,937
Christian education	45,091	4,180	49,271
Seminary education	-	27,435	27,435
Denominational assessment	50,000	-	50,000
Benevolence	368,907	87,930	456,837
Administration	1,138,417	-	1,138,417
Operation and maintenance of plant	998,222	12,000	1,010,222
Falcone Children, Youth and Family Trust	-	62,822	62,822
Uncollectible pledges	102,269	-	102,269
	<u>\$ 6,235,095</u>	<u>\$ 1,379,503</u>	<u>\$ 7,614,598</u>
		<u>1,698,101</u>	
		<u>\$ 3,077,604</u>	

Stewardship contributions and promises to give
received in 2010 for 2011

Total Net Assets Released from Restrictions

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

Notes to Financial Statements
December 31, 2011

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

Permanently Restricted Net Assets

Permanently restricted net assets as of December 31, 2011 represent original gifts that have been restricted by donors in perpetuity, the income from which is expendable to support the following:

Ministry of music	\$ 109,531
Benevolence	359,205
Day school	881,626
Christian education	21,730
Operation and maintenance of plant	452,166
Operations - from beneficial interest in trusts	1,219,326
	<u>\$ 3,043,584</u>

Beneficial Interest in Holden Trust

Edith Holden established in 1965 a separate trust fund with \$300,000. The Church is to receive, in perpetuity, the income generated by the trust.

Beneficial Interest in Blyden Trust

Edith Holden established a trust fund to provide distributions of net income to Edward Wilmot Blyden, III and, upon his death, to provide the distributions to the Church in perpetuity. Edward Blyden died on October 10, 2010, at which time the trust had a then current value of \$69,885.

10. Endowment Funds

The Church's endowment consists of various individual funds established primarily for the support of the Church and its Day School. Its endowment includes donor-restricted endowment funds as well as board designated endowment funds.

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

Notes to Financial Statements
December 31, 2011

10. Endowment Funds (continued)

Interpretation of Relevant Law

The Board of Trustees has interpreted NYPMIFA as allowing the Church to appropriate for expenditures or accumulate so much of the donor-restricted endowment fund as the Church determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donors as expressed in their gift instruments. The assets in the endowment funds shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. Unless authorized by the Board of Trustees, the appropriations from the endowment fund should not deplete the historical dollar value of the endowment fund.

Return Objective and Risk Parameters

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.

Endowment assets include those assets of donor-restricted funds that the Church must hold in perpetuity. Under this policy, as approved by the Church's Board of Trustees, the endowment assets are invested in a number of different asset classes and investment strategies to diversify the investments to provide a balance that will enhance the long-term total return of the overall investment portfolio while avoiding undue risk or concentration in any single asset class or investment category.

Spend rate policy

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 and Temporarily Restricted Endowment Funds – 5% of trailing three year average.

Permanently Restricted Endowment Funds – 5% of trailing three year average, or to the extent permitted by the donor.

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

Notes to Financial Statements
December 31, 2011

10. Endowment Funds (continued)

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, January 1, 2011	\$ 12,722,016	\$ 6,613,686	\$ 1,824,258	\$ 21,159,960
Contributions	95,395	-	-	95,395
Transfers	(55,370)	-	-	(55,370)
Interest and dividends	271,648	224,465	-	496,113
Capital appreciation	(396,257)	(299,018)	-	(695,275)
Appropriation for expenditure	<u>(598,940)</u>	<u>(449,898)</u>	<u>-</u>	<u>(1,048,838)</u>
Balance, December 31, 2011	<u>\$ 12,038,492</u>	<u>\$ 6,089,235</u>	<u>\$ 1,824,258</u>	<u>\$ 19,951,985</u>
Comprised of the following:				
Donor restricted funds	\$ -	\$ 6,089,235	\$ 1,824,258	\$ 7,913,493
Board designated funds	<u>12,038,492</u>	<u>-</u>	<u>-</u>	<u>12,038,492</u>
Total Funds	<u>\$ 12,038,492</u>	<u>\$ 6,089,235</u>	<u>\$ 1,824,258</u>	<u>\$ 19,951,985</u>

11. Pension Commitments

Defined Contribution Plan

The Church has a Section 403(b) plan for substantially all eligible full time employees. Plan expense for 2011 was \$94,261 and \$85,253 in 2010.

Day school employees participate in a cafeteria benefit plan. 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 \$35,625 in 2011 and \$46,962 in 2010.

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 the clergy pension plan amounted to \$51,509 in 2011 and \$49,761 in 2010.

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

Notes to Financial Statements
December 31, 2011

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 2011 and 2010:

	2011	2010
Decrease (increase) in:		
Accounts receivable	\$ 73,075	\$ 95,881
Promises to give receivable	25,068	1,910,805
Prepaid expenses	(44,359)	21,637
Increase (decrease) in:		
Accounts payable and accrued expenses	2,654	(82,331)
Other liabilities	(52,891)	(30,308)
Deferred tuition	39,301	109,841
	\$ 42,848	\$ 2,025,525

13. Interfund Transfers

The following interfund transfers were made during the year ended December 31, 2011:

- a) A transfer of \$350,000 from Operating to Unrestricted Plant Maintenance to provide for future capital replacements.
- b) A transfer of \$20,992 from Unrestricted Quasi-Endowment to Operating to cover Endowment 2000 costs.
- c) A transfer of \$281,222 from Unrestricted Plant Maintenance to Operating to cover costs of church maintenance.
- d) A transfer of \$719,940 from Unrestricted Quasi-Endowment and Plant Maintenance to Operating pursuant to the Church's spending rate policy.
- e) A transfer of \$27,000 from Women's Association to Operating to cover operating expenses.
- f) A transfer of \$55,370 from Unrestricted Quasi-Endowment to Women's Association to finance the Women's Association Fund.

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

Supplementary Information

December 31, 2011

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

Schedule of Financial Position by Fund

December 31, 2011
(with summarized totals at December 31, 2010)

	Unrestricted				Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total	
	Operating	Quasi- Endowment	Plant	Women's Association					Total
ASSETS									
Cash and cash equivalents	\$ 1,079,322	\$ -	\$ -	\$ -	\$ 1,079,322	\$ 440,532	\$ -	\$ 1,519,854	982,812
Accounts receivable	2,200	-	-	-	2,200	-	-	2,200	75,275
Note receivable	-	360,000	-	-	360,000	-	-	360,000	369,233
Investments	372,408	12,047,724	3,348,567	-	15,768,699	16,199,960	-	31,968,659	32,250,054
Prepaid expenses and other assets	56,213	-	-	-	56,213	-	-	56,213	11,854
Promises to give receivable, net	162,889	-	-	-	162,889	1,473,558	-	1,636,447	1,763,784
Land, buildings, furniture and equipment	-	-	1	-	1	-	-	1	1
Manses	-	-	449,996	-	449,996	-	-	449,996	449,996
Restricted investments	-	-	-	-	-	-	1,824,258	1,824,258	1,824,258
Beneficial interest in perpetual trusts	-	-	-	-	-	-	1,219,326	1,219,326	1,278,964
	<u>\$ 1,673,032</u>	<u>\$ 12,407,724</u>	<u>\$ 3,798,564</u>	<u>\$ -</u>	<u>\$ 17,879,320</u>	<u>\$ 18,114,050</u>	<u>\$ 3,043,584</u>	<u>\$ 39,036,954</u>	<u>\$ 39,006,231</u>
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	\$ 81,610	\$ -	\$ -	\$ -	\$ 81,610	\$ -	\$ -	\$ 81,610	\$ 78,956
Other liabilities	104,575	-	-	-	104,575	-	-	104,575	157,466
Deferred tuition	1,488,086	-	-	-	1,488,086	-	-	1,488,086	1,448,785
Total Liabilities	<u>1,674,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674,271</u>	<u>-</u>	<u>-</u>	<u>1,674,271</u>	<u>1,685,207</u>
Net assets	<u>(1,239)</u>	<u>12,407,724</u>	<u>3,798,564</u>	<u>-</u>	<u>16,205,049</u>	<u>18,114,050</u>	<u>3,043,584</u>	<u>37,362,683</u>	<u>37,321,024</u>
	<u>\$ 1,673,032</u>	<u>\$ 12,407,724</u>	<u>\$ 3,798,564</u>	<u>\$ -</u>	<u>\$ 17,879,320</u>	<u>\$ 18,114,050</u>	<u>\$ 3,043,584</u>	<u>\$ 39,036,954</u>	<u>\$ 39,006,231</u>

**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, 2011
(with summarized totals for the year ended December 31, 2010)

	Operating	Quasi- Endowment	Plant	Women's Association	2011 Total	2010 Total
OPERATING REVENUE						
Contributions and gifts	\$ 891,267	\$ 95,394	\$ 234,000	\$ 34,260	\$ 1,254,921	\$ 891,814
Allocated investment income	719,940	-	-	-	719,940	739,524
Income from perpetual trust	49,634	-	-	-	49,634	40,143
Day School tuition and fees, net of financial aid of \$230,555 and \$222,222	2,983,916	-	-	-	2,983,916	2,744,290
Brick Church Fair income, net of direct expenses of \$124,365 and \$172,917	-	-	-	158,233	158,233	155,370
Program revenue	415,515	-	-	-	415,515	-
Interest and other income	24,271	-	-	-	24,271	19,948
Net assets released from restrictions						
Stewardship	1,698,101	-	-	-	1,698,101	1,595,242
Capital campaign	-	-	-	-	-	100,000
Other specific donor purposes	<u>1,379,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,379,503</u>	<u>1,677,737</u>
Total Operating Revenue	<u>8,162,147</u>	<u>95,394</u>	<u>234,000</u>	<u>192,493</u>	<u>8,684,034</u>	<u>7,964,068</u>
OPERATING EXPENSES						
Pastoral	761,045	-	-	-	761,045	679,538
Ministry of music	425,343	-	-	-	425,343	373,155
Day School direct expenses	3,530,937	-	-	-	3,530,937	3,586,057
Christian education	112,093	-	-	-	112,093	93,237
Denominational assessment	50,000	-	-	-	50,000	56,067
Benevolence	398,872	-	-	85,400	484,272	658,233
Administration	1,002,954	-	-	135,463	1,138,417	1,091,685
Operation and maintenance of plant	1,010,222	-	-	-	1,010,222	1,009,591
Uncollectible pledges	<u>102,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,269</u>	<u>136,688</u>
Total Operating Expenses	<u>7,393,735</u>	<u>-</u>	<u>-</u>	<u>220,863</u>	<u>7,614,598</u>	<u>7,684,251</u>
Excess (Deficiency) of Operating Revenue Over Operating Expenses	768,412	95,394	234,000	(28,370)	1,069,436	279,817
NON-OPERATING ACTIVITIES						
Church maintenance expenses	(281,222)	-	-	-	(281,222)	(286,373)
Non-operating investment income	24,329	(702,557)	(183,974)	-	(862,202)	1,209,076
Interfund transfers	<u>(20,786)</u>	<u>(76,362)</u>	<u>68,778</u>	<u>28,370</u>	<u>-</u>	<u>-</u>
Change in Net Assets	490,733	(683,525)	118,804	-	(73,988)	1,202,520
NET ASSETS						
Beginning of year	<u>(491,972)</u>	<u>13,091,249</u>	<u>3,679,760</u>	<u>-</u>	<u>16,279,037</u>	<u>15,076,517</u>
End of year	<u>\$ (1,239)</u>	<u>\$12,407,724</u>	<u>\$3,798,564</u>	<u>\$ -</u>	<u>\$ 16,205,049</u>	<u>\$ 16,279,037</u>

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

Schedule of Changes in Unrestricted Quasi-Endowment and Plant Net Assets

Year Ended December 31, 2011

	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	\$ 6,768	\$ 88,626	\$ -	\$ -	\$ 95,394	\$ 234,000	\$ -	\$ 234,000	\$ 329,394
OTHER CHANGES IN NET ASSETS									
Non-operating investment income	(915)	(123,175)	(3,946)	3,427	(124,609)	(41,982)	-	(41,982)	(166,591)
Interfund transfers									
To finance Church maintenance expenses	-	-	-	-	-	(281,222)	-	(281,222)	(281,222)
To provide for future capital replacements	-	-	-	-	-	350,000	-	350,000	350,000
To finance Memorial and Endowment 2000 cost	-	-	(20,992)	-	(20,992)	-	-	-	(20,992)
To finance Women's Association	-	-	-	(55,370)	(55,370)	-	-	-	(55,370)
To finance operations (allocated investment income)	<u>(2,560)</u>	<u>(575,388)</u>	<u>-</u>	<u>-</u>	<u>(577,948)</u>	<u>(141,992)</u>	<u>-</u>	<u>(141,992)</u>	<u>(719,940)</u>
Change in Net Assets	3,293	(609,937)	(24,938)	(51,943)	(683,525)	118,804	-	118,804	(564,721)
NET ASSETS									
Beginning of year	<u>70,254</u>	<u>12,208,270</u>	<u>407,596</u>	<u>405,129</u>	<u>13,091,249</u>	<u>3,229,763</u>	<u>449,997</u>	<u>3,679,760</u>	<u>16,771,009</u>
End of year	<u>\$ 73,547</u>	<u>\$ 11,598,333</u>	<u>\$ 382,658</u>	<u>\$ 353,186</u>	<u>\$ 12,407,724</u>	<u>\$ 3,348,567</u>	<u>\$ 449,997</u>	<u>\$ 3,798,564</u>	<u>\$ 16,206,288</u>

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

Schedule of Changes in Temporarily and Permanently Restricted Net Assets

Year Ended December 31, 2011

	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	Net Assets, End of Year	Temporarily Restricted	Permanently Restricted
Special Organ Fund	\$ -	\$ (7,287)	\$ -	\$ -	\$ (7,287)	\$ 119,352	\$ 112,065	\$ 87,065	\$ 25,000
Helen W. Buckner Scholarship	-	(5,348)	(8,400)	-	(13,748)	189,951	176,203	76,203	100,000
Day School Special	1,008,448	(7,183)	(733,396)	-	267,869	1,164,687	1,432,556	1,432,556	-
Day School Retirement	7,075	10	(43,527)	-	(36,442)	117,003	80,561	80,561	-
Day School Teachers Salaries	16,425	(35,763)	(143,215)	-	(162,553)	3,593,583	3,431,030	3,190,346	240,684
Day School Cultural Fund	20,276	7	(33,258)	-	(12,975)	86,870	73,895	73,895	-
Paul Wolfe Memorial	30,445	(8,639)	(63,140)	-	(41,334)	1,325,090	1,283,756	642,814	640,942
Guest Speakers	-	(847)	(4,180)	-	(5,027)	91,365	86,338	64,608	21,730
Designated Benevolence	1,300	-	-	-	1,300	-	1,300	1,300	-
Ladies Helping Hand	-	(2,736)	(14,393)	-	(17,129)	299,501	282,372	242,372	40,000
Merrill Fund	259	(15,666)	(77,980)	-	(93,387)	1,605,182	1,511,795	1,427,264	84,531
Colin Reed Trust	-	(203)	(5,442)	-	(5,645)	25,675	20,030	15,030	5,000
Watson Hall Maintenance	-	16,154	-	-	16,154	2,621,847	2,638,001	2,185,835	452,166
Church Outreach	-	(11,237)	(48,874)	-	(60,111)	1,019,085	958,974	791,010	167,964
Sick Children's Aid	-	(2,225)	(9,721)	-	(11,946)	201,827	189,881	153,640	36,241
Whitfield Beadleston	-	(756)	-	-	(756)	24,019	23,263	13,263	10,000
Clifford Seminary Fund	-	(11,914)	(27,435)	-	(39,349)	1,187,136	1,147,787	1,147,787	-
Edward Wilmot Blyden Trust	-	-	-	4,216	4,216	72,167	76,383	-	76,383
Holden Trust Beneficial Interest	-	-	-	(63,854)	(63,854)	1,206,797	1,142,943	-	1,142,943
Spinelli Fund for Professional Development	53,600	24	(86,307)	-	(32,683)	301,872	269,189	269,189	-
Building Fund	-	(20,505)	(12,000)	-	(32,505)	1,859,828	1,827,323	1,827,323	-
Falcone Children, Youth and Family Fund	-	(23,654)	(62,822)	-	(86,476)	2,231,050	2,144,574	2,144,574	-
Disaster Relief Fund	1,100	-	(1,100)	-	-	-	-	-	-
Summer Steps	245,900	-	(4,313)	-	241,587	-	241,587	241,587	-
Time Restricted Stewardship Contributions	2,005,829	-	(1,698,101)	-	307,728	1,698,100	2,005,828	2,005,828	-
	<u>\$ 3,390,657</u>	<u>\$ (137,768)</u>	<u>\$ (3,077,604)</u>	<u>\$ (59,638)</u>	<u>\$ 115,647</u>	<u>\$ 21,041,987</u>	<u>\$ 21,157,634</u>	<u>\$ 18,114,050</u>	<u>\$ 3,043,584</u>