

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

Financial Statements

December 31, 2009



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

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, 2009, 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, 2008 and, in our report dated April 27, 2009, we expressed a qualified opinion on those financial statements, before restatement. The qualification in our 2008 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, 2009, 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 made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown on pages 19 to 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 6, the financial statements include investments valued at \$10,792,121 (31% 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.

We also audited the adjustments described in Note 14 that were applied to restate the 2008 financial statements. In our opinion such adjustments are appropriate and have been properly applied.

O'Connor Davies Murino & Dobbins, LLP

New York, New York
April 19, 2010

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

Statement of Financial Position

December 31, 2009

(with comparative amounts at December 31, 2008)

	<u>2009</u>	<u>2008</u> (restated)
ASSETS		
Cash and cash equivalents	\$ 862,837	\$ 1,127,458
Accounts receivable	171,156	234,533
Note receivable	368,602	368,057
Investments	29,317,149	25,169,182
Prepaid expenses and other assets	33,491	20,424
Promises to give receivable, net	3,811,277	1,933,724
Land, buildings, furniture and equipment	1	1
Manses	449,996	449,996
Beneficial interest in perpetual trust	<u>1,126,373</u>	<u>973,767</u>
	<u>\$ 36,140,882</u>	<u>\$ 30,277,142</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 161,287	\$ 75,623
Other liabilities	187,774	199,827
Deferred tuition	<u>1,338,944</u>	<u>1,309,367</u>
Total Liabilities	<u>1,688,005</u>	<u>1,584,817</u>
Net Assets		
Unrestricted		
Operating	\$ (491,216)	\$ (831,057)
Quasi-endowment	12,125,979	10,621,111
Plant	<u>3,441,754</u>	<u>2,831,941</u>
	15,076,517	12,621,995
Temporarily restricted	16,425,729	9,344,363
Permanently restricted	<u>2,950,631</u>	<u>6,725,967</u>
Total Net Assets	<u>34,452,877</u>	<u>28,692,325</u>
	<u>\$ 36,140,882</u>	<u>\$ 30,277,142</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, 2009
(with summarized totals for the year ended December 31, 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total (restated)
OPERATING REVENUE					
Contributions and gifts	\$ 997,499	\$ 4,830,238	\$ -	\$ 5,827,737	\$ 3,637,719
Allocated investment income (loss)	795,016	1,948,831	-	2,743,847	(1,905,795)
Income from perpetual trust	24,630	-	-	24,630	30,274
Day School tuition and fees	2,385,967	-	-	2,385,967	2,276,789
Brick Church Fair income, net of direct expenses of \$111,914 and \$180,648	169,138	-	-	169,138	146,672
Interest and other income	40,092	-	-	40,092	52,812
Net assets released from restrictions					
Donor reclassifications		3,927,943	(3,927,943)	-	-
Stewardship	1,636,302	(1,636,302)	-	-	-
Other specific donor purposes	1,989,344	(1,989,344)	-	-	-
Total Operating Revenue	8,037,988	7,081,366	(3,927,943)	11,191,411	4,238,471
OPERATING EXPENSES					
Pastoral	688,843	-	-	688,843	680,358
Ministry of music	382,875	-	-	382,875	363,690
Day School direct expenses	3,575,086	-	-	3,575,086	2,508,265
Christian education	120,026	-	-	120,026	177,665
Denominational assessment	82,045	-	-	82,045	82,045
Benevolence	543,442	-	-	543,442	867,925
Administration	1,154,869	-	-	1,154,869	1,164,650
Operation and maintenance of plant	995,432	-	-	995,432	1,017,126
Uncollectible pledges	145,180	-	-	145,180	275,770
Total Operating Expenses	7,687,798	-	-	7,687,798	7,137,494
Excess (Deficiency) of Operating Revenue Over Operating Expenses	350,190	7,081,366	(3,927,943)	3,503,613	(2,899,023)
NON-OPERATING ACTIVITIES					
Church maintenance expenses	(201,293)	-	-	(201,293)	(255,725)
Non-operating investment income (loss)	2,305,625	-	-	2,305,625	(5,485,704)
Change in beneficial interest in perpetual trust	-	-	152,607	152,607	(325,702)
Change in Net Assets	2,454,522	7,081,366	(3,775,336)	5,760,552	(8,966,154)
NET ASSETS					
Beginning of year	12,621,995	9,344,363	6,725,967	28,692,325	37,658,479
End of year	\$ 15,076,517	\$ 16,425,729	\$ 2,950,631	\$ 34,452,877	\$ 28,692,325

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, 2009
(with comparative amounts for the year ended December 31, 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,760,552	\$ (8,966,154)
Adjustments to reconcile change in net assets to net cash from operating activities		
Uncollectible capital campaign pledges	145,180	275,770
Net realized losses (gains) on sales of investments	25,115	(195,254)
(Appreciation) depreciation of investments	(4,523,957)	8,089,761
Change in beneficial interest in perpetual trust	(152,607)	325,702
Net change in operating assets and liabilities	<u>(1,869,235)</u>	<u>(92,042)</u>
Net Cash From Operating Activities	<u>(614,952)</u>	<u>(562,217)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	4,664,345	1,894,646
Purchase of investments	(4,286,897)	(3,456,715)
Net change in money market investments	(26,572)	715,386
Cash received (advanced) on note receivable	<u>(545)</u>	<u>1,841</u>
Net Cash From Investing Activities	<u>350,331</u>	<u>(844,842)</u>
Net Change in Cash and Cash Equivalents	(264,621)	(1,407,059)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,127,458</u>	<u>2,534,517</u>
End of year	<u>\$ 862,837</u>	<u>\$ 1,127,458</u>

See notes to financial statements

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

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.

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.

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

Notes to Financial Statements

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

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.

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 2009, such costs in the amount of \$208,156 (\$262,212 for 2008) were financed by unrestricted and temporarily restricted net assets as follows:

Unrestricted	
From the Maintenance fund for Church renovation expenses	\$201,293
Temporarily restricted	
From the Watson Hall Maintenance fund for Church improvements	<u>6,863</u>
 Total Church Expenses	 <u>\$208,156</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 2009 and 2008, the transfer was \$450,000. Details on 2009 activity in the Unrestricted Plant Maintenance Net Assets are included in Note 13 of the financial statements, and page 21 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 \$75,000 and \$70,500 for the years ended December 31, 2009 and 2008.

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

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

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

Accounting for Uncertainty in Income Taxes

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, 2006.

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 19, 2010.

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, 2008, from which the summarized information was derived.

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. Note Receivable

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

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

4. Promises to Give Receivable

Promises to give receivable, which include annual Stewardship pledges, Day School Capital Campaign pledges and a restricted pledge at December 31, 2009, 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
2010	\$ 4,152,161	\$ -	\$ 4,152,161
2011	10,000	(408)	9,592
	\$ 4,162,161	\$ (408)	4,161,753
Allowance for doubtful accounts			(350,475)
Promises to Give Receivable, net			\$ 3,811,277

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, 2009, the pooling group consisted of the following:

	Fair Value	Sharing Percentage
Unrestricted Operating	\$ 265,432	0.90%
Unrestricted Quasi-Endowment	12,125,979	41.13%
Unrestricted Plant	2,991,757	10.15%
Temporarily Restricted	12,276,739	41.63%
Permanently Restricted	1,824,258	6.19%
	\$ 29,484,165	100.00%

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

5. Pooled Funds (continued)

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

Investments	\$ 29,115,563
Note receivable	<u>368,602</u>
 Total Pooled Assets	 <u>\$ 29,484,165</u>

Pooled funds do not include an investment of IBM stock donated to support the maintenance of Watson Hall at a fair value of \$201,586

6. Investments and Investment Return

Investments

The following are major categories of investments measured at fair value on a recurring basis at December 31, 2009 grouped by the fair value hierarchy:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Percentage of Total
Cash and equivalents	\$ 39,383	\$ -	\$ -	\$ 39,383	0.13%
Fixed income securities	5,409,310	-	-	5,409,310	18.45%
Equity securities	11,965,960	1,110,375	-	13,076,335	44.60%
Hedge funds	-	-	5,329,660	5,329,660	18.18%
Fund of funds	-	-	3,070,286	3,070,286	10.47%
Private equity	-	-	2,392,175	2,392,175	8.16%
 Total Investments	 <u>\$ 17,414,653</u>	 <u>\$ 1,110,375</u>	 <u>\$ 10,792,121</u>	 <u>\$ 29,317,149</u>	 <u>100.00%</u>

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, 2009:

	<u>Hedge Funds</u>	<u>Fund of Funds</u>	<u>Private Equity</u>	<u>Total</u>
Balance, beginning of year	\$ 4,764,601	\$ 2,528,230	\$ 1,146,308	\$ 8,439,139
Total gains or losses (realized/unrealized) included in changes in net assets	565,150	541,966	177,154	1,284,270
Purchases and (settlements), net	<u>-</u>	<u>-</u>	<u>1,068,712</u>	<u>1,068,712</u>
Balance, end of year	<u>\$ 5,329,751</u>	<u>\$ 3,070,196</u>	<u>\$ 2,392,174</u>	<u>\$ 10,792,121</u>

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

6. Investments and Investment Return (continued)

Investments (continued)

Information regarding Level 3 investments at December 31, 2009 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge funds (see a. below)	\$ 5,329,751	\$ -	Semiannually	90 days
Fund of funds (see b. below)	3,070,196	-	Annually	100 days
Private equity (see c. below)	2,392,174	2,667,581	N/A	N/A
	<u>\$ 10,792,121</u>	<u>\$ 2,667,581</u>		

a) This category includes investments in a hedge fund and a hedge fund of funds that invest both long and short in U.S. and international common stocks. Management of the hedge funds have 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 representing approximately 51 percent of the value of the investments in this category cannot be redeemed because the investments include restrictions that do not allow for redemption in the first three years after acquisition. The remaining restriction period for these investments at December 31, 2009 is seven months.

b) This category includes an investment in a fund of funds that 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 investments strategies. The fair value of the investment in this category has been estimated using the net asset value per share of the fund as reported by the fund's manager. The investment cannot currently be redeemed because the fund includes restrictions that do not allow for redemption in the first three years after acquisition. The remaining restriction period for this investment at December 31, 2009 is twelve months.

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 8 to 12 years.

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

6. Investments and Investment Return (continued)

Investments 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 Return

Investment returns for the years ended December 31 are summarized as follows:

	2009	2008
Interest and dividends, net	\$ 550,630	\$ 503,008
Net realized (losses) gains on sale of investments	(25,115)	195,254
Net appreciation (depreciation) of investments	4,523,957	(8,089,761)
	\$ 5,049,472	\$ (7,391,499)
Allocated investment income:		
Budgetary allocation of investment income	\$ 795,016	\$ 790,524
Investment (loss) income on restricted funds	1,948,831	(2,696,319)
	2,743,847	(1,905,795)
Non-operating investment income	2,305,625	(5,485,704)
	\$ 5,049,472	\$ (7,391,499)

Investment income is reported net of investment advisory and custody fees. Investment advisory and custodial fees, which totaled \$74,886 in 2009 and \$66,545 in 2008, are allocated to each pooled fund consistent with the allocation of investment income.

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

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 \$48,077,625 at December 31, 2009.

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 \$105,406 and \$121,420 at December 31, 2009 and 2008. 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, 2009 are available for the following purposes or periods:

Restricted as to Period

Contributions and promises to give received for 2010	\$ 1,595,242
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Restricted as to Purpose

Ministry of music	1,494,578
Day School	5,297,100
Christian education	61,560
Seminary education	1,085,320
Benevolence	1,301,177
Building fund	1,641,711
Capital Campaign	100,000
Falcone Children, Youth and Family Fund	1,959,392
Operation and maintenance of plant	<u>1,889,649</u>

Total	<u><u>\$ 16,425,729</u></u>
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**The Corporation of The Brick Presbyterian Church
in the City of New York**

Notes to Financial Statements

9. Temporarily and Permanently Restricted Net Assets (continued)

Temporarily Restricted Net Assets (continued)

Net assets released from restrictions during 2009 were for the following donor restricted and time restricted purposes:

	Expenses Funded from Operations	Net Assets Released from Restriction	Total Unrestricted Operating Expenses
Pastoral	\$ 688,843	\$ -	\$ 688,843
Ministry of music	293,765	89,110	382,875
Day School	1,894,570	1,680,516	3,575,086
Christian education	101,574	18,452	120,026
Denominational assessment	82,045	-	82,045
Benevolence	349,039	194,403	543,442
Administration	1,154,869	-	1,154,869
Operation and maintenance of plant	988,569	6,863	995,432
Uncollectible pledges	145,180	-	145,180
Total	<u>\$ 5,698,454</u>	<u>\$ 1,989,344</u>	<u>\$ 7,687,798</u>
Stewardship contributions and promises to give received in 2008 for 2009		<u>1,636,302</u>	
Total Net Assets Released from Restrictions		<u>\$ 3,625,646</u>	

Permanently Restricted Net Assets

Permanently restricted net assets as of December 31, 2009 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 Holden Trust	1,126,373
	<u>\$ 2,950,631</u>

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

9. 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.

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. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Church has interpreted the New York State Not-For-Profit Corporation Law as requiring the preservation of the original historic dollar value of a gift, as of the gift date, to the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Church classifies as permanently restricted net assets the original historic dollar value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets to the extent the donor restricted income earned on such endowments to a particular purpose. Such amounts recorded as temporarily restricted net assets are released from restriction when the donor stipulated purpose has been fulfilled.

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, 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 Corporation of The Brick Presbyterian Church
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Notes to Financial Statements

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, December 31, 2008	\$ 9,767,671	\$ 3,890,770	\$ 5,752,201	\$ 19,410,642
Contributions	41,961	271,660	-	313,621
Transfers	26,399	-	(3,927,943)	(3,901,544)
Interest and dividends	236,472	211,653	-	448,125
Capital appreciation	2,358,427	1,316,859	-	3,675,286
Appropriation for expenditure	<u>(673,008)</u>	<u>(391,384)</u>	<u>-</u>	<u>(1,064,392)</u>
Balance, December 31, 2009	<u>\$ 11,757,922</u>	<u>\$ 5,299,558</u>	<u>\$ 1,824,258</u>	<u>\$ 18,881,738</u>
Comprised of the following:				
Donor restricted funds	-	5,299,558	1,824,258	7,123,816
Board designated funds	<u>11,757,922</u>	<u>-</u>	<u>-</u>	<u>11,757,922</u>
Total Funds	<u>\$ 11,757,922</u>	<u>\$ 5,299,558</u>	<u>\$ 1,824,258</u>	<u>\$ 18,881,738</u>

During 2008 the permanently restricted endowment funds had experienced losses totaling \$485,383 due to market fluctuations. Generally accepted accounting principles 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. As of December 31, 2009 these losses have been fully restored.

Return Objectives 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.

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

Notes to Financial Statements

11. Pension Commitments

Defined Contribution Plan

The Church has a Section 403(b) plan for substantially all eligible full time employees. Plan expense for 2009 was \$90,113 and \$102,236 in 2008.

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 \$27,943 in 2009 and \$32,135 in 2008.

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 \$51,593 in 2009 and \$49,436 in 2008.

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Decrease (increase) in:		
Accounts receivable	\$ 63,377	\$ (88,143)
Promises to give receivable	(2,022,733)	173,661
Prepaid expenses	(13,067)	(62)
Increase (decrease) in:		
Accrued pension cost	-	(273,041)
Accounts payable and accrued expenses	85,664	(56,632)
Other liabilities	(12,053)	3,272
Deferred tuition	<u>29,577</u>	<u>148,903</u>
	<u>\$ (1,869,235)</u>	<u>\$ (92,042)</u>

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

Notes to Financial Statements

The following interfund transfers were made during the year ended December 31, 2009:

- a) A transfer of \$450,000 from Operating to Unrestricted Plant Maintenance to provide for future capital replacements.
- b) A transfer of \$22,628 from Unrestricted Quasi-Endowment to Operating to cover Endowment 2000 costs.
- c) A transfer of \$201,293 from Unrestricted Plant Maintenance to Operating to cover costs of church maintenance.
- d) A transfer of \$795,016 from Unrestricted Quasi-Endowment and Plant Maintenance to Operating pursuant to the Church's spending rate policy.
- e) A transfer of \$12,000 from Women's Association to Operating to cover operating expenses.
- f) A transfer of \$26,399 from Women's Association to Unrestricted Quasi-Endowment to supplement the Women's Association Fund.

14. Prior Period Adjustment

A portion of the December 31, 2008, unrestricted net assets has been reclassified as temporarily restricted 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 -December 31, 2008	\$ 12,911,995	\$ 9,054,363	\$ 6,725,967
Reclassification of unrestricted net assets to temporarily restricted net assets	<u>(290,000)</u>	<u>290,000</u>	<u>-</u>
Net Assets - December 31, 2008 restated	<u>\$ 12,621,995</u>	<u>\$ 9,344,363</u>	<u>\$ 6,725,967</u>

Supplementary Information

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

Schedule of Financial Position by Fund

December 31, 2009

(with summarized totals at December 31, 2008)

	Unrestricted					Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
	Operating	Quasi- Endowment	Plant	Women's Association	Total				
ASSETS									
Cash and cash equivalents	\$ 168,694	\$ -	\$ -	\$ -	\$ 168,694	\$ 694,143	\$ -	\$ 862,837	\$ 1,127,458
Accounts receivable	171,156	-	-	-	171,156	-	-	171,156	234,533
Note receivable	-	368,602	-	-	368,602	-	-	368,602	368,057
Investments	265,432	11,757,377	2,991,757	-	15,014,566	12,478,325	1,824,258	29,317,149	25,169,182
Prepaid expenses and other assets	33,491	-	-	-	33,491	-	-	33,491	20,424
Promises to give receivable, net	558,016	-	-	-	558,016	3,253,261	-	3,811,277	1,933,724
Land, buildings, furniture and equipment	-	-	1	-	1	-	-	1	1
Manses	-	-	449,996	-	449,996	-	-	449,996	449,996
Beneficial interest in perpetual trust	-	-	-	-	-	-	1,126,373	1,126,373	973,767
	<u>\$ 1,196,789</u>	<u>\$ 12,125,979</u>	<u>\$ 3,441,754</u>	<u>\$ -</u>	<u>\$ 16,764,522</u>	<u>\$ 16,425,729</u>	<u>\$ 2,950,631</u>	<u>\$ 36,140,882</u>	<u>\$ 30,277,142</u>
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	\$ 161,287	\$ -	\$ -	\$ -	\$ 161,287	\$ -	\$ -	\$ 161,287	\$ 75,623
Other liabilities	187,774	-	-	-	187,774	-	-	187,774	199,827
Deferred tuition	1,338,944	-	-	-	1,338,944	-	-	1,338,944	1,309,367
Total Liabilities	<u>1,688,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,688,005</u>	<u>-</u>	<u>-</u>	<u>1,688,005</u>	<u>1,584,817</u>
Net assets	<u>(491,216)</u>	<u>12,125,979</u>	<u>3,441,754</u>	<u>-</u>	<u>15,076,517</u>	<u>16,425,729</u>	<u>2,950,631</u>	<u>34,452,877</u>	<u>28,692,325</u>
	<u>\$ 1,196,789</u>	<u>\$ 12,125,979</u>	<u>\$ 3,441,754</u>	<u>\$ -</u>	<u>\$ 16,764,522</u>	<u>\$ 16,425,729</u>	<u>\$ 2,950,631</u>	<u>\$ 36,140,882</u>	<u>\$ 30,277,142</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, 2009

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

	Operating	Quasi- Endowment	Plant	Women's Association	2009 Total	2008 Total (restated)
OPERATING REVENUE						
Contributions and gifts	\$ 905,832	\$ 41,961	\$ -	\$ 49,706	\$ 997,499	\$ 893,702
Allocated investment income	795,016	-	-	-	795,016	790,524
Income from perpetual trust	24,630	-	-	-	24,630	30,274
Day School tuition and fees	2,385,967	-	-	-	2,385,967	2,276,789
Brick Church Fair income, net of direct expenses of \$111,914 and \$180,648	-	-	-	169,138	169,138	146,672
Interest and other income	40,092	-	-	-	40,092	52,812
Net Assets Released from Restrictions						
Stewardship	1,636,302	-	-	-	1,636,302	1,732,129
Capital campaign	-	-	-	-	-	363,924
Other specific donor purposes	1,989,344	-	-	-	1,989,344	904,804
 Total Operating Revenue	 <u>7,777,183</u>	 <u>41,961</u>	 <u>-</u>	 <u>218,844</u>	 <u>8,037,988</u>	 <u>7,191,630</u>
OPERATING EXPENSES						
Pastoral	688,843	-	-	-	688,843	680,358
Ministry of music	382,875	-	-	-	382,875	363,690
Day School direct expenses	3,575,086	-	-	-	3,575,086	2,508,265
Christian education	120,026	-	-	-	120,026	177,665
Denominational assessment	82,045	-	-	-	82,045	82,045
Benevolence	473,442	-	-	70,000	543,442	867,925
Administration	1,044,424	-	-	110,445	1,154,869	1,164,650
Operation and maintenance of plant	995,432	-	-	-	995,432	1,017,126
Uncollectible pledges	145,180	-	-	-	145,180	275,770
Total Operating Expenses	<u>7,507,353</u>	<u>-</u>	<u>-</u>	<u>180,445</u>	<u>7,687,798</u>	<u>7,137,494</u>
 Excess of Operating Revenue Over Operating Expenses	 269,830	 41,961	 -	 38,399	 350,190	 54,136
NON-OPERATING ACTIVITIES						
Church maintenance expenses	(201,293)	-	-	-	(201,293)	(255,725)
Non-operating investment income (loss)	485,383	1,459,136	361,106	-	2,305,625	(5,485,704)
Interfund transfers	(214,079)	3,771	248,707	(38,399)	-	-
 Changes in Net Assets	 339,841	 1,504,868	 609,813	 -	 2,454,522	 (5,687,293)
NET ASSETS						
Beginning of year, restated	<u>(831,057)</u>	<u>10,621,111</u>	<u>2,831,941</u>	<u>-</u>	<u>12,621,995</u>	<u>18,309,288</u>
 End of year	 <u>\$ (491,216)</u>	 <u>\$ 12,125,979</u>	 <u>\$ 3,441,754</u>	 <u>\$ -</u>	 <u>\$ 15,076,517</u>	 <u>\$ 12,621,995</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, 2009

	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	\$ 11,238	\$ 30,723	\$ -	\$ -	\$ 41,961	\$ -	\$ -	\$ -	\$ 41,961
OTHER CHANGES IN NET ASSETS									
Investment income	9,808	1,963,905	65,647	70,156	2,109,516	505,742	-	505,742	2,615,258
Interfund transfers									
To finance Church maintenance expenses	-	-	-	-	-	(201,293)	-	(201,293)	(201,293)
To provide for future capital replacements	-	-	-	-	-	450,000	-	450,000	450,000
To finance Memorial and Endowment 2000 cost	-	-	(22,628)	-	(22,628)	-	-	-	(22,628)
To replenish the endowment	-	-	-	26,399	26,399	-	-	-	26,399
To finance operations	(4,960)	(645,420)	-	-	(650,380)	(144,636)	-	(144,636)	(795,016)
Change in Net Assets	16,086	1,349,208	43,019	96,555	1,504,868	609,813	-	609,813	2,114,681
NET ASSETS									
Beginning 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
End of year	<u>\$ 63,646</u>	<u>\$ 11,285,444</u>	<u>\$ 379,517</u>	<u>\$ 397,372</u>	<u>\$ 12,125,979</u>	<u>\$ 2,991,757</u>	<u>\$ 449,997</u>	<u>\$ 3,441,754</u>	<u>\$ 15,567,733</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, 2009

	Contributions Gifts, Auction and Bequests	Investment Income	Net Assets Released from Restrictions	Change in Beneficial Interest in Perpetual Trust	Transfers	Change in Net Assets	Net Assets, Beginning of Year, (restated)	Net Assets, End of Year	Temporarily Restricted	Permanently Restricted
Special Organ Fund	\$ -	\$ 18,467	\$ -	\$ -	\$ -	18,467	\$ 90,218	\$ 108,685	\$ 83,685	\$ 25,000
Helen W. Buckner Scholarship	-	29,964	(22,500)	-	-	7,464	182,516	189,980	89,980	100,000
Day School Special	424,124	99,570	(619,250)	-	-	(95,556)	1,260,931	1,165,375	1,165,375	-
Day School Retirement	9,670	368	(36,320)	-	-	(26,282)	140,905	114,623	114,623	-
Day School Teachers Salaries	7,116	275,162	(114,488)	-	-	167,790	3,146,318	3,314,108	3,073,424	240,684
Day School Cultural Fund	33,118	6,332	(19,852)	-	-	19,598	13,293	32,891	32,891	-
Day School Art Studio	765,237	-	(765,237)	-	-	-	-	-	-	-
Paul Wolfe Memorial	13,970	218,165	(70,800)	-	-	161,335	1,055,797	1,217,132	576,190	640,942
Guest Speakers	-	14,439	(3,899)	-	-	10,540	72,750	83,290	61,560	21,730
Designated Benevolence	-	-	-	-	-	-	12,000	12,000	12,000	-
Ladies Helping Hand	-	49,528	(16,226)	-	-	33,302	245,965	279,267	239,267	40,000
Merrill Fund	-	260,953	(89,110)	-	-	171,843	1,323,581	1,495,424	1,410,893	84,531
Colin Reed Trust	-	4,004	(1,462)	-	-	2,542	21,409	23,951	18,951	5,000
Watson Hall Maintenance	-	449,205	(6,863)	-	-	442,342	1,899,472	2,341,814	1,889,648	452,166
Church Outreach	-	143,316	(55,117)	-	-	88,199	715,741	803,940	682,990	120,950
Sick Children's Aid	-	32,311	(10,919)	-	-	21,392	165,758	187,150	150,909	36,241
Whitfield Beadleston	-	3,302	-	-	-	3,302	18,282	21,584	11,584	10,000
Church of the Covenant	-	24,214	-	-	-	24,214	118,297	142,511	95,497	47,014
Clifford Seminary Fund	-	5,482	(88,179)	-	145,708	63,011	1,022,309	1,085,320	1,085,320	-
Holden Trust Beneficial Interest	-	-	-	152,607	-	152,607	973,766	1,126,373	-	1,126,373
Spinelli Fund for Professional Development Building Fund	22,369	34,435	(54,569)	-	-	2,235	332,362	334,597	334,597	-
Womens Association Fund	-	278,939	-	-	-	278,939	1,362,772	1,641,711	1,641,711	-
Christian Ed Housing	-	-	-	-	-	-	-	-	-	-
Capital Campaign	-	25	(14,553)	-	-	(14,528)	14,528	-	-	-
Falcone Children, Youth and Family Fund	-	650	-	-	(145,708)	(145,058)	245,058	100,000	100,000	-
Time Restricted Stewardship Contributions	1,959,392	-	-	-	-	1,959,392	-	1,959,392	1,959,392	-
	1,595,242	-	(1,636,302)	-	-	(41,060)	1,636,302	1,595,242	1,595,242	-
	<u>\$ 4,830,238</u>	<u>\$ 1,948,831</u>	<u>\$ (3,625,646)</u>	<u>\$ 152,607</u>	<u>\$ -</u>	<u>\$ 3,306,030</u>	<u>\$ 16,070,330</u>	<u>\$ 19,376,360</u>	<u>\$ 16,425,729</u>	<u>\$ 2,950,631</u>