

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

Financial Statements

December 31, 2010



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, 2010, 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, 2009 and, in our report dated April 19, 2010, we expressed a qualified opinion on those financial statements. The qualification in our 2009 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, 2010, 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 20 to 23 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.

O'Connor Davies Murino & Dobbins, LLP

New York, New York
April 20, 2011

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

Statement of Financial Position

December 31, 2010

(with comparative amounts at December 31, 2009)

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 982,812	\$ 862,837
Accounts receivable	75,275	171,156
Note receivable	369,233	368,602
Investments	32,250,054	27,492,891
Prepaid expenses and other assets	11,854	33,491
Promises to give receivable, net	1,763,784	3,811,277
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	1,278,964	1,126,373
	\$ 39,006,231	\$ 36,140,882
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 78,956	\$ 161,287
Other liabilities	157,466	187,774
Deferred tuition	1,448,785	1,338,944
	1,685,207	1,688,005
Net Assets		
Unrestricted		
Operating	\$ (491,972)	\$ (491,216)
Quasi-endowment	13,091,249	12,125,979
Plant	3,679,760	3,441,754
	16,279,037	15,076,517
Temporarily restricted	17,938,765	16,425,729
Permanently restricted	3,103,222	2,950,631
	37,321,024	34,452,877
	\$ 39,006,231	\$ 36,140,882

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, 2010
(with summarized totals for the year ended December 31, 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
OPERATING REVENUE					
Contributions and gifts	\$ 891,814	\$ 2,870,020	\$ 69,885	\$ 3,831,719	\$ 5,827,737
Allocated investment income	739,524	2,015,995	-	2,755,519	2,743,847
Income from perpetual trust	40,143	-	-	40,143	24,630
Day School tuition and fees	2,522,068	-	-	2,522,068	2,385,967
Brick Church Fair income, net of direct expenses of \$172,917 and \$111,914	155,370	-	-	155,370	169,138
Interest and other income	19,948	-	-	19,948	40,092
Net assets released from restrictions					
Stewardship	1,595,242	(1,595,242)	-	-	-
Capital campaign	100,000	(100,000)	-	-	-
Other specific donor purposes	1,677,737	(1,677,737)	-	-	-
Total Operating Revenue	7,741,846	1,513,036	69,885	9,324,767	11,191,411
OPERATING EXPENSES					
Pastoral	679,538	-	-	679,538	688,843
Ministry of music	373,155	-	-	373,155	382,875
Day School direct expenses	3,363,835	-	-	3,363,835	3,575,086
Christian education	93,237	-	-	93,237	120,026
Denominational assessment	56,067	-	-	56,067	82,045
Benevolence	658,233	-	-	658,233	543,442
Administration	1,091,685	-	-	1,091,685	1,154,869
Operation and maintenance of plant	1,009,591	-	-	1,009,591	995,432
Uncollectible pledges	136,688	-	-	136,688	145,180
Total Operating Expenses	7,462,029	-	-	7,462,029	7,687,798
Excess of Operating Revenue Over Operating Expenses	279,817	1,513,036	69,885	1,862,738	3,503,613
NON-OPERATING ACTIVITIES					
Church maintenance expenses	(286,373)	-	-	(286,373)	(201,293)
Non-operating investment income	1,209,076	-	-	1,209,076	2,305,625
Change in beneficial interest in perpetual trusts	-	-	82,706	82,706	152,607
Change in Net Assets	1,202,520	1,513,036	152,591	2,868,147	5,760,552
NET ASSETS					
Beginning of year	15,076,517	16,425,729	2,950,631	34,452,877	28,692,325
End of year	\$ 16,279,037	\$ 17,938,765	\$ 3,103,222	\$ 37,321,024	\$ 34,452,877

See notes to financial statements

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

Year Ended December 31, 2010
(with comparative amounts for the year ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,868,147	\$ 5,760,552
Adjustments to reconcile change in net assets to net cash from operating activities		
Uncollectible pledges	136,688	145,180
Net realized (gains) losses on sales of investments	(3,059)	25,115
Appreciation of investments	(3,383,515)	(4,523,957)
Permanently restricted contribution	(69,885)	-
Change in beneficial interest in perpetual trusts	(152,591)	(152,607)
Net change in operating assets and liabilities	<u>2,025,525</u>	<u>(1,869,235)</u>
 Net Cash From Operating Activities	 <u>1,421,310</u>	 <u>(614,952)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	3,965,541	4,664,345
Purchase of investments	(4,866,560)	(4,286,897)
Net change in money market investments	(469,570)	(26,572)
Cash advanced on note receivable	<u>(631)</u>	<u>(545)</u>
 Net Cash From Investing Activities	 <u>(1,371,220)</u>	 <u>350,331</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contribution	<u>69,885</u>	<u>-</u>
 Net Change in Cash and Cash Equivalents	 119,975	 (264,621)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>862,837</u>	<u>1,127,458</u>
 End of year	 <u>\$ 982,812</u>	 <u>\$ 862,837</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.

Endowments

On September 17, 2010, New York State adopted its version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). New York State's version of UPMIFA is known as NYPMIFA. NYPMIFA includes provisions that differ from previous law, including the elimination of the historic dollar value rule with respect to endowment spending, establishment of new standards governing the expenditure and modification of restrictions on endowment funds, and revision of the prudence standard for the management and investment of endowment funds.

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.

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

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

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.

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 2010, such costs in the amount of \$303,430 (\$208,156 for 2009) were financed by unrestricted and temporarily restricted net assets as follows:

Unrestricted	
From the Maintenance fund for Church renovation expenses	\$286,373
Temporarily restricted	
From the Watson Hall Maintenance fund for Church improvements	<u>17,057</u>
 Total Church Expenses	 <u>\$303,430</u>

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

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

Plant Assets (continued)

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 \$275,000 in 2010 and \$450,000 in 2009. Details on 2010 activity in the Unrestricted Plant Maintenance Net Assets are included in Note 13 of the financial statements, and page 22 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 \$89,300 and \$75,000 for the years ended December 31, 2010 and 2009.

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, 2007.

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 20, 2011.

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, 2009, from which the summarized information was derived.

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Notes to Financial Statements

2. Credit Risk Concentration

Financial instruments that potentially subject the Church to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC insurance limit was permanently increased to \$250,000 and, beginning December 31, 2010 through December 31, 2012, deposits held in non-interest bearing accounts will be fully insured, regardless of the amount in the account, at all FDIC-insured institutions.

As of December 31, 2010, the Church had cash accounts that exceeded the FDIC insurance limits by approximately \$690,000.

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.

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, 2010 are summarized as follows:

Scheduled Collection Date by Year	Value of Promises
2011	\$ 2,031,714
Allowance for doubtful accounts	<u>(267,930)</u>
Promises to Give Receivable, net	<u>\$ 1,763,784</u>

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Notes to Financial Statements

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, 2010, the pooling group consisted of the following:

	Fair Value	Sharing Percentage
	<u> </u>	<u> </u>
Unrestricted Operating	\$ 94,672	0.28%
Unrestricted Quasi-Endowment	13,091,249	38.26%
Unrestricted Plant	3,229,763	9.44%
Temporarily Restricted	15,977,593	46.69%
Permanently Restricted	1,824,258	5.33%
	<u>\$ 34,217,535</u>	<u>100.00%</u>

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

Investments	\$ 33,848,302
Note Receivable	<u>369,233</u>
Total Pooled Assets	<u>\$ 34,217,535</u>

Pooled funds do not include an investment of IBM stock donated to support the maintenance of Watson Hall at a fair value of \$226,010.

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

6. Investments and Investment Return

Investments

The following are major categories of investments and other assets measured at fair value on a recurring basis at December 31, 2010 grouped by the fair value hierarchy:

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	560,156	-	-	560,156
Technology	402,690	-	-	402,690
Services	425,646	-	-	425,646
Oil and gas	189,544	-	-	189,544
Financial	96,525	-	-	96,525
Industrial goods	69,936	-	-	69,936
International	47,152	-	-	47,152
U.S Treasury notes	117,572	-	-	117,572
Mutual funds				
Foreign large cap	5,210,606	-	-	5,210,606
Diversified emerging markets	1,748,124	-	-	1,748,124
Mid cap blend	1,607,296	-	-	1,607,296
Large blend	4,776,075	-	-	4,776,075
U.S. Equity Fund	-	1,273,975	-	1,273,975
Corporate bonds	4,115,867	-	-	4,115,867
Hedge Funds	-	6,151,974	-	6,151,974
Fund of Funds	-	-	3,385,761	3,385,761
Private Equity	-	-	3,386,485	3,386,485
Beneficial interest in perpetual trusts	-	-	1,278,964	1,278,964
Total at fair value	<u>\$ 19,367,189</u>	<u>\$ 7,425,949</u>	<u>\$ 8,051,210</u>	\$ 34,844,348
Temporary cash investments, at cost plus accrued interest				<u>508,928</u>
Total Investments and Beneficial interest in perpetual trusts				<u>\$ 35,353,276</u>

Transfers into and out of each level of the fair value hierarchy for assets measured at fair value for the year ended December 31, 2010 were as follows:

Description	Transfers into Level 2	Transfers (out) of Level 3
Hedge Funds	\$ 5,329,660	\$ (5,329,660)

Due to the expiration of withdrawal lock-up periods, securities were transferred to Level 2.

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

Notes to Financial Statements

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 the period ended December 31, 2010:

	Hedge Funds	Fund of Funds	Private Equity	Beneficial Interest in Perpetual Trusts	Total
Balance, beginning	\$ 5,329,660	\$ 3,070,286	\$ 2,392,174	\$ 1,126,373	\$ 11,918,493
Transfers to Level 2	(5,329,660)	-	-	-	(5,329,660)
Contributions	-	-	-	69,885	69,885
Total gains or losses (realized/unrealized) Included in changes in net assets	-	315,475	380,079	82,706	778,260
Purchases	-	-	614,232	-	614,232
Balance, end of year	<u>\$ -</u>	<u>\$ 3,385,761</u>	<u>\$ 3,386,485</u>	<u>\$ 1,278,964</u>	<u>\$ 8,051,210</u>

Information regarding Level 2 and Level 3 investments at December 31, 2010 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
U.S. Equity Fund (see a. below)	\$ 1,273,975	\$ -	Monthly	5 days
Hedge funds (see b. below)	6,151,974	-	Quarterly - Semiannually	90 days
Fund of funds (see c. below)	3,385,761	-	Annually	100 days
Private equity (see d. below)	<u>3,386,485</u>	<u>2,077,820</u>	N/A	N/A
	<u>\$ 14,198,195</u>	<u>\$ 2,077,820</u>		

a) This category includes investments in a fund that invests in U.S. common stocks. Management of the fund 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 fund's manager. Investments in this category may be redeemed monthly subject to written notice prior to month end.

b) 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.

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Notes to Financial Statements

6. Investments and Investment Return *(continued)*

Investments (continued)

c) 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. Investments in this category may be redeemed annually subject to written notice prior to month end.

d) 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.

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.

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Notes to Financial Statements

6. Investments and Investment Return (continued)

Investment Return

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

	2010	2009
Interest and dividends, net	\$ 578,021	\$ 550,630
Net realized gains (losses) on sale of investments	3,059	(25,115)
Net appreciation of investments	3,383,515	4,523,957
	\$3,964,595	\$5,049,472
Allocated investment income:		
Budgetary allocation of investment income	\$ 739,524	\$ 795,016
Investment income on restricted funds	2,015,995	1,948,831
	2,755,519	2,743,847
Non-operating investment income	1,209,076	2,305,625
	\$3,964,595	\$5,049,472

Investment income is reported net of investment advisory and custody fees. Investment advisory and custodial fees, which totaled \$72,190 in 2010 and \$74,886 in 2009, 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, 2010.

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 \$94,751 and \$105,406 at December 31, 2010 and 2009. The deferred compensation is included within other liabilities.

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

9. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2010 are available for the following purposes or periods:

Restricted as to Period	
Contributions and promises to give received for 2011	\$ 1,698,100
Restricted as to Purpose	
Ministry of music	1,615,003
Day School	5,707,479
Christian education	69,635
Seminary education	1,187,136
Benevolence	1,400,853
Building fund	1,859,828
Falcone Children, Youth and Family Fund	2,231,050
Operation and maintenance of plant	<u>2,169,681</u>
 Total	 <u>\$ 17,938,765</u>

Net assets released from restrictions during 2010 were for the following donor restricted and time restricted purposes:

	Expenses Funded from Operations	Net Assets Released from Restriction	Total Unrestricted Operating Expenses
Pastoral	\$ 679,538	\$ -	\$ 679,538
Ministry of music	286,808	86,347	373,155
Day School	1,995,245	1,368,590	3,363,835
Christian education	76,872	2,735	79,607
Seminary education	-	39,417	39,417
Denominational assessment	56,067	-	56,067
Benevolence	368,855	149,961	518,816
Capital campaign	-	100,000	100,000
Administration	1,091,685	-	1,091,685
Operation and maintenance of plant	992,534	17,057	1,009,591
Falcone Children, Youth and Family Fund	-	13,630	13,630
Uncollectible pledges	<u>136,688</u>	<u>-</u>	<u>136,688</u>
 Total	 <u>\$ 5,684,292</u>	 <u>\$ 1,777,737</u>	 <u>\$ 7,462,029</u>
Stewardship contributions and promises to give received in 2009 for 2010		<u>1,595,242</u>	
 Total Net Assets Released from Restrictions		 <u>\$ 3,372,979</u>	

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Notes to Financial Statements

9. Temporarily and Permanently Restricted Net Assets (continued)

Permanently Restricted Net Assets

Permanently restricted net assets as of December 31, 2010 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	<u>1,278,964</u>
	<u><u>\$ 3,103,222</u></u>

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.

Beneficial Interest in Blyden Trust

Edith Holden established a trust fund to provide distributions of net income to Edward Wilmot Blyden, III during his lifetime 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. 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.

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Notes to Financial Statements

10. Endowment Funds *(continued)*

Interpretation of Relevant Law

The Board of Trustees has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Board classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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, 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
in the City of New York**

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, January 1, 2010	\$ 11,757,922	\$ 5,299,558	\$ 1,824,258	\$ 18,881,738
Contributions	63,475	276,998	-	340,473
Transfers	(38,085)	-	-	(38,085)
Interest and dividends	232,468	210,682	-	443,150
Capital appreciation	1,326,880	1,224,988	-	2,551,868
Appropriation for expenditure	<u>(620,644)</u>	<u>(398,540)</u>	<u>-</u>	<u>(1,019,184)</u>
Balance, December 31, 2010	<u>\$ 12,722,016</u>	<u>\$ 6,613,686</u>	<u>\$ 1,824,258</u>	<u>\$ 21,159,960</u>
Comprised of the following:				
Donor restricted funds	-	6,613,686	1,824,258	8,437,944
Board designated funds	<u>12,722,016</u>	<u>-</u>	<u>-</u>	<u>12,722,016</u>
Total Funds	<u>\$ 12,722,016</u>	<u>\$ 6,613,686</u>	<u>\$ 1,824,258</u>	<u>\$ 21,159,960</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 2010 was \$85,253 and \$90,113 in 2009.

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 \$46,962 in 2010 and \$27,943 in 2009.

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 \$49,761 in 2010 and \$51,593 in 2009.

**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, 2010 and 2009:

	2010	2009
Decrease (increase) in:		
Accounts receivable	\$ 95,881	\$ 63,377
Promises to give receivable	1,910,805	(2,022,733)
Prepaid expenses	21,637	(13,067)
Increase (decrease) in:		
Accounts payable and accrued expenses	(82,331)	85,664
Other liabilities	(30,308)	(12,053)
Deferred tuition	109,841	29,577
	\$ 2,025,525	\$ (1,869,235)

13. Interfund Transfers

The following interfund transfers were made during the year ended December 31, 2010:

- a) A transfer of \$275,000 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 \$286,373 from Unrestricted Plant Maintenance to Operating to cover costs of church maintenance.
- d) A transfer of \$739,524 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 \$38,085 from Unrestricted Quasi-Endowment to Women's Association to finance the Women's Association Fund.

Supplementary Information

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

Schedule of Financial Position by Fund

December 31, 2010

(with summarized totals at December 31, 2009)

	Unrestricted				Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total	
	Operating	Quasi- Endowment	Plant	Women's Association					Total
ASSETS									
Cash and cash equivalents	\$ 464,045	\$ -	\$ -	\$ -	\$ 464,045	\$ 518,767	\$ -	\$ 982,812	\$ 862,837
Accounts receivable	75,275	-	-	-	75,275	-	-	75,275	171,156
Note receivable	-	369,233	-	-	369,233	-	-	369,233	368,602
Investments	94,672	12,722,016	3,229,763	-	16,046,451	16,203,603	-	32,250,054	27,492,891
Prepaid expenses and other assets	11,854	-	-	-	11,854	-	-	11,854	33,491
Promises to give receivable, net	547,389	-	-	-	547,389	1,216,395	-	1,763,784	3,811,277
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	-	-	-	-	-	-	1,278,964	1,278,964	1,126,373
	<u>\$ 1,193,235</u>	<u>\$ 13,091,249</u>	<u>\$ 3,679,760</u>	<u>\$ -</u>	<u>\$ 17,964,244</u>	<u>\$ 17,938,765</u>	<u>\$ 3,103,222</u>	<u>\$ 39,006,231</u>	<u>\$ 36,140,882</u>
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	\$ 78,956	\$ -	\$ -	\$ -	\$ 78,956	\$ -	\$ -	\$ 78,956	\$ 161,287
Other liabilities	157,466	-	-	-	157,466	-	-	157,466	187,774
Deferred tuition	1,448,785	-	-	-	1,448,785	-	-	1,448,785	1,338,944
Total Liabilities	<u>1,685,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,685,207</u>	<u>-</u>	<u>-</u>	<u>1,685,207</u>	<u>1,688,005</u>
Net assets	<u>(491,972)</u>	<u>13,091,249</u>	<u>3,679,760</u>	<u>-</u>	<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>
	<u>\$ 1,193,235</u>	<u>\$ 13,091,249</u>	<u>\$ 3,679,760</u>	<u>\$ -</u>	<u>\$ 17,964,244</u>	<u>\$ 17,938,765</u>	<u>\$ 3,103,222</u>	<u>\$ 39,006,231</u>	<u>\$ 36,140,882</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, 2010
(with summarized totals for the year ended December 31, 2009)

	<u>Operating</u>	<u>Quasi- Endowment</u>	<u>Plant</u>	<u>Women's Association</u>	<u>2010 Total</u>	<u>2009 Total</u>
OPERATING REVENUE						
Contributions and gifts	\$ 780,534	\$ 64,650	\$ -	\$ 46,630	\$ 891,814	\$ 997,499
Allocated investment income	739,524	-	-	-	739,524	795,016
Income from perpetual trust	40,143	-	-	-	40,143	24,630
Day School tuition and fees	2,522,068	-	-	-	2,522,068	2,385,967
Brick Church Fair income, net of direct expenses of \$172,917 and \$111,914	-	-	-	155,370	155,370	169,138
Interest and other income	19,948	-	-	-	19,948	40,092
Net Assets Released from Restrictions						
Stewardship	1,595,242	-	-	-	1,595,242	1,636,302
Capital campaign	100,000	-	-	-	100,000	-
Other specific donor purposes	1,677,737	-	-	-	1,677,737	1,989,344
Total Operating Revenue	<u>7,475,196</u>	<u>64,650</u>	<u>-</u>	<u>202,000</u>	<u>7,741,846</u>	<u>8,037,988</u>
OPERATING EXPENSES						
Pastoral	679,538	-	-	-	679,538	688,843
Ministry of music	373,155	-	-	-	373,155	382,875
Day School direct expenses	3,363,835	-	-	-	3,363,835	3,575,086
Christian education	93,237	-	-	-	93,237	120,026
Denominational assessment	56,067	-	-	-	56,067	82,045
Benevolence	573,233	-	-	85,000	658,233	543,442
Administration	963,600	-	-	128,085	1,091,685	1,154,869
Operation and maintenance of plant	1,009,591	-	-	-	1,009,591	995,432
Uncollectible pledges	136,688	-	-	-	136,688	145,180
Total Operating Expenses	<u>7,248,944</u>	<u>-</u>	<u>-</u>	<u>213,085</u>	<u>7,462,029</u>	<u>7,687,798</u>
Excess of Operating Revenue Over Operating Expenses	226,252	64,650	-	(11,085)	279,817	350,190
NON-OPERATING ACTIVITIES						
Church maintenance expenses	(286,373)	-	-	-	(286,373)	(201,293)
Non-operating investment income	-	959,697	249,379	-	1,209,076	2,305,625
Interfund transfers	59,365	(59,077)	(11,373)	11,085	-	-
Changes in Net Assets	(756)	965,270	238,006	-	1,202,520	2,454,522
NET ASSETS						
Beginning of year	(491,216)	12,125,979	3,441,754	-	15,076,517	12,621,995
End 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>

**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, 2010

	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	\$ 1,500	\$ 63,150	\$ -	\$ -	\$ 64,650	\$ -	\$ -	\$ -	\$ 64,650
OTHER CHANGES IN NET ASSETS									
Investment income	8,420	1,456,016	49,071	45,842	1,559,349	389,251	-	389,251	1,948,600
Interfund transfers									
To finance Church maintenance expenses	-	-	-	-	-	(286,373)	-	(286,373)	(286,373)
To provide for future capital replacements	-	-	-	-	-	275,000	-	275,000	275,000
To finance Memorial and Endowment 2000 cost	-	-	(20,992)	-	(20,992)	-	-	-	(20,992)
To finance Women's Association	-	-	-	(38,085)	(38,085)	-	-	-	(38,085)
To finance operations	(3,312)	(596,340)	-	-	(599,652)	(139,872)	-	(139,872)	(739,524)
Change in Net Assets	6,608	922,826	28,079	7,757	965,270	238,006	-	238,006	1,203,276
NET ASSETS									
Beginning of year	63,646	11,285,444	379,517	397,372	12,125,979	2,991,757	449,997	3,441,754	15,567,733
End of year	\$ 70,254	\$ 12,208,270	\$ 407,596	\$ 405,129	\$ 13,091,249	\$ 3,229,763	\$ 449,997	\$ 3,679,760	\$ 16,771,009

See independent auditors' report

**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, 2010

	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	Net Assets, End of Year	Temporarily Restricted	Permanently Restricted
Special Organ Fund	\$ -	\$ 14,442	\$ (3,775)	\$ -	\$ -	10,667	\$ 108,685	\$ 119,352	\$ 94,352	\$ 25,000
Helen W. Buckner Scholarship	-	18,971	(19,000)	-	-	(29)	189,980	189,951	89,951	100,000
Day School Special	650,711	78,070	(729,469)	-	-	(688)	1,165,375	1,164,687	1,164,687	-
Day School Retirement	9,500	258	(7,378)	-	-	2,380	114,623	117,003	117,003	-
Day School Teachers Salaries	-	409,312	(129,837)	-	-	279,475	3,314,108	3,593,583	3,352,899	240,684
Day School Cultural Fund	64,582	177	(10,780)	-	-	53,979	32,891	86,870	86,870	-
Day School Art Studio	373,286	-	(373,286)	-	-	-	-	-	-	-
Paul Wolfe Memorial	11,745	161,763	(65,550)	-	-	107,958	1,217,132	1,325,090	684,148	640,942
Guest Speakers	-	10,810	(2,735)	-	-	8,075	83,290	91,365	69,635	21,730
Designated Benevolence	5,000	-	(17,000)	-	-	(12,000)	12,000	-	-	-
Ladies Helping Hand	-	35,342	(15,108)	-	-	20,234	279,267	299,501	259,501	40,000
Merrill Fund	-	192,330	(82,572)	-	-	109,758	1,495,424	1,605,182	1,520,651	84,531
Colin Reed Trust	-	3,055	(1,331)	-	-	1,724	23,951	25,675	20,675	5,000
Watson Hall Maintenance	-	297,090	(17,057)	-	-	280,033	2,341,814	2,621,847	2,169,681	452,166
Church Outreach	-	126,136	(51,382)	-	140,391	215,145	803,940	1,019,085	851,121	167,964
Sick Children's Aid	-	24,870	(10,193)	-	-	14,677	187,150	201,827	165,586	36,241
Whitfield Beadleston	-	2,435	-	-	-	2,435	21,584	24,019	14,019	10,000
Church of the Covenant	-	(2,120)	-	-	(140,391)	(142,511)	142,511	-	-	-
Clifford Seminary Fund	-	141,233	(39,417)	-	-	101,816	1,085,320	1,187,136	1,187,136	-
Edward Wilmot Blyden Trust	69,885	-	-	2,282	-	72,167	-	72,167	-	72,167
Holden Trust Beneficial Interest	-	-	-	80,424	-	80,424	1,126,373	1,206,797	-	1,206,797
Spinelli Fund for Professional Development Building Fund	21,149	(1,584)	(52,290)	-	-	(32,725)	334,597	301,872	301,872	-
Womens Association Fund	-	218,117	-	-	-	218,117	1,641,711	1,859,828	1,859,828	-
Christian Ed Housing	-	-	-	-	-	-	-	-	-	-
Capital Campaign	-	-	(100,000)	-	-	(100,000)	100,000	-	-	-
Falcone Children, Youth and Family Fund	-	285,288	(13,630)	-	-	271,658	1,959,392	2,231,050	2,231,050	-
Disaster Relief Fund	35,947	-	(35,947)	-	-	-	-	-	-	-
Time Restricted Stewardship Contributions	1,698,100	-	(1,595,242)	-	-	102,858	1,595,242	1,698,100	1,698,100	-
	<u>\$ 2,939,905</u>	<u>\$ 2,015,995</u>	<u>\$ (3,372,979)</u>	<u>\$ 82,706</u>	<u>\$ -</u>	<u>\$ 1,665,627</u>	<u>\$ 19,376,360</u>	<u>\$ 21,041,987</u>	<u>\$ 17,938,765</u>	<u>\$ 3,103,222</u>