

Redeemer Presbyterian Church of New York City and Affiliate

Financial Statements

December 31, 2010



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



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

Independent Auditors' Report

To The Trustees and the Session Redeemer Presbyterian Church of New York City

We have audited the accompanying consolidated statement of financial position of Redeemer Presbyterian Church of New York City and Affiliate (“Redeemer”) as of December 31, 2010 and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Redeemer'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 Redeemer's 2009 consolidated financial statements and, in our report dated June 2, 2010, we expressed an unqualified opinion on those financial statements.

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 Redeemer'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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Redeemer Presbyterian Church of New York City and Affiliate at December 31, 2010, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
May 19, 2011

**Redeemer Presbyterian Church of New York City
of New York City and Affiliate**

Consolidated Statement of Financial Position

December 31, 2010

(with comparative amounts for 2009)

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 11,385,434	\$ 13,148,704
Prepaid expenses and other current assets	241,148	345,177
Cash surrender value of life insurance	-	148,725
Lease security deposits	367,868	462,791
Furnishings, equipment and leasehold improvements, net	716,887	932,161
Real estate and construction related costs	38,366,142	30,008,314
	\$ 51,077,479	\$ 45,045,872
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 3,443,215	\$ 1,932,113
Capital lease obligation	116,224	165,085
Deferred revenue	62,834	255,000
Deferred rent credit	414,311	458,397
Mortgage loan payable	17,185,989	17,200,000
Total Liabilities	21,222,573	20,010,595
Net Assets		
Unrestricted		
Current operating	5,656,643	5,204,463
Redeemer City to City (Church Planting Center)	2,360,751	1,778,352
Real estate and construction related costs	478,088	-
Investment in furnishings, equipment and leasehold improvements	600,663	767,076
Total Unrestricted Net Assets	9,096,145	7,749,891
Temporarily Restricted		
Vision Campaign 2006 - 2008	1,134,803	2,341,526
RENEW Campaign	-	1,659,484
Real estate and construction related costs	17,794,124	11,442,629
Other	1,829,834	1,841,747
Total Temporarily Restricted Net Assets	20,758,761	17,285,386
Total Net Assets	29,854,906	25,035,277
	\$ 51,077,479	\$ 45,045,872

See notes to consolidated financial statements

**Redeemer Presbyterian Church of New York City
of New York City and Affiliate**

Consolidated Statement of Activities

Year Ended December 31, 2010
(with summarized totals for 2009)

	Unrestricted	Temporarily Restricted	2010 Total	2009 Total
CONTRIBUTIONS AND REVENUE				
Contributions				
General	\$ 10,835,415	\$ -	\$ 10,835,415	\$ 10,104,304
Vision Campaign 2006 - 2008	-	298,466	298,466	781,044
RENEW Campaign 2010 - 2012	-	5,567,383	5,567,383	2,449,077
Mercy and Justice	-	589,833	589,833	548,858
Redeemer City to City	-	2,922,413	2,922,413	2,456,440
Real estate purchase and renovation	-	15,210	15,210	25,090
Center for Faith and Work	-	50,000	50,000	100,000
Other	-	421,412	421,412	362,874
Total Contributions	10,835,415	9,864,717	20,700,132	16,827,687
Revenue				
Counseling	781,307	-	781,307	619,818
Ministry program	233,135	8,272	241,407	270,490
Sales of sermons, books, and others	973,324	-	973,324	887,509
Interest income	130,851	4,621	135,472	213,185
Rental income	-	-	-	400,000
Royalty income	271,093	-	271,093	42,079
Total Revenue	2,389,710	12,893	2,402,603	2,433,081
Total	13,225,125	9,877,610	23,102,735	19,260,768
Net assets released from restrictions	6,404,235	(6,404,235)	-	-
Total Contributions and Revenue	\$ 19,629,360	\$ 3,473,375	\$ 23,102,735	\$ 19,260,768

See notes to consolidated financial statements

**Redeemer Presbyterian Church of New York City
of New York City and Affiliate**

Consolidated Statement of Activities (Continued)

Year Ended December 31, 2010
(with summarized totals for 2009)

	Unrestricted	Temporarily Restricted	2010 Total	2009 Total
CONTRIBUTIONS AND REVENUE	<u>\$ 19,629,360</u>	<u>\$ 3,473,375</u>	<u>\$ 23,102,735</u>	<u>\$ 19,260,768</u>
EXPENSES				
Fellowship groups	970,495	-	970,495	1,026,808
Family ministry	1,053,213	-	1,053,213	955,950
Congregational life	515,782	-	515,782	491,027
Counseling center	<u>1,098,770</u>	<u>-</u>	<u>1,098,770</u>	<u>947,511</u>
Community Formation	<u>3,638,260</u>	<u>-</u>	<u>3,638,260</u>	<u>3,421,296</u>
Worship and music	777,431	-	777,431	786,241
Sunday service ministry and operations	2,872,131	-	2,872,131	2,826,079
Evangelism and prayer	<u>303,283</u>	<u>-</u>	<u>303,283</u>	<u>277,040</u>
Worship and Evangelism	<u>3,952,845</u>	<u>-</u>	<u>3,952,845</u>	<u>3,889,360</u>
Diaconate	779,285	-	779,285	562,734
Hope for New York	288,092	-	288,092	327,843
Community renewal grants	<u>197,958</u>	<u>-</u>	<u>197,958</u>	<u>239,006</u>
Mercy and Justice	<u>1,265,335</u>	<u>-</u>	<u>1,265,335</u>	<u>1,129,583</u>
Center for Faith and Work	<u>1,175,488</u>	<u>-</u>	<u>1,175,488</u>	<u>1,024,803</u>
Church Planting Center	2,946,299	-	2,946,299	3,172,705
City Missions Link	205,456	-	205,456	174,058
Redeemer Labs and Executive Leadership	<u>657,871</u>	<u>-</u>	<u>657,871</u>	<u>707,977</u>
Redeemer City to City	<u>3,809,626</u>	<u>-</u>	<u>3,809,626</u>	<u>4,054,740</u>
Administration and finance	1,651,088	-	1,651,088	1,449,319
Media and communications	1,225,544	-	1,225,544	1,209,440
Executive leadership	780,169	-	780,169	651,171
Neighborhood congregations	155,480	-	155,480	-
Vision Campaign 2006 - 2008 overhead	68,494	-	68,494	304,595
Renew Campaign 2010 - 2012 overhead	<u>560,777</u>	<u>-</u>	<u>560,777</u>	<u>562,897</u>
Leadership and Administration	<u>4,441,552</u>	<u>-</u>	<u>4,441,552</u>	<u>4,177,422</u>
Total Expenses	<u>18,283,106</u>	<u>-</u>	<u>18,283,106</u>	<u>17,697,204</u>
Change in Net Assets	1,346,254	3,473,375	4,819,629	1,563,564
NET ASSETS				
Beginning of year	<u>7,749,891</u>	<u>17,285,386</u>	<u>25,035,277</u>	<u>23,471,713</u>
End of year	<u>\$ 9,096,145</u>	<u>\$ 20,758,761</u>	<u>\$ 29,854,906</u>	<u>\$ 25,035,277</u>

See notes to consolidated financial statements

**Redeemer Presbyterian Church of New York City
of New York City and Affiliate**

Consolidated Statement of Cash Flows

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

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,819,629	\$ 1,563,564
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	215,274	219,521
Deferred rent credit amortization	(44,086)	(5,828)
Decrease (increase) in cash surrender value of life insurance	2,817	(2,103)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	104,029	(93,310)
Accounts payable and accrued expenses	1,511,102	(348,801)
Deferred revenue	(192,166)	255,000
Deferred rent credit	-	91,820
	<u>6,416,599</u>	<u>1,679,863</u>
Net Cash From Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from redemption of life insurance	145,908	-
Decrease (increase) in lease security deposits	94,923	(1,216)
Security deposit for acquisition of real estate	-	(80,000)
Purchase of furnishings, equipment and leasehold improvements	-	(6,397)
Real estate and construction related costs	(8,357,828)	(3,495,352)
	<u>(8,116,997)</u>	<u>(3,582,965)</u>
Net Cash From Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage loan payable	(14,011)	-
Repayment of capital lease obligation	(48,861)	(97,601)
	<u>(62,872)</u>	<u>(97,601)</u>
Net Cash From Financing Activities		
Net Change in Cash and Cash Equivalents	(1,763,270)	(2,000,703)
CASH AND CASH EQUIVALENTS		
Beginning of year	13,148,704	15,149,407
End of year	<u>\$ 11,385,434</u>	<u>\$ 13,148,704</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 1,101,128	\$ 1,104,321
Non-Cash Investing Activity		
Real estate and construction related costs financed through accounts payable	-	1,365,685
Disposal of fully depreciated assets	54,283	24,086
Acquisition of equipment financed through capital lease	-	197,441

See notes to consolidated financial statements

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

1. **Organization and Taxation**

Redeemer Presbyterian Church of New York City (“Church”) is a corporation organized pursuant to Article 10 of the Religious Corporations Law of the State of New York and is part of the Presbyterian Church in America. The Church's vision is to build a great city for all people through a gospel movement that brings personal conversion, community formation, social justice and cultural renewal to New York and, through it, to the world.

As a religious organization, the Church is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under comparable laws.

Redeemer City to City (“CTC”, “Affiliate”) is a not-for-profit corporation organized on January 2, 2008 under the laws of the State of New York. The purpose of CTC is to serve the other great cities of the world through church planting, training of church leaders and content development. All church planting activities are part of CTC.

CTC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under comparable laws.

2. **Summary of Significant Accounting Policies**

Principles of Consolidation

The consolidated financial statements include the accounts of the Church and CTC (collectively known as "Redeemer"). Accounting principles generally accepted in the United States of America require all organizations over which the Church has both control and an economic interest to be accounted for as consolidated affiliates. All material inter-organizational accounts and transactions have been eliminated.

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 Redeemer and changes therein are classified as permanently restricted, temporarily restricted or unrestricted.

Use of Estimates

Preparing Redeemer's financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

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

Cash Equivalents

Cash equivalents consist of short-term highly liquid investments, with maturities of three months or less at the time of purchase except those designated as held for investment.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor indications of intent to give in the future that do not rise to a level of a promise to give are not reflected in the financial statements. Contributions received are recorded as unrestricted and temporarily restricted contributions depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Fair Value of Financial Instruments

Redeemer 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. Redeemer held cash equivalents valued using Level 1 inputs of \$2,601,671 and \$2,255,289 reported in cash and cash equivalents in the financial statements as of December 31, 2010 and 2009. Redeemer did not hold any Level 2 or 3 investments as of December 31, 2010 and 2009.

Furnishings, Equipment and Leasehold Improvements

It is Redeemer’s policy to capitalize furnishings, equipment and leasehold improvements over \$10,000. Lesser amounts are expensed. Furnishings, equipment and leasehold improvements are capitalized at cost or fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of computer equipment (3 to 5 years), office equipment and furnishings (5 to 10 years) and leasehold improvements (10 years or the life of the lease, whichever is shorter).

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

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

Impairment of Long-Lived Assets

FASB guidance requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. No impairment losses have been incurred to date.

Asset Retirement Obligations

FASB guidance defines an asset retirement obligation as a legal obligation associated with the retirement of tangible long-lived asset. The guidance requires recognition of the asset retirement obligation in the period in which incurred, if an estimate of fair value can be made. Redeemer evaluated its owned properties for potential asset retirement obligations. Based on such review, Redeemer has not currently identified any environmental remediation or other such obligations.

Deferred Revenue

Royalties received under the terms of a literary agreement have been deferred until earned.

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated across the ministry fronts.

Accounting for Uncertainty in Income Taxes

Redeemer recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that Redeemer had no uncertain tax positions that would require financial statement recognition. CTC is not subject to audits by the applicable taxing jurisdictions for periods prior to its inception on January 2, 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 May 19, 2011.

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

3. Credit Risk Concentration

At December 31, 2010 and 2009, Redeemer had bank deposits which exceeded federally insured limits. Redeemer has not experienced any losses in such accounts and management believes Redeemer is not exposed to any significant credit risk.

4. Furnishings, Equipment and Leasehold Improvements

Furnishings, equipment and leasehold improvements at December 31 consisted of the following:

	<u>2010</u>	<u>2009</u>
Office equipment and furnishings	\$ 646,943	\$ 648,035
Computer equipment	81,890	135,082
Leasehold improvements	<u>1,055,845</u>	<u>1,055,845</u>
	1,784,678	1,838,962
Less accumulated depreciation and amortization	<u>1,067,791</u>	<u>906,801</u>
	<u>\$ 716,887</u>	<u>\$ 932,161</u>

Office equipment and furnishings include capital leases totaling \$197,442 as of December 31, 2010 and 2009 with accumulated depreciation totaling \$47,697 and \$23,848 for the years then ended, respectively.

5. Real Estate and Construction Related Costs

In 2008, Redeemer purchased land and a building in Manhattan for \$21,500,000. Planning and construction is underway to develop the site as a community center and worship space. Redeemer expects to take occupancy in early 2012. The budget for the construction is approximately \$22,500,000. In 2009, Redeemer entered into a construction contract with a construction manager/builder. As of December 31, 2010, the contracted amount including change orders total approximately \$21,500,000. Construction costs incurred under the contract totaled approximately \$9,600,000 as of December 31, 2010.

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

6. Capital Lease Obligation

Future minimum rental obligations for office equipment and furniture under the capital lease agreement as of December 31 are as follows:

2011	\$	48,348
2012		33,933
2013		33,933
2014		<u>5,746</u>
Total lease payments		121,960
Less portion representing interest		<u>5,736</u>
Principal value of all capital leases	\$	<u>116,224</u>

Interest expense on the capital lease obligation was \$4,701 and \$8,076 for 2010 and 2009.

7. Mortgage Loan Payable

Redeemer has a mortgage loan payable with a bank which is secured by an interest in real property located at 150 West 83rd Street, New York, New York.. The loan bears interest of 6.375%. Monthly payments of interest only are due until October 1, 2010. Monthly payments of interest and principal of \$107,139 are due from November 1, 2010 to October 1, 2013. A balloon payment of \$16,633,511 is due at maturity on November 1, 2013.

Future maturities of the mortgage are as follows as of December 31, 2010:

2011	\$	195,858
2012		205,629
2013		<u>16,784,502</u>
	\$	<u>17,185,989</u>

Interest of \$1,096,426 and \$1,096,246 incurred on the mortgage for 2010 and 2009 has been capitalized and is included in Real Estate and Construction Related Costs in the consolidated statement of financial position.

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

8. Temporarily Restricted Net Assets; Net Assets Released from Restrictions

Net assets which were the subject of donor imposed restrictions held at year end and net assets released from restrictions during the year as are follows:

	2010		2009	
	Net Assets Held at Year End	Released During the Year	Net Assets Held at Year End	Released During the Year
All Souls	\$ -	\$ 4,000	\$ -	\$ -
Ascension Church	-	50	4	11,888
Asian Immersion Project	-	27,800	27,800	-
Berlin Projekt	-	73,340	-	72,588
Budapest Project	250	2,000	750	-
Buenos Aires Project	-	465	465	-
Building Fund*	2,788,508	-	2,768,681	-
Burmese Church Project	-	7,362	7,262	41,589
Capetown	-	5,000	5,000	-
Center for Faith and Work - Incubator	149,775	20,625	120,400	24,375
Center for Faith and Work	20,000	-	10,000	-
Christ Presbyterian	-	1,000	-	-
Church Planting Center	-	1,475,117	-	1,389,315
City Church Philadelphia	-	4,875	-	6,252
City Missions Link	732	156,715	732	123,840
Cooper	-	550	-	-
Covenant of Hope Church	-	5,000	5,000	10,000
Disaster Relief Fund	-	488	488	-
East Asia Coordinator Project	8,981	74,019	-	33,750
East Asia Movement	76,569	84,052	-	-
First Fruits Program	27,626	-	27,626	-
Grace Village Church	-	21,763	21,763	12,564
Haiti Relief	386	54,644	-	-
Hamburg Project	-	33,055	-	40,540
Heroes	-	15,000	-	-
Hope for New York	-	100,210	-	115,981
Hoppe	-	125	-	-
Infinity Church	-	1,545	295	5,506
Interns & Fellows	-	78,809	78,809	72,789
Kiev Project	-	-	-	5,000
Kreusberg Project	-	12,099	-	23,750
Kuala Lumpur Project	-	30,000	-	-
London/ Camdentown Project	1,000	28,400	-	60,200
Londrina Project	-	900	-	25,415
Los Angeles Project	-	-	-	37,000

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

8. Temporarily Restricted Net Assets; Net Assets Released from Restrictions *(continued)*

	2010		2009	
	Net Assets Held at Year End	Released During the Year	Net Assets Held at Year End	Released During the Year
Mercy Fund (Diaconate)	1,140,079	462,530	1,170,492	284,227
Mumbai Project	5,770	18,590	9,860	15,140
New Song Community Church	-	25	25	975
New York City Projects	88,275	7,000	18,750	53,000
Other Donor Restricted Contributions	150,121	335,375	129,322	246,859
Paris Project	500	50	50	47,500
Park Slope Project	-	10,000	-	10,000
Praise Nights	-	3,611	826	7,262
Promise of Hope Fund	19,371	18,885	24,381	1,395
Redeemer City to City	-	2,150	-	1,927
Redeemer Labs	-	465,863	10,063	536,491
RENEW Campaign**	-	1,141,390	1,659,484	562,986
RENEW Campaign (Building)*	6,312,084	-	226,607	-
Rome Project	-	150	150	26,675
Rome II Project	69,657	14,500	20,500	-
Roushes Project	-	40,425	1,500	20,529
Reformed University Fund	-	2,475	-	-
Sao Paulo Project	10,000	10,000	20,000	5,000
Scale Brazil Project	37,260	135,558	96,550	34,574
Seminary Scholarship Fund	6,045	-	6,045	-
Sophiatown Project	-	1,000	1,000	26,000
The Communion	2,592	7,888	-	-
Taipei Project	-	45,000	-	-
Tokyo Project	-	73,800	17,405	20,000
Uganda Youth Team	7,359	-	-	-
Vision Campaign 2006 - 2008	1,134,803	1,279,742	2,341,526	2,203,171
Vision Campaign 2006 - 2008 (Building)	8,693,532	-	8,447,341	-
Youth Ministry Scholarship Fund	7,486	9,220	8,434	5,655
	<u>\$ 20,758,761</u>	<u>\$ 6,404,235</u>	<u>\$ 17,285,386</u>	<u>\$ 6,221,708</u>

* Included in Real Estate and Construction Related Costs total of \$15,490,270.

** \$518,094 was transferred from the General RENEW Campaign fund to RENEW Campaign (Building) during 2010 as funds were expended on Real Estate and Construction Related Costs.

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

8. Temporarily Restricted Net Assets; Net Assets Released from Restrictions (*continued*)

Vision Campaign 2006-2008

In the fall of 2005, Redeemer launched a church-wide Vision Campaign to renew its commitment to serve New York City. Redeemer's congregation has expressed intentions to give \$19.2 million over three years, from 2006-2008, which would be used to support critical areas of Redeemer's ministry growth allocated as follows:

- Purchase and construction of a building (50%)
- Community Formation (5%)
- Worship & Evangelism (5%)
- Mercy & Justice (5%)
- Church Planting (25%)
- Center for Faith and Work (10%)

As of December 31, 2010, Redeemer reports that \$18 Million (94%) of the above \$19.2 million have been received. Management is still accepting contributions for the said campaign but is no longer actively pursuing with the launch of the RENEW Campaign in the current year. The funds raised support the establishing of Redeemer's first permanent location (occupancy planned for 2012, see Note 5), as well as supporting new, exciting opportunities across all of Redeemer's ministry fronts.

RENEW Campaign

By the end of this next decade Redeemer's vision is to have multiple strong congregations serving a total of 9,000-10,000 people, worshipping at 7-9 locations and conducting 12 or more services around the city. To achieve this goal, in 2009 Redeemer launched the RENEW Campaign in order to:

1. Identify and develop pastoral and preaching leadership
2. Grow and equip lay leaders
3. Establish 7-Day-A-Week ministry centers to serve New York City's neighborhoods

The first \$10,000,000 raised through the RENEW Campaign will be used to complete the renovations of the West Side Building to help accomplish the third goal of establishing 7-Day-A-Week ministry centers. The remaining funds raised through RENEW will support all three of the above goals, including the initial establishment of a rented 7-Day-A-Week ministry center on the East Side, and costs to run and administer the campaign.

The campaign goal was to raise \$20 million. Redeemer's congregation indicated its intention to give \$18.8 million over the next three years, over and above regular giving to the Redeemer operating budget. As of December 31, 2010, a total of \$8 million has been contributed towards the campaign.

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

9. Rental Commitments

Redeemer occupies office and counseling space under a non-cancellable operating lease that expires on February 28, 2015 and includes a five year renewal option. The lease agreement contains provisions for future rent increases, free rent periods, and rent inducement payments. The total amount of rental payment due over the lease term is being charged to rent expense on a straight-line basis over the term of the lease.

Future remaining minimum lease commitments as of year end are as follows:

2011	\$ 902,654
2012	958,025
2013	965,676
2014	965,676
2015	<u>160,946</u>
Total	<u>\$ 3,952,977</u>

In addition, Redeemer has leases on several worship spaces with terms of one year or less which expire through December 31, 2011.

Rental expense totaled \$2,230,281 and \$2,185,969 for 2010 and 2009.

10. Retirement Plan

Redeemer contributes to a multi-employer church pension plan maintained by the Presbyterian Church in America on behalf of its clergy and other senior non-clergy employees. Contributions are determined each year by the Church's Board of Elders in conjunction with CTC's Executive Director and Board of Directors. Expense amounted to \$234,030 and \$203,107 for 2010 and 2009.

11. Cash Value of Life Insurance

On March 16, 2010, Redeemer surrendered its key man whole life insurance policy on the Senior Pastor and received \$145,908.

Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements

12. Commitments

On February 27, 2009, Redeemer entered into a construction loan agreement which gives Redeemer access to \$14,300,000 to fund the construction of its community center and worship space (see Note 5). Management expects to use the full \$14,300,000 during construction. The loan bears an interest rate of 6.375% annually. Management had not utilized any amount from the loan facility as of December 31, 2010.

13. Subsequent Events

On February 8, 2011, an incident at the construction site of the new community center and worship space resulted in the death of two workers. The Church is a co-defendant in a case filed by one of the worker's estate in the New York State Supreme Court in New York County, New York. The suit seeks unspecified damages. There has been no litigation filed by the other worker's estate to date. The Church believes it is not responsible for the death of the workers and intends to vigorously defend its position. The Church believes that a finding against the Church, if any, will be covered by its insurance. The ultimate outcome of this litigation cannot presently be determined. However, in management's opinion, the likelihood of a material adverse outcome is remote. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been reflected in the financial statements.