

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

Consolidated Financial Statements

December 31, 2011

**Independent Auditors' Report****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, 2011 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 2010 consolidated financial statements and, in our report dated May 19, 2011, 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, 2011, 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, LLP*

New York, New York  
June 8, 2012

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

Consolidated Statement of Financial Position  
Year Ended December 31, 2011  
(with comparative amounts for 2010)

	2011	2010
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,020,428	\$ 11,385,434
Prepaid expenses and other current assets	135,005	241,148
Lease security deposits	364,653	367,868
Furnishings, equipment and leasehold improvements, net	896,715	716,887
Real estate and construction related costs	53,388,651	38,366,142
	\$ 61,805,452	\$ 51,077,479
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 5,901,850	\$ 3,443,215
Capital lease obligation	280,943	116,224
Deferred revenue	85,126	62,834
Deferred rent credit	353,661	414,311
Long-term debt	23,163,423	17,185,989
Total Liabilities	29,785,003	21,222,573
Net Assets		
Unrestricted		
Current operating	1,222,910	5,656,643
Redeemer City to City	2,311,357	2,034,131
Real estate and construction related costs, net of related liabilities	4,060,629	478,088
Investment in furnishings, equipment and leasehold improvements	615,772	600,663
Total Unrestricted Net Assets	8,210,668	8,769,525
Temporarily Restricted		
Redeemer Presbyterian Church other temporarily restricted net assets	1,552,588	1,829,834
Vision Campaign 2006 - 2008	-	1,134,803
Real estate and construction related costs	21,096,677	17,794,124
Redeemer City to City	1,160,516	326,620
Total Temporarily Restricted Net Assets	23,809,781	21,085,381
Total Net Assets	32,020,449	29,854,906
	\$ 61,805,452	\$ 51,077,479

See notes to consolidated financial statements

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

Consolidated Statement of Activities  
Year Ended December 31, 2011  
(with summarized totals for the year ended 2010)

	2011			2010 Total
	Unrestricted	Temporarily Restricted	Total	
<b>CONTRIBUTIONS AND REVENUE</b>				
Contributions				
General	\$ 10,569,002	\$ -	\$ 10,569,002	\$ 10,835,415
Vision Campaign 2006 - 2008	-	58,863	58,863	298,466
RENEW Campaign 2010 - 2012	-	3,697,567	3,697,567	5,567,383
Mercy and Justice	-	680,171	680,171	589,833
Redeemer City to City	2,844,501	1,070,499	3,915,000	2,922,413
Real estate purchase and renovation	-	25,193	25,193	15,210
Center for Faith and Work	-	20,000	20,000	50,000
Other	-	514,275	514,275	421,412
Total Contributions	<u>13,413,503</u>	<u>6,066,568</u>	<u>19,480,071</u>	<u>20,700,132</u>
Revenue				
Counseling	1,040,029	-	1,040,029	781,307
Ministry program	344,236	-	344,236	241,407
Sales of sermons, books, and others	861,689	-	861,689	973,324
Interest income	70,896	-	70,896	135,472
Royalty income	<u>249,803</u>	<u>-</u>	<u>249,803</u>	<u>271,093</u>
Total Revenue	<u>2,566,653</u>	<u>-</u>	<u>2,566,653</u>	<u>2,402,603</u>
Total Contributions and Revenue before Net Asset Release	15,980,156	6,066,568	22,046,724	23,102,735
Net assets released from restrictions	<u>3,342,168</u>	<u>(3,342,168)</u>	<u>-</u>	<u>-</u>
Total Contributions and Revenue (Carry Forward)	<u>\$ 19,322,324</u>	<u>\$ 2,724,400</u>	<u>\$ 22,046,724</u>	<u>\$ 23,102,735</u>

See notes to consolidated financial statements

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

Consolidated Statement of Activities *(continued)*

Year Ended December 31, 2011

(with summarized totals for the year ended 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
<b>CONTRIBUTIONS AND REVENUE</b>	\$ 19,322,324	\$ 2,724,400	\$ 22,046,724	\$ 23,102,735
<b>EXPENSES</b>				
Fellowship groups	874,776	-	874,776	970,495
Family ministry	1,222,487	-	1,222,487	1,053,213
Congregational life	572,120	-	572,120	515,782
Counseling center	1,367,109	-	1,367,109	1,098,770
Community Formation	4,036,492	-	4,036,492	3,638,260
Worship and music	787,133	-	787,133	777,431
Sunday service ministry and operations	2,989,620	-	2,989,620	2,872,131
Evangelism and prayer	293,977	-	293,977	303,283
Worship and Evangelism	4,070,730	-	4,070,730	3,952,845
Diaconate	815,455	-	815,455	779,285
Hope for New York	290,799	-	290,799	288,092
Community renewal grants	494,958	-	494,958	197,958
Mercy and Justice	1,601,212	-	1,601,212	1,265,335
Center for Faith and Work	1,218,892	-	1,218,892	1,175,488
Church Planting Center	3,053,812	-	3,053,812	2,946,299
City Missions Link	290,431	-	290,431	205,456
Redeemer Labs	687,048	-	687,048	657,871
Redeemer City to City	4,031,291	-	4,031,291	3,809,626
Administration and finance	1,705,962	-	1,705,962	1,651,088
Media and communications	1,287,657	-	1,287,657	1,225,544
Executive leadership	723,442	-	723,442	780,169
Neighborhood congregations	657,237	-	657,237	155,480
Vision Campaign 2006 - 2008 overhead	80,318	-	80,318	68,494
Renew Campaign 2010 - 2012 overhead	467,948	-	467,948	560,777
Leadership and Administration	4,922,564	-	4,922,564	4,441,552
Total Expenses	19,881,181	-	19,881,181	18,283,106
Change in Net Assets	(558,857)	2,724,400	2,165,543	4,819,629
<b>NET ASSETS</b>				
Beginning of year	8,769,525	21,085,381	29,854,906	25,035,277
End of year	\$ 8,210,668	\$ 23,809,781	\$ 32,020,449	\$ 29,854,906

See notes to consolidated financial statements

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

Consolidated Statement of Cash Flows  
Year Ended December 31, 2011  
(with comparative amounts for 2010)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,165,543	\$ 4,819,629
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	262,911	215,274
Deferred rent credit amortization	(60,650)	(44,086)
Decrease in cash surrender value of life insurance	-	2,817
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	106,143	104,029
Accounts payable and accrued expenses	298,654	(31,154)
Deferred revenue	<u>22,292</u>	<u>(192,166)</u>
Net Cash from Operating Activities	<u>2,794,893</u>	<u>4,874,343</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from redemption of life insurance	-	145,908
Refunds of lease security deposits	3,215	94,923
Purchase of furnishings and equipment	(190,650)	-
Real estate and construction related costs	<u>(6,671,318)</u>	<u>(6,815,572)</u>
Net Cash from Investing Activities	<u>(6,858,753)</u>	<u>(6,574,741)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of mortgage loan payable	(213,776)	(14,011)
Repayment of capital lease obligation	<u>(87,370)</u>	<u>(48,861)</u>
Net Cash from Financing Activities	<u>(301,146)</u>	<u>(62,872)</u>
Net Change in Cash and Cash Equivalents	(4,365,006)	(1,763,270)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>11,385,434</u>	<u>13,148,704</u>
End of year	<u>\$ 7,020,428</u>	<u>\$ 11,385,434</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 1,195,175	\$ 1,101,128
Non-Cash Investing Activity		
Real estate and construction related costs financed through accounts payable and construction loan	11,259,132	2,907,941
Disposal of fully depreciated assets	335,131	54,283
Acquisition of equipment financed through capital lease	252,089	-

See notes to consolidated financial statements

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

Notes to Consolidated Financial Statements  
December 31, 2011 and 2010

### **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.

#### ***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.

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

Notes to Consolidated Financial Statements  
December 31, 2011 and 2010

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

#### ***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 \$31,334 and \$2,601,671 reported in cash and cash equivalents in the financial statements as of December 31, 2011 and 2010. Redeemer did not hold any Level 2 or 3 investments as of December 31, 2011 and 2010.

#### ***Furnishings, Equipment and Leasehold Improvements***

It is Redeemer's policy to capitalize furnishings, equipment and leasehold improvements over \$1,000. 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).

#### ***Deferred Revenue***

Amounts received in advance of providing program services are recorded as a liability under deferred revenue. Royalties received in advanced of fulfilling contractual obligations are recorded as a liability under deferred revenue.

#### ***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.



## Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2011 and 2010

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

#### ***Accounting for Uncertainty in Income Taxes***

Redeemer recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Redeemer had no uncertain tax positions that would require financial statement recognition or disclosure. CTC is not subject to examinations by the applicable taxing jurisdictions for periods prior to its inception on January 2, 2008.

#### ***Reclassifications***

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of changes in net assets or net assets.

#### ***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 June 8, 2012.

### 3. Credit Risk Concentration

At December 31, 2011 and 2010, 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>2011</u>	<u>2010</u>
Office equipment and furnishings	\$ 388,937	\$ 646,943
Computer equipment	390,875	81,890
Website	56,629	-
Leasehold improvements	<u>1,055,845</u>	<u>1,055,845</u>
	1,892,286	1,784,678
Less accumulated depreciation and amortization	<u>995,571</u>	<u>1,067,791</u>
	<u>\$ 896,715</u>	<u>\$ 716,887</u>

Office equipment and furnishings include capital leases totaling \$449,531 and \$197,442 as of December 31, 2011 and 2010 with accumulated depreciation totaling \$119,230 and \$47,697 for the years then ended.

## Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2011 and 2010

### 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. The budget for the construction is approximately \$24,500,000. In 2009, Redeemer entered into a construction contract with a construction manager/builder. Construction costs incurred under the contract totaled approximately \$22,275,000 as of December 31, 2011 and does not include capitalized interest which totaled approximately \$3,597,000 as of December 31, 2011. Redeemer held their first event in the building February 21, 2012 with a temporary permit for public assembly. Sunday services have been held there weekly since March, 4, 2012. Depreciation of the building commenced in 2012, when it was placed in service.

### 6. Capital Lease Obligation

Future minimum rental obligations for office equipment and furniture under capital lease agreements as of December 31, 2011 are as follows:

2012	\$ 133,344
2013	133,306
2014	85,211
2015	28,748
2016	<u>7,820</u>
Total Lease Payments	388,429
Less portion representing interest	<u>107,486</u>
Principal value of all capital leases	<u>\$ 280,943</u>

Interest expense on the capital lease obligation was \$19,211 and \$4,701 for 2011 and 2010.

### 7. Long-term Debt

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

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 has utilized \$6,191,210 and \$0 from the loan facility as of December 31, 2011 and 2010.

Interest of \$1,159,072 and \$1,096,246 incurred on the mortgage and construction loan for 2011 and 2010 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 December 31, 2011 and 2010

#### 7. Long-term Debt (*continued*)

Future maturities of the mortgage and the construction loan are as follows as of December 31, 2011:

2012		\$ 490,724
2013		17,478,653
2014		<u>5,194,046</u>
		<u>\$ 23,163,423</u>

#### 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:

Redeemer Presbyterian Church of New York City	2011		2010	
	Net Assets Held at Year End	Released During the Year	Net Assets Held at Year End	Released During the Year
Budapest Project	\$ -	\$ 250	\$ 250	\$ 2,000
Building Fund*	2,808,634	-	2,788,508	-
Center for Faith and Work - Incubator	100,375	69,400	149,775	20,625
Center for Faith and Work	223,027	11,723	20,000	-
Church Planting Center	-	-	-	1,475,117
City Missions Link	-	732	732	156,715
Designated giving to op budget programs	-	243,653	-	-
Disaster Relief Fund	-	-	-	488
East Asia Coordinator Project	-	8,981	8,981	74,019
East Asia Movement	-	76,569	76,569	84,052
First Fruits Program	-	27,626	27,626	-
General fundraising	5,067	-	-	-
Haiti Relief	-	536	386	54,644
Heroes	-	-	-	15,000
Hope for New York	-	94,146	-	100,210
Japan Relief	-	116,814	-	-
London/ Camdentown Project	-	1,000	1,000	28,400
Mercy Fund (Diaconate)	1,127,173	470,813	1,140,079	462,530
Mumbai Project	-	5,770	5,770	18,590
New Song Community Church	-	100	-	25
New York City Projects	-	88,275	88,275	7,000
Other Donor Restricted Contributions	79,114	77,232	150,121	335,375
Paris Project	-	500	500	50
Park Slope Project	-	-	-	10,000
Praise Nights	-	7,147	-	3,611
Promise of Hope Fund	13,466	8,175	19,371	18,885
RENEW Campaign**	-	447,871	-	1,141,390
RENEW Campaign (Building)*	9,561,779	-	6,312,084	-
Rome Project	-	-	-	150
Rome II Project	-	69,657	69,657	14,500
Reformed University Fund	-	11,050	-	2,475
Sao Paulo Project	-	10,000	10,000	10,000
Scale Brazil Project	-	37,260	37,260	135,558
Seminary Scholarship Fund	-	6,045	6,045	-
The Communion	-	2,592	2,592	7,888
Uganda Youth Team	573	44,832	7,359	-
Vision Campaign 2006 - 2008***	-	686,136	1,134,803	1,279,742
Vision Campaign 2006 - 2008 (Building)*	8,726,264	-	8,693,532	-
Youth Ministry Scholarship Fund	3,793	5,882	7,486	9,220
	<u>22,649,265</u>	<u>2,630,767</u>	<u>20,758,761</u>	<u>5,468,259</u>
Total Redeemer Presbyterian Church of New York City Temporarily Restricted Net Assets	<u>22,649,265</u>	<u>2,630,767</u>	<u>20,758,761</u>	<u>5,468,259</u>

## Redeemer Presbyterian Church of New York City and Affiliate

### Notes to Consolidated Financial Statements December 31, 2011 and 2010

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

Redeemer City to City	2011		2010	
	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
Asian Immersion Project	7,811	7,189	-	27,800
Athens Project	-	12,501	-	-
Barcelona Project	225	50,915	-	-
Berlin Projekt	-	34,707	-	73,340
Brussels Project	25,000	-	-	-
Budapest Project	250	-	250	2,000
Buenos Aires Project	25,000	-	-	465
Burmese Church	-	-	-	7,362
Cape Town Project	-	-	-	5,000
Christ Presbyterian	-	-	-	1,000
Church Planting Center***	474,798	-	-	1,475,117
City Church Philadelphia	-	4,400	-	4,875
City Life London	-	10,675	-	-
City Missions Link	-	732	732	156,715
Cooper	-	-	-	550
Covenant of Hope Church	-	-	-	5,000
East Asia Coordinator Project	-	27,314	8,981	74,019
East Asia Movement	89,576	5,993	76,569	84,052
Edinburgh Project	25,000	-	-	-
Europe Project	91,350	218,817	-	-
First Fruits Program	27,626	-	27,626	-
Grace Village Church	-	-	-	21,763
Hamburg Project	-	35,228	-	33,055
Heroes Project	-	-	-	15,000
Hoppe	-	-	-	125
India Project	48,000	-	-	-
Infinity Church	-	23	-	1,545
Intensive International Program	46,750	-	-	-
Interns & Fellows	-	-	-	78,809
Kreuzberg Project	-	18,230	-	12,099
Kuala Lumpur Project	-	-	-	30,000
London/Camdentown Project	-	46,000	1,000	28,400
Londrina Project	-	-	-	900
Miscellaneous restricted donations	-	500	-	-
Mumbai Project	-	5,770	5,770	18,590
New York City Projects	125,168	2,500	88,275	7,000
Prague Project	-	25,800	-	-
Paris Project	1,884	-	500	50
Park Slope Project	-	-	-	10,000
Redeemer City to City	-	-	-	2,150
Redeemer Labs	-	-	-	465,863
Rome Project	14,550	14,950	-	150
Rome II Project	69,657	-	69,657	14,500
Rouses Project	-	23,976	-	40,425
Santiago Project	45,404	-	-	-
Sao Paulo Project	10,000	-	10,000	10,000
Scale Brazil Project	7,467	75,906	37,260	135,558
Sophiatown Project	-	-	-	1,000
Sydney Project	25,000	-	-	-
Taipei Project	-	20,000	-	45,000
Tokyo Project	-	69,275	-	73,800
<b>Total Redeemer City to City</b>				
Temporarily Restricted Net Assets	<u>1,160,516</u>	<u>711,401</u>	<u>326,620</u>	<u>2,967,127</u>
<b>Total Redeemer Presbyterian Church of New York City and Affiliate</b>				
Temporarily Restricted Net Assets	<u>\$ 23,809,781</u>	<u>\$ 3,342,168</u>	<u>\$ 21,085,381</u>	<u>\$ 8,435,386</u>

## Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2011 and 2010

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

\* Included in Real Estate and Construction Related Costs total of \$21,096,677 and \$17,794,124 for 2011 and 2010.

\*\* \$3,249,695 and \$518,094 was transferred from the General RENEW Campaign fund to RENEW Campaign (Building) during 2011 and 2010 as funds were expended on Real Estate and Construction Related Costs.

\*\*\* \$474,798 transferred from the Church's Vision Campaign 2006-2008 to CTC's Church Planting Center during 2011.

#### **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 New York 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, 2011, a total of \$11.7 million has been contributed towards the campaign.

### 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.

Redeemer has leases on several worship spaces with terms of one year or less which expire through December 31, 2012. In addition, Redeemer leases various pieces of office equipment under operating leases with various expiration dates through 2015.

Rental expense for all operating leases totaled \$2,752,459 and \$2,416,434 for 2011 and 2010.

## Redeemer Presbyterian Church of New York City and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2011 and 2010

### 9. Rental Commitments (*continued*)

Future remaining minimum commitments for operating leases as of December 31, 2011 are as follows:

2012	\$ 1,015,036
2013	998,729
2014	965,203
2015	<u>161,965</u>
Total	<u>\$ 3,140,933</u>

### 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 \$254,079 and \$234,030 for 2011 and 2010.

### 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.

### 12. Commitments and Contingencies

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 employed by an independent contractor. The Church is a co-defendant in cases filed by the workers' estates in the New York State Supreme Court in New York County, New York. The suits seek unspecified damages. 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 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, a liability, if any, that might result from the resolution of this matter have not been reflected in the financial statements.

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