

**THE SYNOD OF THE COVENANT,
PRESBYTERIAN CHURCH (U.S.A.)**

REVIEWED FINANCIAL STATEMENTS

December 31, 2009

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To The Synod Trustees and the Synod Assembly
The Synod of the Covenant,
Presbyterian Church (U.S.A.)
Maumee, Ohio

We have reviewed the accompanying statement of financial position of The Synod of the Covenant, Presbyterian Church (U.S.A.) (the Synod) as of December 31, 2009, and the related statements of activities and changes in net assets, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All of the information included in these financial statements is the representation of the management of the Synod.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The supplementary information on page 15 is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

The financial statements for the year ended December 31, 2008 were audited by us, and we expressed an unqualified opinion on them in our report dated August 9, 2009, but we have not performed any auditing procedures since that date.

June 28, 2010

William Vaughan Company

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
STATEMENTS OF FINANCIAL POSITION
December 31, 2009 (reviewed) and 2008 (audited)

ASSETS		(Reviewed)	(Audited)
		2009	2008
Assets			
Cash and cash equivalents (Note 9)		\$ 258,049	\$ 264,661
Contributions receivable (Notes 2 and 4)		334,907	226,862
Deposits		0	69
Investments (Notes 3 and 10)		3,968,887	3,607,301
Prepaid expenses		9,647	5,763
Notes receivable:			
Church loans		210,559	226,363
Other notes		53,787	53,787
Allowance for doubtful receivables		(78,787)	(78,787)
	Net notes receivable	<u>185,559</u>	<u>201,363</u>
Property and equipment			
Vehicles		42,693	42,693
Leasehold improvements		20,012	20,012
Furniture and fixtures		18,702	19,142
Computer equipment		14,448	30,617
	Total cost	<u>95,855</u>	<u>112,464</u>
Less accumulated depreciation		85,315	92,047
	Net property and equipment	<u>10,540</u>	<u>20,417</u>
	Total assets	<u><u>\$ 4,767,589</u></u>	<u><u>\$ 4,326,436</u></u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable		\$ 68,013	\$ 3,901
Accrued expenses		8,091	15,708
Amounts held for others (Note 4)		131,101	103,470
	Total liabilities	<u>207,205</u>	<u>123,079</u>
Net assets (Note 7)			
Unrestricted:			
Undesignated		218,727	230,563
Designated		3,820,695	3,504,448
	Total unrestricted	<u>4,039,422</u>	<u>3,735,011</u>
Temporarily restricted		498,916	448,935
Permanently restricted		22,046	19,411
	Total net assets	<u>4,560,384</u>	<u>4,203,357</u>
	Total liabilities and net assets	<u><u>\$ 4,767,589</u></u>	<u><u>\$ 4,326,436</u></u>

See accountant's review report.

The accompanying notes are an integral part of these financial statements.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2009 (reviewed) and 2008 (audited)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>(Reviewed) 2009 Totals</u>
Revenue and other support				
Per capita apportionment	\$ 506,087	\$ 0	\$ 0	\$ 506,087
Basic mission	210,639	0	0	210,639
Presbyterian women	23,506	0	0	23,506
Registrations	280	0	0	280
Interest and dividends	91,201	10,375	0	101,576
Contributions - other	6,583	21,614	0	28,197
Miscellaneous revenue	0	0	0	0
Net assets released from restrictions (Note 8)	55,393	(55,393)	0	0
Total revenue and other support	<u>893,689</u>	<u>(23,404)</u>	<u>0</u>	<u>870,285</u>
Expenses				
Mission and program expenses	1,046,293	0	0	1,046,293
Total expenses	<u>1,046,293</u>	<u>0</u>	<u>0</u>	<u>1,046,293</u>
Loss on disposal of fixed assets	(706)	0	0	(706)
Gain on investments	457,721	73,494	0	531,215
Gain (loss) on life income funds	0	(109)	2,635	2,526
Change in net assets	304,411	49,981	2,635	357,027
Net assets at beginning of year	<u>3,735,011</u>	<u>448,935</u>	<u>19,411</u>	<u>4,203,357</u>
Net assets at end of year	<u>\$ 4,039,422</u>	<u>\$ 498,916</u>	<u>\$ 22,046</u>	<u>\$ 4,560,384</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	(Audited) 2008 Totals
Revenue and other support				
Per capita apportionment	\$ 519,736	\$ 0	\$ 0	\$ 519,736
Basic mission	278,826	0	0	278,826
Presbyterian women	30,300	0	0	30,300
Registrations	0	0	0	0
Interest and dividends	135,445	13,751	0	149,196
Contributions - other	6,170	23,453	0	29,623
Miscellaneous revenue	6,554	0	0	6,554
Net assets released from restrictions (Note 8)	62,827	(62,827)	0	0
Total revenue and other support	<u>1,039,858</u>	<u>(25,623)</u>	<u>0</u>	<u>1,014,235</u>
Expenses				
Mission and program expenses	1,055,425	0	0	1,055,425
Total expenses	<u>1,055,425</u>	<u>0</u>	<u>0</u>	<u>1,055,425</u>
Loss on disposal of fixed assets	0	0	0	0
Loss on investments	(1,118,625)	(184,927)	0	(1,303,552)
Loss on life income funds	<u>0</u>	<u>(1,467)</u>	<u>(8,087)</u>	<u>(9,554)</u>
Change in net assets	(1,134,192)	(212,017)	(8,087)	(1,354,296)
Net assets at beginning of year	<u>4,869,203</u>	<u>660,952</u>	<u>27,498</u>	<u>5,557,653</u>
Net assets at end of year	<u>\$ 3,735,011</u>	<u>\$ 448,935</u>	<u>\$ 19,411</u>	<u>\$ 4,203,357</u>

See accountant's review report.
The accompanying notes are an integral part of these financial statements.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2009 (reviewed) and 2008 (audited)

	<u>(Reviewed)</u> <u>2009</u>	<u>(Audited)</u> <u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ 357,027	\$ (1,354,296)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	11,791	13,877
Loss on disposal of fixed assets	706	0
(Gain) loss on investments	(531,215)	1,303,552
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(108,045)	118,485
Deposits	69	8
Prepaid expenses	(3,884)	(1,852)
Increase (decrease) in:		
Accounts payable	64,112	(33,275)
Other liabilities	20,014	(59,776)
Net cash used in operating activities	<u>(189,425)</u>	<u>(13,277)</u>
Cash flows from investing activities		
Proceeds from sales/maturities of investments	1,025,081	113,785
Purchases of investment securities	(855,452)	(199,838)
Proceeds from notes receivable	15,804	55,672
Purchases of property and equipment	(2,620)	0
Net cash provided by (used in) investing activities	<u>182,813</u>	<u>(30,381)</u>
Net decrease in cash and cash equivalents	(6,612)	(43,658)
Cash and cash equivalents at beginning of year	264,661	308,319
Cash and cash equivalents at end of year	<u>\$ 258,049</u>	<u>\$ 264,661</u>

See accountant's review report.

The accompanying notes are an integral part of these financial statements.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 (reviewed) and 2008 (audited)

Note 1 - Significant accounting policies

Nature of organization

The Synod of the Covenant (the Synod) is one of the administrative regions of the Presbyterian Church (U.S.A.). The Synod embraces 11 presbyteries, approximately 776 congregations, and in excess of 150,000 active members primarily in Michigan and Ohio. The Organization's responsibilities include recruitment and training of leaders, coordinating ministries in higher education, assisting racial ethnic groups, coordinating resources for the development of new churches and the redevelopment of older churches, promoting responsible stewardship, and working ecumenically on behalf of presbyteries and congregations.

Basis of accounting

The financial statements of the Synod have been prepared utilizing the accrual basis of accounting.

Basis of presentation

Net assets of the Synod and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Synod and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Synod. Generally, the donors of these assets permit the Synod to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are consistently treated as unrestricted revenue. For contributions of long-lived assets the accounting policy is to not imply a time restriction that expires over the useful life of the asset.

Notes receivable

Notes receivable are created in the course of loans to individual churches and presbyteries. The schedule for repayment of the various notes receivable is subject to change. It has been the Synod's practice to defer, for periods of time, the repayment of principal and/or the related interest. Substantially all of the notes receivable are collateralized by property. These loans are also guaranteed by the regional presbytery. The Synod carries its notes receivable at cost less an allowance for doubtful receivables. On an annual basis the Synod evaluates its notes receivable by examining individual balances and establishes an allowance for doubtful receivables. Receivables are written off as uncollectible on a case by case basis as determined by the Synod Trustees.

See accountant's review report.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
NOTES TO FINANCIAL STATEMENTS – CONTINUED
December 31, 2009 (reviewed) and 2008 (audited)

Note 1 - Significant accounting policies – Continued

Property and equipment

Property and equipment is stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The Synod utilizes a capitalization policy of \$1,000. Expenditures for maintenance and repairs are charged to expense as incurred. The Synod provides for depreciation of property and equipment by the straight-line method using rates designed to amortize the cost of such assets over their estimated useful lives. The following summarizes the estimated useful lives of property and equipment:

Leasehold improvements	7 Years
Furniture and fixtures	7 Years
Vehicles	7 Years
Desktop computers and other computer equipment	4 Years
Laptop computers	3 Years

Federal income taxes

The Internal Revenue Service has ruled that the Synod is a tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the financial statements. In addition, the Synod has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting for uncertainty in income taxes

Effective for the year ended December 31, 2009, the Synod adopted the provisions of FASB ASC 740, *Income Taxes* (FASB ASC 740), relating to accounting for uncertainty in income taxes on any unrelated business income. The Synod is currently not required to file income tax returns in the U.S. or in any state jurisdictions. The implementation of FASB ASC 740 had no effect on the Synod's financial statements for the year ended December 31, 2009.

Statement of cash flows

Cash and cash equivalents include demand deposits, time deposits and money market accounts with maturities of three months or less.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributions

Contributions, including unconditional promises to give, are recorded as pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give, which consist of presbytery contributions and irrevocable pooled life income funds, are deemed to be collected in future periods and are recorded at the present value of their net realizable value.

Permanent endowment contributions within the pooled life income funds, are unconditional promises to give in which the principal is permanently restricted by the donor. Earnings on these funds may be restricted or unrestricted, depending on the terms of the agreement.

See accountant's review report.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
NOTES TO FINANCIAL STATEMENTS – CONTINUED
December 31, 2009 (reviewed) and 2008 (audited)

Note 1 - Significant accounting policies – Continued
Recently issued accounting standards

In June 2009, the Financial Accounting Standards Board (FASB) issued FASB Accounting Standard Codification 105, *Generally Accepted Accounting Principles* (FASB ASC 105), which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Synod has updated references to GAAP in its financial statements issued for the year ended December 31, 2009.

Note 2 - Contributions receivable

Contributions receivable are unrestricted, temporarily restricted, and permanently restricted net assets. These unconditional promises to give are to be received by the Synod in subsequent years and are deemed fully collectible by management.

	2009	2008
Receivable in less than one year	\$ 177,939	\$ 100,051
Receivable in more than one year	156,968	126,811
Total contributions	\$ 334,907	\$ 226,862

Contributions receivable are primarily funds due from the presbyteries and pooled life income funds and gift annuities under split-interest agreements that are established by donors to be received by the Synod upon the death of the donor. A significant portion of pooled life income fund and gift annuity receivables have been designated for organizations other than the Synod (see Note 4). Contributions receivable are considered fully collectible at December 31, 2009. If amounts become uncollectible, they will be charged to operations and/or sent to collections as determined by management. The Synod does not accrue any interest on contributions receivable.

Note 3 - Investments

Investments are stated at fair value and consist of mutual funds and a fixed rate depository and money market account as follows at December 31, 2009:

	Cost	Fair Value	Unrealized Gain
Mutual funds	\$ 2,613,567	\$ 3,144,782	\$ 531,215
Depository / money market account	824,105	824,105	0
Total investments	\$ 3,437,672	\$ 3,968,887	\$ 531,215

See accountant's review report.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
NOTES TO FINANCIAL STATEMENTS – CONTINUED
December 31, 2009 (reviewed) and 2008 (audited)

Note 3 - Investments – Continued

The following schedule summarizes investment and other funds return and their classification in the statement of activities for the year ended December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 91,201	\$ 10,375	\$ 101,576
Gain on investments	457,721	73,494	531,215
Total investments and other funds return	<u>\$ 548,922</u>	<u>\$ 83,869</u>	<u>\$ 632,791</u>

The following summarizes investment information for 2008:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Mutual funds	\$ 4,108,658	\$ 2,805,106	\$ (1,303,552)
Depository account	802,195	802,195	0
Total investments	<u>\$ 4,910,853</u>	<u>\$ 3,607,301</u>	<u>\$ (1,303,552)</u>

The following schedule summarizes investment and other funds return and their classification in the statement of activities for the year ended December 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 119,693	\$ 13,359	\$ 133,052
Loss on investments	(1,118,625)	(184,927)	(1,303,552)
Total investments and other funds return	<u>\$ (998,932)</u>	<u>\$ (171,568)</u>	<u>\$ (1,170,500)</u>

Note 4 - Irrevocable split interest agreements

The Synod has recorded contributions receivable for amounts due under pooled life income funds and gift annuities established through irrevocable split interest agreements with donors. The present value of these receivables included in contributions receivable at December 31, 2009 and 2008 is \$156,968 and \$126,811, respectively.

A portion of these funds are held for other beneficiaries and have been recorded as liabilities at the present values of the expected future payments to be made to those beneficiaries amounting to \$131,101 and \$103,470 at December 31, 2009 and 2008, respectively.

The basis for recognizing the asset in the Statement of Financial Position is the present value, which was determined by the actuaries of the Presbyterian Church (U.S.A.) Foundation. The discount rate used in the calculation to determine the amount necessary to invest to meet future obligations was 6% for 2009 and 2008. The present value represents the current fair market value of the account, reduced by the estimated actuarial liability necessary to meet future payments to the life income beneficiaries.

See accountant's review report.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
NOTES TO FINANCIAL STATEMENTS – CONTINUED
December 31, 2009 (reviewed) and 2008 (audited)

Note 4 - Irrevocable split interest agreements – Continued

The market value of the assets held under life income gifts represents the gross fund value that would be available if there were no future payment obligations to an income beneficiary. The market value changes due to income earned, payments to the life income beneficiaries and market fluctuations. The market value as of December 31, 2009 and 2008 was \$224,167 and \$185,866, respectively.

Note 5 - Retirement plans

The Synod contributes to a multi-employer benefit plan for its eligible clergy and lay employees that is administered by the Presbyterian Church (U.S.A.). The Organization contributes to a defined benefit pension plan and death and disability insurance plan at 12% of each member's annual effective salary. This amounted to \$16,614 and 18,547 for the years ended December 31, 2009 and 2008, respectively.

The Synod's employees are also eligible to participate in a multi-employer 403(b) plan administered by the Presbyterian Church (U.S.A.). This plan does not provide for employer contributions.

Note 6 - Leases and contractual obligations

On March 12, 2003, the Synod entered into a lease for office space in Maumee beginning in May 2003. This lease is for a term of 10 years and 8 months and includes an option to extend the lease for 2 additional 5-year terms. The lease also contains a provision allowing the Synod to terminate its lease anytime after 7 years and 8 months. In March 2010 the Synod decided to terminate this lease in November 2010 and pay the termination fee of \$30,000 at that time. Payments on this lease during 2009 and 2008 were \$6,418 per month.

In September 2003, the Synod entered into a 3½-year operating lease for a postage machine and in August 2006, the Synod extended this lease through December 2011. Rental expense related to this equipment is \$1,086 per quarter.

In December 2006, the Synod entered into a 60 month operating lease for a Ricoh photocopier. Rental expense related to this equipment is \$339 per month.

Minimum rental payments for these leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 85,431
2011	8,415
Total	<u>\$ 93,846</u>

For the years ending December 31, 2009 and 2008, rent expense was \$79,630 and \$79,861, respectively, which includes the following:

	<u>2009</u>	<u>2008</u>
Base rent	\$ 69,222	\$ 69,222
Photocopier lease	5,945	6,205
Postage machine lease	4,344	4,344
Water cooler	119	90
Total	<u>\$ 79,630</u>	<u>\$ 79,861</u>

See accountant's review report.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
NOTES TO FINANCIAL STATEMENTS – CONTINUED
December 31, 2009 (reviewed) and 2008 (audited)

Note 7 - Net assets

Unrestricted net assets consist of the following at December 31:

	2009	2008
Board designated funds for:		
Support of the established mission and ministry of the Synod	\$ 2,203,722	\$ 1,941,588
Support presbyteries and congregations for acquisition of funds necessary for church development	1,228,723	1,221,119
Support for Synod Campus Ministry	388,250	341,741
Total designated	3,820,695	3,504,448
Undesignated	218,727	230,563
Total unrestricted net assets	\$ 4,039,422	\$ 3,735,011

Temporarily restricted net assets are available by fund as follows at December 31:

	2009	2008
Pooled life income funds and gift annuities	\$ 6,821	\$ 6,930
Self development of people	6,061	7,130
Ohio public policy advocacy	349	350
Peace offering from churches	25,124	28,686
Disaster relief	7,326	6,525
Campus ministries	453,235	399,314
Total temporarily restricted net assets	\$ 498,916	\$ 448,935

Permanently restricted net assets are endowment funds to be received in the future that are restricted in perpetuity to continue the tradition of the Synod. Income generated by these assets may be unrestricted or restricted, depending upon the terms of the agreement. They are classified as follows:

	2009	2008
Sloan fund	\$ 3,000	\$ 3,000
Pooled life income funds	19,046	16,411
Total permanently restricted net assets	\$ 22,046	\$ 19,411

See accountant's review report.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
NOTES TO FINANCIAL STATEMENTS – CONTINUED
December 31, 2009 (reviewed) and 2008 (audited)

Note 8 - Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2009	2008
Campus ministries	\$ 29,948	\$ 29,772
Mobile Health Fair	4,667	3,380
Disaster relief	0	100
Self development of people	1,069	0
Peacemaking	17,709	22,075
OPPPA	2,000	7,500
Total	\$ 55,393	\$ 62,827

Note 9 - Concentrations of credit risk

The Synod maintains the majority of its operating cash balances in two financial institutions. Each bank's balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2009, the Synod had no uninsured cash balances.

Note 10 - Fair value of financial instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, (FASB ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

See accountant's review report.

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
NOTES TO FINANCIAL STATEMENTS – CONTINUED
December 31, 2009 (reviewed) and 2008 (audited)

Note 10 - Fair value measurements – Continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

- Cash, cash equivalents, fixed rate depository account, money market account: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Mutual funds: The fair values of investments are based on quoted market prices for those or similar investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Synod believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Synod's assets at fair value as of December 31, 2009 and 2008:

	Level 1
December 31, 2009:	
Cash and cash equivalents	\$ 258,049
Investments – mutual funds	3,144,782
Investments – fixed rate depository / money market account	824,105
 December 31, 2008:	
Cash and cash equivalents	\$ 264,661
Investments – mutual funds	2,805,106
Investments – fixed rate depository account	802,195

Note 11 – Subsequent events

The Synod has evaluated subsequent events through June 28, 2010, the date the financial statements were available to be issued. There were no subsequent events, except as otherwise disclosed, that required adjustment to the financial statements or additional disclosures.

See accountant's review report.

SUPPLEMENTARY INFORMATION

THE SYNOD OF THE COVENANT, PRESBYTERIAN CHURCH (U.S.A.)
SCHEDULES OF MISSION AND PROGRAM EXPENSES
For the Years Ended December 31, 2009 (reviewed) and 2008 (audited)

	<u>(Reviewed)</u> <u>2009</u>	<u>(Audited)</u> <u>2008</u>
Expenses		
Personnel Services	\$ 295,366	\$ 305,719
Office Operations and Meeting Expenses	162,655	173,465
Presbytery Higher Education Support	152,804	118,039
Church Development and Transformation Grants	98,748	55,764
New Covenant Grants	79,000	85,000
Support to Synod Connections	51,579	61,738
Mobile Health Fair	60,561	54,338
Support for Presbyterian Colleges in the SOC	30,000	30,000
Campus Ministries Grants	25,295	19,350
Peacemaking	17,709	22,075
Cabinet on Ethnic Church Affairs (CECA)	14,333	56,033
Mission to the USA	14,092	17,000
Provision for Depreciation	11,791	13,877
Disaster Relief	10,000	10,100
Church Development and Transformation Training	8,230	2,700
Black Theology Conference	4,208	1,571
Spiritual Formation	3,850	250
Hispanic Conference	2,103	0
Ohio Presbyterians for Public Policy Advocacy (OPPPA)	2,000	7,500
Self Development of People	1,069	0
Justice for Women	900	900
Presbytery Matching Grants	0	10,000
Communication Strategies	0	7,396
Urban Initiative Event	0	2,610
Total expenses	<u>\$ 1,046,293</u>	<u>\$ 1,055,425</u>

See accountant's review report.