The Frick Collection

Financial Statements

June 30, 2010

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

Independent Auditors' Report

Board of Trustees
The Frick Collection

We have audited the accompanying statement of financial position of The Frick Collection (the "Collection") as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Collection'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 Collection's 2009 financial statements and, in our report dated November 17, 2009, 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 the Collection'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 financial statements referred to above present fairly, in all material respects, the financial position of The Frick Collection as of June 30, 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.

New York, New York
December 2, 2010

60 East 42nd Street, 36th Floor, New York, NY 10165 Tel: 212-286-2600 Fax: 212-286-4080
www.ODMD.com

The Frick Collection

Statement of Financial Position

June 30, 2010
(with comparative amounts for 2009)

	2010	2009
ASSETS		
Cash and cash equivalents	$ 2,459,184	$ 2,682,055
Contributions receivable	3,738,486	4,717,317
Due from broker for securities sold	129,788	111,722
Inventory	641,027	662,312
Prepaid expenses, receivables and other assets	780,903	936,182
Investments in real estate, at cost	3,171,289	3,101,573
Investments in securities	213,263,666	195,396,237
Property and equipment, net	17,786,432	18,004,325
Total Assets	$ 241,970,775	$ 225,611,723
LIABILITIES AND NET ASSETS		
Accounts payable, accrued expenses and deferred income	$ 2,345,022	$ 1,536,132
Accrued postretirement health and other benefits	5,982,189	5,117,893
Accrued pension benefits	888,315	2,290,857
Total Liabilities	9,215,526	8,944,882
NET ASSETS		
Unrestricted	$ 189,196,411	$ 176,622,195
Temporarily restricted	7,889,001	4,467,960
Permanently restricted	35,669,837	35,576,686
Total Net Assets	232,755,249	216,666,841
Total Liabilities and Net Assets	$ 241,970,775	$ 225,611,723

See notes to financial statements

The Frick Collection

Statement of Activities

Year Ended June 30, 2010
(with summarized totals for the year ended June 30, 2009)

	Unrestricted			Temporarily	Permanently	Total	
	General	Board Designated	Total	Restricted	Restricted	2010	2009
OPERATING SUPPORT AND REVENUES							
Spending from endowment	$ 10,814,138	$ -	$ 10,814,138	$ -	$ -	$ 10,814,138	$ 10,540,130
Other capital gain (loss)	(4,701)	-	(4,701)	790	-	(3,911)	146,775
Contributions	3,123,640	-	3,123,640	2,314,885	-	5,438,525	7,981,074
Admission fees	3,054,683	-	3,054,683	-	-	3,054,683	2,821,937
Membership	1,244,599	-	1,244,599	-	-	1,244,599	1,201,421
Bookstore sales and miscellaneous	1,278,496	-	1,278,496	-	-	1,278,496	1,246,146
	19,510,855	-	19,510,855	2,315,675	-	21,826,530	23,937,483
Net assets released from restrictions	1,725,406	-	1,725,406	(1,725,406)	-	-	-
Total Operating Support and Revenues	21,236,261	-	21,236,261	590,269	-	21,826,530	23,937,483
OPERATING EXPENSES							
Museum programs							
Operations	5,451,155	-	5,451,155	-	-	5,451,155	5,285,423
Special exhibitions, concerts and lectures	857,062	-	857,062	-	-	857,062	1,345,104
Bookstore	1,181,467	-	1,181,467	-	-	1,181,467	1,178,091
Total Museum Programs	7,489,684	-	7,489,684	-	-	7,489,684	7,808,618
Library programs							
Operations	3,493,404	-	3,493,404	-	-	3,493,404	3,765,644
Special programs	842,155	-	842,155	-	-	842,155	842,160
Total Library Programs	4,335,559	-	4,335,559	-	-	4,335,559	4,607,804
Total Programs	11,825,243	-	11,825,243	-	-	11,825,243	12,416,422
Supporting services							
General and administrative	7,580,978	-	7,580,978	-	-	7,580,978	6,430,154
Fundraising	1,525,042	-	1,525,042	-	-	1,525,042	1,589,696
Total Supporting Services	9,106,020	-	9,106,020	-	-	9,106,020	8,019,850
Total Operating Expenses	20,931,263	-	20,931,263	-	-	20,931,263	20,436,272
Excess of Operating Support and Revenues Over Operating Expenses	304,998	-	304,998	590,269	-	895,267	3,501,211
NONOPERATING CHANGES TO NET ASSETS							
Contributions	-	100,000	100,000	-	93,151	193,151	1,505,942
Depreciation	-	(1,463,004)	(1,463,004)	-	-	(1,463,004)	(1,445,756)
Acquisition of collection item	-	-	-	-	-	-	(4,800)
Net investment return designated for long-term investment	-	15,190,364	15,190,364	2,965,144	-	18,155,508	(55,251,498)
Pension and postretirement benefit plan liability adjustments	(1,692,514)	-	(1,692,514)	-	-	(1,692,514)	(2,823,578)
Net assets released from restrictions	-	134,372	134,372	(134,372)	-	-	-
Total Nonoperating Changes	(1,692,514)	13,961,732	12,269,218	2,830,772	93,151	15,193,141	(58,019,690)
Change in Net Assets	(1,387,516)	13,961,732	12,574,216	3,421,041	93,151	16,088,408	(54,518,479)
NET ASSETS							
Beginning of year	4,986,360	171,635,835	176,622,195	4,467,960	35,576,686	216,666,841	271,185,320
End of year	$ 3,598,844	$ 185,597,567	$ 189,196,411	$ 7,889,001	$ 35,669,837	$ 232,755,249	$ 216,666,841

See notes to financial statements

The Frick Collection

Statement of Cash Flows

Year Ended June 30, 2010
(with comparative amounts for 2009)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 16,088,408	$ (54,518,479)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,463,004	1,445,756
Realized (gains) losses on investments	(3,847,225)	15,369,590
Unrealized (appreciation) loss on investments	(23,462,385)	31,598,598
Contributions restricted for permanent endowment	(93,151)	(1,505,942)
Changes in operating assets and liabilities		
Contributions receivable	978,831	(851,873)
Prepaid expenses, receivables and other assets	155,279	77,424
Inventory	21,285	39,072
Prepaid pension cost	(1,402,542)	2,985,131
Accounts payable, accrued expenses and deferred income	808,890	(457,812)
Accrued postretirement health and other benefits	864,296	392,393
Net Cash from Operating Activities	(8,425,310)	(5,426,142)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment purchases	(1,245,111)	(1,227,910)
Real estate investment purchases	(69,717)	(67,721)
Purchases of securities	(99,337,635)	(69,022,007)
Proceeds from dispositions of securities	108,761,751	75,321,529
Net Cash from Investing Activities	8,109,288	5,003,891
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for permanent endowment	93,151	1,505,942
Net Change in Cash and Cash Equivalents	(222,871)	1,083,691
CASH AND CASH EQUIVALENTS		
Beginning of year	2,682,055	1,598,364
End of year	$ 2,459,184	$ 2,682,055

See notes to financial statements

The Frick Collection

Notes to Financial Statements

1. The Collection

The Frick Collection (the "Collection”), created in 1920 under the provisions of the will of Henry Clay Frick, operates an art museum (the “Museum”) which is open to the public, and an art reference library (the “Library”) which is available to fine arts scholars and students.

The Collection has been classified as a public charity as described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code and is exempt from federal income taxes. In addition, the State and City have classified the Collection as not-for-profit in character and, as such, it is exempt from State and City income taxes.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

Net Asset Classifications

The Collection reports information regarding financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted, and unrestricted.

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Collection to use, or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Collection to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the Collection.

- Unrestricted net assets are not restricted by donors. As reflected in the accompanying statement of financial position, the Collection's Board of Trustees has designated a portion of the unrestricted net assets for property and equipment acquisitions and long-term investment.

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

Summarized 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Collection's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Measure of Operations

Operations include all revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations includes investment income equal to the 4.5% spending rate and excludes investment return in excess of, or less than, the 4.5% spending rate. The measure of operations also excludes permanently restricted contributions, purchase and sale of museum and library collection items, unsolicited, individual unrestricted contributions of $50,000 or more, which contributions are board designated for long-term investment as funds functioning as endowment, depreciation of property and equipment and releases of net assets from restrictions related to non-operating items.

Contributions

The Collection records as revenue, cash and promises to give from individuals, entities, foundations and government agencies. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded at fair value, net of estimated uncollectible amounts.

The Collection records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions (see Note 10).

The Collection has volunteers who provide administrative support to Museum and Library programs. Such contributed services do not meet the criteria for recognition of contributed services contained in generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements.

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

Functional Allocation of Expenses

The costs of providing museum and library services and other activities have been summarized in Note 11. Museum programs include costs of the exhibitions, curatorial activities, public education and concerts. Library programs include provision of library access and service, book conservation, the maintenance of the archives, and administration of Library programs. General and administrative services include executive and financial administration, and an allocable portion of building maintenance, and security.

Fundraising activities of the Collection include salaries and employee benefits of program staff who develop proposals for fundraising; solicit contributions for those needs and for endowment purposes from individuals, entities, government agencies and foundations; and conduct special fundraising events. Fundraising costs are expensed as incurred.

Collections

The Museum and Library have extensive collections including: paintings, sculpture, furniture, other decorative arts, books, rare books, photographs, historical auction catalogues and other items. The collections are maintained under the care of the curatorial and Library staff and are held for research, education and public exhibition in furtherance of public service rather than for financial gain. As a matter of policy, proceeds from the sales of collections are used to acquire other items for collections. The Collection does not include either the cost or the value of its collections on the statement of financial position, nor does it recognize gifts of collection items as revenues in the statement of activities. Since items acquired for collection by purchase are not capitalized, the cost of those acquisitions are reported as decreases in net assets in the statement of activities.

Cash and Cash Equivalents

The Collection considers all highly liquid investments purchased with remaining maturity of three months or less at the date of purchase to be cash equivalents, with the exception of those money market funds, which are included in investments (see Note 4). The Collection maintains several cash balances in excess of the Federal Deposit Insurance Corporation's amounts in demand deposits, savings accounts, and money market accounts at various financial institutions.

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

Fair Value Measurements

The Collection follows the 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

The Collection's investments are diversified by asset class (e.g., equities and bonds) and within asset classes (e.g., within equities by investment style, economic sector, industry and size). The purpose of diversification is to provide reasonable assurance that no single security or sector will have a disproportionate impact on the total investments. The Collection's investments are pooled to facilitate their management. Investment income is allocated among the individual components of unrestricted and temporarily restricted net assets, based on donor restrictions or in the absence thereof, using the dollar value unit method.

The Collection manages its pooled investments on a total return basis. To preserve the investments' long-term purchasing power, the Collection makes available to be spent each year 4.5% of the investment portfolio's average market value for the twelve quarters ending the March prior to the beginning of the fiscal year (the "spending rate"). Although long term in nature, this policy may be modified over time to reflect economic, market and investment changes.

Investments are presented in the financial statements at fair value. The Collection also maintains investments in alternative assets. Alternative investments include investments in hedge funds, as well as interest in private equity and venture capital limited partnerships. Alternative asset interests are stated at fair value based upon valuation estimated by each of the funds' managers.

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

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 gains and losses on the sale of investments are computed using the average-cost basis of securities sold. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Investments Risks and Uncertainties

Alternative Investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are 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.

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

Property and Equipment

Land, building, significant building improvement projects and equipment expenditures in excess of $2,000 are capitalized. Depreciation and amortization of buildings, building improvements and equipment is provided over the estimated useful lives on the straight-line basis, and is recognized as an operating expense. The estimated useful lives are as follows:

	Years
Building and building additions	28 to 50
Security systems	15
Furniture and equipment	5 to 10

Inventory

Inventory consisting of publications, prints and cards is valued at the lower of average cost or market.

Accounting for Uncertainty in Income Taxes

The Collection recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Collection has no uncertain tax positions that would require financial statement disclosure. The Collection is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2006.

Subsequent Events

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 December 2, 2010.

3. Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2010	2009
Unconditional promises to give	$ 4,438,927	$ 5,097,681
Less discount to present value at 4.95% and 2.50%	700,441	380,364
	3,738,486	4,717,317
Less allowance for uncollectibles	-	-
Net contributions receivable	$ 3,738,486	$ 4,717,317
Amounts due in		
Less than two years	$ 2,223,342	$ 2,609,082
Two to fourteen years	1,515,144	2,108,235

Management of the Collection reviewed the collectable status of its contributions receivable and deemed an allowance to be unnecessary at June 30, 2010 and 2009.

4. Investments

The Collection's investments in securities consisted of the following at June 30:

	2010	
	Cost	Fair Value
Money market funds	$ 16,278,966	$ 16,278,966
Fixed income mutual funds	26,864,921	28,156,365
Equity hedge funds	53,460,320	55,415,548
Equity securities	37,180,772	37,340,991
Non-Marketable alternative asset funds	12,889,411	11,593,416
Marketable alternative asset funds	59,206,921	64,478,380
Total	$ 205,881,311	$ 213,263,666

4. Investments (*continued)*

	2009	
	Cost	Fair Value
Money market funds	$ 8,629,896	$ 8,629,896
Fixed income mutual funds	31,864,860	31,560,673
Equity hedge funds	41,378,747	39,651,492
Equity securities	49,568,427	44,614,513
Non-Marketable alternative asset funds	14,386,267	12,250,788
Marketable alternative asset funds	65,645,718	58,688,875
Total	$ 211,473,915	$ 195,396,237

5. Fair Value Measurements

The following are major categories of investments measured at fair value at June 30:

Description	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 16,278,966	$ -	$ 16,278,966
Fixed income mutual funds	28,156,365	-	-	28,156,365
Equity securities	37,340,991	-	-	37,340,991
Equity hedge funds	-	55,415,548	-	55,415,548
Marketable alternative asset funds	-	-	64,478,380	64,478,380
Non-Marketable alternative asset funds	-	-	11,593,416	11,593,416
	$ 65,497,356	$ 71,694,514	$ 76,071,796	$ 213,263,666

The following is a reconciliation of the beginning and ending balances for alternative investments during the year ended June 30, 2010:

	Balance July 1, 2009	Transfers in/(out)	Purchases	Sales	Total realized and unrealized gain/(loss)	Balance June 30, 2010
Equity hedge funds	$ 39,651,492	$ 13,854,275	$ -	$ (4,360,183)	$ 6,269,964	$ 55,415,548
Marketable alternative asset funds	58,688,875	(12,221,067)	22,900,000	(13,108,535)	8,219,107	64,478,380
Non-Marketable alternative asset funds	12,250,788	(3,592,763)	2,569,572	(745,876)	1,111,695	11,593,416
Total	$ 110,591,155	$ (1,959,555)	$ 25,469,572	$ (18,214,594)	$ 15,600,766	$ 131,487,344

5. Fair Value Measurements (*continued)*

The amount of total losses for the year included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2010 were $8,910,395.

Information regarding the alternative investments at June 30, 2010 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity hedge funds (see "a" below)	$ 55,415,548	$ -	Monthly	30 days
Marketable alternative asset funds (see "b" below)	60,885,617	-	Quarterly - 2 years	45 - 90 days
Non-Marketable alternative asset funds (see "c" below)	13,022,622	19,196,153	*	*
Total	$ 129,323,787	$ 19,196,153		

* Non-Marketable alternative assets are illiquid investments.

a. This category includes investments in hedge funds that invest primarily in both long and short equity securities, but may include real estate, and a variety of absolute return strategies. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

b. This category includes investments in hedge funds that invest both long and short equity securities, real assets, and a variety of absolute return strategies. These investments are considered marketable alternatives due to their non-traditional endowment investment composition, coupled with their less liquid nature.

c. This category includes private equity funds that invest primarily in technology companies and intellectual properties. These investments are not redeemed at will as shares of the fund. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund.

6. Endowments

Endowment changes for the year ended June 30, 2010 were as follows:

	Unrestricted				
	General	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Balance at July 1, 2009	$ 2,392,331	$ 159,056,423	$ 539,310	$ 33,359,016	$ 195,347,080
Investment Income					
Dividends and interest	-	2,886,163	316,486	-	3,202,649
Realized gains/(losses), net	-	3,432,410	414,816	-	3,847,226
Unrealized appreciation	-	21,132,939	2,329,446	-	23,462,385
Total Investment Return	-	27,451,512	3,060,748	-	30,512,260
Appropriation for operations	-	(10,814,139)	-	-	(10,814,139)
Investment fees	-	(1,447,009)	(95,604)	-	(1,542,613)
Net investment return designated for long term investment	-	15,190,364	2,965,144	-	18,155,508
Other activity					
Inter-fund activities	473,390	(339,018)	(134,372)	-	-
Deposit from Operating Funds	1,584,925	-	-	-	1,584,925
Transfer to pension	(3,000,000)	-	-	-	(3,000,000)
Contributions	-	(1,105,415)	-	1,105,415	-
Operating appropriation not removed	-	1,105,415	-	-	1,105,415
Other changes	-	23,933	6,815	-	30,748
Re-allocation of principal (*)	-	1,370,831	(1,370,831)	-	-
Balance at June 30, 20110	$ 1,450,646	$ 175,302,533	$ 2,006,066	$ 34,464,431	$ 213,223,676

(*) represents principal returned from temporarily restricted net assets to unrestricted net assets. Assets were transferred in prior years to cover accumulated realized and unrealized losses that had caused certain permanently restricted endowment funds to fall below their historic dollar value.

Certain of the Collection's donor restricted endowments have experienced losses due to market fluctuations and the continuing requirements of funded programs. Generally accepted accounting principles require that such losses be absorbed by the unrestricted net assets of the Collection and that future gains be allocated to unrestricted net assets until such losses have been restored. The aggregate, cumulative amount of such absorbed losses by the unrestricted net assets at June 30, 2010 was $84,770.

7. Property and Equipment

Property and equipment, net of accumulated depreciation and amortization, at June 30, consisted of the following:

	2010	2009
Land	$ 776,088	$ 776,088
Building	5,662,166	5,662,166
Building improvements	22,020,491	21,318,606
Equipment, furniture and fixtures	11,574,126	11,030,900
	40,032,871	38,787,760
Less accumulated depreciation and amortization	22,246,439	20,783,435
	$ 17,786,432	$ 18,004,325

Depreciation expense for the year ended June 30, 2010 and 2009 amounted to $1,463,004 and $1,445,756, respectively.

8. Pension and Other Post Retirement Benefits

The Collection sponsors a noncontributory defined benefit plan (the “Plan”) which covers substantially all employees. The Plan provides benefits based on salary and years of service. The actuarial cost method used is the project unit credit.

Plan assets are invested principally in mutual funds and corporate common stocks. The administrative cost of the Plan are borne by the Collection and amounted to $390,433 for the year ended June 30, 2010. The Collection's Funding policy is to contribute annually the greater of $400,000 or the actuarial provided amount that meets the minimum requirements of the Employee Retirement Income Security Act of 1974, under different assumptions from those used for financial-reporting purposes.

In addition to providing pension benefits, the Collection provides postretirement health and supplemental life insurance benefits for retired employees. Substantially all of the Collection’s employees may become eligible for those benefits if they reach normal retirement age while working for the Collection. The Collection funds its postretirement benefits costs on a pay-as-you-go basis and provides for the expense on the accrual basis.

8. Pension and Other Post Retirement Benefits *(continued)*

The funded status of the Collection's defined benefit pension and nonpension postretirement benefit plans is recognized in the statement of financial position. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at the statement of financial position date. Actuarial gains and losses arising during the year not yet recognized within net periodic benefit cost are included as other change in net assets and will be amortized as a component of net periodic benefit cost in the future.

The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets for the year ended June 30, 2010 and a statement of the funded status at June 30, 2010:

	Pension Benefits	Other Postretirement Benefits
Benefit obligation	$ (20,832,578)	$ (5,982,189)
Fair value of plan assets	19,944,263	-
Funded Status - prepaid (liability)	$ (888,315)	$ (5,982,189)

Measurement date	Pension Benefits June 30, 2010	Other Postretirement Benefits June 30, 2010
Accumulated benefit obligation	$ (19,022,894)	$ -
Prepaid (accrued) pension cost recognized in the statement of financial position	(888,315)	(5,982,189)
Employer contributions during the year	3,401,504	133,117
Benefits paid	777,651	133,117

8. Pension and Other Post Retirement Benefits (continued)

Net Periodic Benefit Cost

Net periodic benefit cost for the plans includes the following components:

	Pension Benefits	Other Postretirement Benefits
Net periodic benefit cost recognized in the statement of activities		
Service cost	$ 767,028	$ 274,235
Interest cost	1,203,572	296,310
Expected return on plan assets	(1,172,386)	-
Net amortization		
Amortization of net loss	97,283	
Recognized prior service cost (credit)	59,638	(240,094)
Recognized actuarial (gain) loss	-	(6,159)
	$ 955,135	$ 324,292

The change in amounts not yet recognized in periodic benefit cost is as follows:

	Pension Benefits	Other Postretirement Benefits	Total
Prior service cost (credit)	$ 330,932	$ (1,258,974)	$ (928,042)
Net actuarial loss (gain)	3,902,679	1,047,358	4,950,037
Cumulative effect at June 30, 2010	4,233,611	(211,616)	4,021,995
Cumulative effect at June 30, 2009	3,189,784	(860,303)	2,329,481
Net Current Year Adjustment	$ (1,043,827)	$ (648,687)	$ (1,692,514)

8. Pension and Other Post Retirement Benefits *(continued)*

The table below reflects the amounts recognized as changes in unrestricted net assets arising from the Plan at June 30, 2010 that have not yet been recognized in net periodic pension cost and the portion of such amounts that are expected to be recognized in net periodic pension cost during the year ending June 30, 2011:

	Pension Benefits	Other Postretirement Benefits	Total
Unrecognized prior service cost	$ 59,638	$ (192,894)	$ (133,256)
Unrecognized actuarial loss	141,040	27,887	168,927
	$ 200,678	$ (165,007)	$ 35,671

Expected Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in future fiscal years as follows:

	Pension Benefits	Other Postretirement Benefits
2011	$ 987,970	$ 210,812
2012	1,065,281	229,180
2013	1,057,584	258,765
2014	1,177,570	271,562
2015	1,288,689	302,857
Years 2016-2020	7,961,623	2,092,569

The Collection is not required to make a contribution to the pension plan in the year ending June 30, 2011.

8. Pension and Other Post Retirement Benefits *(continued)*

Actuarial Assumptions

Actuarial assumptions for the year ended June 30, 2010 are as follows:

Weighted-average assumptions as of June 30	Pension Benefits June 30, 2010	Other Postretirement Benefits June 30, 2010
Discount rate used to determine benefit obligations	5.75%	5.75%
Discount rate used to determine net periodic pension cost	7.00%	-
Expected long-term return on plan assets	8.00%	-
Rate of compensation increase	4.00%	-

For measurement purposes, an 8.00% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2009. The rates were assumed to decrease gradually to 4.75% for 2014 and remain at that level through 2020.

Effect of Change in Health Care Trend Rate

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% Point Increase	1% Point Decrease
Increase (decrease) in accumulated plan benefit obligation	$ 999,000	$ (798,000)
Increase (decrease) in sum of service and interest cost	115,000	(90,000)

8. Pension and Other Post Retirement Benefits *(continued)*

Fair Value Measurements

Within the fair value hierarchy, the pension plan's investments at fair value by level as of June 30, 2010 are as follows:

Description	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 3,505,117	$ -	$ 3,505,117
Corporate common stock	5,722,626	-	-	5,722,626
Mutual funds	6,140,264	-	-	6,140,264
Equity hedge funds	-	2,867,518	-	2,867,518
Marketable alternative asset funds (a)	-	-	1,708,738	1,708,738
	$ 11,862,890	$ 6,372,635	$ 1,708,738	$ 19,944,263

a. This category includes investments in hedge funds that invest both long and short equity securities, real assets, and a variety of absolute return strategies. These investments are considered marketable alternatives due to their non-traditional endowment investment composition, coupled with their less liquid nature.

For the year ended June 30, 2010 the changes in fair value of the Collection's Level 3 plan assets are as follows:

	Balance July 1, 2009	Transfers in/(out)	Purchases	Sales	Total realized and unrealized gain/(loss)	Balance June 30, 2010
Marketable alternative asset funds	$ 1,394,545	$ -	$ -	$ -	$ 314,193	$ 1,708,738
Total	$ 1,394,545	$ -	$ -	$ -	$ 314,193	$ 1,708,738

The amount of total losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2010 were $314,193.

The Frick Collection

Notes to Financial Statements

9. Net Assets

	2010	2009
Unrestricted net assets		
General	$ (8,162,385)	$ (5,480,352)
Designated for long-term investment	175,895,459	160,639,323
Designated for renewal and replacement reserves	732,841	691,582
Designated for Chief Curator expenses	124,880	117,849
Designated for the purchase of art	423,983	323,983
Invested in real estate	3,171,289	3,101,573
Invested in Property & Equipment	17,010,344	17,228,237
	189,196,411	176,622,195
Temporarily restricted net assets		
Exhibit and other public programs	1,486,700	580,824
Mellon Curatorial fellow	508,894	602,613
Construction and renovation	773,321	68,253
Book Funds	788,746	611,863
New York Art Reference Consortium	267,272	494,054
Center for the History of Collecting	683,146	846,119
Other Programs	3,465,692	2,719,835
Due to Unrestricted net assets	(84,770)	(1,455,601)
Total Temporarily Restricted Net Assets	7,889,001	4,467,960
Permanently restricted net assets		
Endowment funds, income unrestricted	15,000,000	15,000,000
Endowment funds, income restricted for support of the Library	10,764,307	10,617,226
Endowment funds, income restricted to chief curator expenses	3,559,538	3,034,538
Endowment receivables, income restricted to chief curator expenses	300,000	825,000
Endowment funds, income restricted to decorative arts curator	3,666,904	3,233,570
Endowment receivables, income restricted to decorative arts curator	79,403	516,667
Endowment funds, income restricted to clock maintenance	500,000	500,000
Endowment funds, income restricted to acquisitions	383,130	383,130
Endowment funds, income restricted to gallery flowers	340,467	340,467
Endowment funds, income restricted to Lectures	250,000	250,000
Endowment receivables, book funds	25,000	75,000
Endowment funds, income restricted to conservation	25,000	25,000
Land	776,088	776,088
Total Permanently Restricted Net Assets	35,669,837	35,576,686
Total Net Assets	$ 232,755,249	$ 216,666,841

10. Net Assets released from Restrictions

Net assets were released from donor restrictions during the year ended June 30, 2010 and 2009 by the passage of time or by incurring expenses satisfying the restricted purposes specified by the donors as follows:

	2010	2009
Museum Program		
Exhibition specified	$ 581,222	$ 974,034
Mellon Curatorial fellow	93,896	101,250
Education program	22,153	64,434
Other museum projects	114,863	49,833
Purchase of property and equipment	42,008	42,992
Library Program		
Book Acquisitions	147,223	13,621
Center for the History of Collecting	275,018	262,131
New York Art Reference Consortium	226,871	380,104
Other library support	131,144	133,461
Digitzation of Archives	225,380	-
	$ 1,859,778	$ 2,021,860