

Financial Statements and Supplementary  
Schedule Together with  
Report of Independent Certified Public Accountants

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**

June 30, 2010

# AMERICAN COMMITTEE FOR THE WEIZMANN INSTITUTE OF SCIENCE, INC.

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of

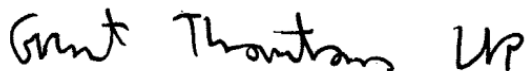
**American Committee for the Weizmann Institute of Science, Inc.:**

We have audited the accompanying statement of financial position of American Committee for the Weizmann Institute of Science, Inc. (the “Organization”) 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 Organization’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. 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 Organization’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 American Committee for the Weizmann Institute of Science, Inc. 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedule included on Page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



New York, New York  
January 24, 2011

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Statement of Financial Position**  
**As of June 30, 2010**  
**(000's omitted)**

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**ASSETS**

Cash and cash equivalents	\$	5,577
Pledges and legacies receivable, net (Note 3)		142,488
Other assets		3,626
Investments (Note 4)		403,339
Office condominium, furniture and equipment, net (Note 5)		<u>8,277</u>
Total assets	\$	<u>563,307</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accrued expenses and other liabilities	\$	3,707
Due to affiliate (Note 4)		2,390
Annuity payment liability		15,138
Loan payable (Note 7)		<u>8,830</u>
Total liabilities		<u>30,065</u>

Commitments and contingencies (Note 8)

**NET ASSETS**

Unrestricted		13,715
Temporarily restricted (Note 9)		86,733
Permanently restricted (Note 9)		<u>432,794</u>
Total net assets		<u>533,242</u>
Total liabilities and net assets	\$	<u>563,307</u>

*The accompanying notes are an integral part of this statement.*

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**

**Statement of Activities**

**For the year ended June 30, 2010**

**(000's omitted)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES</b>				
Contributions, exclusive of \$349 sent directly to the Weizmann Institute of Science from U.S. donors, net of special events expenses of \$1,943	\$ 6,146	\$ 5,098	\$ 12,078	\$ 23,322
Legacies and bequests, exclusive of \$2,709 sent directly to the Weizmann Institute of Science from U.S. donors	3,722	4,331	1,448	9,501
Government and other grants, exclusive of \$5,848 sent directly to the Weizmann Institute of Science from U.S. donors	-	3,626	-	3,626
Investment income	(47)	1,666	-	1,619
State of Israel incentive interest	-	3,318	-	3,318
Net realized and unrealized gains (losses) on investments (Note 4)	33,999	8,356	-	42,355
Net assets released from restrictions	<u>25,545</u>	<u>(25,545)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>69,365</u>	<u>850</u>	<u>13,526</u>	<u>83,741</u>
<b>EXPENSES</b>				
Program services in support of the Weizmann Institute of Science (including transmissions to the Institute of \$43,107)	43,349	-	-	43,349
Supporting services:				
Management and general	3,204	-	-	3,204
Fundraising	10,433	-	-	10,433
Public information	<u>1,326</u>	<u>-</u>	<u>-</u>	<u>1,326</u>
Total expenses	<u>58,312</u>	<u>-</u>	<u>-</u>	<u>58,312</u>
Change in net assets	11,053	850	13,526	25,429
Net assets, beginning of year	<u>2,662</u>	<u>85,883</u>	<u>419,268</u>	<u>507,813</u>
Net assets, end of year	<u>\$ 13,715</u>	<u>\$ 86,733</u>	<u>\$ 432,794</u>	<u>\$ 533,242</u>

*The accompanying notes are an integral part of this statement.*

# AMERICAN COMMITTEE FOR THE WEIZMANN INSTITUTE OF SCIENCE, INC.

## Statement of Cash Flows

For the year ended June 30, 2010

(000's omitted)

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### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 25,429
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	408
Change in the discount and allowance on pledges and legacies receivable	468
Net realized and unrealized gains on investments	(42,355)
Permanently restricted contributions, legacies, and bequests	(13,526)
Changes in assets and liabilities:	
Pledges and legacies receivable	(2,446)
Other assets	(911)
Accrued expenses and other liabilities	(86)
Due to affiliate	(457)
Annuity payment liability	(489)
Net cash used in operating activities	<u>(33,965)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of furniture and equipment	(58)
Proceeds from sale of investments	29,487
Purchases of investments	(16,133)
Net cash provided by investing activities	<u>13,296</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Permanently restricted contributions, legacies, and bequests	13,526
Change in permanently restricted pledges and legacies receivable	1,555
Net cash provided by financing activities	<u>15,081</u>
Net decrease in cash	(5,588)

Cash, beginning of year	<u>11,165</u>
Cash, end of year	<u>\$ 5,577</u>

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for	
Interest	<u>\$ 521</u>

*The accompanying notes are an integral part of this statement.*

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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**1. ORGANIZATION**

The American Committee for the Weizmann Institute of Science, Inc. (the “Organization”) was incorporated in New York in 1944. The primary objective of the Organization is to promote, encourage, and advance scientific research and graduate study at the Weizmann Institute of Science (the “Institute”), a world-renowned, scientific research center located in Rehovot, Israel.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is designated as a publicly supported organization.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization’s net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization 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 Organization and/or the passage of time.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that will be maintained permanently. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP, 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.

**Cash and Cash Equivalents**

The Organization classifies deposits in banks and money market accounts with original maturities of three months or less as cash equivalents, excluding cash and cash equivalents available for long-term investment, which are included within investments in the accompanying statement of financial position.

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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**Contributions, Pledges and Legacies Receivable**

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions (defined by management as unrestricted amounts due in more than one year) are reported as increases in temporarily restricted net assets. When the purpose and/or time restrictions are met, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions subject to donor-imposed restrictions that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises to give are recorded as contributions at their net present value, less an allowance for uncollectible pledges. Pledges receivable are discounted at risk-free rates ranging from 0.56% to 7.2% in 2010. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Legacies are recorded when the will is declared valid and amounts to be received can be reasonably estimated.

**Investments and Investment Income**

In September 2009, the Financial Accounting Standards Board (“FASB”) issued guidance which amends the current fair value measurements, adds disclosures, and provides guidance for estimating the fair value of investments in investment companies that calculate net asset value per share (“NAV”), allowing the NAV to be used as a practical expedient for fair value where investment companies follow the American Institute of Certified Public Accountants (“AICPA”) Guide in arriving at their report NAV. The Organization has adopted the guidance within the June 30, 2010 financial statements.

In January 2010, the FASB issued additional fair value guidance that requires additional disclosures. The guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy and the reasons for those transfers. The standard is effective for the Organization’s year end beginning July 1 2010. In addition, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation; this will be effective for the Organization’s year end beginning July 1, 2011. The adoption of this guidance is not expected to have a material impact on the Organization’s financial statements.

The Organization’s investments consist principally of its interest in the Weizmann Global Endowment Fund, L.P., as further discussed in Note 4. Other investments are carried principally at fair value determined by quoted market prices.

Investment income is reported as increases in permanently restricted net assets if the terms of the gift require that the income be added to the principal of a permanent endowment fund; as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income; or as increases in unrestricted net assets if there are no donor-imposed restrictions on the use of the income.



**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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Realized and unrealized gains or losses on investments are reported as increases or decreases in unrestricted net assets unless the terms of the agreements require that they be restricted by time or purpose or that they be added to permanently restricted net assets, or their use is restricted by law.

**Charitable Gift Annuities and Charitable Remainder Trusts**

The Organization enters into agreements with donors to accept and administer charitable gift annuities, which provide for payments to the donors or their beneficiaries based upon specified annuity amounts. Assets held under charitable gift annuities are included in investments. Contribution revenue is recognized at the date the annuity contract is established after recording the liability for the present value of the estimated future payments expected to be made to the donor and/or beneficiary. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments.

The Organization is the beneficiary of certain charitable remainder trusts that are held and administered by others. The present value of the estimated future cash receipts from these trusts is recognized as an asset and as a contribution when the Organization is notified that the trust has been established.

At June 30, 2010, the Organization's annuity payment liabilities were classified as Level 3 within the fair value hierarchy (see Note 4).

The following table summarizes the changes in the Organization's Level 3 annuity payment liability balances for the year ended June 30, 2010 (000's omitted):

	<b>Charitable Gift Annuities and Remainder Trusts</b>
<b>Balance at June 30, 2009</b>	\$ 15,627
New agreements	130
Payments to annuitants	(1,458)
Terminated agreements	(702)
Change in fair value of annuities payable	1,541
<b>Balance at June 30, 2010</b>	<u>\$ 15,138</u>

**Income Taxes**

US GAAP requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions for the open tax years. The earliest tax period for which statutes of limitation are open is June 30, 2006.

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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**Office Condominium, Furniture, and Equipment**

Furniture and equipment are stated at cost and are being depreciated on a straight-line basis over a range of three to ten years. The office condominium, purchased in 2004, is stated at cost and is being depreciated on the straight-line method over 40 years.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Transmissions**

All transmissions made to the Institute for its various projects are made pursuant to authorization by the Executive Committee of the board of directors of the Organization.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds, and alternative investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash accounts were placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses in such accounts.

**3. PLEDGES AND LEGACIES RECEIVABLE, NET**

At June 30, 2010, pledges and legacies receivable consisted of the following (000's omitted):

**Amount Due**

Within one year	\$ 31,586
One to five years	51,673
More than five years	<u>94,052</u>
	177,311
Less:	
Allowance for uncollectible receivables	(7,960)
Discount to present value	<u>(26,863)</u>
	<u>\$ 142,488</u>

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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The Organization is the ultimate beneficiary of certain irrevocable charitable remainder trusts. The value of those trusts is approximately \$11,700,000 as of June 30, 2010 and is included above in gross receivables.

At June 30, 2010, the Organization's beneficial interests in its irrevocable charitable remainder trusts were classified as Level 3 within the fair value hierarchy.

The following table summarizes the changes in the Organization's Level 3 irrevocable charitable remainder trusts for the year ended June 30, 2010 (000's omitted):

	<b>Third Party Trusts</b>
Balance at June 30, 2009	\$ 11,200
Terminated agreements	(21)
Change in value due to actuarial valuations	(47)
Unrealized appreciation in fair value and distribution of trust assets	568
Balance at June 30, 2010	<u>\$ 11,700</u>

Approximately 47% of the pledges and legacies receivable (gross) are due from five donors at June 30, 2010.

In 2005, two related donors signed an agreement stating their intention to make a \$20 million contribution to the Organization. In addition, in 2009, one donor signed an agreement stating his intention to make a \$5 million contribution to the Organization. Although management is confident regarding receipt of the entire \$25 million, since the agreements specified an intention to give rather than an unconditional promise, only \$10.4 million, the amount received in aggregate through June 30, 2010, has been recognized in the Organization's financial statements.

**4. INVESTMENTS**

Investments, at fair value, are composed of the following at June 30, 2010 (000's omitted):

Common stock	\$ 125
Mutual funds	637
Charitable gift annuities	14,303
Weizmann Global Endowment Fund, L.P.	387,665
Other	609
	<u>\$ 403,339</u>

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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**Fair Value Measurements**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As required by US GAAP for fair value measurement, the Organization uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follow:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no observable pricing. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument.

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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The following table summarizes investments within the fair value hierarchy as of June 30, 2010 (000's omitted):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 125	\$ -	\$ -	\$ 125
Mutual funds	637	-	-	637
Charitable gift annuities	-	-	14,303	14,303
Weizmann Global Endowment Fund, L.P.	-	-	387,665	387,665
Other	-	-	609	609
Total	<u>\$ 762</u>	<u>\$ -</u>	<u>\$ 402,577</u>	<u>\$ 403,339</u>

As required by US GAAP for fair value measurement, the following table summarizes the changes in fair values associated with Level 3 assets as of June 30, 2010 (000's omitted):

Balance as of June 30, 2009	\$ 372,718
New charitable gift annuities	244
Purchases	15,315
Sales	(28,042)
Unrealized and realized gains, net	42,342
Balance as of June 30, 2010	<u>\$ 402,577</u>

The Organization used the NAV or its equivalent to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Investments valued at NAV or its equivalent as of June 30, 2010, consisted of the following:

<u>Investment</u>	<u>Investment Objective</u>	<u>NAV in Funds</u>	<u>Redemption Restrictions/ Liquidity Provisions</u>
Weizmann Global Endowment Management Trust	Long-term capital growth through investments in a diversified portfolio	\$ 387,665,000	Redemptions permitted monthly with restrictions

The above fund has no unfunded commitments as of June 30, 2010.

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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The Weizmann Global Endowment Fund, L.P. (the "Fund") was formed on November 6, 2002 with the purpose of enabling the Institute and its affiliates to invest on a coordinated basis. The Organization is a limited partner in the Fund. The investment objective of the Fund is to achieve long-term capital growth through investments in a diversified portfolio and to achieve a competitive return over a complete market cycle by allocating the Fund's assets among third-party investment advisers (investment subadvisers) employing a variety of strategies.

At June 30, 2010, the Fund's net assets, in which the Organization held approximately a 29% interest (Note: This share changes as the Organization and other Institute affiliates make contributions or withdrawals from the Fund), were as follows (000's omitted):

	<u>Total</u>	<u>The Organization's Interest</u>
Cash and cash equivalents	\$ 171,584	\$ 49,759
Fixed income securities	135,397	39,265
Nonregistered investment companies	846,775	242,734
Common stocks	191,903	55,652
Other	1,382	401
Total liabilities	<u>(505)</u>	<u>(146)</u>
Net assets	<u>\$ 1,346,536</u>	<u>\$ 387,665</u>

The Fund's investments in common stocks and fixed-income securities are stated at fair value. Fair value of exchange-listed securities is determined by the last sales price on the valuation date. Fixed income securities (other than short-term obligations but including listed issues), are valued based on prices obtained by one or more independent pricing services. Pricing services use a matrix, formula, or other objective methods that take into consideration market indices and yield curves and other specific adjustments.

Mutual funds are valued based on published net asset values. Investment transactions are accounted for on the trade-date basis. Investment income is accounted for on the accrual basis; dividend income is recorded on the ex-dividend date. Realized gains and losses from securities transactions are computed on the average-cost basis and are reported in the statement of activities, net of approximately \$1,100,000 of the Organization's share of related expenses (including the Fund's operating expenses, subadviser and custodian fees and taxes) for the year ended June 30, 2010.

The Fund's investments in non-registered investment companies are carried at fair value as determined by the General Partner and generally represent the Fund's pro rata interest in the net assets of each non-registered investment company. All valuations utilize financial information supplied by each investment company and are net of management and performance incentive fees or other expenses payable to the investment company managers as required by the investment company agreements.

**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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As a general matter, the fair value of the Fund's investments in non-registered investment companies represents the amount that the Fund can reasonably expect to receive if the Fund's investments were redeemed at the time of valuation based on information reasonably available at the time. The non-registered investment companies provide for periodic redemptions ranging from quarterly to three-year lock-up, except for private equity funds and illiquid shares that cannot be redeemed until the underlying investments are liquidated. Non-registered investment companies generally require advance notice of the Fund's intent to redeem its interest, and may, depending on the non-registered investment company's governing agreements, deny or delay a redemption request. The underlying investments of each non-registered investment company are accounted for at fair value as described in each investment company's financial statements.

The Organization's board of directors has authorized a policy permitting the use of total return at a rate of 5.75% of the fair value of the permanently restricted net assets based on the average of the twelve quarters ended June 30, 2010 for distribution to fund expenditures in accordance with donor restrictions. This policy is designed to preserve the value of these funds in real terms (after inflation) and to provide a predictable flow of funds to support operations.

Investments include amounts held on behalf of the Feinberg Graduate School of the Institute of approximately \$2,400,000 as of June 30, 2010 which are reported as due to affiliate in the statement of financial position, as well as amounts associated with charitable gift annuities of approximately \$14,300,000 as of June 30, 2010.

**5. OFFICE CONDOMINIUM, FURNITURE AND EQUIPMENT, NET**

Office condominium, furniture, and equipment, net consisted of the following at June 30, 2010 (000's omitted):

Office condominium	\$ 9,256
Furniture and equipment	<u>1,387</u>
	10,643
Less: Accumulated depreciation	<u>(2,481)</u>
	8,162
Art collection	<u>115</u>
	<u><u>\$ 8,277</u></u>

**AMERICAN COMMITTEE FOR THE WEIZMANN  
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Notes to Financial Statements  
For the year ended June 30, 2010

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**6. PENSION PLAN**

The Organization has a defined contribution pension plan which covers substantially all of its employees. Contributions to this plan amounted to approximately \$729,000 for the year ended June 30, 2010 and are based on 9% of an employee's compensation.

**7. LOAN PAYABLE**

On April 2, 2004, the New York City Industrial Development Agency issued \$8,830,000 of Civic Facility Revenue Bonds (Series A and B) on behalf of the Organization. The proceeds of the Bonds were used to finance the acquisition and renovation of the Organization's principal office, a condominium unit located on the 20<sup>th</sup> floor at 633 Third Avenue, New York, NY, as well as to finance certain issuance costs.

The deferred bond issuance costs of \$325,000 are being amortized over the lives of the bonds, which are 30 years.

Interest on the Bonds is payable quarterly at an annual rate of 5.9%. The Bonds are subject to mandatory redemption by the Organization according to a schedule of annual sinking fund installments commencing on November 1, 2015, and the final payment is due on November 1, 2034. Interest expense for the year ended June 30, 2010 totaled \$533,000.

The Bonds were issued under an Indenture of Trust dated April 1, 2004 by and between the Organization and The Bank of New York, as Trustee, which created a lien on all moneys and securities held by the Trustee for the holders of the Bonds. As further security for the Bonds, the payment of the principal, sinking fund installments, and interest on the Bonds is guaranteed by the Organization pursuant to a Guaranty Agreement, and the Organization assigned to the Trustee certain rights and remedies under the Installment Sale Agreement. The Bonds are further secured by mortgage liens on and security interests in the Organization's principal office.

**8. COMMITMENTS AND CONTINGENCIES**

At June 30, 2010, the Organization was obligated under non-cancelable operating leases relating to office space through 2015. The minimum future annual commitments under operating leases at June 30, 2010 are summarized as follows (000's omitted):

<u>Year ending June 30:</u>	<u>Amount</u>
2011	\$ 280
2012	279
2013	217
2014	106
2015	50
Thereafter	-
	<u>\$ 932</u>



**AMERICAN COMMITTEE FOR THE WEIZMANN  
INSTITUTE OF SCIENCE, INC.**  
**Notes to Financial Statements**  
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Rent expense for the year ended June 30, 2010 amounted to approximately \$446,000.

The Organization entered into a lease on behalf of the Weizmann Global Endowment Fund, L.P. (the "Fund"). If the Fund is unable to make future payments, the Organization will meet its obligations under the lease. The lease runs through July 2012 and rental payments over the next two years approximate \$212,000.

In the ordinary course of business, the Organization is subject to routine litigation. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Organization's financial position or changes in net assets.

**9. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30, 2010 (000's omitted):

Purpose restrictions	\$ 75,340
Time restrictions	<u>11,393</u>
	<u>\$ 86,733</u>

The purpose-restricted net assets referred to above and the income from permanently restricted net assets at June 30, 2010 are available principally for scientific research projects, professorial chairs, scholarships and fellowships, exchange programs, and youth activities.

**10. ENDOWMENT**

The Uniform Management of Institutional Funds Acts ("UMIFA") as enacted by the State of New York in 1978 applies to all the institutional funds of the Organization unless the donor has specifically directed otherwise. The Board of Directors of the Organization interprets UMIFA as requiring the preservation of the "historic dollar value" of the original gift as of the gift date for donor-restricted endowment funds in the absence of explicit donor stipulations to the contrary. As a result of such interpretation, the Organization classifies as permanently restricted net assets the original value of donor-restricted endowment funds, the original value of subsequent gifts to donor-restricted endowment funds and the value of accumulations to such funds made in accordance with the applicable gift instrument at the time the relevant accumulation was added to the fund.

The remaining portion of the donor-restricted endowment fund not classified in permanently restricted net assets is classified either as unrestricted or temporarily restricted net assets, depending on the intent of each endowment fund until those amounts are appropriated for expenditure by the Organization in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by UMIFA.

**AMERICAN COMMITTEE FOR THE WEIZMANN  
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**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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In September 2010, the State passed the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), its version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). All not-for-profit organizations formed in New York must apply this law. It will be effective for the Organization’s 2011 fiscal year. The Organization is currently reviewing the impact it will have on its financial statements.

The following table summarizes endowment net asset composition as of June 30, 2010 and changes in endowment net assets for fiscal year 2010 (000’s omitted):

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Endowment net assets, beginning of year</b>	\$ 21,722	\$ 3,184	\$ 419,268	\$ 444,174
Contributions and bequests	-	-	13,526	13,526
Appropriation of endowment assets for expenditure	(17,502)	(6,608)	-	(24,110)
Interest and dividends	-	1,743	-	1,743
Investment gain	35,750	8,158	-	43,908
<b>Endowment net assets, end of year</b>	<u>\$ 39,970</u>	<u>\$ 6,477</u>	<u>\$ 432,794</u>	<u>\$ 479,241</u>

As of June 30, 2010, 80 individual, named endowment funds had estimated fair values that aggregated approximately \$4,736,000 less than their permanently restricted historic dollar values. This was the result of aggregated declines in financial markets since the endowment funds were established. Such endowments are often referred to as “underwater” endowments. Though the Organization is not required by donor-imposed restriction or law to use its unrestricted resources to restore the endowments to their historic dollar values, accounting guidance for not-for-profit organizations requires that such losses and subsequent gains be reflected as changes to unrestricted net assets until the fair values of these underwater endowments again reach their historical dollar values.

**11. SUBSEQUENT EVENTS**

The Organization evaluated its June 30, 2010 financial statements for subsequent events through January 24, 2011, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

**SUPPLEMENTARY INFORMATION**

# AMERICAN COMMITTEE FOR THE WEIZMANN INSTITUTE OF SCIENCE, INC.

## Schedule of Functional Expenses

For the year ended June 30, 2010

(000's omitted)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Public Information</u>	<u>Total</u>
Transmissions to the Weizmann Institute of Science	\$ 43,107	\$ -	\$ -	\$ -	\$ 43,107
Science programs	101	-	215	-	316
Salaries and benefits	113	2,103	7,266	541	10,023
Professional and consulting fees	2	142	854	157	1,155
Travel	14	28	237	4	283
Printing, publications and advertising	-	-	352	479	831
Occupancy cost (including interest of \$533)	-	302	834	99	1,235
Supplies and services	-	91	57	5	153
Postage and shipping	-	17	48	14	79
Telecommunications	-	21	148	8	177
Equipment rental and maintenance	-	83	142	9	234
Interest expense	-	-	16	-	16
Meetings	-	-	47	-	47
Dues, books and subscriptions	-	3	15	10	28
Insurance	-	111	-	-	111
Depreciation	5	291	117	-	413
Miscellaneous	7	12	85	-	104
	<u>7</u>	<u>12</u>	<u>85</u>	<u>-</u>	<u>104</u>
Total expenses	<u>\$ 43,349</u>	<u>\$ 3,204</u>	<u>\$ 10,433</u>	<u>\$ 1,326</u>	<u>\$ 58,312</u>

\* Depreciation expense per above includes \$5,000 of depreciation expense related to Buildings at the Institute which are included in other assets in the accompanying statement of financial position.

*The accompanying notes are an integral part of this schedule.*