

McGladrey & Pullen

Certified Public Accountants

The Elie Wiesel Foundation for Humanity, Inc.

Financial Report
December 31, 2008

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
The Elie Wiesel Foundation for Humanity, Inc.
New York, New York

We have audited the accompanying statement of financial position of The Elie Wiesel Foundation for Humanity, Inc. as of December 31, 2008 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the 2007 financial statements and in our report dated November 14, 2008, we expressed an unqualified opinion on such 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

As described in Note 4 to the financial statements, in December 2008, management determined that it was the victim of an apparent Ponzi scheme (the "Madoff Scheme"). The financial statements have been modified to record estimated losses of \$13,382,163 after the \$500,000 expected to be recovered from the Securities Investor Protection Act ("SIPA") resulting from the Madoff Scheme; however, the actual final losses have not yet been determined.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Elie Wiesel Foundation for Humanity, Inc. as of December 31, 2008, 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.

McGladrey & Pullen, LLP

Stamford, Connecticut
November 3, 2009

The Elie Wiesel Foundation for Humanity, Inc.

Statement of Financial Position

December 31, 2008

(With Comparative Totals for December 31, 2007)

	2008	2007		
Assets				
Current assets				
Cash	\$ 240,292	\$ 98,229		
SIPC receivable (Note 4)	500,000	-		
Prepaid expenses	13,982	13,775		
Short-term investments (Note 4)	-	9,801,671		
Total current assets	754,274	9,913,675		
Fixed assets, net of accumulated depreciation and amortization of \$73,176 and \$51,226 (Note 6)			36,488	61,596
Long-term investments (Note 4)	2,740	12,458		
	\$ 793,502	\$ 9,987,729		
Liabilities and Net Assets				
Accounts payable and accrued expenses	111,470	189,912		
Net assets				
Unrestricted	616,032	9,554,562		
Temporarily restricted	66,000	243,255		
Total net assets	682,032	9,797,817		
	\$ 793,502	\$ 9,987,729		

See Notes to Financial Statements.

The Elie Wiesel Foundation for Humanity, Inc.

Statement of Activities and Changes In Net Assets
Year Ended December 31, 2008
(With Comparative Totals for December 31, 2007)

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenues				
Contributions	\$ 5,553,448	\$ 66,000	\$ 5,619,448	\$ 6,147,320
Interest/dividends (Note 4)	3,799	-	3,799	306,987
Gain on sale of securities (Note 4)	-	-	-	488,543
Net appreciation in fair value of investments (Note 4)	500	-	500	867
Net assets released from restrictions	243,255	(243,255)	-	-
Total support and revenues	5,801,002	(177,255)	5,623,747	6,943,717
Expenses				
Programs	802,545	-	802,545	1,506,822
Fundraising	409,619	-	409,619	400,138
General and administrative	145,205	-	145,205	151,177
Total expenses	1,357,369	-	1,357,369	2,058,138
Change in net assets before loss from Madoff Scheme	4,443,633	(177,255)	4,266,378	4,885,579
Loss from Madoff Scheme (Note 4)	(13,382,163)	-	(13,382,163)	-
(Decrease) increase in net assets	(8,938,530)	(177,255)	(9,115,785)	4,885,579
Net Assets, Unrestricted				
Beginning	9,554,562	243,255	9,797,817	4,912,238
Ending	\$ 616,032	\$ 66,000	\$ 682,032	\$ 9,797,817

See Notes to Financial Statements.

The Elie Wiesel Foundation for Humanity, Inc.

Statement of Functional Expenses

Year Ended December 31, 2008

(With Comparative Totals for December 31, 2007)

	Program Services			Supporting Services		2008 Total Expenses	2007 Total Expenses
	Elie Wiesel Prize in Ethics	Israel Projects	Total Program Services	Fundraising Expenses	General and Administrative		
Ashkelon Center	\$ -	\$ 18,545	\$ 18,545	\$ -	\$ -	\$ 18,545	\$ 33,098
Conference costs	-	36,198	36,198	-	-	36,198	33,638
Consultants	-	44,172	44,172	-	5,683	49,855	46,085
Depreciation	-	-	-	-	21,949	21,949	10,010
Humanitarian Award Gala	-	-	-	358,017	-	358,017	383,062
Kiryat Malachi Center	-	348,363	348,363	-	-	348,363	851,515
Miscellaneous	-	21,488	21,488	1,413	7,697	30,598	17,922
Office expenses	-	2,959	2,959	2,945	3,707	9,611	7,771
Payroll and taxes	-	136,012	136,012	-	43,117	179,129	249,056
Postage and express mail	-	19,370	19,370	-	1,021	20,391	5,054
Printing and publications	-	4,344	4,344	-	908	5,252	168,919
Prize in ethics awards	18,570	-	18,570	-	-	18,570	24,968
Professional fees	-	3,729	3,729	45,000	23,410	72,139	48,303
Rent	-	135,680	135,680	-	34,256	169,936	165,413
Telephone	-	13,115	13,115	1,138	3,457	17,710	11,523
Travel expenses	-	-	-	1,106	-	1,106	1,801
	\$ 18,570	\$ 783,975	\$ 802,545	\$ 409,619	\$ 145,205	\$ 1,357,369	\$ 2,058,138

See Notes to Financial Statements.

The Elie Wiesel Foundation for Humanity, Inc.

Statement of Cash Flows

Year Ended December 31, 2008

(With Comparative Totals for December 31, 2007)

	2008	2007
Cash Flows From Operating Activities		
(Decrease) increase in net assets	\$ (9,115,785)	\$ 4,885,578
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	21,950	10,010
Net appreciation in fair value of investments	(500)	(867)
Gain on sale of securities	-	(488,543)
Loss from Madoff Scheme	13,382,163	-
Changes in assets and liabilities:		
Increase in prepaid expenses	(207)	(13,775)
(Decrease) increase in accounts payable and accrued expenses	(78,442)	69,285
Net cash provided by operating activities	4,209,179	4,461,688
Cash Flows from Investing Activities		
Sale/purchase of equipment	3,158	(60,147)
Purchases of investments	(4,070,274)	(85,428,252)
Proceeds from sales of investments	-	80,843,740
Net cash used in investing activities	(4,067,116)	(4,644,659)
Net increase (decrease) in cash	142,063	(182,971)
Cash		
Beginning	98,229	281,200
Ending	\$ 240,292	\$ 98,229
Supplemental Disclosure of Non-cash Investing Activity		
Reclassification of investments to SIPC receivable	\$ 500,000	\$ -

See Notes to Financial Statements.

The Elie Wiesel Foundation For Humanity, Inc.

Notes to Financial Statements

Note 1. Mission Statement and Summary of Significant Accounting Policies

Mission statement: Elie Wiesel and his wife, Marion, established The Elie Wiesel Foundation for Humanity, Inc. ("Foundation") soon after Elie was awarded the 1986 Nobel Prize for Peace. The Foundation's mission, rooted in the memory of the Holocaust, is to combat indifference, intolerance and injustice through international dialogue and youth-focused programs that promote acceptance, understanding and equality.

The Foundation runs multiple programs both domestically and internationally.

In the U.S., the Foundation organizes "The Elie Wiesel Prize in Ethics Essay Contest" for college juniors and seniors and bestows The Elie Wiesel Humanitarian Award to a deserving individual.

Outside the U.S., the Foundation organizes a regular calendar of international conferences for youth in conflict-ridden countries and gatherings of Nobel Laureates.

The Foundation also runs Beit Tzipora Centers for Study & Enrichment in Israel that give Ethiopian Jewish children the opportunity to overcome early educational inequality and participate fully in Israeli society. Named in memory of Elie Wiesel's younger sister, who died in Auschwitz, the Foundation currently runs two centers, one in Ashkelon and one in Kiryat Malachi, which enroll more than 1,000 youth. The goal of these programs is to provide Ethiopian immigrants with desperately needed academic tutoring, pre-vocational training and social and emotional support.

Through all its activities, the Foundation seeks to combat indifference, intolerance and injustice.

Basis of presentation: The Foundation is a nonprofit foundation existing under the New York not-for-profit corporation law and is classified as a publicly supported organization as defined in the Internal Revenue Code. The Foundation's principal purpose is to provide a forum for discussion of moral and ethical issues by sponsoring seminars, conferences, publications and other programs.

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

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that expire by the use of the assets for stipulated purposes or by the passage of time.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expenses are generally reported as decreases in unrestricted net assets.

Support: Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Temporarily restricted funds primarily arise from contributions to support projects. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

The Elie Wiesel Foundation For Humanity, Inc.

Notes to Financial Statements

Note 1. Mission Statement and Summary of Significant Accounting Policies (Continued)

The Foundation also receives support and revenue from special events that are organized by unrelated third parties for the benefit of the Foundation. Support and revenue from these events are recognized when the Foundation is aware of the donation to be received which is typically upon receipts of funds. The Foundation holds various fund raising events on a periodic basis as needed.

Contributions of donated services that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fund raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

Functional expenses: The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to each. Indirect costs are allocated based on a formula used to approximate the impact of such costs to the various programs.

Investments: Investments in debt and equity securities are carried at fair value. Unrealized gains and losses are included in the statement of activities.

Fixed assets, depreciation and amortization: Fixed assets are stated at cost. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the assets.

Depreciation and amortization is computed over the following estimated useful lives of the assets using the straight-line method.

	Years
Computer equipment	5
Office equipment	7
Website	3

Cash: The Foundation's cash balances, at times, may exceed the FDIC insurance limit.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of support and revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Tax exempt status: The Foundation is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization.

The Elie Wiesel Foundation For Humanity, Inc.

Notes To Financial Statements

Note 1. Mission Statement and Summary of Significant Accounting Policies (Continued)

Prior year summarized totals: The financial statements include certain prior year summarized, comparative information in total, but not by net asset class or by functional program. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2007 from which the summarized information was derived.

Note 2. Current Programs

Prize in Ethics: Since 1989, The Foundation has sponsored the Prize in Ethics Essay Contest. This competition is designed to challenge college students to analyze urgent ethical issues confronting them in today's complex world. Open to full-time juniors and seniors at accredited colleges and universities throughout the United States, students are encouraged to write thought-provoking, personal essays. Suggested topics vary from year to year.

A distinguished committee reviews the essays and a jury that includes Elie Wiesel chooses the winners. A total of ten thousand dollars in first, second and third prizes (and two honorable mentions) is awarded annually. In 2008, the nineteenth annual essay contest was held with submissions from students in nearly fifty states. Five students received prize monies for their works and were honored by Mr. Wiesel and the Foundation at an awards ceremony.

Israel Projects: The Elie Wiesel Foundation-Israel ("Keren Elie Wiesel"), a related nonprofit institution, administers programs with support from the Foundation. The centers, one in Ashkelon and one in Kiryat Malachi, currently enroll approximately one thousand boys and girls in after-school programs. The goal of these programs is to provide Ethiopian immigrants with desperately needed academic tutoring, pre-vocational training, and social and emotional support. Study of the English and Hebrew languages, a focus on computer literacy, tutoring in other classroom subjects, and activities such as arts and crafts are all a part of the curriculum. A summer program and an adult education program have also been instituted.

Nobel Laureates Initiatives: Starting in late 2007, The Foundation began the Nobel Laureates Initiatives. The Initiative was started for three main situations. They are Emergency Response, Appeals and Conferences/Roundtables. Due to the impact of the Madoff Scheme, there were no expenses incurred in 2008 for this Initiative.

Emergency Response

The Foundation responds to international emergencies through statements and by sending delegations to global hot-spots where atrocities, genocide, and humanitarian disasters occur. Interventions seek to prevent atrocities and human suffering by mobilizing awareness and encouraging an effective response by the international community.

Appeals

The Foundation issues appeals to world leaders requesting a change to a variety of topics dealing with humanity.

Conferences/Roundtables

The Foundation organizes conferences to focus activities and mobilize joint actions. Occasional roundtables involving Laureates and other world leaders explore today's pressing problems – and discuss solutions. Roundtables also help raise the Foundation's profile and cultivate donor support.

The Elie Wiesel Foundation For Humanity, Inc.

Notes To Financial Statements

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2008 and 2007 were \$66,000 and \$243,255, respectively. Temporarily restricted net assets released in 2008 total \$243,255 which consisted \$143,255 for humanitarian programs and \$100,000 for the Ashkelon and Kiryat Malachi Centers in Israel.

Note 4. Investments

Investments as of December 31, 2008 and 2007 consist of:

	2008		2007	
	Cost	Carrying Amount/ Fair Value	Cost	Carrying Amount/ Fair Value
U.S. Treasury obligation (short-term)	\$ -	\$ -	\$ 9,801,671	\$ 9,801,671
Israel bonds	2,740	2,740	12,458	12,458
	\$ 2,740	\$ 2,740	\$ 9,814,129	\$ 9,814,129

Investment return is summarized as follows:

	2008	2007
Interest and dividends	\$ 3,799	\$ 306,987
Net realized and unrealized gains	500	489,410
Total unrestricted investment income	\$ 4,299	\$ 796,397

Note 5. Fair Value Measurements

Effective January 1, 2008, the Foundation adopted the methods of calculating fair value defined in SFAS No. 157 to value its financial assets and liabilities, when applicable. SFAS No. 157 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. The standard describes three levels of inputs that may be used to measure fair value which are as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar instruments; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets. All of the Foundation's investments were Level 2 assets.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities include those whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value of the foundation's investments is determined based on the values of the underlying assets of the Funds, the underlying assets of the funds are determined based on various pricing models.

The Elie Wiesel Foundation For Humanity, Inc.

Notes To Financial Statements

Note 6. Equipment

Total equipment consists of the following at December 31, 2008 and 2007:

	2008	2007
Computer equipment	\$ 21,324	\$ 24,484
Office equipment	33,340	33,338
Website	55,000	55,000
	<u>109,664</u>	<u>112,822</u>
Less: accumulated depreciation	(73,176)	(51,226)
Total equipment	<u><u>\$ 36,488</u></u>	<u><u>\$ 61,596</u></u>

Note 7. Lease Commitments

The Foundation leases office space. In October 2005, the Foundation signed a non-cancelable ten year lease for its current location with an unrelated third party. This lease expires December 31, 2015. The Foundation incurred rent expense of \$169,936 and \$165,413 in 2008 and 2007, respectively. Future minimum lease payments on the non-cancelable office operating lease are as follows as of December 31, 2008.

2009	\$ 162,000
2010	164,000
2011	171,000
2012	171,000
2013	171,000
Thereafter	343,000
	<u><u>\$ 1,182,000</u></u>

Note 8. Standby Letter of Credit

The Foundation through Israel Discount Bank of New York has issued a standby letter of credit in the amount of \$54,078 for the respective years ended December 31, 2008 and 2007. This standby letter of credit was issued to the leasing agent and is fully collateralized with a time deposit, which is included in cash on the balance sheet.

Note 9. Related Party Transaction

The Elie Wiesel Foundation-Israel ("Keren Elie Wiesel"), a related nonprofit institution, administers programs with support from the Foundation in New York. The Foundation support for Keren Elie Wiesel consisted of the following:

	2009	2008
Askelon Center	\$ 18,545	33,098
Kiryat Malachi Center	348,363	851,515
	<u><u>\$ 366,908</u></u>	<u><u>\$ 884,613</u></u>