

THE AMERICAN COUNCIL ON GERMANY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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*Saul L. Klaw & Co., P.C.*

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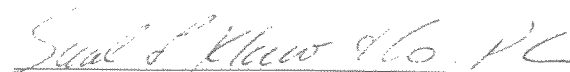
REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
The American Council on Germany, Inc.

We have audited the accompanying Statement of Financial Position of The American Council on Germany, Inc., a not-for-profit organization, as of December 31, 2009 and December 31, 2008, and the related statements of activities, operating expenses and cash flows for the years 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 upon our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Council on Germany, Inc. as at December 31, 2009 and December 31, 2008, and the results of its operations and 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.



Saul L. Klaw & Co. PC  
Certified Public Accountants

New York, New York  
March 15, 2010

**THE AMERICAN COUNCIL ON GERMANY, INC.  
STATEMENT OF FINANCIAL POSITION**

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash in Bank	\$ 343,416	\$ 389,227
Investments, at Fair Value (Note # 2 )	10,187,933	8,801,363
Pledges Receivable (Note # 3 )	28,375	19,000
Prepaid Expenses	22,588	6,005
Total Current Assets	\$ 10,582,312	\$ 9,215,595
Equipment and Leasehold Improvements, Net of Accumulated Depreciation and Amortization ( \$8,611 in 2009; \$16,659 in 2008)	5,860	9,647
Security Deposits	-	-
	3,392	3,403
<b>Total Assets</b>	<b>\$ 10,591,564</b>	<b>\$ 9,228,645</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities		
Accounts Payable	\$ 290,501	\$ 156,422
Deferred Support	55,500	2,050
Total Liabilities	\$ 346,001	\$ 158,472
<b>Commitments (Note # 6)</b>		
<b><u>NET ASSETS</u></b>		
Unrestricted	\$ 10,245,563	\$ 9,070,173
Temporarily Restricted (Note # 4)	-	-
Permanently Restricted	-	-
<b>Total Net Assets</b>	<b>\$ 10,245,563</b>	<b>\$ 9,070,173</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,591,564</b>	<b>\$ 9,228,645</b>

(See Notes to Financial Statements)

**THE AMERICAN COUNCIL ON GERMANY, INC.  
STATEMENT OF ACTIVITIES**

	<b>CALENDAR YEAR</b>	
	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Revenue and Other Support:</b>		
Contributions:		
McCloy Awards Dinner, Net of Direct Cost ( \$ 122,064 in 2009 & \$135,405 in 2008 )	\$ 316,886	\$ 919,095
Corporations	286,750	324,800
Foundation Grants	170,000	115,000
Discussion Programs, Luncheons & Meetings	236,280	158,761
Individual Contributions	169,494	153,753
	<hr/>	<hr/>
Total	\$ 1,179,410	\$ 1,671,409
Interest and Dividend Income	242,161	288,463
	<hr/>	<hr/>
Total Revenue, Gains and Other Support	\$ 1,421,571	\$ 1,959,872
	<hr/>	<hr/>
<b><u>Operating Expenses</u></b>		
Program Services	\$ 1,572,358	\$ 1,527,904
Management and General	157,270	198,319
Fundraising	63,739	58,391
	<hr/>	<hr/>
Sub-Total	1,793,367	1,784,614
Pension Plan Contributions (Note # 7 )	100,000	25,000
Investment Management Fees	89,714	111,679
	<hr/>	<hr/>
Total Expenses	\$ 1,983,081	\$ 1,921,293
	<hr/>	<hr/>
Change in Net Assets, Sub - Total	\$ (561,510)	\$ 38,579
Realized Gain or (Loss ) on Investments	(816,641)	166,885
Unrealized Gain (Loss) on Investments	2,553,541	(2,787,213)
	<hr/>	<hr/>
<b>Change in Net Assets</b>	<b>1,175,390</b>	<b>(2,581,749)</b>
Net Assets at Beginning of Year	9,070,173	11,651,922
	<hr/>	<hr/>
<b>Net Assets at End of Year</b>	<b>\$ 10,245,563</b>	<b>\$ 9,070,173</b>
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(See Notes to Financial Statements)

**THE AMERICAN COUNCIL ON GERMANY, INC.  
STATEMENT OF PROGRAM SERVICES**

	<b>CALENDAR YEAR</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
McCloy Fellowship	\$ 192,073	\$ 159,350
Study Groups	129,372	59,855
Young Leaders Conference	129,288	144,856
Multilateral Young Leaders	93,787	4,699
Discussion Programs, Luncheons and Meetings	58,557	85,797
Warburg Chapters	56,724	72,968
Kellen Fellowship	20,590	2,246
Publications/Newsletters	20,501	26,135
Hunt/Goldman Fellowship	17,832	9,713
Young Leaders Alumni Functions	9,683	186,419
Energy & Security Meeting	-	2,835
	<hr/>	<hr/>
<b>Sub - Total</b>	<b>\$ 728,407</b>	<b>\$ 754,873</b>
Allocated Expenses	843,951	773,031
	<hr/>	<hr/>
<b>Total</b>	<b><u>\$ 1,572,358</u></b>	<b><u>\$ 1,527,904</u></b>

(See Notes to Financial Statements)

**THE AMERICAN COUNCIL ON GERMANY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

	<u>CALENDAR YEAR 2009</u>				<u>2008</u>
	<u>Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 559,427	\$ 39,303	\$ 36,486	\$ 635,216	\$ 650,837
Events and Accommodations	302,437	40,893	155	343,485	389,641
Travel	161,426	8,870	350	170,646	162,815
Rent	137,609	7,341	10,243	155,193	149,073
Payroll Taxes and Fringe Benefits	122,349	6,527	9,107	137,983	105,407
Program Stipends	166,305	-	-	166,305	102,650
Stationery and Printing	29,163	8,872	2,152	40,187	64,916
Professional Services	2,835	30,874	-	33,709	34,733
Postage and Delivery	26,837	814	873	28,524	32,421
New York Programs	30,212	-	-	30,212	30,577
Office Automation	13,939	739	1,032	15,710	15,400
Memberships and Dues	1,589	4,246	593	6,428	11,554
Telephone	6,884	574	374	7,832	7,802
Insurance	4,981	266	371	5,618	4,807
Depreciation	-	3,787	-	3,787	4,619
Temporary Office Help	2,305	635	1,955	4,895	3,318
Repairs and Maintenance	642	34	48	724	666
Miscellaneous	3,418	3,495	-	6,913	13,378
<b>Total</b>	<b>\$ 1,572,358</b>	<b>\$ 157,270</b>	<b>\$ 63,739</b>	<b>\$ 1,793,367</b>	<b>\$ 1,784,614</b>

(See Notes to Financial Statements)

**THE AMERICAN COUNCIL ON GERMANY, INC.  
STATEMENT OF CASH FLOWS**

	<b>Calendar Year</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Cash Flow from Operating Activities:</b>		
Increase (Decrease) In Net Assets	\$ 1,175,390	\$ (2,581,749)
Adjustments to Reconcile Change in Net Assets to Net Cash:		
Depreciation	3,787	4,619
Unrealized (Gain) Loss on Investments	(2,553,541)	2,787,213
(Increase ) Decrease in Pledges Receivable	(9,375)	58,000
(Increase) Decrease in Prepaid Expenses	(16,583)	19,120
Increase (Decrease) in Accounts Payable and Deferred Support	<u>187,529</u>	<u>27,533</u>
Net Cash Provided by Operating Activities	<u>\$ (1,212,793)</u>	<u>\$ 314,736</u>
<b>Cash Flow from Investing Activities:</b>		
Purchase of Investments	\$ (4,815,944)	\$ (6,365,780)
Proceeds from Sale of Investments	5,982,926	6,122,557
(Additions) to Fixed Assets	<u>-</u>	<u>(3,220)</u>
Net Cash Used by Investing Activities	<u>\$ 1,166,982</u>	<u>\$ (246,443)</u>
<b>Cash Flow from Financing Activities:</b>	<u>0</u>	<u>0</u>
Net Increase / (Decrease) in Cash	\$ (45,811)	\$ 68,293
Cash at Beginning of Year	<u>389,227</u>	<u>320,934</u>
<b>Cash at End of Year</b>	<b><u><u>\$ 343,416</u></u></b>	<b><u><u>\$ 389,227</u></u></b>

(See Notes to Financial Statements)

THE AMERICAN COUNCIL ON GERMANY, INC.  
NOTES ON FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The American Council on Germany, Inc. ( the “Council ), was formed in February 1952 for the purpose of improving understanding between the United States and the Federal Republic of Germany.

Financial Statements Presentation

The Statement of Financial Position and Statement of Activities include the assets and activities of the John J. McCloy Fund.

Tax Status

The Council is a not-for-profit corporation exempt from income taxes, under Section (501 (c) (3) of the U.S. Internal Revenue Code. It has been classified as a publicly supported organization under Section 509 (a) (1) and contributions by donors qualify for the maximum charitable deduction.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from the estimates.

*Saul L. Klaw & Co., P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

Notes to Financial Statements (Cont.)

1. Nature of Activities and Significant Accounting Policies (Cont.)

Equipment and Leasehold Improvements

Equipment is stated at cost and is depreciated over estimated useful lives on a straight-line basis. Leasehold improvements are amortized over their estimated useful life.

2. Investments

The Council complies with SFAS, No. 124 "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS 124, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values in the Statement of Financial Position.

Unrealized gains and (losses) of \$ 2,553,541 in 2009 and \$(2,787,213) in 2008 are included in the change in net assets.

The following investments were held as of December 31, 2009

	Cost	Fair Value	Unrealized Gain (Loss)
U.S. Government and Agencies	\$1,590,595	\$ 1,696,584	\$105,989
Equities	4,544,325	5,706,488	1,162,163
Corporate and Other Bonds	1,313,633	1,376,238	62,605
Hedge Fund Receivable (a)	1,352,513	1,352,513	0
Cash and Equivalents	56,110	56,110	0
<b>Totals</b>	<b>\$8,857,176</b>	<b>\$10,187,933</b>	<b>\$1,330,757</b>

(a) The Council liquidated their holdings in the Fund as of December 31, 2009. They received \$ 1,217,125 on 1/25/10 and \$135,388 on 7/9/10, for the total amount of \$1,352,513.

*Paul L. Klau & Co., P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

Notes to Financial Statements ( Cont. )

3. Pledges Receivable

Pledges Receivable as of December 31, 2009, of \$28,375 are deemed to be fully collectible and were received early in 2010. There are no donor imposed restrictions on these pledges.

4. Temporarily Restricted Net assets

As of December 31, 2009, there were no donor restricted assets.

5. Allocation of Expenses

Certain costs of providing program services and supporting services have been allocated in the financial statements.

6. Commitments

The Council has a non-cancelable lease for its office space, expiring on June 30, 2011. As of December 31, 2009, minimum rental commitments were as follows:

Calendar Year 2010	\$ 143,616
Calendar Year 2011	\$ 143,616

Notes to Financial Statements ( Cont. )

7. Pension Plan Contributions

On November 29, 2004 the Board of Directors adopted a Defined Benefit Pension Plan covering substantially all employees, effective as of January 1, 2004.

Retiree benefits are based on age of retirement, years of credited service and compensation earned. The Plan is administered by an outside benefits consulting group and the pension contributions are based on actuarial calculations. For the calendar year 2009, the Council contributed \$75,000 to the plan. Due to amendments by the Pension Protection Act of 2006, there were not any contributions required or made for that year.

The Council also sponsors an IRS approved 401k plan, which is non-contributory and a Profit Sharing Plan. The Council's contribution to the Profit Sharing Plan was \$25, 000 for 2009 and \$25,000 for 2008.