



**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidated Financial Statements and Schedules

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Anti-Defamation League
and
The Board of Trustees
Anti-Defamation League Foundation:

We have audited the accompanying consolidated financial statements of Anti-Defamation League and Anti-Defamation League Foundation (collectively referred to as ADL), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Anti-Defamation League and Anti-Defamation League Foundation as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2020 consolidating and other supplementary information included in schedules 1 through 5 are presented for purposes of additional analysis and is not a required part of the 2020 consolidated financial statements. In addition, the accompanying consolidating balance sheet, statements of activities and cash flows are presented for purposes of additional analysis of the 2020 consolidated financial statements rather than to present the financial position or changes in net assets of the individual entities, and are not a required part of the 2020 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 consolidated financial statements or to the 2020 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2020 consolidated financial statements as a whole.

KPMG LLP

August 27, 2021

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidated Balance Sheets

December 31, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$ 44,082,543	24,168,981
Contributions receivable, net (note 4)	47,025,970	30,332,947
Prepaid expenses and other assets (note 3)	5,344,895	11,444,248
Investments (note 3)	117,573,755	99,014,840
Property and equipment, net (note 5)	7,675,738	8,861,067
Total assets	\$ 221,702,901	173,822,083
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 9,803,352	9,105,042
Borrowings under Paycheck Protection Program (note 8)	7,400,615	—
Borrowings under lines of credit (note 8)	8,000,000	8,000,000
Deferred rent (note 8)	5,177,243	5,768,532
Liabilities under charitable trusts and annuity agreements	7,108,063	6,917,475
Long-term pension obligations (note 6)	4,273,677	27,161,769
Long-term debt (note 8)	27,819,517	—
Total liabilities	69,582,467	56,952,818
Commitments and contingencies (note 8)		
Net assets (accumulated deficit) (note 7):		
Net assets (deficit) without donor restrictions:		
Available for operations	1,635,748	17,604,452
Long-term pension obligations (note 6)	(4,273,677)	(27,161,769)
Board-designated endowment	3,630,292	3,566,233
Total net assets (deficit) without donor restrictions, net of long-term pension obligations	992,363	(5,991,084)
Net assets with donor restrictions:		
Purpose or time restricted	60,464,742	35,497,033
Endowment fund	90,663,329	87,363,316
Total net assets with donor restrictions	151,128,071	122,860,349
Total net assets	152,120,434	116,869,265
Total liabilities and net assets	\$ 221,702,901	173,822,083

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidated Statements of Activities

Years ended December 31, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions:		
Operating revenues:		
Contributions (including special events revenue of \$6,127,000 and \$17,650,000, respectively)	\$ 62,478,812	69,420,250
Less:		
Provision for uncollectible contributions receivable	(1,500,000)	(1,352,024)
Direct special events expenses	(1,888,992)	(4,601,953)
Contributions, net	59,089,820	63,466,273
Endowment return expended and other investment return (note 3)	4,806,714	4,145,150
Other income	1,018,561	1,549,329
Net assets released from restrictions in satisfaction of time and purpose	19,757,784	11,794,547
Total operating revenues	84,672,879	80,955,299
Operating expenses:		
Program services:		
Regional operations	23,549,963	24,486,002
Education	6,101,593	7,380,538
Policy and programs	13,497,856	12,374,933
International affairs and interfaith programs	3,071,286	5,521,239
Leadership	1,867,929	3,753,693
Public awareness	6,686,910	7,106,955
	54,775,537	60,623,360
Supporting services:		
Administration	9,439,954	10,121,106
Development	11,027,234	11,701,027
	20,467,188	21,822,133
Total operating expenses	75,242,725	82,445,493
Excess (deficiency) of operating revenues over operating expenses	9,430,154	(1,490,194)
Nonoperating activities:		
Investment return greater than amount appropriated (note 3)	(130,575)	302,881
Net periodic benefit cost (note 6)	(1,315,759)	(651,673)
Pension charge other than net periodic benefit cost (note 6)	(938,953)	(2,730,182)
Reclassification of net assets	(5,000)	—
Other, net	(56,420)	(60,281)
Total nonoperating activities	(2,446,707)	(3,139,255)
Increase (decrease) in net assets without donor restrictions	6,983,447	(4,629,449)
Changes in net assets with donor restrictions:		
Contributions:		
Endowment fund contributions (note 7)	1,226,383	6,706,463
Other restricted contributions	44,068,259	24,432,782
Total contributions with donor restrictions	45,294,642	31,139,245
Change in the value of charitable trust and annuity agreements	(560,589)	(619,174)
Investment return (note 3)	6,917,191	13,334,735
Reclassification of net assets	5,000	—
Net assets released from restrictions:		
Satisfaction of time and purpose	(19,757,784)	(11,794,547)
Endowment return appropriated	(3,630,738)	(3,241,748)
Increase in net assets with donor restrictions	28,267,722	28,818,511
Increase in net assets	35,251,169	24,189,062
Net assets at beginning of year	116,869,265	92,680,203
Net assets at end of year	\$ 152,120,434	116,869,265

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidated Statement of Functional Expenses

Year ended December 31, 2020

	<u>Program services</u>						<u>Supporting services</u>				<u>Total expenses</u>
	<u>Regional operations</u>	<u>Education</u>	<u>Policy and programs</u>	<u>International affairs and interfaith programs</u>	<u>Leadership</u>	<u>Public Awareness</u>	<u>Total program services</u>	<u>Administration</u>	<u>Development</u>	<u>Total supporting services</u>	
Salaries	\$ 14,870,588	2,437,005	6,784,759	1,728,605	789,155	3,035,053	29,645,165	3,547,907	5,498,805	9,046,712	38,691,877
Personnel welfare and other related expenses	4,134,976	734,100	1,779,622	443,997	203,287	997,923	8,293,905	1,032,902	1,636,664	2,669,566	10,963,471
Total salaries and related expenses	19,005,564	3,171,105	8,564,381	2,172,602	992,442	4,032,976	37,939,070	4,580,809	7,135,469	11,716,278	49,655,348
Projects and functions	834,130	1,842,110	2,352,059	239,388	73,974	1,024,921	6,366,582	523,539	1,150,589	1,674,128	8,040,710
Office services and occupancy	3,147,298	798,222	2,044,172	361,504	435,165	1,441,366	8,227,727	2,793,621	2,222,111	5,015,732	13,243,459
Travel, meetings, and conferences	368,538	134,675	111,257	147,466	261,973	26,303	1,050,212	27,816	34,559	62,375	1,112,587
Research materials	8,400	1,882	198,016	6,041	356	49,208	263,903	15,562	239,126	254,688	518,591
Legal and financial	4,242	6,363	8,484	23,039	6,363	4,242	52,733	580,904	36,556	617,460	670,193
Other	181,791	147,236	219,487	121,246	97,656	107,894	875,310	917,703	208,824	1,126,527	2,001,837
Total operating expenses	\$ 23,549,963	6,101,593	13,497,856	3,071,286	1,867,929	6,686,910	54,775,537	9,439,954	11,027,234	20,467,188	75,242,725

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidated Statement of Functional Expenses

Year ended December 31, 2019

	Program services						Supporting services				Total expenses
	Regional operations	Education	Policy and programs	International affairs and interfaith programs	Leadership	Public Awareness	Total program services	Administration	Development	Total supporting services	
Salaries	\$ 13,662,218	2,889,431	6,158,673	1,777,148	965,623	3,246,260	28,699,353	3,795,363	5,966,425	9,761,788	38,461,141
Personnel welfare and other related expenses	3,778,185	903,683	1,735,029	469,179	283,701	955,544	8,125,321	1,252,463	1,677,017	2,929,480	11,054,801
Total salaries and related expenses	17,440,403	3,793,114	7,893,702	2,246,327	1,249,324	4,201,804	36,824,674	5,047,826	7,643,442	12,691,268	49,515,942
Projects and functions	2,065,658	2,061,283	1,669,982	2,280,554	238,905	1,312,542	9,628,924	594,391	1,427,234	2,021,625	11,650,549
Office services and occupancy	3,580,775	966,006	2,121,496	494,529	429,561	1,431,755	9,024,122	2,757,807	1,893,199	4,651,006	13,675,128
Travel, meetings, and conferences	1,235,681	460,662	394,350	379,297	1,762,419	70,997	4,303,406	75,129	126,603	201,732	4,505,138
Research materials	14,157	1,276	197,816	3,886	213	40,724	258,072	21,763	241,002	262,765	520,837
Legal and financial	1,251	6,027	2,350	17,585	1,762	1,175	30,150	508,042	18,781	526,823	556,973
Other	148,077	92,170	95,237	99,061	71,509	47,958	554,012	1,116,148	350,766	1,466,914	2,020,926
Total operating expenses	\$ 24,486,002	7,380,538	12,374,933	5,521,239	3,753,693	7,106,955	60,623,360	10,121,106	11,701,027	21,822,133	82,445,493

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidated Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 35,251,169	24,189,062
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Pension charge other than net periodic benefit cost	938,953	2,730,182
Endowment fund contributions	(1,226,383)	(6,706,463)
Net appreciation in fair value of investments	(7,369,407)	(13,135,392)
Provision for uncollectible contributions receivable	1,415,000	1,352,024
Depreciation and amortization	1,435,532	1,544,051
Change in the value of charitable trust and annuity agreements	560,589	619,174
Changes in operating assets and liabilities:		
Contributions receivable	(19,353,446)	(9,033,026)
Prepaid expenses and other assets	(626,046)	(642,457)
Accounts payable and accrued expenses	698,310	1,136,060
Deferred rent	(591,289)	(653,354)
Long-term pension obligations	(23,827,045)	(2,361,922)
Net cash used in operating activities	(12,694,063)	(962,061)
Cash flows from investing activities:		
Proceeds from sale of investments	41,271,603	27,803,535
Purchase of investments	(52,461,111)	(20,326,576)
Receivable for investment sold	6,725,399	(6,725,399)
Acquisition of property and equipment	(250,203)	(1,174,907)
Net cash used in investing activities	(4,714,312)	(423,347)
Cash flows from financing activities:		
Endowment fund contributions	1,226,383	6,706,463
Change in contributions receivable restricted for endowment	1,245,423	(1,368,711)
Payments to charitable gift annuitants	(1,022,692)	(966,110)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	652,691	375,399
Borrowings under Paycheck Protection Program	7,400,615	—
Proceeds from long-term debt	29,557,998	—
Repayment of long-term debt	(1,738,481)	—
Net cash provided by financing activities	37,321,937	4,747,041
Net increase in cash and cash equivalents	19,913,562	3,361,633
Cash and cash equivalents at beginning of year	24,168,981	20,807,348
Cash and cash equivalents at end of year	\$ 44,082,543	24,168,981

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(1) Organization

ADL (the Anti-Defamation League) is a nonprofit organization formed in 1913 in response to an escalating climate of antisemitism and bigotry. Its timeless mission is to protect the Jewish people and to secure justice and fair treatment for all. Today, ADL continues to fight all forms of hate with the same vigor and passion. A global leader in exposing extremism, delivering anti-bias education and fighting hate online, ADL is the first call when acts of antisemitism occur. ADL's ultimate goal is a world in which no group or individual suffers from bias, discrimination or hate.

The Anti-Defamation League Foundation (the Foundation) was established in 1976 to assist ADL in its principal objectives and to encourage and administer endowments.

Both the ADL and the Foundation (collectively referred to as ADL) are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for tax on unrelated business income, if applicable.

The following functional classifications have been established to account for the program services of ADL:

(a) Regional Operations

Supervises and coordinates the ADL's coast-to-coast network of regional offices. Establishes and monitors operating plans for each region, with particular focus on priority programs and activities, including anti-bias training for educators, students and law enforcement professionals; civil rights advocacy; monitoring and exposing of extremist activity; victim assistance; promotion of intergroup collaboration and understanding; and, response to hate crimes and bias incidents. Creates measures and metrics to evaluate regional reach and impact.

(b) Education

Furthers the ADL's mission through the design and delivery of intergroup, Holocaust, anti-bias, and other educational programs and materials for use in P-12 classrooms, on college campuses, and with community groups, corporations, civic associations, religious organizations, youth movements, and other nontraditional learning contexts.

(c) Policy and Programs

Encompasses the work of Civil Rights; Government Relations, Advocacy, and Community Engagement; the Center on Technology and Society; Law Enforcement and Community Security; the Center on Extremism; and Hispanic Affairs. The Civil Rights team, with three attorneys in New York, five area counsels around the country, and a Washington, D.C.-based Policy Planning Center, formulates and implements the League's civil rights agenda in a range of areas including antisemitism and all forms of bigotry, discrimination and bias motivated violence; religious freedom and church-state separation; and immigration and refugee rights, preparing reports and memoranda, filing amicus briefs, and engaging in other forms of public advocacy. The Government Relations, Advocacy, and Community Engagement (GRACE) team promotes the League's mission in Washington, D.C. and around the country with a focus on legislative advocacy, outreach to government officials, and coalition building. The Center for Technology and Society, based in Silicon Valley, California, works to develop new strategies in the fight against hate online, analyzing and preparing reports on hate speech and

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

cyber-harassment, providing insights to government and policymakers, and exposing and countering specific cases of abuse and offensive content on the Internet. ADL's Rita and Leo Greenland Library, which archives all of ADL's documents as well as mainstream and extremist publications, also resides in the Policy group. The Center on Extremism monitors and exposes extremist movements and individuals across the ideological spectrum, and provides actionable intelligence and data-based analysis to law enforcement, public officials, community leaders and technology companies. The Law Enforcement and Community Security team conducts training for law enforcement agencies on hate crimes, extremism and implicit bias, as well as programs on community security. Hispanic Affairs expands ADL's work with Hispanic/Latino communities in the U.S.

(d) *International Affairs and Interfaith Programs*

Maintains contacts throughout Europe, Latin America, the Middle East, and the U.S. from which information is gathered relating to political and social movements that impact antisemitism and bigotry. Observes and analyzes trends around the world related to anti-Semitism and related issues. Prepares and disseminates reports and data regarding Israel's security, U.S.-Israel relations and antisemitism in the Middle East. Initiates educational programs on the Middle East and Israeli issues, as well as on international best practices on fighting antisemitism and bigotry. Maintains contact with faith leaders in the U.S. and other countries. Develops programs of cooperation on intergroup understanding and human relations with Catholic and Protestant religious groups at community, regional, and national levels. Participates in educational and action programs in interfaith efforts. Organizes training programs and curriculum development for seminars and religious oriented educational institutions.

(e) *Leadership*

Recruits and develops and engages new leadership through special programmatic meetings and dissemination of programmatic materials.

(f) *Marketing & Communications*

Presents the public face of ADL. Manages awareness through published materials, national and regional websites, social media marketing, email marketing, direct mail campaigns, online video and public relations campaigns, communications, and managing relationships with the media. Keeps constituents informed of breaking news and issues involved with ADL's work. Prepares visual and print materials on ADL issues, goals and objectives; writes, edits and produces materials for all ADL divisions (reports, brochures, invitations newsletters, publications); and handles special projects such as exhibits and events.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies

The consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the League and the Foundation. All significant interorganizational balances and transactions have been eliminated in consolidation.

(a) Basis of Presentation

ADL's net assets (including those associated with endowment funds), revenues, 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:

Without donor restrictions – Net assets that are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification.

With donor restrictions – Net assets that are subject to donor-imposed restrictions. These net assets include donor restricted contributions that are subject to time or purpose restrictions and donor restricted endowments. Generally, the donors' imposed restrictions on the endowment fund permit the League and the Foundation to use all or part of the income earned on related investments for certain general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Allocation of Functional Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of ADL are reported as expenses of those functional areas. Expenses attributable to more than one program or supporting function are principally allocated based on headcount.

(d) Fair Value Measurements

Assets and liabilities reported at fair value are required to be classified within a fair value hierarchy which gives preference to the use of observable inputs over unobservable inputs. Fair value is defined as the exchange price that would be received to sell 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

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted or published prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted or published prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.
- Level 3 inputs are unobservable inputs for the assets or liabilities.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(e) Cash and Cash Equivalents

Cash and cash equivalents represent highly liquid investments with original maturities of three months or less at the time of purchase, except for those short-term investments managed by ADL's investment managers as part of their long-term investment strategies, which are included in investments in the accompanying consolidated balance sheets.

(f) Investments

Investments in short-term instruments, fixed income securities, mutual funds, equity securities and the equity investment trust are carried at fair value based on quoted or published market prices. Investments in absolute return funds, limited partnerships, and other nonpublicly traded investments are stated at estimated fair value which, as a practical expedient, is the net asset value as provided by the investment managers, and evaluated for reasonableness by ADL. The real estate limited partnership is stated at fair value based on an independent appraisal.

(g) Contributions

Contributions, including unconditional promises to give, are recorded as contributions in the accompanying consolidated statements of activities when pledged, less an estimated amount for contributions deemed uncollectible and less a discount for pledges due in future years. Contributions are considered to be available for unrestricted use unless restricted by donors to specific purposes. Conditional contributions, including promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are met.

ADL reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit their use, except for those restrictions met in the same fiscal year as received, which are reported as revenues without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Net assets released from restrictions related to endowment appropriations are reported as endowment return appropriated.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Donated assets and contributed services that meet the criteria for recognition are recorded at fair value at date of gift. The fair value of readily marketable donated assets is based upon published market prices. The fair value of all other assets is based on independent appraisal or estimates of proceeds to be received upon disposition.

(h) Split-Interest Agreements

Contributions of assets placed in trusts in which ADL has a remainder interest and charitable gift annuities are recorded at the date the assets are received after recording liabilities for the actuarial present value of the estimated payments to be made to the donors and/or other beneficiaries. Such contributions are recorded as with or without donor restrictions in the accompanying consolidated statements of activities based on the absence or presence of donor imposed restrictions. The liabilities are adjusted annually for changes in the value of the assets and changes in the estimates of future benefits and are classified as Level 3 in the fair value hierarchy. The adjustments are recorded as change in the value of charitable trust and annuity agreements in the accompanying consolidated statements of activities. The present value of payments to the donors and beneficiaries of the annuities is calculated using a discount rate of 2.34% and 3.15% in 2020 and 2019, respectively.

(i) Fixed Assets

Property and equipment are stated at cost except those assets received by gift, which are stated at fair value at date of gift. Property and equipment are depreciated over their estimated useful lives using the straight-line method.

(j) Income Tax

ADL recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to ADL's exempt purpose is subject to tax under Internal Revenue Code Section 511 and is reported and paid with the Internal Revenue Service Form 990-T (*Exempt Organization Business Income Tax Return*).

(k) Upcoming Accounting Standards

In February 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update ("ASU") ASU 2016-02, Leases (Topic 842) (ASU 2016-02), which supersedes FASB Accounting Standards Codification (ASC) Topic 840, Leases, and requires lessees to recognize most leases on balance sheet via a right-of-use asset and a lease liability and additional qualitative and quantitative disclosures. Leases will be classified as either finance or operating leases, which will impact expense recognition of such leases over the lease term. The ASU also modifies the lease classification criteria for lessors and eliminates some of the real estate leasing guidance previously applied for certain leasing transactions. ADL is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements and will adopt the standard in the upcoming years in accordance with the required effective date.

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) (ASU 2020-07). This guidance is an amendment to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities, as well as the

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

amount of those contributions used in a not-for-profit entity's program and other activities. ADL is currently evaluating the impact of ASU 2020-07 on its consolidated financial statements and will adopt the standard in the upcoming years in accordance with the required effective date.

(l) Implications of COVID-19 on Operations

ADL has continued its operations and programs, including introducing new online virtual programming, while working remotely as a result of the coronavirus pandemic (COVID-19). The COVID-19 pandemic has negatively affected national, state and local economies and global financial markets. While the financial impact on ADL cannot be quantified at this time, we do not anticipate that the pandemic will have a material adverse effect on the current and future financial profile and operating performance of ADL. As it monitors the course of the pandemic, ADL will continue to do everything it can to help its staff and supporters to cope with the complexities of running a nonprofit organization during a global pandemic. ADL is prepared to take additional measures, if necessary, to ensure the continued health and safety of ADL's staff while continuing to fulfill its organizational mission.

(3) Investments

Investments at fair value as of December 31, 2020 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment receivable	\$ 57,468	57,468	—	—
Invested cash and short-term investments	794,856	794,856	—	—
Fixed income securities – government	11,793,119	11,548,527	244,592	—
Mutual funds – equities:				
Domestic	15,802,443	14,925,679	876,764	—
International	18,213,139	18,213,139	—	—
Mutual funds – fixed income:				
Domestic	4,034,064	3,771,035	263,029	—
Mutual funds – real assets	4,272,195	4,272,195	—	—
Common stocks:				
Domestic	13,637,803	13,637,803	—	—
International	527,535	527,535	—	—
Real estate limited partnership (a)	5,786,888	—	—	5,786,888
Equity investment trust	4,869,567	4,869,567	—	—
	<u>79,789,077</u>	<u>\$ 72,617,804</u>	<u>1,384,385</u>	<u>5,786,888</u>

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

	Fair value	Level 1	Level 2	Level 3
Investments reported at net asset value:				
Absolute return funds:				
Multi-strategy hedge funds	\$ 15,708,608			
Global opportunities hedge funds	3,800,222			
Equity long/short hedge funds	10,802,354			
Global equity hedge funds	3,776,189			
Distressed debt hedge funds	659			
Other	2,580,231			
Limited partnerships:				
Other	1,116,415			
Total investments reported at net asset value	37,784,678			
Total investments	\$ 117,573,755			

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Investments at fair value as of December 31, 2019 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Invested cash and short-term investments	\$ 910,867	910,867	—	—
Fixed income securities – government	861,942	861,942	—	—
Mutual funds – equities:				
Domestic	10,126,728	9,735,599	391,129	—
International	14,899,012	14,563,758	335,254	—
Mutual funds – fixed income:				
Domestic	6,768,923	6,419,700	349,223	—
Mutual funds – real assets	5,064,678	5,064,678	—	—
Common stocks:				
Domestic	12,567,502	12,567,502	—	—
International	522,334	522,334	—	—
Real estate limited partnership (a)	5,394,852	—	—	5,394,852
Equity investment trust	5,712,339	5,712,339	—	—
	<u>62,829,177</u>	<u>\$ 56,358,719</u>	<u>1,075,606</u>	<u>5,394,852</u>
Investments reported at net asset value:				
Absolute return funds:				
Multi-strategy hedge funds	11,427,325			
Global opportunities hedge funds	3,620,869			
Equity long/short hedge funds	9,199,738			
Global equity hedge funds	3,367,753			
Distressed debt hedge funds	4,873,856			
Other	2,435,956			
Limited partnerships:				
Other	1,260,166			
Total investments reported at net asset value	<u>36,185,663</u>			
Total investments	<u>\$ 99,014,840</u>			

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

- (a) Represents a noncontrolling 13.69% interest in a real estate limited partnership which owns a residential apartment building located in Woodland Hills, California. The estimated fair value is based upon an independent appraisal of market value. Distributions are made when investments are realized.

Prepaid and other assets include a pre-payment of a capital commitment of \$600,000, which was subsequently invested by the investment fund in January 2021. Prepaid and other assets include a receivable of \$6.7 million for investment sold in 2019 which was subsequently received in 2020.

The change of \$392,000 in level 3 investments in 2020 was due to the appreciation in the fair value of the real estate limited partnership. There was no change in level 3 investment in 2019.

Information with respect to the strategies for investments which are reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows:

Multi-strategy hedge funds – includes investments in funds that pursue multiple investment strategies that attempt to diversify risks and reduce volatility. Capital allocated to each of the strategies, as well as geographical areas, varies depending on market opportunities.

Global opportunities hedge funds – includes investments in funds that invest primarily in equity securities of Asian-Pacific and emerging market companies. A portion of the investment attempts to focus on event-driven investing while also using other hedging strategies.

Equity long/short hedge funds – includes investments in funds that invest both long and short primarily in U.S. equities. Investments are also made in fixed income securities and funds, depending on market conditions and opportunities to increase capital allocation to investments in foreign markets.

Global equity hedge funds – includes investments in common stocks of non-U.S. domiciled companies. Investments include both large-cap and small-cap issuers as well as opportunistic exposure to issuers in the emerging markets.

Distressed debt hedge funds – includes investments in funds that attempt to invest opportunistically in troubled companies. Investments encompass distressed debt, private equity, real estate, high yield bonds, and a number of hedge fund strategies.

Other absolute return – includes investments in funds that invest mainly in private equity, venture capital and income-producing publicly traded master limited partnerships.

Other limited partnerships – includes investments in a domestic limited partnership, which invests in short-term liquid assets, stocks, and bonds. The partnership may also buy and sell put and call options for hedging purposes.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Information with respect to the redemption provisions of investments reported at net asset value is as follows as of December 31, 2020:

Redemption period	Amount
Daily with 30 days' notice	\$ 3,776,189
Monthly with 30–60 days' notice	1,167,689
Quarterly with 30–90 days' notice	26,071,321
Annually with 60–95 days' notice	1,116,415
Semi-Monthly with 5 days' notice	3,792,532
Closed end*	1,860,532
Total	\$ 37,784,678

* Distributions are made when investments are realized.

Investments include charitable trust and annuity funds of approximately \$10.3 million and \$10.2 million at December 31, 2020 and 2019, respectively.

Investment return for the years ended December 31, 2020 and 2019 is summarized as follows:

	2020	2019
Interest and dividends	\$ 1,027,340	1,405,626
Net appreciation in fair value of investments	6,935,252	13,135,392
Total investment return	\$ 7,962,592	14,541,018
Reported in the consolidated statements of activities as follows:		
Without donor restrictions – operating	\$ 1,175,976	903,402
Without donor restrictions – nonoperating	(130,575)	302,881
With donor restrictions	6,917,191	13,334,735
Total investment return	\$ 7,962,592	14,541,018

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(4) Contributions Receivable

Contributions receivable at December 31, 2020 and 2019 are scheduled to be collected as follows:

	<u>2020</u>	<u>2019</u>
Within one year	\$ 29,534,252	22,833,281
One to five years	22,613,746	14,470,275
More than five years	<u>431,752</u>	<u>682,466</u>
	52,579,750	37,986,022
Discount to present value at rates from 0.36% to 2.51%	(1,179,075)	(1,488,075)
Allowance for uncollectible contributions receivable	<u>(4,374,705)</u>	<u>(6,165,000)</u>
	<u>\$ 47,025,970</u>	<u>30,332,947</u>

In 2020 and 2019, 12% and 11% of contributions receivable is from one donor, respectively.

Conditional pledges are not included as support until the conditions are substantially met. In 2017, ADL received a \$5,000,000 conditional pledge for certain fellowships and programs, of which, \$1,000,000 was recognized in the consolidated statements of activities during fiscal 2020 and 2019 respectively. The remaining conditional pledge balance of \$1,000,000 has not been recognized in the consolidated statements of activities.

(5) Property and Equipment

The components of property and equipment and their estimated useful lives at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>	<u>Useful lives</u>
Land	\$ 1,150,224	1,150,224	N/A
Buildings	4,150,445	4,150,445	30 years
Leasehold and building improvements	16,053,354	15,948,437	4–10 years
Furniture and equipment	10,930,482	10,785,196	3–5 years
Artwork	<u>197,470</u>	<u>197,470</u>	N/A
Total	32,481,975	32,231,772	
Less accumulated depreciation and amortization	<u>(24,806,237)</u>	<u>(23,370,705)</u>	
Net property and equipment	<u>\$ 7,675,738</u>	<u>8,861,067</u>	

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(6) Employee Benefit Plans

The Anti-Defamation League Retirement Plan (the Plan) is a qualified, noncontributory defined benefit pension plan sponsored by ADL and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Effective December 31, 2010, the Plan was amended to freeze benefit accruals and participation under the Plan. The compensation amounts and service period used to calculate benefits were frozen on that date resulting in accrued benefits that will not change over time. As a result, the projected benefit obligation is equal to the accumulated benefit obligation, and there is no service cost recognized as a component of pension cost.

Prior to the Plan's freeze, all ADL employees were eligible to participate in the Plan except for leased employees, as defined under the Internal Revenue Code (Code), and employees who performed services for ADL for a non-U.S. subsidiary or affiliate of ADL. Eligible employees became participants in the Plan on the first day of the month following the period in which they were credited with at least 1,000 service hours. The Plan provides full vesting upon completion of five years of service. On the freeze date, the Plan was closed to new participants.

ADL's funding policy is to satisfy the minimum funding requirements of the Code and ERISA and to satisfy any funding obligations established by the Plan's administrator. For the Plan years ended December 31, 2020 and 2019, ADL's contributions met the minimum funding requirements of ERISA.

On October 8, 2020, the Executive Committee of the ADL Board of Directors adopted a resolution to terminate the Plan in a standard termination, effective December 31, 2020. This action was taken following ADL's \$25 million contribution to the Plan in March 2020. Distribution of benefits from the Plan under the standard termination process will be made following the receipt of the necessary regulatory approvals for such termination.

In connection with this decision and in line with its fiduciary duties under ERISA, the Pension Committees adopted a liability-driven investment (LDI) strategy to immunize the Plan's portfolio by matching investment returns to Plan liabilities. LDI shifts the investment strategy by seeking to control interest rate risk and diversifying spread exposure through its fixed income investments. The goal is to have the assets aligned with liabilities and to prevent changes in the Plan's funded status and avoid significant asset losses.

The Plan's assets, which are held in trust by Wells Fargo Bank, N.A., as Trustee, are stated at fair value, and alternative investments are reported at net asset value.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

The following table provides information with respect to the Plan as of December 31, 2020 and 2019 and for the years then ended:

	<u>2020</u>	<u>2019</u>
Projected benefit obligation	\$ 80,498,763	70,237,453
Plan assets, at fair value	<u>76,741,947</u>	<u>43,735,349</u>
Unfunded status	<u>\$ 3,756,816</u>	<u>26,502,104</u>
Net periodic benefit cost	\$ 1,315,759	651,673
Employer contributions	25,000,000	2,859,367
Benefits paid	3,903,810	3,870,923

For 2020, ADL has opted to use a termination liability approach which reflects the estimated impact of the distribution of benefits due to a standard termination. Plan liabilities will be settled through the distribution of lump sum payments to eligible participants that elect to receive such form of payment and through the purchase of annuities. The Plan termination liability as of December 31, 2020 was calculated as follows:

- The lump sum liability was estimated as the December 31, 2020 projected benefit obligation (PBO) based on the December 2020 417(e) segment rates (0.51%, 2.26%, 3.01%) and 2021 417(e) mortality, assuming 50% of active and terminated vested participants take a lump sum.
- To estimate the annuity purchase liability at December 31, 2020:
 - 50% of the active and terminated vested participants' cash flows were carved out of the ongoing plan/GAAP liability PBO cash flows (based on the 2.34% discount rate, Pri-2012/MP-2020 mortality) in order to determine the supportable discount rate at December 31, 2020 based on the FTSE Above Median yield curve. Based on a weighted average method that utilized a 2.25% component to calculate the discount rate.
 - The annuity purchase liability was then determined as the December 31, 2020 PBO (based on the 2.25% discount rate and Pri-2012/MP-2020 mortality), further loaded (the anticipated spread of annuity purchases over typical GAAP liabilities) as follows: active participants: 15%, terminated vested participants: 15% and in-payment participants: 3.4%.

The discount rate used to determine the pension benefit obligation was 3.15% at December 31, 2019.

Weighted average assumptions used to determine net periodic benefit cost at December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	3.15 %	4.15 %
Expected return on plan assets	3.15	6.50
Rate of compensation increases	N/A	N/A

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

As of December 31, 2019, the Plan's targeted and actual asset allocations are as follows:

	<u>Target</u>	<u>Actual</u>
Invested cash and short-term investments	0%–5%	2 %
Mutual funds – fixed income	15%–45%	28
Mutual funds – equities	30%–50%	47
Absolute return funds	10%–30%	13
Limited partnership – real estate	5%–15%	10
Total		<u>100 %</u>

The Plan's assets at fair value as of December 31, 2020 are as follows:

	<u>Fair value</u>	<u>Level 1</u>
Receivable for investment sold	\$ 201,777	201,777
Invested cash and short-term investments	565,034	565,034
Collective investment trust:		
LDI – fixed income	<u>75,975,137</u>	<u>75,975,137</u>
Total investments	<u>\$ 76,741,948</u>	<u>76,741,948</u>

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

The Plan's assets at fair value as of December 31, 2019 are as follows:

	Fair value	Level 1
Invested cash and short-term investments	\$ 967,237	967,237
Domestic – long only	2,113,663	2,113,663
Mutual funds – fixed income:		
Domestic	7,868,408	7,868,408
International	1,726,961	1,726,961
Balanced	2,737,346	2,737,346
Mutual funds – equities:		
Domestic	9,395,747	9,395,747
International	5,784,752	5,784,752
Balanced	3,133,222	3,133,222
	<u>33,727,336</u>	<u>\$ 33,727,336</u>
Investments reported at net asset value:		
Multi-strategy hedge fund	2,201,710	
Equity long/short hedge fund	3,301,132	
Limited partnership – real estate	4,505,171	
	<u>10,008,013</u>	
Total investments reported at net asset value	<u>10,008,013</u>	
Total investments	<u>\$ 43,735,349</u>	

Information with respect to the strategies of the Plan's investments which are reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows:

LDI collective investment trust – invests and reinvests in a portfolio of collective funds maintained by the manager and cash so that the portfolio approximates the targeted interest rate sensitivity of the Plan's liability cash flows.

Multi-strategy hedge fund – a fund that pursues multiple investment strategies that attempt to diversify risks and reduce volatility. Capital allocated to each of the strategies, as well as geographical areas, varies depending on market opportunities.

Equity long/short hedge fund – a fund that seeks capital appreciation through investing in investment funds each of which utilizing various investment strategies including leverage.

Real estate limited partnership – a fund that invests in real estate securities. Depending on market conditions and opportunities, investments can shift between geographical regions in an attempt to enhance returns.

As of December 31, 2020, and 2019, amounts charged to net assets without donor restrictions but not yet recognized as a component of net periodic benefit cost total \$37,578,121 and \$36,639,167, respectively.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

The estimated net actuarial loss that will be amortized into net periodic benefit cost during 2021 is \$1,158,086.

ADL offers a defined contribution plan, the Anti-Defamation League 403(b) Defined Contribution Plan (403(b) Plan), which was established on January 1, 2012 pursuant to Section 403(b) of the Code. The 403(b) Plan covers all eligible employees of ADL and is subject to the provisions of ERISA. Employees are immediately eligible to participate in the 403(b) Plan for the purposes of making employee elective deferral contributions up to the maximum permitted under the Code. To be eligible to receive employer matching and non-matching contributions, participants must have completed one year of service with ADL.

ADL makes an annual non-matching contribution on behalf of each participant who is eligible for such contribution. For the years ended December 31, 2020 and 2019, the employer non-matching contribution was equal to 1% of eligible employees' compensation (as defined). Effective January 1, 2017, the 403(b) Plan was amended to include a provision for employer matching contributions, which are made to participants' accounts on a bi-weekly payroll basis. For the years ended December 31, 2020 and 2019, ADL matched 25% of the first 6% of eligible compensation that a participant contributed to the 403(b) Plan. Participants are 100% vested in the employer contribution (non-matching and matching contributions) after three years of credited service.

For the years ended December 31, 2020 and 2019, ADL made contributions (non-matching and matching) totaling \$799,000 and \$680,000, respectively.

Long-term pension obligations also include amounts for a supplemental pension arrangement with a former key employee.

(7) Net Assets

Net assets with purpose or time restrictions at December 31, 2020 and 2019 include the following restrictions:

	<u>2020</u>	<u>2019</u>
Regional operations	\$ 13,447,820	10,520,562
Education	15,457,676	13,183,355
Policy and programs	18,833,376	3,449,710
International affairs and interfaith programs	1,995,054	1,117,735
Leadership	282,319	147,369
Public awareness	—	350,000
Appropriated endowment gains for the general activities of ADL	537,303	521,691
Future periods	9,911,194	6,206,611
	<u>\$ 60,464,742</u>	<u>35,497,033</u>

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Net assets with donor restrictions at December 31, 2020 and 2019 that are restricted to investment in perpetuity, the income from which is expendable to support the following:

	<u>2020</u>	<u>2019</u>
Regional operations	\$ 21,968,963	20,989,707
Education	26,659,867	25,857,448
Policy and programs	5,206,441	4,734,751
International affairs and interfaith programs	259,064	248,279
Leadership	5,558,814	5,269,608
General activities of ADL	31,010,180	30,263,523
	<u>\$ 90,663,329</u>	<u>87,363,316</u>

ADL's endowment, held entirely by the Foundation, consists of individual donor-restricted endowment funds established for a variety of purposes. In 2015, ADL established two board-designated endowment funds totaling \$3.5 million. As of December 31, 2020, the value of total board-designated endowments was \$3.6 million.

The following tables present the changes in ADL's donor-restricted endowment funds, inclusive of pledges, for the years ended December 31, 2020 and 2019:

	<u>2020</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets at December 31, 2019	\$ 3,566,233	87,363,316	90,929,549
Investment income	32,025	819,133	851,158
Net appreciation (realized and unrealized)	210,346	4,885,235	5,095,581
Contributions	—	1,226,383	1,226,383
Appropriation for expenditure	<u>(178,312)</u>	<u>(3,630,738)</u>	<u>(3,809,050)</u>
Endowment net assets at December 31, 2020	<u>\$ 3,630,292</u>	<u>90,663,329</u>	<u>94,293,621</u>

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

	2019		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets at December 31, 2018	\$ 3,269,782	73,011,215	76,280,997
Investment income	43,683	987,791	1,031,474
Net appreciation (realized and unrealized)	416,257	9,899,595	10,315,852
Contributions	—	6,706,463	6,706,463
Appropriation for expenditure	(163,489)	(3,241,748)	(3,405,237)
Endowment net assets at December 31, 2019	\$ 3,566,233	87,363,316	90,929,549

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the fund. Deficiencies of this nature are reported in net assets with donor restrictions in the accompanying consolidated balance sheets. As of December 31, 2020 and 2019, funds with an original gift value of \$11,125,352 and \$24,592,549, respectively, were “underwater” by \$240,432 and \$605,817, respectively. The investment policy permits spending of underwater endowments.

(b) Return Objective and Risk Parameters

ADL has adopted investment policies for its endowment that attempt to provide a level of support, as determined by ADL’s spending policy, while seeking to preserve the real value of the endowment assets over time. ADL relies on a total return strategy under which investment returns are achieved through both appreciation (realized and unrealized) and yield (interest and dividends). Investments are diversified by asset class, as well as by investment manager and style, with a focus on achieving long-term return objectives within prudent risk constraints.

(c) Spending Policy

The Foundation has a policy of appropriating investment return on the endowment funds for spending at a rate of 5% of the fair value of the endowment, unless otherwise explicitly stipulated by the donor.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(8) Commitments and Contingencies

(a) Operating Leases

ADL occupies its National and New York regional office space in New York City under a lease agreement that expires in 2027. The agreement includes landlord incentives, escalation clauses, and a renewal option. Office space occupied by ADL's other regional offices is under lease agreements expiring at various dates through 2029. The leases are accounted for on a straight-line basis. Certain regional office leases include rent escalations and periods of free rent. The deferred landlord incentives (which are being recognized over the life of the lease) and the difference between straight-lining the rental charges and actual payments are reported as deferred rent in the accompanying consolidated balance sheets. Total rent expense approximated \$6.1 million and \$5.9 million for the years ended December 31, 2020 and 2019, respectively. Minimum annual rentals are as follows:

Year ending December 31:	
2021	\$ 4,754,000
2022	4,572,000
2023	4,585,000
2024	4,594,000
2025	4,612,000
2026 and thereafter	6,944,000
	\$ 30,061,000

On October 29, 2015, the League entered into an 11-year sublease to rent 6,722 usable square feet of space within its National and New York City regional office beginning January 15, 2016. The lease terms provided for six months of tenant rent abatement. Future minimum rental receipts under the lease are as follows:

Year ending December 31:	
2021	\$ 343,000
2022	343,000
2023	343,000
2024	343,000
2025	343,000
2026 and thereafter	740,000
	\$ 2,455,000

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(b) Lines of Credit and Borrowing

The League and the Foundation each have a \$5 million line of credit with the same financial institution. The interest rate on all borrowings is LIBOR plus 55 basis points or the prime rate, as selected by ADL. As of December 31, 2020 and 2019, the League and the Foundation each had an outstanding balance of \$4 million from these lines totaling \$8 million of borrowings under the credit lines. Interest paid for the years ended December 31, 2020 and 2019 was approximately \$126,000 and \$224,000, respectively. These lines are due March 1, 2022.

The League entered into a loan agreement with a financial institution on February 3, 2020 in the amount of \$30 million. The loan was refinanced on April 2, 2020 with an interest rate of 2.6% and matures on April 1, 2030. The loan is subject to certain financial covenants and is guaranteed by the Foundation. The proceeds of the loan were used to fund the \$25 million contribution to Anti-Defamation League Retirement Plan as indicated in note 6. The remaining balance of the loan has been set aside for potential funding of any remaining liability of the Plan in the future. Interest paid for the year ended December 31, 2020 was approximately \$626,000.

The scheduled future maturities of long-term debt as of December 31, 2020 is as follows:

Year ended December 31:		
2021	\$	2,664,509
2022		2,735,603
2023		2,808,595
2024		2,882,124
2025		2,960,434
Thereafter		13,768,252
		<hr/>
Total	\$	<u>27,819,517</u>

(c) Paycheck Protection Program

As of April 28, 2020, ADL received a \$7.4 million loan for the Paycheck Protection Program (PPP). The proceeds from the loan were used to pay payroll, rent and utilities. ADL applied for forgiveness in May 2021 in accordance with the provisions for loan forgiveness. During July 2021, the application for forgiveness was approved. As of December 31, 2020, the balance is recorded in the consolidated statement of financial position in Payroll Protection Program loan payable.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(9) Liquidity and Availability

As of December 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 44,082,543	24,168,981
Contributions receivable, net	47,025,970	30,332,947
Investments	<u>117,573,755</u>	<u>99,014,840</u>
Total financial assets available	<u>208,682,268</u>	<u>153,516,768</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted by donors with time and purpose restrictions that will not be available in the next year	(18,300,016)	(14,333,336)
Endowment funds	<u>(90,663,329)</u>	<u>(87,363,316)</u>
Total amounts unavailable for general expenditures within one year	(108,963,345)	(101,696,652)
Less amounts unavailable to management without board's approval that are board-designated	(3,630,292)	(3,566,233)
Add subsequent year's endowment payout available for general expenditures	3,157,641	3,104,331
Add liquidity resources from other assets	600,000	6,725,399
Add liquidity resources from bank lines of credit	<u>2,000,000</u>	<u>2,000,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 101,846,272</u>	<u>60,083,613</u>

ADL's cash flows have seasonal variations during the year attributable to a concentration of contributions received at year-end. To manage liquidity, ADL maintains lines of credit that are drawn upon as needed during the year to manage cash flows. Amounts outstanding under these lines of credit were \$8,000,000 as of December 31, 2020 and 2019. See note 8(b) for a description of the lines of credit. In addition, ADL manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures. Regular, monthly actual-to-budget/forecast comparison reporting at the department level and quarterly comparison reporting to actual and current budget occur.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(10) Subsequent Events

In connection with the preparation of the consolidated financial statements, ADL evaluated events after the consolidated balance sheet date of December 31, 2020 through August 27, 2021, which was the date the consolidated financial statements were available to be issued.

No additional events have occurred that would require adjustments to or further disclosure in the accompanying consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidating Balance Sheet

December 31, 2020

Assets	League	Foundation	Eliminations	Consolidated total
Cash and cash equivalents	\$ 38,818,742	5,263,801	—	44,082,543
Contributions receivable, net	26,301,067	20,724,903	—	47,025,970
Prepaid expenses and other assets	1,502,344	3,842,551	—	5,344,895
Investments	5,128,798	112,444,957	—	117,573,755
Property and equipment, net	5,965,888	1,709,850	—	7,675,738
Due from the League	—	3,481,437	(3,481,437)	—
Total assets	<u>\$ 77,716,839</u>	<u>147,467,499</u>	<u>(3,481,437)</u>	<u>221,702,901</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 9,244,388	558,964	—	9,803,352
Borrowings under Paycheck Protection Program	7,400,615	—	—	7,400,615
Borrowings under lines of credit	4,000,000	4,000,000	—	8,000,000
Deferred rent	5,177,243	—	—	5,177,243
Liabilities under charitable trusts and annuity agreements	—	7,108,063	—	7,108,063
Long-term pension obligations	4,273,677	—	—	4,273,677
Long-term debt	27,819,517	—	—	27,819,517
Due to the Foundation	3,481,437	—	(3,481,437)	—
Total liabilities	<u>61,396,877</u>	<u>11,667,027</u>	<u>(3,481,437)</u>	<u>69,582,467</u>
Net assets (accumulated deficit):				
Net assets (deficit) without donor restrictions:				
Available for operations	(8,932,838)	10,568,586	—	1,635,748
Long-term pension obligations	(4,273,677)	—	—	(4,273,677)
Board-designated endowment	—	3,630,292	—	3,630,292
Total net assets (deficit) without donor restrictions, net of long-term pension obligations	<u>(13,206,515)</u>	<u>14,198,878</u>	<u>—</u>	<u>992,363</u>
Net assets with donor restrictions:				
Purpose restricted	29,526,477	30,938,265	—	60,464,742
Endowment fund	—	90,663,329	—	90,663,329
Total net assets with donor restrictions	<u>29,526,477</u>	<u>121,601,594</u>	<u>—</u>	<u>151,128,071</u>
Total net assets	<u>16,319,962</u>	<u>135,800,472</u>	<u>—</u>	<u>152,120,434</u>
Total liabilities and net assets	<u>\$ 77,716,839</u>	<u>147,467,499</u>	<u>(3,481,437)</u>	<u>221,702,901</u>

See accompanying independent auditors' report.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidating Statement of Activities

Year ended December 31, 2020

	<u>League</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated total</u>
Changes in net assets without donor restrictions:				
Operating revenues:				
Contributions (including the League's special events revenue of \$6,127,000)	\$ 53,977,549	8,501,263	—	62,478,812
Less:				
Provision for uncollectible contributions receivable	(1,500,000)	—	—	(1,500,000)
Direct special events expenses	(1,888,992)	—	—	(1,888,992)
Contributions, net	50,588,557	8,501,263	—	59,089,820
Rental income from the League	—	291,946	(291,946)	—
Endowment return expended and other investment return	—	4,806,714	—	4,806,714
Other income	1,018,561	—	—	1,018,561
Net assets released from restrictions in satisfaction of time and purpose	17,201,242	2,556,542	—	19,757,784
Transfer to the League from the Foundation	10,947,914	(10,947,914)	—	—
Total operating revenues	79,756,274	5,208,551	(291,946)	84,672,879
Operating expenses:				
Program services	53,243,584	1,823,899	(291,946)	54,775,537
Administration	8,504,048	935,906	—	9,439,954
Development	8,393,006	2,634,228	—	11,027,234
Total operating expenses	70,140,638	5,394,033	(291,946)	75,242,725
Excess (deficiency) of operating revenues over operating expenses	9,615,636	(185,482)	—	9,430,154
Nonoperating activities:				
Investment return greater than amount appropriated	(194,634)	64,059	—	(130,575)
Net periodic benefit cost	(1,315,759)	—	—	(1,315,759)
Pension charge other than net periodic benefit cost	(938,953)	—	—	(938,953)
Reclassification of net assets	—	(5,000)	—	(5,000)
Other, net	—	(56,420)	—	(56,420)
Total nonoperating activities	(2,449,346)	2,639	—	(2,446,707)
Increase (decrease) in net assets without donor restrictions	7,166,290	(182,843)	—	6,983,447
Changes in net assets with donor restrictions:				
Contributions:				
Endowment fund contributions	—	1,226,383	—	1,226,383
Other restricted contributions	21,321,056	22,747,203	—	44,068,259
Total contributions with donor restrictions	21,321,056	23,973,586	—	45,294,642
Change in the value of charitable trust and annuity agreements	—	(560,589)	—	(560,589)
Investment return	—	6,917,191	—	6,917,191
Reclassification of net assets	—	5,000	—	5,000
Net assets released from restrictions:				
Satisfaction of time and purpose and reclassifications	(17,201,242)	(2,556,542)	—	(19,757,784)
Endowment return appropriated	—	(3,630,738)	—	(3,630,738)
Transfer to the League from the Foundation	933,073	(933,073)	—	—
Increase in net assets with donor restrictions	5,052,887	23,214,835	—	28,267,722
Increase in net assets	12,219,177	23,031,992	—	35,251,169
Net assets at beginning of year	4,100,785	112,768,480	—	116,869,265
Net assets at end of year	\$ 16,319,962	135,800,472	—	152,120,434

See accompanying independent auditors' report.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidating Schedule of Functional Expenses – Operating for
Anti-Defamation League

Year ended December 31, 2020

	Program services						Supporting services				Total expenses
	Regional operations	Education	Policy and programs	International affairs and interfaith programs	Leadership	Marketing and communications	Total program services	Administration	Development	Total supporting services	
Salaries	\$ 14,369,064	2,133,630	6,658,674	1,668,167	720,648	3,035,053	28,585,236	3,139,551	4,204,521	7,344,072	35,929,308
Personnel welfare and other related expenses	3,999,172	651,951	1,745,480	427,631	184,736	997,923	8,006,893	922,326	1,246,012	2,168,338	10,175,231
Total salaries and related expenses	18,368,236	2,785,581	8,404,154	2,095,798	905,384	4,032,976	36,592,129	4,061,877	5,450,533	9,512,410	46,104,539
Projects and functions	817,630	1,788,310	2,352,059	239,388	73,154	1,024,921	6,295,462	523,539	1,150,589	1,674,128	7,969,590
Office services and occupancy	3,297,209	689,884	1,962,065	331,940	402,515	1,441,366	8,124,979	2,661,043	1,642,424	4,303,467	12,428,446
Travel, meetings, and conferences	366,681	130,960	108,471	145,609	261,044	26,303	1,039,068	24,101	26,170	50,271	1,089,339
Research materials	8,400	1,882	198,016	6,041	356	49,208	263,903	12,748	11,765	24,513	288,416
Legal and financial	4,242	6,363	8,484	23,039	6,363	4,242	52,733	383,112	18,663	401,775	454,508
Other	181,791	147,236	219,487	121,246	97,656	107,894	875,310	837,628	92,862	930,490	1,805,800
Total operating expenses	\$ 23,044,189	5,550,216	13,252,736	2,963,061	1,746,472	6,686,910	53,243,584	8,504,048	8,393,006	16,897,054	70,140,638

See accompanying independent auditors' report.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidating Schedule of Functional Expenses – Operating for
Anti-Defamation League Foundation

Year ended December 31, 2020

	Program services						Supporting services				Total expenses
	Regional operations	Education	Policy and programs	International affairs and interfaith programs	Leadership	Marketing and communications	Total program services	Administration	Development	Total supporting services	
Salaries	\$ 501,524	303,375	126,085	60,438	68,507	—	1,059,929	408,356	1,294,284	1,702,640	2,762,569
Personnel welfare and other related expenses	135,804	82,149	34,142	16,366	18,551	—	287,012	110,576	390,652	501,228	788,240
Total salaries and related expenses	637,328	385,524	160,227	76,804	87,058	—	1,346,941	518,932	1,684,936	2,203,868	3,550,809
Projects and functions	16,500	53,800	—	—	820	—	71,120	—	—	—	71,120
Office services and occupancy	142,035	108,338	82,107	29,564	32,650	—	394,694	132,578	579,687	712,265	1,106,959
Travel, meetings, and conferences	1,857	3,715	2,786	1,857	929	—	11,144	3,715	8,389	12,104	23,248
Research materials	—	—	—	—	—	—	—	2,814	227,361	230,175	230,175
Legal and financial	—	—	—	—	—	—	—	197,792	17,893	215,685	215,685
Other	—	—	—	—	—	—	—	80,075	115,962	196,037	196,037
Total operating expenses	\$ 797,720	551,377	245,120	108,225	121,457	—	1,823,899	935,906	2,634,228	3,570,134	5,394,033

See accompanying independent auditors' report.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**

Consolidating Statement of Cash Flows

Year ended December 31, 2020

	<u>League</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated total</u>
Cash flows from operating activities:				
Increase in net assets	\$ 12,219,177	23,031,992	—	35,251,169
Adjustments to reconcile increase in net assets to net cash used in operating activities:				
Pension charge other than net periodic benefit cost	938,953	—	—	938,953
Endowment fund contributions	—	(1,226,383)	—	(1,226,383)
Net appreciation in fair value of investments	(194,634)	(7,174,773)	—	(7,369,407)
Provision for uncollectible contributions receivable	1,500,000	(85,000)	—	1,415,000
Depreciation and amortization	1,376,971	58,561	—	1,435,532
Change in the value of charitable trust and annuity agreements	—	560,589	—	560,589
Changes in operating assets and liabilities:				
Contributions receivable	(9,336,448)	(10,016,998)	—	(19,353,446)
Prepaid expenses and other assets	88,615	(714,661)	—	(626,046)
Accounts payable and accrued expenses	1,141,470	(443,160)	—	698,310
Deferred rent	(591,289)	—	—	(591,289)
Long-term pension obligations	(21,176,835)	(2,650,210)	—	(23,827,045)
Net cash used in (provided by) operating activities	<u>(14,034,020)</u>	<u>1,339,957</u>	<u>—</u>	<u>(12,694,063)</u>
Cash flows from investing activities:				
Proceeds from sale of investments	7,129,414	34,142,189	—	41,271,603
Purchase of investments	(11,487,923)	(40,973,188)	—	(52,461,111)
Receivable for investment sold	—	6,725,399	—	6,725,399
Acquisition of property and equipment	(250,203)	—	—	(250,203)
Net cash used in investing activities	<u>(4,608,712)</u>	<u>(105,600)</u>	<u>—</u>	<u>(4,714,312)</u>
Cash flows from financing activities:				
Endowment fund contributions	—	1,226,383	—	1,226,383
Change in contributions receivable restricted for endowment	—	1,245,423	—	1,245,423
Payments to charitable gift annuitants	—	(1,022,692)	—	(1,022,692)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	—	652,691	—	652,691
Borrowings under Paycheck Protection Program	7,400,615	—	—	7,400,615
Proceeds from long-term debt	29,557,998	—	—	29,557,998
Repayment of long-term debt	(1,738,481)	—	—	(1,738,481)
Amounts due to the Foundation	3,169,982	—	(3,169,982)	—
Amounts due from the League	—	(3,169,982)	3,169,982	—
Net cash provided by (used in) financing activities	<u>38,390,114</u>	<u>(1,068,177)</u>	<u>—</u>	<u>37,321,937</u>
Net increase in cash and cash equivalents	19,747,382	166,180	—	19,913,562
Cash and cash equivalents at beginning of year	19,071,360	5,097,621	—	24,168,981
Cash and cash equivalents at end of year	<u>\$ 38,818,742</u>	<u>5,263,801</u>	<u>—</u>	<u>44,082,543</u>

See accompanying independent auditors' report.