

Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**Anti-Defamation League and Anti-Defamation  
League Foundation**

December 31, 2022 and 2021

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**GRANT THORNTON LLP**

757 Third Ave., 9<sup>th</sup> Floor  
New York, NY 10017

**D** +1 212 599 0100

**F** +1 212 370 4520

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of the  
Anti-Defamation League  
and  
The Board of Trustees of the  
Anti-Defamation League Foundation

**Opinion**

We have audited the consolidated financial statements of the Anti-Defamation League and the Anti-Defamation League Foundation (collectively, the “Company” or “ADL”), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Anti-Defamation League and the Anti-Defamation League Foundation as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ADL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of matter**

As discussed in Notes 2 and 8 to the consolidated financial statements in 2022, ADL adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

**Other matter**

The financial statements of ADL as of and for the year ended December 31, 2021 were audited by other auditors who expressed an unmodified opinion on those consolidated financial statements in their report dated December 14, 2022.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ADL's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ADL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ADL's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial of the Anti-Defamation League and Anti-Defamation League Foundation as of and for the year ended December 31, 2022 as a whole. The accompanying supplementary information on pages 31 through 35 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Grant Thornton LLP*

New York, New York  
September 28, 2023

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31,**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 43,718,601	\$ 49,805,052
Contributions receivable, net (Note 4)	33,440,594	34,854,926
Prepaid expenses and other assets (Note 3)	6,419,635	11,538,997
Investments (Note 3)	116,185,572	133,172,988
Right-of-use assets (Note 8)	21,978,699	-
Property and equipment, net (Note 5)	8,649,727	8,891,767
Total assets	<b>\$ 230,392,828</b>	<b>\$ 238,263,730</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 10,426,297	\$ 11,014,189
Borrowings under lines of credit (Note 8)	4,000,000	8,000,000
Deferred rent (Note 8)	-	4,753,183
Liabilities under charitable trusts and annuity agreements	5,698,303	6,558,644
Right-of-use liabilities (Note 8)	26,147,467	-
Pension obligations, net (Note 6)	-	6,529,060
Debt (Note 8)	22,419,405	25,155,008
Total liabilities	68,691,472	62,010,084
<b>Commitments and contingencies (Note 8)</b>		
<b>Net assets (Note 7)</b>		
Net assets without donor restrictions		
Available for operations	15,704,646	14,751,070
Pension obligations (Note 6)	-	(6,529,060)
Total net assets without donor restrictions, net of pension obligations	15,704,646	8,222,010
<b>Net assets with donor restrictions</b>		
Purpose and time restricted	48,624,929	57,930,643
Endowment fund	97,371,781	110,100,993
Total net assets with donor restrictions	145,996,710	168,031,636
Total net assets	161,701,356	176,253,646
Total liabilities and net assets	<b>\$ 230,392,828</b>	<b>\$ 238,263,730</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Years ended December 31,**

	<b>2022</b>	<b>2021</b>
Changes in net assets without donor restrictions		
Operating revenues:		
Contributions (including special events revenue of \$11,630,000 and \$8,863,000, respectively)	\$ 68,445,931	\$ 62,094,906
Less:		
Provision for uncollectible contributions receivable	(778,402)	(5,089,647)
Direct special events expenses	(927,822)	(1,110,464)
Contributions, net	66,739,707	55,894,795
Endowment return expended (Note 3)	5,073,123	2,712,772
Other income	2,722,736	1,889,812
Net assets released from donor restrictions in satisfaction of time and purpose	38,968,574	26,371,074
Total operating revenues	113,504,140	86,868,453
Operating expenses:		
Program services:		
Regional operations	24,068,164	20,288,817
Education	11,946,817	9,382,932
Policy and programs	23,968,205	18,173,295
International affairs	3,894,249	2,662,957
Public awareness	10,411,333	7,962,214
	74,288,768	58,470,215
Supporting services:		
Administration	14,689,408	14,958,903
Development	14,240,266	11,671,005
	28,929,674	26,629,908
Total operating expenses	103,218,442	85,100,123
Excess of operating revenues over operating expenses	10,285,698	1,768,330
Nonoperating activities:		
Investment (loss) return greater than amount allocated to donor restricted (Note 3)	(49,230)	4,795,128
Net periodic benefit cost (Note 6)	(2,753,832)	(2,153,461)
Pension charge other than net periodic benefit cost (Note 6)	-	(250,439)
Reclassification of net assets	-	(4,416,522)
Forgiveness of borrowings under Payroll Protection Program (Note 8)	-	7,486,610
Total nonoperating activities	(2,803,062)	5,461,316
Increase in net assets without donor restrictions	7,482,636	7,229,646
Changes in net assets with donor restrictions:		
Contributions:		
Endowment fund contributions (Note 7)	8,087,466	1,415,760
Other restricted contributions	29,904,401	26,387,781
Total contributions with donor restrictions	37,991,867	27,803,541
Change in the value of charitable trust and annuity agreements	(316,344)	704,326
Investment (loss) return (Note 3)	(15,668,752)	13,063,023
Reclassification of net assets	-	4,416,522
Net assets released from restrictions:		
Satisfaction of time and purpose	(38,968,574)	(26,371,074)
Endowment return appropriated	(5,073,123)	(2,712,772)
(Decrease)/Increase in net assets with donor restrictions	(22,034,926)	16,903,566
(Decrease)/Increase in net assets	(14,552,290)	24,133,212
Net assets at beginning of year	176,253,646	152,120,434
Net assets at end of year	\$ 161,701,356	\$ 176,253,646

The accompanying notes are an integral part of these consolidated financial statements.

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year ended December 31, 2022

	Program Services					Supporting Services				Total Expenses
	Regional Operations	Education	Policy and Programs	International Affairs	Public Awareness	Total Program Services	Administration	Development	Total Supporting Services	
Salaries	\$ 14,477,159	\$ 6,404,172	\$ 11,590,407	\$ 1,062,029	\$ 4,500,256	\$ 38,034,023	\$ 4,438,166	\$ 4,812,432	\$ 9,250,598	\$ 47,284,621
Personnel welfare and other related expenses	3,424,054	1,694,654	2,886,854	181,953	1,056,554	9,244,069	941,588	1,314,795	2,256,383	11,500,452
Total salaries and related expenses	17,901,213	8,098,826	14,477,261	1,243,982	5,556,810	47,278,092	5,379,754	6,127,227	11,506,981	58,785,073
Professional fees and project support	1,128,592	1,877,349	4,576,909	2,102,883	2,867,118	12,552,851	4,892,543	4,305,344	9,197,887	21,750,738
Occupancy	3,160,517	529,521	1,917,109	101,889	902,328	6,611,364	1,164,101	671,736	1,835,837	8,447,201
Meetings and travel	364,186	260,647	829,418	117,961	612,014	2,184,226	727,967	1,237,341	1,965,308	4,149,534
Technology and telecommunications	674,292	546,899	1,497,194	123,951	230,911	3,073,247	450,031	653,109	1,103,140	4,176,387
Other non-personnel	366,605	328,712	250,575	154,982	122,858	1,223,732	1,841,521	852,279	2,693,800	3,917,532
Depreciation and amortization	472,759	304,863	419,739	48,601	119,294	1,365,256	233,491	393,230	626,721	1,991,977
Total operating expenses	<u>\$ 24,068,164</u>	<u>\$ 11,946,817</u>	<u>\$ 23,968,205</u>	<u>\$ 3,894,249</u>	<u>\$ 10,411,333</u>	<u>\$ 74,288,768</u>	<u>\$ 14,689,408</u>	<u>\$ 14,240,266</u>	<u>\$ 28,929,674</u>	<u>\$ 103,218,442</u>

The accompanying notes are an integral part of this consolidated financial statement.



**Anti-Defamation League and  
Anti-Defamation League Foundation**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year ended December 31, 2021

	Program Services					Supporting Services				
	Regional Operations	Education	Policy and Programs	International Affairs	Public Awareness	Total Program Services	Administration	Development	Total Supporting Services	Total Expenses
Salaries	\$ 12,443,480	\$ 5,290,076	\$ 8,712,921	\$ 1,283,024	\$ 3,618,598	\$ 31,348,099	\$ 5,889,829	\$ 4,943,928	\$ 10,833,757	\$ 42,181,856
Personnel welfare and other related expenses	2,450,874	1,196,013	1,966,589	419,441	831,914	6,864,831	1,268,915	1,837,257	3,106,172	9,971,003
Total salaries and related expenses	14,894,354	6,486,089	10,679,510	1,702,465	4,450,512	38,212,930	7,158,744	6,781,185	13,939,929	52,152,859
Professional fees and project support	1,003,922	1,290,799	4,132,399	659,132	2,196,462	9,282,714	3,925,120	2,021,540	5,946,660	15,229,374
Occupancy	3,107,539	544,669	1,144,526	104,220	943,467	5,844,421	1,784,216	1,203,268	2,987,484	8,831,905
Meetings and travel	115,493	15,084	202,996	24,787	44,287	402,647	242,265	135,484	377,749	780,396
Technology and telecommunications	447,774	584,871	1,350,744	66,333	204,720	2,654,442	443,416	467,533	910,949	3,565,391
Other non-personnel	348,349	242,498	373,830	63,017	44,579	1,072,273	1,161,120	749,249	1,910,369	2,982,642
Depreciation and amortization	371,386	218,922	289,290	43,003	78,187	1,000,788	244,022	312,746	556,768	1,557,556
Total operating expenses	<u>\$ 20,288,817</u>	<u>\$ 9,382,932</u>	<u>\$ 18,173,295</u>	<u>\$ 2,662,957</u>	<u>\$ 7,962,214</u>	<u>\$ 58,470,215</u>	<u>\$ 14,958,903</u>	<u>\$ 11,671,005</u>	<u>\$ 26,629,908</u>	<u>\$ 85,100,123</u>

The accompanying notes are an integral part of this consolidated financial statement.

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended December 31,

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
(Decrease) increase in net assets	\$ (14,552,290)	\$ 24,133,212
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities:		
Pension charge other than net periodic benefit cost	-	250,439
Forgiveness of borrowings under Paycheck Protection Program	-	(7,400,615)
Endowment fund contributions	(8,087,466)	(1,415,760)
Net depreciation (appreciation) in fair value of investments	16,793,273	(16,670,405)
Provision for uncollectible contributions receivable	778,402	5,089,647
Depreciation and amortization	1,991,977	1,557,556
Loss on disposal of property and equipment	(1,106)	-
Amortization of right-of-use assets	(21,978,699)	-
Change in the value of charitable trust and annuity agreements	316,344	(704,326)
Changes in operating assets and liabilities:		
Contributions receivable	100,207	5,866,421
Prepaid expenses and other assets	5,119,362	(6,194,102)
Accounts payable and accrued expenses	(587,892)	1,210,837
Deferred rent	(4,753,183)	(424,060)
Right-of-use liabilities	26,147,467	-
Long-term pension obligations	(6,529,060)	2,004,944
Net cash (used in) provided by operating activities	(5,242,664)	7,303,788
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	11,032,029	45,144,962
Purchase of investments	(10,836,779)	(44,073,790)
Acquisition of property and equipment	(1,749,937)	(2,773,585)
Net cash used in investing activities	(1,554,687)	(1,702,413)
<b>Cash flows from financing activities:</b>		
Endowment fund contributions	8,087,466	1,415,760
Change in contributions receivable restricted for endowment	535,723	1,214,976
Payments to charitable gift annuitants	(1,428,255)	(787,624)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	251,569	942,531
Repayment of long-term debt	(6,735,603)	(2,664,509)
Net cash provided by financing activities	710,900	121,134
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,086,451)</b>	<b>5,722,509</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>49,805,052</b>	<b>44,082,543</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 43,718,601</b>	<b>\$ 49,805,052</b>
Supplemental Information		
Cash paid for interest	\$ 782,565	\$ 852,104

The accompanying notes are an integral part of these consolidated financial statements.

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 1 - ORGANIZATION**

Anti-Defamation League (the League) is a nonprofit organization formed in 1913 in response to an escalating climate of antisemitism and bigotry. Its timeless mission is to stop the defamation of the Jewish people and to secure justice and fair treatment to all. Today, the League 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, the League is the first call when acts of antisemitism occur. The League's ultimate goal is a world in which no group or individual suffers from bias, discrimination or hate.

Anti-Defamation League Foundation (the Foundation) was established in 1977 to assist the League in its principal objectives and to encourage and administer endowments. The Anti-Defamation League Foundation Common Fund, Inc. (the Common Fund) is a private foundation that is consolidated within the Foundation's financial position and results.

The League, the Foundation, and the Common Fund (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.

On November 10, 2022 ADL announced an agreement with JLens, the leading Jewish values-based investor network, to expand its participation and advocacy in the environmental, social, and governance (ESG) movement. JLens initially launched in 2012 and has had a strong track record in promoting socially responsible investing with a Jewish values lens. Operating activities for JLens for the years ended December 31, 2022 and 2021 are not reflected in the accompanying consolidated financial statements.

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

***Regional Operations***

Supervises and coordinates the ADL's coast-to-coast network of regional offices. Establishes and monitors operating plans for each region, with a 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.

***Education***

Furtheres 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.

***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; and the Center on Extremism. The Civil Rights team, 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, works to develop new strategies in

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

the fight against hate online, analyzing and preparing reports on hate speech and cyber-harassment, providing insights to government and policymakers, and exposing and countering specific cases of abuse and offensive content on the Internet. 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.

***International Affairs***

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.

***Public Awareness***

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 (reports, brochures, invitations newsletters, publications); and handles special projects such as exhibits and events.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***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.

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

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.

***Measure of Operations***

ADL includes in its definition of operations all revenues and expenses that are integral to its programs and supporting activities. Amounts other than operating revenues and expenses are recognized as nonoperating activities, including investment return (loss) greater than amount appropriated, pension cost changes, and other nonrecurring items.

***Use of Estimates***

The preparation of the 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include allowances for uncollectible receivables, the valuation of alternative investments, actuarial assumptions on pension costs, and the allocation of expenses to functional classifications.

***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.

***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 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.

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

***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 statement of financial position.

***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 as of the reporting date. Investments in absolute return funds, limited partnerships, and other non-publicly 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.

***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.

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.

***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 stipulated 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 1 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 variable discount rate (ranging from 0.4% to 10%) in 2022, and discount rate of 2.34% in 2021.

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**December 31, 2022 and 2021**

***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.

***Leases***

ADL determines if an arrangement is a lease at inception of the contract. Right-of-use ("ROU") assets represent ADL's right to use the underlying assets for the lease term and lease liabilities represent ADL's obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ADL uses an estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. ADL determines this rate based on information obtained from its bankers, its secured debt fair value and publicly available data for instruments with similar characteristics.

***Income Tax***

The League, Foundation and Common Fund are recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Section 501(a) of the Internal Revenue Code as charitable organizations qualifying under Internal Revenue Code Section 501(c)(3), except for income taxes pertaining to unrelated business income. Under U.S. GAAP, the tax effects from uncertain tax positions are to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a tax authority.

ADL completed an analysis of its uncertain tax positions in accordance with applicable accounting guidance and determined there are no amounts to be recognized on the consolidated financial statements at December 31, 2022 or 2021.

***Reclassifications***

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

***Revisions of Prior period Balances***

ADL revised its December 31, 2021 consolidated statement of financial position by reclassifying \$6.3 million from Purpose and Time Restricted to Endowment Fund within Net Assets with Donor Restrictions as well as reclassifying \$0.6 million from Without Donor Restrictions to With Donor Restrictions. The consolidated statement of financial position and note 7 reflect this change. The result of this revision did not have a material effect on the consolidated financial statements issued in the prior year.

***Recently Adopted Accounting Pronouncement***

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations related to their leasing arrangements. This comprehensive new standard amends and supersedes existing lease accounting guidance and is intended to increase transparency and comparability among organizations by recognizing right-of-use lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. Lease expense continues to be recognized in a manner similar to legacy U.S. GAAP.

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ADL adopted the new lease standard on January 1, 2022 using the optional transition method to the modified retrospective approach. Under this transition provision, results for reporting periods beginning on January 1, 2022 are presented under Topic 842, while prior period amounts continue to be reported and disclosed in accordance with ADL's historical accounting treatment under ASC Topic 840.

To reduce the burden of adoption and ongoing compliance with Topic 842, a number of practical expedients and policy elections are available under the new guidance. ADL elected the "package of practical expedients" permitted under the transition guidance, which among other things, did not require reassessment of whether contracts entered into prior to adoption are or contain leases, and allowed carryforward of the historical lease classification for existing leases. ADL has not elected the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term at adoption on January 1, 2022.

ADL made an accounting policy election under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less. For all other leases, ADL recognizes ROU assets and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or January 1, 2022 for existing leases upon the adoption of Topic 842). To determine the present value of lease payments, ADL made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate for all leases, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index). Subsequent changes an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Payments for terminating the lease and residual value guarantees are included in the lease payments only when it is probable they will be incurred.

ADL's leases may include a non-lease component representing additional services transferred to the Company, such as common area maintenance for real estate. ADL made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component for all asset classes. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of right-of-use assets and lease liabilities related to ADL's operating leases of approximately \$27.1 million and \$31.9 million, respectively. The adoption of the new lease standard did not materially impact ADL's change in net assets or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

In September 2020, the ("FASB") issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets within the financial statements of not-for-profit entities through the enhancement of the presentation and disclosure of such activities. Under the new guidance, not-for-profit entities are required to present contributed nonfinancial assets as a separate line item in the statement of activities and disclose certain information related to contributed nonfinancial assets received during the period, including but not limited to: (1) a disaggregation of the amount of contributed nonfinancial assets by type; (2) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the period; (3) a description of donor-imposed restrictions associated with nonfinancial assets; and (4) the principal market used to arrive at a fair value measure if it is a market in which the recipient not-for-profit entity is prohibited by donor-imposed restriction from selling or using the contributed nonfinancial assets. The new guidance was effective for fiscal years beginning after June 15, 2021, and interim periods with fiscal years beginning



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after June 15, 2022 (i.e., fiscal year 2022) and required retrospective application. ASU 2020-07 did not have a material impact on the ADL's consolidated financial statements.

**NOTE 3 - INVESTMENTS**

Investments at fair value as of December 31, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Invested cash and short-term investments	\$ 18,995,388	\$ -	\$ -	\$ 18,995,388
Fixed income securities -				
Domestic (government)	792,917	-	-	792,917
International	491,375	-	-	491,375
Mutual funds - equities:				
Domestic	38,338,321	1,464,925	-	39,803,246
Mutual funds - fixed income: Domestic	2,234,132	-	-	2,234,132
Common stocks:				
Domestic	10,116,803	-	-	10,116,803
International	1,047,926	-	-	1,047,926
Real estate limited partnership	-	-	150,590	150,590
	<u>\$ 72,016,862</u>	<u>\$ 1,464,925</u>	<u>\$ 150,590</u>	<u>\$ 73,632,377</u>

Investments reported at net asset value:

Absolute return funds:	
Multi-strategy hedge funds	\$ 23,124,318
Global opportunities hedge funds	2,964,108
Equity long/short hedge funds	8,594,385
Global equity hedge funds	3,526,568
Other	3,186,782
Limited partnerships:	
Other	<u>1,157,034</u>

Total investments reported at net asset value	<u>42,553,195</u>
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Total investments	<u>\$ 116,185,572</u>
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**December 31, 2022 and 2021**

Investments at fair value as of December 31, 2021 are as follows:

	Level 1	Level 2	Level 3	Fair Value
Invested cash and short-term investments	\$ 13,860,087	\$ -	\$ -	\$ 13,860,087
Fixed income securities - Domestic (government)	813,805	-	-	813,805
Mutual funds - equities:				
Domestic	43,940,304	1,738,556	-	45,678,860
International	105,764	-	-	105,764
Mutual funds - fixed income:				
Domestic	5,873,455	-	-	5,873,455
Common stocks:				
Domestic	13,660,384	-	-	13,660,384
International	1,037,534	-	-	1,037,534
Real estate limited partnership <sup>(a)</sup>	-	-	9,035,400	9,035,400
	<u>\$ 79,291,333</u>	<u>\$ 1,738,556</u>	<u>\$ 9,035,400</u>	<u>\$ 90,065,289</u>

Investments reported at net asset value:

Absolute return funds:	
Multi-strategy hedge funds	\$ 20,892,629
Global opportunities hedge funds	3,482,298
Equity long/short hedge funds	10,382,050
Global equity hedge funds	4,334,181
Other	2,692,432
Limited partnership:	
Other	1,324,109
 Total investments reported at net asset value	 <u>43,107,699</u>
 Total investments	 <u>\$ 133,172,988</u>

<sup>(a)</sup> 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. In May 2022, the partnership sold the building, and the League received a distribution of \$8,214,000. An incremental distribution was received in June 2022 in the amount of \$205,350. Finally, \$616,050 was held back at the time of the sale and to be distributed to the League after the close date pending allocation of remaining cost associated with the sale.

Prepaid expenses and other assets in 2021 include a deposit-in-transit of \$3,000,000 for a transfer of funds in December 2021 to an investment account opened in January 2022.

The change of \$8,884,810 in Level 3 investments from 2021 to 2022 was due to the sale and distribution of proceeds to partners of the real-estate limited partnership.

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**December 31, 2022 and 2021**

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 may include 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.

Investments include charitable trust and annuity funds of approximately \$9.6 million and \$10.4 million at December 31, 2022 and 2021, respectively.

Information with respect to the redemption provisions of investments reported at net asset value is as follows as of December 31, 2022 and 2021:

<u>Redemption Period</u>	<u>2022</u>	<u>2021</u>
Daily with 30 days' notice	\$ 3,526,568	\$ 4,334,181
Monthly with 30-60 days' notice	4,569,702	1,634,809
Quarterly with 30-90 days' notice	19,726,555	27,566,153
Annually with 60-95 days' notice	6,211,630	1,324,109
Semimonthly with 5 days' notice	2,964,106	3,482,298
Closed end*	<u>5,554,634</u>	<u>4,766,149</u>
Total	<u>\$ 42,553,195</u>	<u>\$ 43,107,699</u>

\* Distributions are made when investments are realized.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

Total unfunded commitments of investments reported at net asset value was \$7,557,242 and \$3,094,713 as of December 31, 2022 and 2021, respectively.

Investment return (loss) for the years ended December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Interest and dividends	\$ 1,524,782	\$ 1,756,379
Net (depreciation) appreciation in fair value of investments	(17,242,764)	16,101,772
Total investment (loss) return	\$ (15,717,982)	\$ 17,858,151
Reported in the consolidated statements of activities as follows:		
Without donor restrictions - nonoperating	\$ (49,230)	\$ 4,795,128
With donor restrictions	(15,668,752)	13,063,023
Total investment (loss) return	\$ (15,717,982)	\$ 17,858,151

**NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable, net, at December 31, 2022 and 2021 are scheduled to be collected as follows:

	2022	2021
Within one year	\$ 28,726,162	\$ 18,951,509
One to five years	12,772,067	24,548,048
More than five years	12,000	204,284
	41,510,229	43,703,841
Discount to present value <sup>(a)</sup>	(2,015,069)	(1,603,009)
Allowance for uncollectible contributions receivable	(6,054,566)	(7,245,906)
	\$ 33,440,594	\$ 34,854,926

<sup>(a)</sup> Discount rates utilized were 4.43% and 2.65% for 2022 and 2021 respectively.

In 2022 and 2021, 6% and 7% of contributions receivable, respectively, are from a single donor in each year.

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, \$640,669 and \$359,331 was recognized in the consolidated statements of activities during fiscal years 2022 and 2021, respectively. The remaining conditional pledge balance was recognized in the consolidated statements of activities in 2022.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

The components of property and equipment, net, and their estimated useful lives at December 31, 2022 and 2021 are as follows:

	2022	2021	Useful Lives
Land	\$ 1,150,224	\$ 1,150,224	N/A
Buildings	4,150,445	4,150,445	30 years
Leasehold and building improvements	19,083,181	17,866,465	4-10 years
Furniture and equipment	12,424,179	11,890,957	3-5 years
Artwork	197,470	197,470	N/A
Total	37,005,499	35,255,561	
Less: accumulated depreciation and amortization	(28,355,772)	(26,363,794)	
Net property and equipment	\$ 8,649,727	\$ 8,891,767	

**NOTE 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, 2022 and December 31, 2021, 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. In connection with the decision to terminate 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.

In March 2021, ADL submitted to the Internal Revenue Service an Application for Determination for Terminating Plan and in November 2021, a favorable determination was received.

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Following receipt of all regulatory approvals in late 2021, a 60-day Plan termination election period was held during February through April 2022. During the election period, active and vested Plan participants not in pay status were offered a one-time opportunity to elect a lump sum distribution, an immediate annuity, or a deferred annuity. On June 1, 2022, lump sum payments totaling approximately \$24.1 million were distributed to participants who elected such form of payment.

ADL purchased an annuity contract totaling approximately \$44.1 million from CMFG Life Insurance Company, the parent company of CUNA Mutual Retirement Solutions, to cover the pension benefits for the remaining active and vested participants (who did not elect a lump sum) and all retirees, effective July 1, 2022.

At the time the annuity purchase was made, ADL was required to make an additional contribution of approximately \$9.1 million to fully fund the Plan on a liquidation basis.

As of December 31, 2022, the accumulated plan benefit obligation under the plan is zero as all Plan assets were distributed by the end of 2022.

Upon full distribution of Plan assets in satisfaction of all benefit liabilities, as noted herein, the guarantee provided by the Pension Benefit Guaranty Corporation for employer sponsored plans will cease, and state guaranty provision will govern the transferred liabilities in accordance with applicable state insurance laws.

The Plan's assets which were held in trust by Wells Fargo Bank, N.A., as Trustee, until February 22, 2022 when they were transferred to the Principal Trust Company, as Trustee, are stated at fair value.

The following table provides information with respect to the Plan as of December 31, 2022 and 2021 and for the years then ended:

	2022	2021
Projected benefit obligation	\$ -	\$ (77,357,465)
Plan assets, at fair value	-	71,196,740
Unfunded status	\$ -	\$ (6,160,725)
Net periodic benefit cost	\$ 2,753,832	\$ 2,153,461
Employer contributions	\$ 9,079,731	\$ -
Benefits paid	\$ 70,065,772	\$ 3,971,718

For 2021, 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, 2021 was calculated as follows:

- The lump sum liability at December 31, 2021 equals the actual lump sum disbursements paid out on June 1, 2022 (provided by plan administrator) based on actual elections.
- To calculate the annuity purchase liability at December 31, 2021:
  - Active and terminated vested participants who elected a lump sum payment were carved out of the population, and a supportable discount rate at December 31, 2021 based on the FTSE Above Median yield curve was determined for the annuitant population. The resulting discount rate was 2.57%.

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**December 31, 2022 and 2021**

- In order to measure the load on PBO implied in the annuity purchase price, and given the recent rise/volatility in the discount rates, the following was performed:
  - A supportable discount rate at April 30, 2022 based on the FTSE Above Median yield curve was determined for the annuitant population. The resulting discount rate was 4.18%.
  - An increase of 23 bps was observed in the iBoxx \$Domestic Corporates AA 10Y+ index from April 30, 2022 to May 17, 2022 (the date when the annuity purchase price was locked in).
  - The 4.18% discount rate was adjusted by the increase in the iBoxx index, resulting in a discount rate of 4.41% as of annuity purchase price date.
  - The PBO was calculated for the annuitant population at the 4.41% discount rate and rolled forward five months (before any June monthly benefit payments were paid out), removing the monthly benefit payments actually paid for January through May 2022.
  - The cost of the annuity purchase plus June benefit payments were divided by the rolled forward liability to arrive at an implied load of 10.83%.
  - The December 31, 2021 PBO was calculated at the 2.57% discount rate and loaded with 10/83% to arrive at the annuity purchase liability at December 31, 2021.
  - The lump sum liability of \$24.1 million and the annuity purchase liability of \$53.3 million thus totaled to the plan termination liability of \$74.4 million at December 31, 2021.

Weighted average assumptions used to determine net periodic benefit cost at December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	2.57%	2.57%
Expected return on plan assets	2.57%	2.57%
Rate of compensation increases	N/A	N/A

The Plan's assets at fair value as of December 31, 2021 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Invested cash and short-term investments	\$ 1,138,635	\$ 1,138,635
Common/collective trusts:		
U.S. long corporate bond fund	59,861,878	59,861,878
Short-term investment fund	<u>10,196,227</u>	<u>10,196,227</u>
 Total investments	 <u>\$ 71,196,740</u>	 <u>\$ 71,196,740</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:

**Common/collective trusts** - valued using the NAV which is quoted or published on a private market that is not active; however, the unit price is based on underlying investments which are primarily traded on an active market.

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The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in methodologies used at December 31, 2022.

As of December 31, 2021, amounts charged to net assets without donor restrictions, but not yet recognized as a component of net periodic benefit cost, total \$37.8 million.

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, 2022 and 2021, the employer non-matching contribution was equal to 1.25% and 1.00% respectively 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, 2022 and 2021, 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, 2022 and 2021, ADL made contributions (non-matching and matching) totaling approximately \$899,000 and \$809,000, respectively.

**NOTE 7 - NET ASSETS**

Net assets with donor-stipulated purpose or time restrictions at December 31, 2022 and 2021 include the following:

	2022	2021
Regional operations	\$ 1,359,515	\$ 1,502,989
Education	10,123,742	11,560,898
Policy and programs	7,978,764	14,575,390
International affairs	5,997,991	4,305,969
Appropriated endowment gains for the general activities of ADL	253,980	367,178
Future periods	22,910,937	25,618,220
	\$ 48,624,929	\$ 57,930,644



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**December 31, 2022 and 2021**

Net assets with donor restrictions at December 31, 2022 and 2021 that are restricted to investment in perpetuity, the income from which is expendable to support the following:

	2022	2021
Regional operations	\$ 26,924,743	\$ 32,143,154
Education	14,585,389	16,477,926
Policy and programs	15,147,959	18,254,701
International affairs	243,326	292,219
General activities of ADL	40,470,364	42,932,993
	\$ 97,371,781	\$ 110,100,993

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. In 2021, the value of the board-designated endowments, including allocated income, was reclassified to permanently restricted donor designated endowments.

The following tables present the changes in ADL's donor-restricted endowment funds, inclusive of pledges, for the years ended December 31, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at December 31, 2021	\$ -	\$ 110,100,993	\$ 110,100,993
Investment income	-	1,200,679	1,200,679
Net depreciation (realized and unrealized)	-	(16,944,234)	(16,944,234)
Contributions	-	8,087,466	8,087,466
Appropriation for expenditure	-	(5,073,123)	(5,073,123)
	-	\$ 97,371,781	\$ 97,371,781
Endowment net assets at December 31, 2022	\$ -	\$ 97,371,781	\$ 97,371,781
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at December 31, 2020	\$ 3,630,292	\$ 90,663,329	\$ 94,293,621
Investment income	-	1,232,880	1,232,880
Net appreciation (realized and unrealized)	-	11,026,712	11,026,712
Contributions	-	1,415,760	1,415,760
Appropriation for expenditure	-	(2,712,772)	(2,712,772)
Other adjustments	-	(2,070,866)	(2,070,866)
Reclassification of gifts	(3,630,292)	10,545,950	6,915,658
	-	\$ 110,100,993	\$ 110,100,993
Endowment net assets at December 31, 2021	\$ -	\$ 110,100,993	\$ 110,100,993

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

***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 consolidated balance sheet. As of December 31, 2022, funds with an original gift value of \$83.7 million were “underwater” by \$6.3 million. The investment policy permits spending of underwater endowments; however, ADL did not spend from any underwater endowments during 2022.

***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.

***Spending Policy***

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

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

Operating lease cost is recognized on a straight-line basis over the lease term. Total operating lease costs for year ended December 31, 2022 was approximately \$5,608,000.

Supplemental cash flow information related to leases is as follows:

<u>Classification in Consolidated Statement of financial position</u>	<u>2022</u>
Cash paid for amounts included in measurements of lease liabilities:	
Operating cash outflows - payments on operating leases	\$ 6,224,157
Right-of-use assets obtained in exchange for new lease obligations:	
Operating leases	\$ 29,133

Supplemental balance sheet information related to leases is as follows:

	<u>Year Ended December 31, 2022</u>
Operating lease assets	\$ 21,978,699
Other current liabilities	\$ 5,940,731
Operating lease liabilities	20,206,736
Total right-of-use liabilities	\$ 26,147,467

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

The weighted-average lease terms and discount rates for operating and finance leases at December 31, 2022 is as follows:

Weighted-average remaining lease term (years)	
Operating leases	4.62
Weighted-average discount rate	
Operating leases	1.47%

The future minimum rental commitments for all noncancelable operating and finance leases as of December 31, 2022 are as follows:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>
2023	\$ 6,277,956
2024	6,135,656
2025	5,471,899
2026	5,375,301
2027	2,259,787
Thereafter	<u>1,530,623</u>
 Total lease payments	 27,051,222
 Less: imputed interest	 <u>(903,755)</u>
 Total present value of lease liabilities	 <u>\$ 26,147,467</u>

Prior to the adoption of ASU 2016-02, *Leases*, rent expense for operating lease agreements for the year ended December 31, 2021 totaled \$7.8 million.

***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 equal to the sum of the greater of the BSBY Rate or Index Floor, plus 70 basis points as of December 31, 2022 and 2021. As of December 31, 2022, the League had an outstanding balance of \$4 million, and the Foundation had no outstanding balance. As of December 31, 2021, the League and the Foundation each had an outstanding balance of \$4 million totaling \$8 million of borrowings under the credit lines. Interest paid for the years ended December 31, 2022 and 2021 was approximately \$152,000 and \$57,000, respectively. These lines expire on March 1, 2025.

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 proceeds of the loan were used to fund the \$25 million contribution to Anti-Defamation League Retirement Plan as indicated in Note 6. Interest paid for the years ended December 31, 2022 and 2021 was approximately \$630,000 and \$709,000, respectively. The average rate on all borrowings was 3.06% and 0.77% during the years ended December 31, 2022 and 2021, respectively.

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

The scheduled future maturities of long-term debt as of December 31, 2022 is as follows:

<u>Year Ended December 31:</u>	
2023	\$ 2,808,595
2024	2,882,124
2025	2,960,434
2026	3,039,424
2027	3,120,522
Thereafter	<u>7,608,306</u>
	<u>\$ 22,419,405</u>

The loan is guaranteed by the Foundation and subject to certain financial covenants, one of which being the submission of consolidated and consolidating financial statements within two hundred forty (240) days of the fiscal year end, audited by a firm of independent certified accountants reasonably satisfactory to the Lender. The audited financial statements were not provided by this deadline, and this requirement has been waived by the Lender along with an extension of the due date to October 27, 2023.

***Paycheck Protection Program***

On April 28, 2020, ADL received a \$7.4 million loan under the Small Business Administration's 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 loan was forgiven.

**NOTE 9 - LIQUIDITY AND AVAILABILITY**

As of December 31, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 43,718,601	\$ 49,805,052
Contributions receivable, net	33,440,594	34,854,926
Investments	<u>116,185,572</u>	<u>133,172,988</u>
Total financial assets available	<u>193,344,767</u>	<u>217,832,966</u>
Less those financial assets unavailable for general expenditure within one year, due to:		
Restricted by donors with time and purpose restrictions that will not be satisfied in the following year	(7,280,863)	(20,747,180)
Endowment funds	<u>(97,371,781)</u>	<u>(110,100,993)</u>
Total amounts unavailable for general expenditures within one year	<u>(104,652,644)</u>	<u>(130,848,173)</u>
Add liquidity resources from other assets	-	3,000,000
Add liquidity resources from bank lines of credit	<u>6,000,000</u>	<u>2,000,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 94,692,123</u>	<u>\$ 91,984,793</u>

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

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 \$4,000,000 as of December 31, 2022, and \$8,000,000 as of December 31, 2021. See Note 8 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 occurs to aid in anticipating liquidity needs.

**NOTE 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, 2022 through September 28, 2023, which was the date the consolidated financial statements were available to be issued and provided disclosure where appropriate.

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

SUPPLEMENTARY INFORMATION

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

December 31, 2022

<b>ASSETS</b>	<b>League</b>	<b>Foundation</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
Cash and cash equivalents	\$ 34,519,662	\$ 9,198,939	\$ -	\$ 43,718,601
Contributions receivable, net	20,064,175	13,376,419	-	33,440,594
Prepaid expenses and other assets	3,077,632	3,342,003	-	6,419,635
Investments	696,514	115,489,058	-	116,185,572
Right-of-use assets	21,978,699	-	-	21,978,699
Property and equipment, net	7,028,614	1,621,113	-	8,649,727
Due from the Foundation	6,630,064	-	(6,630,064)	-
Total assets	<u>\$ 93,995,360</u>	<u>143,027,532</u>	<u>(6,630,064)</u>	<u>230,392,828</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 9,932,428	\$ 493,869	\$ -	\$ 10,426,297
Borrowings under lines of credit	4,000,000	-	-	4,000,000
Liabilities under charitable trusts and annuity agreements	-	5,698,303	-	5,698,303
Right-of-use liabilities	26,147,467	-	-	26,147,467
Debt	22,419,405	-	-	22,419,405
Due to the League	-	6,630,064	(6,630,064)	-
Total liabilities	<u>62,499,300</u>	<u>12,822,236</u>	<u>(6,630,064)</u>	<u>68,691,472</u>
<b>Net assets (accumulated deficit):</b>				
Net assets (deficit) without donor restrictions:				
Available for operations	<u>(4,511,055)</u>	<u>20,215,701</u>	<u>-</u>	<u>15,704,646</u>
Total net assets (deficit) without donor restrictions, net of long-term pension obligations	<u>(4,511,055)</u>	<u>20,215,701</u>	<u>-</u>	<u>15,704,646</u>
<b>Net assets with donor restrictions:</b>				
Purpose and time restricted	36,007,115	12,617,814	-	48,624,929
Endowment fund	-	97,371,781	-	97,371,781
Total net assets with donor restrictions	<u>36,007,115</u>	<u>109,989,595</u>	<u>-</u>	<u>145,996,710</u>
Total net assets	<u>31,496,060</u>	<u>130,205,296</u>	<u>-</u>	<u>161,701,356</u>
Total liabilities and net assets	<u>\$ 93,995,360</u>	<u>\$ 143,027,532</u>	<u>\$ (6,630,064)</u>	<u>\$ 230,392,828</u>

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.

**Anti-Defamation League and  
Anti-Defamation League Foundation**

**CONSOLIDATING SCHEDULE OF ACTIVITIES**

Year ended December 31, 2022

	League	Foundation	Eliminations	Consolidated Total
<b>Changes in net assets without donor restrictions</b>				
Operating revenues				
Contributions (including the League's special events revenue of \$11,630,000)	\$ 60,921,478	\$ 7,524,453	\$ -	\$ 68,445,931
Less:				
Provision for uncollectible contributions receivable	(1,049,652)	271,250	-	(778,402)
Direct special events expenses	(927,822)	-	-	(927,822)
Contributions, net	58,944,004	7,795,703	-	66,739,707
Rental income from the League	-	291,947	(291,947)	-
Endowment return expended	-	5,073,123	-	5,073,123
Other income	2,716,119	6,617	-	2,722,736
Net assets released from donor restrictions in satisfaction of time and purpose	30,782,237	8,186,337	-	38,968,574
Transfer to the League from the Foundation	15,636,936	(15,636,936)	-	-
Total operating revenues	108,079,296	5,716,791	(291,947)	113,504,140
Operating expenses				
Program services	74,297,957	282,758	(291,947)	74,288,768
Administration	13,538,874	1,150,534	-	14,689,408
Development	12,282,148	1,958,118	-	14,240,266
Total operating expenses	100,118,979	3,391,410	(291,947)	103,218,442
Excess of operating revenues over operating expenses	7,960,317	2,325,381	-	10,285,698
Nonoperating activities				
Investment (loss) return greater than amount allocated to donor restricted	(161,958)	112,728	-	(49,230)
Net periodic benefit cost	(2,753,832)	-	-	(2,753,832)
Total nonoperating activities	(2,915,790)	112,728	-	(2,803,062)
Increase in net assets without donor restrictions	5,044,527	2,438,109	-	7,482,636
<b>Changes in net assets with donor restrictions</b>				
Contributions				
Endowment fund contributions	-	8,087,466	-	8,087,466
Other restricted contributions	27,090,664	2,813,737	-	29,904,401
Total contributions with donor restrictions	27,090,664	10,901,203	-	37,991,867
Change in the value of charitable trust and annuity agreements	-	(316,344)	-	(316,344)
Investment return	-	(15,668,752)	-	(15,668,752)
Reclassification of net assets	-	-	-	-
Net assets released from restrictions:				
Satisfaction of time and purpose and reclassifications	(30,782,237)	(8,186,337)	-	(38,968,574)
Endowment return appropriated	-	(5,073,123)	-	(5,073,123)
Increase in net assets with donor restrictions	(3,691,573)	(18,343,353)	-	(22,034,926)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,352,954	(15,905,244)	-	(14,552,290)
<b>Net assets at beginning of year</b>	30,143,106	146,110,540	-	176,253,646
<b>Net assets at end of year</b>	\$ 31,496,060	\$ 130,205,296	\$ -	\$ 161,701,356

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.



Anti-Defamation League and  
Anti-Defamation League Foundation

CONSOLIDATING SCHEDULE OF CASH FLOWS

Year ended December 31, 2022

	League	Foundation	Eliminations	Consolidated Total
<b>Cash flows from operating activities:</b>				
Increase (decrease) in net assets	\$ 1,352,954	\$ (15,905,244)	\$ -	\$ (14,552,290)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Pension charge other than net periodic benefit cos	-	-	-	-
Endowment fund contributions	-	(8,087,466)	-	(8,087,466)
Net depreciation in fair value of investments	68,795	16,724,478	-	16,793,273
Provision for uncollectible contributions receivable	1,049,652	(271,250)	-	778,402
Depreciation and amortization	1,944,055	47,922	-	1,991,977
Loss on sale of property and equipment	-	(1,106)	-	(1,106)
Amortization of right-of-use assets	(21,978,699)	-	-	(21,978,699)
Change in the value of charitable trust and annuity agreement	-	316,344	-	316,344
Changes in operating assets and liabilities				
Contributions receivable	1,623,803	(1,523,596)	-	100,207
Prepaid expenses and other assets	561,034	4,558,328	-	5,119,362
Accounts payable and accrued expenses	(946,743)	358,851	-	(587,892)
Deferred rent	(4,753,183)	-	-	(4,753,183)
Right-of-use liability	26,147,467	-	-	26,147,467
Long-term pension obligations	(6,529,060)	-	-	(6,529,060)
Net cash used in operating activities	<u>(1,459,925)</u>	<u>(3,782,739)</u>	<u>-</u>	<u>(5,242,664)</u>
<b>Cash flows from investing activities:</b>				
Proceeds from sale of investments	8,355,750	2,676,279	-	11,032,029
Purchase of investments	(4,017,821)	(6,818,958)	-	(10,836,779)
Acquisition of property and equipment	(1,749,937)	-	-	(1,749,937)
Net cash provided by (used in) investing activities	<u>2,587,992</u>	<u>(4,142,679)</u>	<u>-</u>	<u>(1,554,687)</u>
<b>Cash flows from financing activities:</b>				
Endowment fund contributions	-	8,087,466	-	8,087,466
Change in contributions receivable restricted for endowmen	-	535,723	-	535,723
Payments to charitable gift annuitants	-	(1,428,255)	-	(1,428,255)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	-	251,569	-	251,569
Repayment of long-term debt	(2,735,603)	(4,000,000)	-	(6,735,603)
Amounts due from the Foundation	(3,498,889)	-	-	(3,498,889)
Amounts due to the League	-	3,498,889	-	3,498,889
Net cash (used in) provided by financing activities	<u>(6,234,492)</u>	<u>6,945,392</u>	<u>-</u>	<u>710,900</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(5,106,425)</u>	<u>(980,026)</u>	<u>-</u>	<u>(6,086,451)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>39,626,087</u>	<u>10,178,965</u>	<u>-</u>	<u>49,805,052</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 34,519,662</u>	<u>\$ 9,198,939</u>	<u>\$ -</u>	<u>\$ 43,718,601</u>

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.

## Anti-Defamation League

## CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services					Supporting Services			Total Expenses	
	Regional Operations	Education	Policy and Programs	International Affairs	Public Awareness	Total Program Services	Administration	Development		Total Supporting Services
Salaries	\$ 14,477,159	\$ 6,404,172	\$ 11,590,407	\$ 1,062,029	\$ 4,236,940	\$ 37,770,707	\$ 3,807,708	\$ 3,892,671	\$ 7,700,379	\$ 45,471,086
Personnel welfare and other related expenses	3,424,054	1,694,654	2,886,854	181,953	1,056,553	9,244,068	918,927	1,019,500	1,938,427	11,182,495
Total salaries and related expenses	<u>17,901,213</u>	<u>8,098,826</u>	<u>14,477,261</u>	<u>1,243,982</u>	<u>5,293,493</u>	<u>47,014,775</u>	<u>4,726,635</u>	<u>4,912,171</u>	<u>9,638,806</u>	<u>56,653,581</u>
Professional fees and project support	1,116,852	1,877,349	4,569,209	2,102,883	2,867,117	12,533,410	4,649,164	3,580,787	8,229,951	20,763,361
Occupancy	3,452,464	529,521	1,917,109	101,889	902,328	6,903,311	1,062,543	671,737	1,734,280	8,637,591
Meetings and travel	364,186	260,647	829,418	117,961	612,014	2,184,226	727,904	1,237,341	1,965,245	4,149,471
Technology and telecommunications	674,292	546,899	1,497,194	123,951	230,911	3,073,247	450,031	653,109	1,103,140	4,176,387
Other non-personnel	366,605	328,712	250,575	154,982	122,858	1,223,732	1,737,028	833,773	2,570,801	3,794,533
Depreciation and amortization	472,759	304,863	419,739	48,601	119,294	1,365,256	185,569	393,230	578,799	1,944,055
Total operating expenses	<u>\$ 24,348,371</u>	<u>\$ 11,946,817</u>	<u>\$ 23,960,505</u>	<u>\$ 3,894,249</u>	<u>\$ 10,148,015</u>	<u>\$ 74,297,957</u>	<u>\$ 13,538,874</u>	<u>\$ 12,282,148</u>	<u>\$ 25,821,022</u>	<u>\$ 100,118,979</u>

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.

Anti-Defamation League Foundation  
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES  
Year ended December 31, 2022

	Program Services					Supporting Services				Total Expenses
	Regional Operations	Education	Policy and Programs	International Affairs	Public Awareness	Total Program Services	Administration	Development	Total Supporting Services	
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 263,318	\$ 263,318	\$ 630,457	\$ 919,760	\$ 1,550,217	\$ 1,813,535
Personnel welfare and other related expenses	-	-	-	-	-	-	22,662	295,295	317,957	317,957
Total salaries and related expenses	-	-	-	-	263,318	263,318	653,119	1,215,055	1,868,174	2,131,492
Professional fees and project support	11,740	-	7,700	-	-	19,440	243,380	724,557	967,937	987,377
Occupancy	-	-	-	-	-	-	101,558	-	101,558	101,558
Meetings and travel	-	-	-	-	-	-	63	-	63	63
Technology and telecommunications	-	-	-	-	-	-	-	-	-	-
Other non-personnel	-	-	-	-	-	-	104,492	18,506	122,998	122,998
Depreciation and amortization	-	-	-	-	-	-	47,922	-	47,922	47,922
Total operating expenses	\$ 11,740	\$ -	\$ 7,700	\$ -	\$ 263,318	\$ 282,758	\$ 1,150,534	\$ 1,958,118	\$ 3,108,652	\$ 3,391,410

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.