



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

Consolidated Financial Statements and Schedules

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)



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

## **Independent Auditors' Report**

National Commission  
Anti-Defamation League  
and  
Board of Trustees  
Anti-Defamation League Foundation:

We have audited the accompanying consolidated financial statements of the Anti-Defamation League and Anti-Defamation League Foundation (collectively referred to as ADL), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of activities 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 financial position of Anti-Defamation League and Anti-Defamation League Foundation as of December 31, 2016 and 2015, 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 Matters**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2016 consolidating and other supplementary information included in schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the 2016 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 2016 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 2016 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 2016 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 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 2016 consolidated financial statements or to the 2016 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 2016 consolidated financial statements as a whole.

*KPMG LLP*

August 15, 2017

**ANTI-DEFAMATION LEAGUE AND  
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Consolidated Balance Sheets

December 31, 2016 and 2015

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 17,878,223	7,378,647
Contributions receivable, net (note 4)	12,768,317	13,238,188
Prepaid expenses and other assets	3,763,957	3,839,450
Investments (notes 3 and 8)	100,088,626	108,187,175
Property and equipment, net (note 5)	9,659,871	9,660,121
Total assets	\$ 144,158,994	142,303,581
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,399,001	8,057,376
Borrowings under lines of credit (note 8)	8,000,000	8,000,000
Deferred rent (note 8)	7,031,406	7,303,705
Liabilities under charitable trusts and annuity agreements	8,338,977	8,578,942
Long-term pension obligations (note 6)	31,202,522	32,623,175
Total liabilities	62,971,906	64,563,198
Commitments and contingencies (note 8)		
Net assets (accumulated deficit):		
Unrestricted:		
Available for operations	25,029,661	19,738,367
Long-term pension obligations (note 6)	(31,202,522)	(32,623,175)
Total unrestricted, net of long-term pension obligations	(6,172,861)	(12,884,808)
Temporarily restricted (note 7)	18,786,594	22,835,204
Permanently restricted (note 7)	68,573,355	67,789,987
Total net assets	81,187,088	77,740,383
Total liabilities and net assets	\$ 144,158,994	142,303,581

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND  
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Consolidated Statements of Activities

Years ended December 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
Changes in unrestricted net assets:		
Operating revenues:		
Contributions (including special events revenue of \$20,644,000 and \$23,046,000, respectively)	\$ 61,295,400	51,700,447
Less:		
Provision for uncollectible contributions receivable	(2,603,957)	(1,463,050)
Direct special events expenses	(6,473,906)	(7,089,350)
Contributions, net	52,217,537	43,148,047
Endowment return expended and other investment return (note 3)	2,945,767	3,327,458
Other income	695,342	705,031
Net assets released from restrictions in satisfaction of time and purpose	10,231,641	10,636,466
Total operating revenues	66,090,287	57,817,002
Operating expenses:		
Program services:		
Regional operations	23,450,791	21,886,227
Education	6,160,487	6,501,740
Policy and programs	6,987,860	5,341,300
International affairs and interfaith programs	3,799,006	4,947,110
Leadership	2,872,211	2,371,653
Marketing and communications	4,261,346	4,053,716
	47,531,701	45,101,746
Supporting services:		
Administration	7,647,820	7,351,865
Development	8,406,156	8,580,659
	16,053,976	15,932,524
Total operating expenses	63,585,677	61,034,270
Excess (deficiency) of operating revenues over operating expenses	2,504,610	(3,217,268)
Nonoperating activities:		
Investment return greater (less) than amount appropriated (note 3)	910,463	(1,717,620)
Pension credit (charge) other than net periodic benefit cost (note 6)	834,674	(435,200)
Reclassification of net assets (note 7)	2,449,968	3,500,000
Other, net	12,232	47,934
Total nonoperating activities	4,207,337	1,395,114
Increase (decrease) in unrestricted net assets	6,711,947	(1,822,154)
Changes in temporarily restricted net assets:		
Contributions	6,523,919	8,363,090
Change in the value of charitable trust and annuity agreements	(735,436)	188,378
Investment return (note 3)	4,491,702	(2,960,676)
Reclassification due to change in donor designation (note 7)	(1,244,732)	—
Net assets released from restrictions:		
Satisfaction of time and purpose	(10,231,641)	(10,636,466)
Endowment return appropriated	(2,852,422)	(3,141,298)
Decrease in temporarily restricted net assets	(4,048,610)	(8,186,972)
Change in permanently restricted net assets:		
Contributions (note 7)	1,988,604	1,127,401
Reclassification of net assets (note 7)	(1,205,236)	(3,500,000)
Increase (decrease) in permanently restricted net assets	783,368	(2,372,599)
Increase (decrease) in net assets	3,446,705	(12,381,725)
Net assets at beginning of year	77,740,383	90,122,108
Net assets at end of year	\$ 81,187,088	77,740,383

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 3,446,705	(12,381,725)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Pension (credit) charge other than net periodic benefit cost	(834,674)	435,200
Contributions of permanently restricted net assets	(1,988,604)	(1,127,401)
Net (appreciation) depreciation in fair value of investments	(3,750,826)	6,691,422
Provision for uncollectible contributions receivable	2,603,957	1,463,050
Depreciation and amortization	1,270,707	1,204,164
Change in the value of charitable trust and annuity agreements	735,436	(188,378)
Changes in operating assets and liabilities:		
Contributions receivable	(2,648,761)	(2,080,417)
Prepaid expenses and other assets	75,493	(126,682)
Accounts payable and accrued expenses	341,625	502,293
Deferred rent	(272,299)	(212,177)
Accrued pension obligation and benefit plans	(585,979)	(731,162)
Net cash used in operating activities	(1,607,220)	(6,551,813)
Cash flows from investing activities:		
Proceeds from sale of investments	29,660,149	25,943,775
Purchase of investments	(17,810,774)	(18,493,162)
Acquisition of property and equipment	(1,270,457)	(630,267)
Net cash provided by investing activities	10,578,918	6,820,346
Cash flows from financing activities:		
Contributions of permanently restricted net assets	1,988,604	1,127,401
Change in contributions receivable restricted for permanent investment	514,675	(115,456)
Payments to charitable gift annuitants	(1,193,574)	(1,305,432)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	218,173	96,970
Net cash provided by (used in) financing activities	1,527,878	(196,517)
Net increase in cash and cash equivalents	10,499,576	72,016
Cash and cash equivalents at beginning of year	7,378,647	7,306,631
Cash and cash equivalents at end of year	\$ 17,878,223	7,378,647

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

December 31, 2016 and 2015

**(1) Organization**

The Anti-Defamation League (the League) is a nonprofit organization formed in 1913 for the purpose of defending democratic ideals and eliminating anti-Semitism and bigotry in the United States (U.S.) and around the world, while providing knowledgeable leadership on a national level for the American Jewish community.

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

Both the League 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 League'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. Assists regions in their recruitment and engagement of qualified leadership and their expansion of philanthropic support. Creates measures and metrics to evaluate regional reach and impact.

**(b) Education**

Furthers the League'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 Law Enforcement, Extremism and Communal Security; Government Relations, Advocacy, and Community Engagement; and the Center on Technology and Society. 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 anti-Semitism 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 Law Enforcement, Extremism and Community Security team – through its Center on Extremism – monitors, exposes, and counteracts groups and individuals that promote hate, extremism, anti-Semitism, and racism, producing important reports on such issues as the threat posed by organized extremist and hate movements from across the ideological spectrum as well as an annual Audit of Anti-Semitic Incidents. This team also conducts training for law enforcement agencies on hate crimes, extremism and anti-bias, as well as programs on communal security. The

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Government Relations, Advocacy, and Community Engagement 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 on 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 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 and Programs group.

**(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 anti-Semitism 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 anti-Semitism in the Middle East. Initiates educational programs on the Middle East and Israeli issues, as well as on international best practices on fighting anti-Semitism 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 and Communications***

Presents the public face of ADL. Manages the League's awareness through Internet initiatives, social marketing, online video, and newspaper campaigns; produces the national newsletter ADL on the Frontline; and handles direct marketing. Prepares audiovisual and print materials on ADL issues, goals, and objectives; writes, edits, and produces materials for all ADL divisions (reports, brochures, displays, invitations, newsletters, periodicals, journals, ads, and special publications); and handles special projects such as exhibits.

**(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:

*Unrestricted net assets* – Net assets not subject to donor-imposed restrictions.



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*Temporarily restricted net assets* – Net assets subject to donor-imposed restrictions that will be met either by actions of ADL and/or the passage of time. ADL follows the provisions of Accounting Standards Codification (ASC) 958, *Section 205-45, Classification of Donor Restricted Endowment Funds Subject to UPMIFA*, which requires the portion of a donor restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the New York Prudent Management of Institutional Funds Act (NYPMIFA).

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by ADL. The donors of these assets may specify the use of the income earned. In addition, ADL classifies as permanently restricted net assets the original value of gifts to the permanent endowment, as well as accumulations to the permanent endowment made at the direction of the donor. ADL follows the provisions of NYPMIFA in managing its donor-restricted endowment. ADL has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

Operations include all expenses incurred and unrestricted revenues, except for investment return greater or less than the amount appropriated for spending, pension charges or credits other than net periodic benefit cost, and nonrecurring items.

**(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. Significant estimates made in the preparation of the consolidated financial statements include the fair value of alternative investments, net realizable value of contributions receivable, pension assumptions, and functional expense allocation. Actual results could differ from those estimates.

**(c) 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 prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

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- 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.

**(d) 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.

**(e) 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.

**(f) 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 substantially met.

ADL reports gifts of cash and other assets as temporarily restricted contributions 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 in the unrestricted net assets category. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the 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.

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**(g) *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 unrestricted or temporarily restricted 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 4.0% and 4.1% in 2016 and 2015, respectively.

**(h) *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.

**(i) *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*).

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**(3) Investments**

Investments, stated at estimated fair value, consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Receivables for investments sold	\$ 2,785,966	6,163,337
Invested cash and short-term investments	612,599	991,108
Fixed income securities – government	6,877,223	5,393,930
Mutual funds – equities	18,437,678	18,294,053
Mutual funds – fixed income	6,092,811	4,787,323
Mutual funds – real assets	5,083,361	4,626,613
Common stocks	12,171,736	15,105,451
Absolute return funds	35,541,321	40,535,749
Limited partnerships	12,485,931	12,039,611
Other	—	250,000
Total	<u>\$ 100,088,626</u>	<u>108,187,175</u>

Investments include charitable trust and annuity funds of approximately \$11.6 million and \$12.4 million at December 31, 2016 and 2015, respectively.

Investment return for the years ended December 31, 2016 and 2015 is summarized as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 1,744,684	2,199,286
Net appreciation (depreciation) in fair value of investments	3,750,826	(6,691,422)
Total investment return	<u>\$ 5,495,510</u>	<u>(4,492,136)</u>
Reported in the consolidated statements of activities as follows:		
Unrestricted – operating	\$ 93,345	186,160
Unrestricted – nonoperating	910,463	(1,717,620)
Temporarily restricted	4,491,702	(2,960,676)
Total investment return	<u>\$ 5,495,510</u>	<u>(4,492,136)</u>

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Investments at fair value as of December 31, 2016 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Receivables for investments sold (a)	\$ 2,785,966	2,785,966	—	—
Invested cash and short-term investments	612,599	612,599	—	—
Fixed income securities – government	6,877,223	1,380,023	5,497,200	—
Mutual funds – equities:				
Domestic	8,602,857	7,976,608	626,249	—
International	9,834,821	7,999,840	1,834,981	—
Mutual funds – fixed income:				
Domestic	6,018,127	2,899,396	3,118,731	—
International	74,684	—	74,684	—
Mutual funds – real assets	5,083,361	5,083,361	—	—
Common stocks:				
Domestic	11,561,160	11,561,160	—	—
International	610,576	610,576	—	—
Real estate limited partnership (b)	6,955,681	—	—	6,955,681
Equity investment trust	4,482,506	4,482,506	—	—
	<u>63,499,561</u>	<u>\$ 45,392,035</u>	<u>11,151,845</u>	<u>6,955,681</u>
Investments reported at net asset value:				
Absolute return funds:				
Multi-strategy hedge funds	17,575,286			
Global opportunities hedge funds	4,470,126			
Equity long/short hedge funds	6,876,462			
Distressed debt hedge funds	4,610,126			
Other	2,009,321			
Limited partnerships:				
Other	1,047,744			
Total investments reported at net asset value	<u>36,589,065</u>			
Total investments	<u>\$ 100,088,626</u>			

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Investments at fair value as of December 31, 2015 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Receivables for investments sold (a)	\$ 6,163,337	6,163,337	—	—
Invested cash and short-term investments	991,108	991,108	—	—
Fixed income securities – government	5,393,930	124,030	5,269,900	—
Mutual funds – equities:				
Domestic	7,948,931	7,362,030	586,901	—
International	10,345,122	7,568,323	2,776,799	—
Mutual funds – fixed income:				
Domestic	4,712,856	2,810,810	1,902,046	—
International	74,467	—	74,467	—
Mutual funds – real assets	4,626,613	4,626,613	—	—
Common stocks:				
Domestic	14,010,967	14,010,967	—	—
International	1,094,484	1,094,484	—	—
Real estate limited partnership (b)	6,955,681	—	—	6,955,681
Equity investment trust (c)	4,020,440	4,020,440	—	—
Other	250,000	—	—	250,000
	<u>66,587,936</u>	<u>\$ 48,772,142</u>	<u>10,610,113</u>	<u>7,205,681</u>
Investments reported at net asset value:				
Absolute return funds:				
Multi-strategy hedge funds	18,020,788			
Global opportunities hedge funds	6,913,034			
Equity long/short hedge funds	7,669,735			
Distressed debt hedge funds	6,186,676			
Other	1,745,516			
Limited partnerships:				
Other	1,063,490			
Total investments reported at net asset value	<u>41,599,239</u>			
Total investments	<u>\$ 108,187,175</u>			

- (a) Receivables for investments sold were collected subsequent to year-end.
- (b) 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.
- (c) In accordance with Accounting Standards Update (ASU) 2015-10, *Technical Corrections and Improvements*, ADL removed \$4,020,440 as of December 31, 2015 from investments reported at net asset value and included this amount in Level 1 to correct the fair value hierarchy table.

The change in Level 3 investments in 2016 was due to the sale of Other investments. The change in Level 3 investments in 2015 was due to appreciation in the fair value of real estate limited partnerships.

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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.

**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 publically 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.

Information with respect to the redemption provisions of investments reported at net asset value is as follows as of December 31, 2016:

Redemption period	Amount
Monthly with no less than 60 days' notice	\$ 9,095,261
Quarterly with 30–60 days' notice	17,596,764
Annually with 30–95 days' notice	7,575,417
Closed end*	2,321,623
Total	\$ 36,589,065

\* Distributions are made when investments are realized.

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Notes to Consolidated Financial Statements

December 31, 2016 and 2015

**(4) Contributions Receivable**

Contributions receivable at December 31, 2016 and 2015 are scheduled to be collected as follows:

	<u>2016</u>	<u>2015</u>
Within one year	\$ 14,833,269	15,588,028
One to five years	1,483,334	1,182,500
More than five years	<u>472,466</u>	<u>442,466</u>
	16,789,069	17,212,994
Discount to present value, at rates from 0.78% to 4.70%	(255,752)	(234,806)
Allowance for uncollectible contributions receivable	<u>(3,765,000)</u>	<u>(3,740,000)</u>
	<u>\$ 12,768,317</u>	<u>13,238,188</u>

**(5) Property and Equipment**

The components of property and equipment and their estimated useful lives at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</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	15,652,946	14,751,712	4–10 years
Furniture and equipment	7,442,835	7,118,081	3–5 years
Artwork	<u>197,470</u>	<u>197,470</u>	N/A
Total	28,593,920	27,367,932	
Less accumulated depreciation and amortization	<u>(18,934,049)</u>	<u>(17,707,811)</u>	
Net property and equipment	<u>\$ 9,659,871</u>	<u>9,660,121</u>	

**(6) Employee Benefit Plans**

The Anti-Defamation League Retirement Plan (the Plan) was frozen on December 31, 2010. Effectively, ADL froze benefit accruals for all participants under the Plan. The Plan is administered by a trustee and plan assets, which are held by such trustee, are stated at fair value. Since benefit accruals are suspended, the projected benefit obligation is equal to the accumulated benefit obligation. ADL will continue to make contributions to the Plan in amounts sufficient to meet applicable funding requirements.



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Notes to Consolidated Financial Statements

December 31, 2016 and 2015

The following table provides information with respect to the Plan as of December 31, 2016 and 2015 and for the years then ended:

	<u>2016</u>	<u>2015</u>
Projected benefit obligation	\$ 70,235,683	73,205,384
Plan assets, at fair value	<u>40,138,377</u>	<u>41,841,654</u>
Unfunded status	<u>\$ 30,097,306</u>	<u>31,363,730</u>
Net periodic benefit cost	\$ 579,989	537,800
Employer contributions	1,011,739	1,120,446
Benefits paid	3,771,400	3,828,446

The discount rate used to determine the pension benefit obligation was 3.96% and 4.14% at December 31, 2016 and 2015, respectively.

Weighted average assumptions used to determine net periodic benefit cost at December 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Discount rate	4.14%	3.80%
Expected return on plan assets	7.00	7.00
Rate of compensation increases	N/A	N/A

As of December 31, 2016, 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%	32
Mutual funds – equities	25%–45%	40
Absolute return funds	10%–30%	16
Limited partnership – real estate	5%–10%	<u>10</u>
Total		<u><u>100%</u></u>

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Notes to Consolidated Financial Statements

December 31, 2016 and 2015

As of December 31, 2015, the Plan's targeted and actual asset allocations are as follows:

	<b>Target</b>	<b>Actual</b>
Invested cash and short-term investments	0%–5%	1%
Mutual funds – fixed income	15%–45%	29
Mutual funds – equities	25%–45%	37
Absolute return funds	10%–30%	23
Limited partnership – real estate	5%–10%	10
Total		100%

The Plan's assets at fair value as of December 31, 2016 are as follows:

	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Invested cash and short-term investments	\$ 823,133	823,133	—	—
Mutual funds – fixed income:				
Domestic	6,299,811	6,299,811	—	—
International	2,671,132	2,671,132	—	—
Balanced	3,769,837	3,769,837	—	—
Mutual funds – equities:				
Domestic	8,791,928	8,791,928	—	—
International	7,198,705	7,198,705	—	—
Commodities trust	1,165,949	1,165,949	—	—
	30,720,495	\$ 30,720,495	—	—
Investments reported at net asset value:				
Multi-strategy hedge fund	2,876,972			
Equity long/short hedge fund	2,564,700			
Limited partnership – real estate	3,976,210			
Total investments reported at net asset value	9,417,882			
Total investments	\$ 40,138,377			

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The Plan's assets at fair value as of December 31, 2015 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	\$ 513,582	513,582	—	—
Mutual funds – fixed income:				
Domestic	6,125,655	6,125,655	—	—
International	2,596,891	2,596,891	—	—
Balanced	3,481,670	3,481,670	—	—
Mutual funds – equities:				
Domestic	8,101,270	8,101,270	—	—
International	7,208,644	7,208,644	—	—
Commodities trust (a)	1,014,852	1,014,852	—	—
	<u>29,042,564</u>	<u>\$ 29,042,564</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value:				
Multi-strategy hedge fund	5,117,724			
Equity long/short hedge fund	3,468,122			
Limited partnership – real estate	4,213,244			
Total investments reported at net asset value	<u>12,799,090</u>			
Total investments	<u>\$ 41,841,654</u>			

(a) In accordance with ASU 2015-10, Technical Corrections and Improvements, ADL removed \$1,014,852 as of December 31, 2015 from investments reported at net asset value and included this amount in Level 1 to correct the fair value hierarchy table.

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:

**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.

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Information with respect to the redemption provisions of investments reported at net asset value is as follows as of December 31, 2016:

<b>Redemption period</b>	<b>Amount</b>
Monthly with 15 days' notice	\$ 3,976,210
Quarterly with 45 days' notice	2,564,700
Quarterly with 65 days' notice	2,876,972
Total	\$ 9,417,882

Plan benefits are expected to be paid from the Plan as follows:

2017	\$ 4,360,000
2018	4,353,000
2019	4,352,000
2020	4,332,000
2021	4,279,000
2022–2026	20,914,000

ADL expects to contribute \$1,935,000 to the Plan during the year ended December 31, 2017.

As of December 31, 2016 and 2015, amounts charged to unrestricted net assets but not yet recognized as a component of net periodic benefit cost total \$34,848,408 and \$35,683,082, respectively. The estimated net actuarial loss that will be amortized into net periodic benefit cost during 2017 is \$801,322.

ADL has a contributory defined contribution retirement plan, covering substantially all employees, under arrangements with a financial institution. The plan is subject to the provisions of Title I of the Employee Retirement Income Security Act and Section 403(b) of the Internal Revenue Code of 1986, as amended. ADL's 2016 and 2015 contribution as of the first of the month following one year of employee service represents 2.25% of the participants' eligible compensation. Benefits vest after three years of service. ADL's contribution of approximately \$501,000 for 2016 was made during 2017 and approximately \$509,000 for 2015 was made during 2016.

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

**ANTI-DEFAMATION LEAGUE AND  
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Notes to Consolidated Financial Statements

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**(7) Temporarily Restricted and Permanently Restricted Net Assets**

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Regional operations	\$ 3,566,059	5,774,854
Education	6,908,914	7,537,117
Policy and programs	1,058,775	1,091,789
International affairs and interfaith programs	277,102	1,472,091
Leadership	541,629	383,469
Unappropriated endowment gains for the general activities of ADL	2,641,895	2,654,667
Future periods	<u>3,792,220</u>	<u>3,921,217</u>
	<u>\$ 18,786,594</u>	<u>22,835,204</u>

Permanently restricted net assets at December 31, 2016 and 2015 are restricted to investment in perpetuity, the income from which is expendable to support the following:

	<u>2016</u>	<u>2015</u>
Regional operations	\$ 14,178,628	14,152,312
Education	12,175,269	12,112,469
Civil rights	4,376,006	4,276,006
International affairs and interfaith programs	6,566,806	6,112,478
Leadership	3,471,221	3,348,357
General activities of ADL	<u>27,805,425</u>	<u>27,788,365</u>
	<u>\$ 68,573,355</u>	<u>67,789,987</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, 2016, the value of total board-designated endowments was \$3.54 million.

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Notes to Consolidated Financial Statements

December 31, 2016 and 2015

The following tables present the changes in ADL's donor-restricted endowment funds, inclusive of pledges, for the years ended December 31, 2016 and 2015:

		<b>2016</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets at					
December 31, 2015	\$	1,744,552	4,657,507	67,789,987	74,192,046
Investment income		128,257	1,218,903	—	1,347,160
Net appreciation (realized and unrealized)		311,374	2,370,943	—	2,682,317
Contributions		—	—	1,988,604	1,988,604
Appropriation for expenditure		(173,820)	(3,181,278)	—	(3,355,098)
Reclassification of net assets		—	—	(1,205,236)	(1,205,236)
Endowment net assets at					
December 31, 2016	\$	<u>2,010,363</u>	<u>5,066,075</u>	<u>68,573,355</u>	<u>75,649,793</u>

		<b>2015</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets at					
December 31, 2014	\$	(20,530)	10,225,026	70,162,586	80,367,082
Investment income		233,582	1,294,102	—	1,527,684
Net depreciation (realized and unrealized)		(1,750,646)	(3,431,336)	—	(5,181,982)
Contributions		—	—	1,127,401	1,127,401
Appropriation for expenditure		(217,854)	(3,430,285)	—	(3,648,139)
Reclassification due to change in donor designation		3,500,000	—	(3,500,000)	—
Endowment net assets at					
December 31, 2015	\$	<u>1,744,552</u>	<u>4,657,507</u>	<u>67,789,987</u>	<u>74,192,046</u>

**(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 (i.e., the amount classified as permanently restricted). These deficiencies aggregated \$1,529,728 and \$1,755,448 at December 31, 2016 and 2015, respectively, and are recorded in unrestricted net assets in the accompanying consolidated balance sheets.

**ANTI-DEFAMATION LEAGUE AND  
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Notes to Consolidated Financial Statements

December 31, 2016 and 2015

**(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.

**(d) Change in Donor Designations**

Reclassifications of net assets in 2016 includes releases of restrictions from donors and other adjustments to net assets based upon review of gift instruments.

In 2015, ADL received permission to release from restriction two permanently restricted funds totaling \$3.5 million to form two board-designated funds with the board intention that they be used for the same purposes. The funds can be available to be used as collateral for the lines of credit as disclosed in note 8(b) to the consolidated financial statements.

**(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 2023. 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 New York 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 \$5.5 million for the years ended December 31, 2016 and 2015. Minimum annual rentals are as follows:

Year ending December 31:	
2017	\$ 4,852,000
2018	4,756,000
2019	4,438,000
2020	3,937,000
2021	3,870,000
2022 and thereafter	<u>20,538,000</u>
	<u>\$ 42,391,000</u>

**ANTI-DEFAMATION LEAGUE AND  
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December 31, 2016 and 2015

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:		
2017	\$	316,000
2018		316,000
2019		316,000
2020		316,000
2021		343,000
2022 and thereafter		<u>2,111,000</u>
	\$	<u><u>3,718,000</u></u>

**(b) Lines of Credit**

The League and the Foundation each have a \$4 million line of credit with a financial institution. The interest rate on all borrowings for the years ended December 31, 2016 and 2015 is either LIBOR plus 60 basis points or the prime rate, as selected by ADL. Interest paid as of December 31, 2016 and 2015 was approximately \$93,000 and \$60,000, respectively. As of December 31, 2016 and 2015, the League and the Foundation each had an outstanding balance of the full \$4 million from these lines totaling \$8 million of borrowings under the credit lines. These lines, which are due March 1, 2018, are secured by certain of the Foundation's investments.

**(9) Subsequent Events**

In connection with the preparation of the consolidated financial statements, ADL evaluated events after the balance sheet date of December 31, 2016 through August 15, 2017, which was the date the consolidated financial statements were available to be issued and determined that there were no matters that are required to be disclosed.



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

Consolidating Balance Sheet

December 31, 2016

<b>Assets</b>	<b>League</b>	<b>Foundation</b>	<b>Eliminations</b>	<b>Consolidated total</b>
Cash and cash equivalents	\$ 10,693,845	7,184,378	—	17,878,223
Contributions receivable, net	7,188,716	5,579,601	—	12,768,317
Prepaid expenses and other assets	1,036,056	2,727,901	—	3,763,957
Investments	900,309	99,188,317	—	100,088,626
Property and equipment, net	7,566,920	2,092,951	—	9,659,871
Due from the Foundation	3,243,279	—	(3,243,279)	—
Total assets	<u>\$ 30,629,125</u>	<u>116,773,148</u>	<u>(3,243,279)</u>	<u>144,158,994</u>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 7,946,360	452,641	—	8,399,001
Borrowings under lines of credit	4,000,000	4,000,000	—	8,000,000
Deferred rent	7,031,406	—	—	7,031,406
Liabilities under charitable trusts and annuity agreements	—	8,338,977	—	8,338,977
Long-term pension obligations	28,192,790	3,009,732	—	31,202,522
Due to the League	—	3,243,279	(3,243,279)	—
Total liabilities	<u>47,170,556</u>	<u>19,044,629</u>	<u>(3,243,279)</u>	<u>62,971,906</u>
Net assets (accumulated deficit):				
Unrestricted:				
Available for operations	6,809,178	18,220,483	—	25,029,661
Long-term pension obligations	(28,192,790)	(3,009,732)	—	(31,202,522)
Total unrestricted, net of long-term pension obligations	(21,383,612)	15,210,751	—	(6,172,861)
Temporarily restricted	4,842,181	13,944,413	—	18,786,594
Permanently restricted	—	68,573,355	—	68,573,355
Total (accumulated deficit) net assets	<u>(16,541,431)</u>	<u>97,728,519</u>	<u>—</u>	<u>81,187,088</u>
Total liabilities and net assets	<u>\$ 30,629,125</u>	<u>116,773,148</u>	<u>(3,243,279)</u>	<u>144,158,994</u>

See accompanying independent auditors' report.

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

Consolidating Statement of Activities

Year ended December 31, 2016

	<u>League</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated total</u>
Changes in unrestricted net assets:				
Operating revenues:				
Contributions (including the League's special events revenue of \$20,644,000)	\$ 49,205,591	12,089,809	—	61,295,400
Less:				
Provision for uncollectible contributions receivable	(2,603,957)	—	—	(2,603,957)
Direct special events expenses	(6,473,906)	—	—	(6,473,906)
Contributions, net	40,127,728	12,089,809	—	52,217,537
Rental income from the League	—	291,946	(291,946)	—
Endowment return expended and other investment return	—	2,945,767	—	2,945,767
Other income	695,342	—	—	695,342
Net assets released from restrictions in satisfaction of time and purpose	7,899,230	2,332,411	—	10,231,641
Transfer to the League from the Foundation	14,884,178	(14,884,178)	—	—
Total operating revenues	63,606,478	2,775,755	(291,946)	66,090,287
Operating expenses:				
Program services	46,674,923	1,148,724	(291,946)	47,531,701
Administration	5,525,837	2,121,983	—	7,647,820
Development	6,253,221	2,152,935	—	8,406,156
Total operating expenses	58,453,981	5,423,642	(291,946)	63,585,677
Excess (deficiency) of operating revenues over operating expenses	5,152,497	(2,647,887)	—	2,504,610
Nonoperating activities:				
Investment return greater than amount appropriated	4,024	906,439	—	910,463
Pension credit other than net periodic benefit cost	751,207	83,467	—	834,674
Reclassification of net assets	—	2,449,968	—	2,449,968
Other, net	—	12,232	—	12,232
Transfer to the League from the Foundation	193,943	(193,943)	—	—
Total nonoperating activities	949,174	3,258,163	—	4,207,337
Increase in unrestricted net assets	6,101,671	610,276	—	6,711,947
Changes in temporarily restricted net assets:				
Contributions	5,379,884	1,144,035	—	6,523,919
Change in the value of charitable trust and annuity agreements	—	(735,436)	—	(735,436)
Investment return	—	4,491,702	—	4,491,702
Reclassification of net assets	—	(1,244,732)	—	(1,244,732)
Net assets released from restrictions:				
Satisfaction of time and purpose	(7,899,230)	(2,332,411)	—	(10,231,641)
Endowment return appropriated	—	(2,852,422)	—	(2,852,422)
Transfer to the League from the Foundation	2,107,447	(2,107,447)	—	—
Decrease in temporarily restricted net assets	(411,899)	(3,636,711)	—	(4,048,610)
Change in permanently restricted net assets:				
Contributions	—	1,988,604	—	1,988,604
Reclassification due to change in donor designation	—	(1,205,236)	—	(1,205,236)
Increase in permanently restricted net assets	—	783,368	—	783,368
Increase (decrease) in net assets	5,689,772	(2,243,067)	—	3,446,705
(Accumulated deficit) net assets at beginning of year	(22,231,203)	99,971,586	—	77,740,383
(Accumulated deficit) net assets at end of year	\$ (16,541,431)	97,728,519	—	81,187,088

See accompanying independent auditors' report.

**ANTI-DEFAMATION LEAGUE AND  
ANTI-DEFAMATION LEAGUE FOUNDATION**  
Consolidating Schedule of Functional Operating Expenses  
Year ended December 31, 2016

	<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>Marketing and communications</u>	<u>Total program services</u>	<u>Administration</u>	<u>Development</u>		<u>Total supporting services</u>
Salaries	\$ 12,405,191	2,334,204	3,580,224	1,179,106	515,231	1,709,310	21,723,266	2,206,505	3,871,693	6,078,198	27,801,464
Personnel welfare and other related expenses	3,700,840	685,065	1,040,702	352,592	150,375	501,323	6,430,897	668,972	1,159,680	1,828,652	8,259,549
Total salaries and related expenses	16,106,031	3,019,269	4,620,926	1,531,698	665,606	2,210,633	28,154,163	2,875,477	5,031,373	7,906,850	36,061,013
Projects and functions	1,231,592	2,038,113	1,146,329	1,562,688	768,533	903,685	7,650,940	509,815	1,787,795	2,297,610	9,948,550
Office services and occupancy	4,965,487	515,037	836,181	558,316	249,879	1,050,764	8,175,664	2,349,349	1,153,387	3,502,736	11,678,400
Travel, meetings, and conferences	1,065,286	566,117	284,070	97,988	1,179,038	51,521	3,244,020	269,994	121,480	391,474	3,635,494
Research materials	17,425	1,031	88,614	5,452	203	40,249	152,974	15,554	123,800	139,354	292,328
Legal and financial	570	855	570	20,225	855	570	23,645	437,284	13,162	450,446	474,091
Other	64,400	20,065	11,170	22,639	8,097	3,924	130,295	1,190,347	175,159	1,365,506	1,495,801
Total operating expenses	\$ 23,450,791	6,160,487	6,987,860	3,799,006	2,872,211	4,261,346	47,531,701	7,647,820	8,406,156	16,053,976	63,585,677

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, 2016

	<u>Program services</u>							<u>Supporting services</u>			
	<u>Regional operations</u>	<u>Education</u>	<u>Policy and programs</u>	<u>International affairs and interfaith programs</u>	<u>Leadership</u>	<u>Marketing and communications</u>	<u>Total program services</u>	<u>Administration</u>	<u>Development</u>	<u>Total supporting services</u>	<u>Total expenses</u>
Salaries	\$ 12,316,999	2,130,474	3,478,413	1,087,221	507,745	1,709,310	21,230,162	1,297,660	2,691,241	3,988,901	25,219,063
Personnel welfare and other related expenses	3,673,153	621,106	1,008,740	323,746	148,025	501,323	6,276,093	383,650	789,089	1,172,739	7,448,832
Total salaries and related expenses	15,990,152	2,751,580	4,487,153	1,410,967	655,770	2,210,633	27,506,255	1,681,310	3,480,330	5,161,640	32,667,895
Projects and functions	1,178,601	1,915,700	1,085,155	1,507,478	764,035	903,685	7,354,654	509,815	1,787,795	2,297,610	9,652,264
Office services and occupancy	5,111,340	478,514	814,267	558,316	249,879	1,050,764	8,263,080	1,977,756	855,243	2,832,999	11,096,079
Travel, meetings, and conferences	1,065,286	566,117	284,070	97,988	1,179,038	51,521	3,244,020	101,959	66,741	168,700	3,412,720
Research materials	17,425	1,031	88,614	5,452	203	40,249	152,974	15,554	41,191	56,745	209,719
Legal and financial	570	855	570	20,225	855	570	23,645	289,456	12,046	301,502	325,147
Other	64,400	20,065	11,170	22,639	8,097	3,924	130,295	949,987	9,875	959,862	1,090,157
Total operating expenses	\$ 23,427,774	5,733,862	6,770,999	3,623,065	2,857,877	4,261,346	46,674,923	5,525,837	6,253,221	11,779,058	58,453,981

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, 2016

	Program services						Supporting services				
	Regional operations	Education	Policy and programs	International affairs and interfaith programs	Leadership	Marketing and communications	Total program services	Administration	Development	Total supporting services	Total expenses
Salaries	\$ 88,192	203,730	101,811	91,885	7,486	—	493,104	908,845	1,180,452	2,089,297	2,582,401
Personnel welfare and other related expenses	27,687	63,959	31,962	28,846	2,350	—	154,804	285,322	370,591	655,913	810,717
Total salaries and related expenses	115,879	267,689	133,773	120,731	9,836	—	647,908	1,194,167	1,551,043	2,745,210	3,393,118
Projects and functions	52,991	122,413	61,174	55,210	4,498	—	296,286	—	—	—	296,286
Office services and occupancy	146,093	36,523	21,914	—	—	—	204,530	371,593	298,144	669,737	874,267
Travel, meetings, and conferences	—	—	—	—	—	—	—	168,035	54,739	222,774	222,774
Research materials	—	—	—	—	—	—	—	—	82,609	82,609	82,609
Legal and financial	—	—	—	—	—	—	—	147,828	1,116	148,944	148,944
Other	—	—	—	—	—	—	—	240,360	165,284	405,644	405,644
Total operating expenses	\$ 314,963	426,625	216,861	175,941	14,334	—	1,148,724	2,121,983	2,152,935	4,274,918	5,423,642

See accompanying independent auditors' report.

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

Consolidating Statement of Cash Flows

Year ended December 31, 2016

	<u>League</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated total</u>
Cash flows from operating activities:				
Increase (decrease) in net assets	\$ 5,689,772	(2,243,067)	—	3,446,705
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Pension credit other than net periodic benefit cost	(751,207)	(83,467)	—	(834,674)
Contributions of permanently restricted net assets	—	(1,988,604)	—	(1,988,604)
Net appreciation in fair value of investments	—	(3,750,826)	—	(3,750,826)
Provision for uncollectible contributions receivable	2,603,957	—	—	2,603,957
Depreciation and amortization	1,083,784	186,923	—	1,270,707
Change in the value of charitable trust and annuity agreements	—	735,436	—	735,436
Changes in operating assets and liabilities:				
Contributions receivable	1,432,323	(4,081,084)	—	(2,648,761)
Prepaid expenses and other assets	53,308	22,185	—	75,493
Accounts payable and accrued expenses	372,714	(31,089)	—	341,625
Deferred rent	(272,299)	—	—	(272,299)
Accrued pension obligation and benefit plans	(542,804)	(43,175)	—	(585,979)
Net cash provided by (used in) operating activities	<u>9,669,548</u>	<u>(11,276,768)</u>	<u>—</u>	<u>(1,607,220)</u>
Cash flows from investing activities:				
Proceeds from sale of investments	1,854,561	27,805,588	—	29,660,149
Purchase of investments	(2,086,026)	(15,724,748)	—	(17,810,774)
Acquisition of property and equipment	(1,207,197)	(63,260)	—	(1,270,457)
Net cash (used in) provided by investing activities	<u>(1,438,662)</u>	<u>12,017,580</u>	<u>—</u>	<u>10,578,918</u>
Cash flows from financing activities:				
Contributions of permanently restricted net assets	—	1,988,604	—	1,988,604
Change in contributions receivable restricted for permanent investment	—	514,675	—	514,675
Payments to charitable gift annuitants	—	(1,193,574)	—	(1,193,574)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	—	218,173	—	218,173
Amounts due from the Foundation	(3,304,384)	—	3,304,384	—
Amounts due to the League	—	3,304,384	(3,304,384)	—
Net cash (used in) provided by financing activities	<u>(3,304,384)</u>	<u>4,832,262</u>	<u>—</u>	<u>1,527,878</u>
Net increase in cash and cash equivalents	4,926,502	5,573,074	—	10,499,576
Cash and cash equivalents at beginning of year	5,767,343	1,611,304	—	7,378,647
Cash and cash equivalents at end of year	<u>\$ 10,693,845</u>	<u>7,184,378</u>	<u>—</u>	<u>17,878,223</u>

See accompanying independent auditors' report.