



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

Consolidated Financial Statements and Schedules

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)



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

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Anti-Defamation League and Anti-Defamation League Foundation (the Organization), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Anti-Defamation League and Anti-Defamation League Foundation as of December 31, 2021 and 2020, 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.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, 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 Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 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 GAAS, we:

- 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 consolidated 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 Organization'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 Organization'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2021 consolidating and other supplementary information included in schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the 2021 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 2021 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 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 2021 consolidated financial statements or to the 2021 consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the 2021 consolidated financial statements as a whole.

KPMG LLP

New York, New York
December 14, 2022

**ANTI-DEFAMATION LEAGUE AND
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Consolidated Balance Sheets

December 31, 2021 and 2020

Assets	2021	2020
Cash and cash equivalents	\$ 49,805,052	44,082,543
Contributions receivable, net (note 4)	34,854,926	47,025,970
Prepaid expenses and other assets (note 3)	11,538,997	5,344,895
Investments (note 3)	133,172,988	117,573,755
Property and equipment, net (note 5)	8,891,767	7,675,738
Total assets	\$ 238,263,730	221,702,901
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 11,014,189	9,803,352
Borrowings under Paycheck Protection Program (note 8)	—	7,400,615
Borrowings under lines of credit (note 8)	8,000,000	8,000,000
Deferred rent (note 8)	4,753,183	5,177,243
Liabilities under charitable trusts and annuity agreements	6,558,644	7,108,063
Long-term pension obligations (note 6)	6,529,060	4,273,677
Long-term debt (note 8)	25,155,008	27,819,517
Total liabilities	62,010,084	69,582,467
Commitments and contingencies (note 8)		
Net assets (note 7):		
Net assets without donor restrictions:		
Available for operations	15,537,299	1,635,748
Long-term pension obligations (note 6)	(6,529,060)	(4,273,677)
Board-designated endowment	—	3,630,292
Total net assets without donor restrictions, net of long-term pension obligations	9,008,239	992,363
Net assets with donor restrictions:		
Purpose or time restricted	64,060,072	60,464,742
Endowment fund	103,185,335	90,663,329
Total net assets with donor restrictions	167,245,407	151,128,071
Total net assets	176,253,646	152,120,434
Total liabilities and net assets	\$ 238,263,730	221,702,901

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
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Consolidated Statements of Activities

Years ended December 31, 2021 and 2020

	2021	2020
Changes in net assets without donor restrictions:		
Operating revenues:		
Contributions (including special events revenue of \$8,863,000 and \$6,127,000, respectively)	\$ 62,094,906	62,478,812
Less:		
Provision for uncollectible contributions receivable	(5,089,647)	(1,500,000)
Direct special events expenses	(1,110,464)	(1,888,992)
Contributions, net	55,894,795	59,089,820
Endowment return expended (note 3)	2,712,772	3,630,738
Other income	1,889,812	1,018,561
Net assets released from restrictions in satisfaction of time and purpose	26,371,074	19,757,784
Total operating revenues	86,868,453	83,496,903
Operating expenses:		
Program services:		
Regional operations	20,492,253	23,549,963
Education	8,447,964	6,101,593
Policy and programs	15,767,965	13,497,856
International affairs and interfaith programs	2,275,628	3,071,286
Leadership	8,136,942	1,867,929
Public awareness	7,526,413	6,686,910
	62,647,165	54,775,537
Supporting services:		
Administration	14,377,500	9,439,954
Development	8,075,458	11,027,234
	22,452,958	20,467,188
Total operating expenses	85,100,123	75,242,725
Excess of operating revenues over operating expenses	1,768,330	8,254,178
Nonoperating activities:		
Investment return greater than amount appropriated (note 3)	4,795,128	1,045,401
Net periodic benefit cost (note 6)	(2,153,461)	(1,315,759)
Pension charge other than net periodic benefit cost (note 6)	(250,439)	(938,953)
Reclassification of net assets	(3,630,292)	(5,000)
Forgiveness of borrowings under Payroll Protection Program (note 8)	7,486,610	—
Other, net	—	(56,420)
Total nonoperating activities	6,247,546	(1,270,731)
Increase in net assets without donor restrictions	8,015,876	6,983,447
Changes in net assets with donor restrictions:		
Contributions:		
Endowment fund contributions (note 7)	1,415,760	1,226,383
Other restricted contributions	26,387,781	44,068,259
Total contributions with donor restrictions	27,803,541	45,294,642
Change in the value of charitable trust and annuity agreements	704,326	(560,589)
Investment return (note 3)	13,063,023	6,917,191
Reclassification of net assets	3,630,292	5,000
Net assets released from restrictions:		
Satisfaction of time and purpose	(26,371,074)	(19,757,784)
Endowment return appropriated	(2,712,772)	(3,630,738)
Increase in net assets with donor restrictions	16,117,336	28,267,722
Increase in net assets	24,133,212	35,251,169
Net assets at beginning of year	152,120,434	116,869,265
Net assets at end of year	\$ 176,253,646	152,120,434

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Functional Expenses

Year ended December 31, 2021

	Program services						Supporting services				Total expenses
	Regional operations	Education	Policy and programs	International affairs and interfaith programs	Leadership	Public awareness	Total program services	Administration	Development	Total supporting services	
Salaries	\$ 12,863,676	5,084,482	7,986,171	1,194,164	4,459,178	1,365,568	32,953,239	4,549,577	4,514,493	9,064,070	42,017,309
Personnel welfare and other related expenses	3,175,385	1,180,569	1,771,445	356,923	1,090,478	466,245	8,041,045	1,748,670	900,895	2,649,565	10,690,610
Total salaries and related expenses	16,039,061	6,265,051	9,757,616	1,551,087	5,549,656	1,831,813	40,994,284	6,298,247	5,415,388	11,713,635	52,707,919
Projects and functions	613,461	1,299,360	3,230,316	381,285	1,827,456	3,036,384	10,388,262	2,316,541	711,334	3,027,875	13,416,137
Office services and occupancy	3,502,550	830,465	2,119,864	173,907	465,697	2,091,114	9,183,597	3,688,031	1,329,239	5,017,270	14,200,867
Travel, meetings, and conferences	158,012	28,867	258,724	121,255	235,882	528,252	1,330,992	182,577	246,334	428,911	1,759,903
Research materials	780	8,941	78,171	2,753	6,701	282	97,628	1,296	2,434	3,730	101,358
Legal and financial	3,500	—	170,890	30,721	51,550	40	256,701	562,288	53,904	616,192	872,893
Other	174,889	15,280	152,384	14,620	—	38,528	395,701	1,328,520	316,825	1,645,345	2,041,046
Total operating expenses	\$ 20,492,253	8,447,964	15,767,965	2,275,628	8,136,942	7,526,413	62,647,165	14,377,500	8,075,458	22,452,958	85,100,123

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
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Consolidated Statement of Functional Expenses

Year ended December 31, 2020

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

See accompanying notes to consolidated financial statements.

**ANTI-DEFAMATION LEAGUE AND
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Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 24,133,212	35,251,169
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Pension charge other than net periodic benefit cost	250,439	938,953
Forgiveness of borrowings under Paycheck Protection Program	(7,400,615)	—
Endowment fund contributions	(1,415,760)	(1,226,383)
Net appreciation in fair value of investments	(16,670,405)	(7,369,407)
Provision for uncollectible contributions receivable	5,089,647	1,415,000
Depreciation and amortization	1,557,556	1,435,532
Change in the value of charitable trust and annuity agreements	(704,326)	560,589
Changes in operating assets and liabilities:		
Contributions receivable	5,866,421	(19,353,446)
Prepaid expenses and other assets	(6,194,102)	(626,046)
Accounts payable and accrued expenses	1,210,837	698,310
Deferred rent	(424,060)	(591,289)
Long-term pension obligations	2,004,944	(23,827,045)
Net cash provided by (used in) operating activities	7,303,788	(12,694,063)
Cash flows from investing activities:		
Proceeds from sale of investments	45,144,962	41,271,603
Purchase of investments	(44,073,790)	(52,461,111)
Receivable for investment sold	—	6,725,399
Acquisition of property and equipment	(2,773,585)	(250,203)
Net cash used in investing activities	(1,702,413)	(4,714,312)
Cash flows from financing activities:		
Endowment fund contributions	1,415,760	1,226,383
Change in contributions receivable restricted for endowment	1,214,976	1,245,423
Payments to charitable gift annuitants	(787,624)	(1,022,692)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	942,531	652,691
Borrowings under Paycheck Protection Program	—	7,400,615
Proceeds from long-term debt	—	29,557,998
Repayment of long-term debt	(2,664,509)	(1,738,481)
Net cash provided by financing activities	121,134	37,321,937
Net increase in cash and cash equivalents	5,722,509	19,913,562
Cash and cash equivalents at beginning of year	44,082,543	24,168,981
Cash and cash equivalents at end of year	\$ 49,805,052	44,082,543

See accompanying notes to consolidated financial statements.

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December 31, 2021 and 2020

(1) Organization

The 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 protect the Jewish people and to secure justice and fair treatment for 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.

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. The Anti-Defamation League Foundation Common Fund, Inc. (the Common Fund) is a private foundation that is consolidated within the Foundation's financial results.

ADL, 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.

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

(a) Regional Operations

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

(b) Education

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

(c) Policy and Programs

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

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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 group. The Center on Extremism monitors and exposes extremist movements and individuals across the ideological spectrum and provides actionable intelligence and data-based analysis to law enforcement, public officials, community leaders and technology companies. The Law Enforcement and Community Security team conducts training for law enforcement agencies on hate crimes, extremism and implicit bias, as well as programs on community security. Hispanic Affairs expands ADL's work with Hispanic/Latino communities in the U.S.

(d) *International Affairs and Interfaith Programs*

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

(e) *Leadership*

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

(f) *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 for all ADL teams (reports, brochures, invitations newsletters, publications); and handles special projects such as exhibits and events.

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Notes to Consolidated Financial Statements

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(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, the Foundation, and the Common Fund. All significant interorganizational balances and transactions have been eliminated in consolidation.

(a) Basis of Presentation

ADL's net assets (including those associated with endowment funds), revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

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

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

(b) 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 greater than amount appropriated, pension cost changes, and other nonrecurring items.

(c) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include allowances for uncollectible receivables, the valuation of alternative investments, actuarial assumption on pension costs, and the allocation of expenses to functional classifications.

(d) 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

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expenses of those functional areas. Expenses attributable to more than one program or supporting function are principally allocated based on headcount.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

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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.

(i) Split-Interest Agreements

Contributions of assets placed in trusts in which ADL has a remainder interest and charitable gift annuities are recorded at the date the assets are received after recording liabilities for the actuarial present value of the estimated payments to be made to the donors and/or other beneficiaries. Such contributions are recorded as with or without donor restrictions in the accompanying consolidated statements of activities based on the absence or presence of donor-imposed restrictions. The liabilities are adjusted annually for changes in the value of the assets and changes in the estimates of future benefits and are classified as Level 3 in the fair value hierarchy. The adjustments are recorded as change in the value of charitable trust and annuity agreements in the accompanying consolidated statements of activities. The present value of payments to the donors and beneficiaries of the annuities is calculated using a discount rate of 2.34% in 2021 and 2020, respectively.

(j) 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.

(k) 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*).

(l) Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

(m) Upcoming Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02), which supersedes FASB Accounting Standards Codification (ASC) Topic 840, *Leases*, and requires lessees to recognize most leases on

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balance sheet via a right-of-use asset and a lease liability and additional qualitative and quantitative disclosures. Leases will be classified as either finance or operating leases, which will impact expense recognition of such leases over the lease term. The ASU also modifies the lease classification criteria for lessors and eliminates some of the real estate leasing guidance previously applied for certain leasing transactions. ADL is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements and will adopt the standard as of January 1, 2022 in accordance with the required effective date.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* (ASU 2020-07). This guidance is an amendment to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities, as well as the amount of those contributions used in a not-for-profit entity's program and other activities. ADL is currently evaluating the impact of ASU 2020-07 on its consolidated financial statements and will adopt the standard in the upcoming years in accordance with the required effective date.

(3) Investments

Investments at fair value as of December 31, 2021 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	\$ 13,860,087	13,860,087	—	—
Fixed income securities – government	813,805	813,805	—	—
Mutual funds – equities:				
Domestic	45,678,860	43,940,304	1,738,556	—
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 (a)	9,035,400	—	—	9,035,400
	<u>90,065,289</u>	<u>\$ 79,291,333</u>	<u>1,738,556</u>	<u>9,035,400</u>

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	Fair value	Level 1	Level 2	Level 3
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 partnerships:				
Other	1,324,109			
Total investments reported at net asset value	43,107,699			
Total investments	\$ 133,172,988			

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

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

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

(a) Represents a noncontrolling 13.69% interest in a real estate limited partnership which owns a residential apartment building located in Woodland Hills, California. The estimated fair value is based upon an independent appraisal of market value. Distributions are made when investments are realized. In May 2022, the partnership sold the building, and the League received a distribution of \$8,214,000. An additional incremental distribution was received in June 2022 in the amount of \$205,350. Finally, \$616,050 was held back at the time of sales and will be distributed to the League within one year of the close date.

Prepaid expenses and other assets includes 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 \$3,248,512 and \$392,000 in Level 3 investments in 2021 and 2020, respectively, was due to the appreciation in the fair value of the real estate limited partnership.

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.

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

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

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

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

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

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

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

Investments include charitable trust and annuity funds of approximately \$10.4 million and \$10.3 million at December 31, 2021 and 2020, respectively.

<u>Redemption period</u>	<u>Amount</u>
Daily with 30 days' notice	\$ 4,334,181
Monthly with 30–60 days' notice	1,634,809
Quarterly with 30–90 days' notice	27,566,153
Annually with 60–95 days' notice	1,324,109
Semimonthly with 5 days' notice	3,482,298
Closed end*	<u>4,766,149</u>
Total	<u>\$ 43,107,699</u>

*Distributions are made when investments are realized.

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Investment return for the years ended December 31, 2021 and 2020 is summarized as follows:

	2021	2020
Interest and dividends	\$ 1,756,379	1,027,340
Net appreciation in fair value of investments	16,101,772	6,935,252
Total investment return	\$ 17,858,151	7,962,592
Reported in the consolidated statements of activities as follows:		
Without donor restrictions – nonoperating	\$ 4,795,128	1,045,401
With donor restrictions	13,063,023	6,917,191
Total investment return	\$ 17,858,151	7,962,592

(4) Contributions Receivable

Contributions receivable at December 31, 2021 and 2020 are scheduled to be collected as follows:

	2021	2020
Within one year	\$ 18,951,509	29,534,252
One to five years	24,548,048	22,613,746
More than five years	204,284	431,752
	43,703,841	52,579,750
Discount to present value at rates from 2.51% to 2.65%	(1,603,009)	(1,179,075)
Allowance for uncollectible contributions receivable	(7,245,906)	(4,374,705)
	\$ 34,854,926	47,025,970

In 2021 and 2020, 7% and 12% of contributions receivable is from one donor, respectively.

Conditional pledges are not included as support until the conditions are substantially met. In 2017, ADL received a \$5,000,000 conditional pledge for certain fellowships and programs, of which, \$359,331 and \$1,000,000 was recognized in the consolidated statements of activities during fiscal years 2021 and 2020, respectively. The remaining conditional pledge balance of \$640,669 has not been recognized in the consolidated statements of activities.

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(5) Property and Equipment

The components of property and equipment and their estimated useful lives at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</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	17,866,465	16,053,354	4–10 years
Furniture and equipment	11,890,957	10,930,482	3–5 years
Artwork	<u>197,470</u>	<u>197,470</u>	N/A
Total	35,255,561	32,481,975	
Less accumulated depreciation and amortization	<u>(26,363,794)</u>	<u>(24,806,237)</u>	
Net property and equipment	<u>\$ 8,891,767</u>	<u>7,675,738</u>	

(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, 2021 and 2020, 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

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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.

Following receipt of all regulatory approvals in late 2021, a sixty-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 sums 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.

The Plan Sponsor currently anticipates that the accumulated plan benefit obligation will be zero as of December 31, 2022, and that all Plan assets will be 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 provisions will govern the transferred liabilities in accordance with applicable state insurance laws.

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

The following table provides information with respect to the Plan as of December 31, 2021 and 2020 and for the years then ended:

	<u>2021</u>	<u>2020</u>
Projected benefit obligation	\$ (77,357,465)	(80,498,763)
Plan assets, at fair value	<u>71,196,740</u>	<u>76,741,948</u>
Unfunded status	<u>\$ (6,160,725)</u>	<u>(3,756,815)</u>
Net periodic benefit cost	\$ 2,153,461	1,315,759
Employer contributions	—	25,000,000
Benefits paid	3,971,718	3,903,810

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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%.
 - 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 done:
 - 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 \$77.4 million at December 31, 2021.

The discount rate used to determine the pension benefit obligation was 2.25% at December 31, 2020.

Weighted average assumptions used to determine net periodic benefit cost at December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	2.57 %	2.25 %
Expected return on plan assets	2.57 %	2.25 %
Rate of compensation increases	N/A	N/A

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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>

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

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

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.

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 assumption 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, 2021.

As of December 31, 2021 and 2020, amounts charged to net assets without donor restrictions but not yet recognized as a component of net periodic benefit cost total \$37,828,560 and \$37,578,121, respectively.

The estimated net actuarial loss that will be amortized into net periodic benefit cost during 2022 is \$2,403,909. The amount amortized includes both net periodic benefit cost as well as the change in accumulated other comprehensive income for the year ended December 31, 2021.

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

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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, 2021 and 2020, the employer non-matching contribution was equal to 1% of eligible employees' compensation (as defined). Effective January 1, 2017, the 403(b) Plan was amended to include a provision for employer matching contributions, which are made to participants' accounts on a bi-weekly payroll basis. For the years ended December 31, 2021 and 2020, 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, 2021 and 2020, ADL made contributions (non-matching and matching) totaling approximately \$809,000 and \$799,000, respectively.

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

(7) Net Assets

Net assets with purpose or time restrictions at December 31, 2021 and 2020 include the following restrictions:

	<u>2021</u>	<u>2020</u>
Regional operations	\$ 15,894,346	13,447,820
Education	17,822,592	15,457,676
Policy and programs	14,570,328	18,833,376
International affairs and interfaith programs	4,554,002	1,995,054
Leadership	354,477	282,319
Appropriated endowment gains for the general activities of ADL	602,226	537,303
Future periods	<u>10,262,101</u>	<u>9,911,194</u>
	<u>\$ 64,060,072</u>	<u>60,464,742</u>

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Net assets with donor restrictions at December 31, 2021 and 2020 that are restricted to investment in perpetuity, the income from which is expendable to support the following:

	<u>2021</u>	<u>2020</u>
Regional operations	\$ 25,339,905	21,968,963
Education	28,987,686	26,659,867
Policy and programs	9,849,837	5,206,441
International affairs and interfaith programs	292,310	259,064
Leadership	7,497,828	5,558,814
General activities of ADL	<u>31,217,769</u>	<u>31,010,180</u>
	<u>\$ 103,185,335</u>	<u>90,663,329</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. In 2021, the value of the board-designated endowments, including allocated income, was reclassified to donor designated funds.

The following tables present the changes in ADL's donor-restricted endowment funds, inclusive of pledges, for the years ended December 31, 2021 and 2020:

	<u>2021</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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	<u>(3,630,292)</u>	<u>3,630,292</u>	<u>—</u>
Endowment net assets at December 31, 2021	<u>\$ —</u>	<u>103,185,335</u>	<u>103,185,335</u>

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

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the fund. Deficiencies of this nature are reported in net assets with donor restrictions in the accompanying consolidated balance sheets. As of December 31, 2020, funds with an original gift value of \$11,125,352 were “underwater” by \$240,432. The investment policy permits spending of underwater endowments; however, ADL did not spend any underwater endowments during 2021. There were no funds with deficiencies as of December 31, 2021.

(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 opening fair value of the endowment, less receivables, unless otherwise explicitly stipulated by the donor.

(8) Commitments and Contingencies

(a) Operating Leases

ADL occupies its National and New York regional office space in New York City under a lease agreement that expires in 2027. The agreement includes landlord incentives, escalation clauses, and a renewal option. Office space occupied by ADL’s other regional offices is under lease agreements expiring at various dates through 2029. The leases are accounted for on a straight-line basis. Certain regional office leases include rent escalations and periods of free rent. The deferred landlord incentives (which are being recognized over the life of the lease) and the difference between straight-lining the rental charges and actual payments are reported as deferred rent in the accompanying consolidated

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balance sheets. Total rent expense approximated \$7.8 million and \$6.1 million for the years ended December 31, 2021 and 2020, respectively. Minimum annual rentals are as follows:

Year ending December 31:		
2022	\$	5,478,000
2023		5,220,000
2024		4,986,000
2025		4,368,000
2026		4,265,000
2027 and thereafter		<u>2,904,000</u>
	\$	<u><u>27,221,000</u></u>

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:		
2022	\$	343,000
2023		343,000
2024		343,000
2025		343,000
2026		343,000
2027 and thereafter		<u>397,000</u>
	\$	<u><u>2,112,000</u></u>

(b) Lines of Credit and Borrowing

The League and the Foundation each have a \$5 million line of credit with the same financial institution. The interest rate on all borrowings is equal to the sum of the greater of the BSBY Rate or Index Floor, plus 70 basis points as of December 31, 2021, and the interest rate on all borrowings was LIBOR plus 55 basis points or the prime rate, as selected by ADL as of December 31, 2020. As of December 31, 2021 and 2020, the League and the Foundation each had an outstanding balance of \$4 million from these lines totaling \$8 million of borrowings under the credit lines. Interest paid for the years ended December 31, 2021 and 2020 was approximately \$57,000 and \$126,000, respectively. These lines are due 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. The remaining balance of the loan has been set aside for potential funding of any remaining liability of the Plan in the future. Interest paid for

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the years ended December 31, 2021 and 2020 was approximately \$709,000 and \$626,000, respectively. The average rate on all borrowings was .77% and 1.02% during the years ended December 31, 2021 and 2020 respectively.

The scheduled future maturities of long-term debt as of December 31, 2021 is as follows:

Year ended December 31:	
2022	\$ 2,735,603
2023	2,808,595
2024	2,882,124
2025	2,960,434
2026	3,039,424
thereafter	<u>10,728,828</u>
	<u>\$ 25,155,008</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 January 25, 2023.

(c) Paycheck Protection Program

On April 28, 2020, ADL received a \$7.4 million loan for the Paycheck Protection Program (PPP). The proceeds from the loan were used to pay payroll, rent, and utilities. ADL applied for forgiveness in May 2021 in accordance with the provisions for loan forgiveness. During July 2021, the loan was forgiven.

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

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(9) Liquidity and Availability

As of December 31, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 49,805,052	44,082,543
Contributions receivable, net	34,854,926	47,025,970
Investments	<u>133,172,988</u>	<u>117,573,755</u>
Total financial assets available	<u>217,832,966</u>	<u>208,682,268</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted by donors with time and purpose restrictions that will not be available in the next year	(20,747,180)	(18,300,016)
Endowment funds	<u>(103,185,335)</u>	<u>(90,663,329)</u>
Total amounts unavailable for general expenditures within one year	(123,932,515)	(108,963,345)
Less amounts unavailable to management without board's approval that are board-designated	—	(3,630,292)
Add subsequent year's endowment payout available for general expenditures	4,600,000	3,157,641
Add liquidity resources from other assets	3,000,000	600,000
Add liquidity resources from bank lines of credit	<u>2,000,000</u>	<u>2,000,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 103,500,451</u>	<u>101,846,272</u>

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

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

ADL's cash flows have seasonal variations during the year attributable to a concentration of contributions received at year-end. To manage liquidity, ADL maintains lines of credit that are drawn upon as needed during the year to manage cash flows. Amounts outstanding under these lines of credit were \$8,000,000 as of December 31, 2021 and 2020. See note 8(b) for a description of the lines of credit. In addition, ADL manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures. Regular, monthly actual-to-budget/forecast comparison reporting at the department level and quarterly comparison reporting to actual and current budget occur.

(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, 2021 through December 14, 2022, which was the date the consolidated financial statements were available to be issued and provided disclosure where appropriate.

No additional events, other than what has been disclosed in notes 3, 6, and 8, have occurred that would require adjustments to or further disclosure in the accompanying consolidated financial statements.

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

Consolidating Balance Sheet

December 31, 2021

Assets	League	Foundation	Eliminations	Consolidated total
Cash and cash equivalents	\$ 39,626,087	10,178,965	—	49,805,052
Contributions receivable, net	22,737,630	12,117,296	—	34,854,926
Prepaid expenses and other assets	3,638,666	7,900,331	—	11,538,997
Investments	5,103,238	128,069,750	—	133,172,988
Property and equipment, net	7,222,732	1,669,035	—	8,891,767
Due from the Foundation	3,131,175	—	(3,131,175)	—
Total assets	\$ 81,459,528	159,935,377	(3,131,175)	238,263,730
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 10,879,171	135,018	—	11,014,189
Borrowings under lines of credit	4,000,000	4,000,000	—	8,000,000
Deferred rent	4,753,183	—	—	4,753,183
Liabilities under charitable trusts and annuity agreements	—	6,558,644	—	6,558,644
Long-term pension obligations	6,529,060	—	—	6,529,060
Long-term debt	25,155,008	—	—	25,155,008
Due to the League	—	3,131,175	(3,131,175)	—
Total liabilities	51,316,422	13,824,837	(3,131,175)	62,010,084
Net assets (accumulated deficit):				
Net assets (deficit) without donor restrictions:				
Available for operations	(3,026,523)	18,563,822	—	15,537,299
Long-term pension obligations	(6,529,060)	—	—	(6,529,060)
Total net assets (deficit) without donor restrictions, net of long-term pension obligations	(9,555,583)	18,563,822	—	9,008,239
Net assets with donor restrictions:				
Purpose or time restricted	39,698,689	24,361,383	—	64,060,072
Endowment fund	—	103,185,335	—	103,185,335
Total net assets with donor restrictions	39,698,689	127,546,718	—	167,245,407
Total net assets	30,143,106	146,110,540	—	176,253,646
Total liabilities and net assets	\$ 81,459,528	159,935,377	(3,131,175)	238,263,730

See accompanying independent auditors' report.

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

Consolidating Schedule of Activities

Year ended December 31, 2021

	<u>League</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated total</u>
Changes in net assets without donor restrictions:				
Operating revenues:				
Contributions (including the League's special events revenue of \$8,863,000)	\$ 59,680,922	2,413,984	—	62,094,906
Less:				
Provision for uncollectible contributions receivable	(3,310,910)	(1,778,737)	—	(5,089,647)
Direct special events expenses	(1,110,464)	—	—	(1,110,464)
Contributions, net	55,259,548	635,247	—	55,894,795
Rental income from the League	—	291,946	(291,946)	—
Endowment return expended	—	2,712,772	—	2,712,772
Other income	1,659,186	230,626	—	1,889,812
Net assets released from restrictions in satisfaction of time and purpose	13,269,209	13,101,865	—	26,371,074
Transfer to the League from the Foundation	9,824,492	(9,824,492)	—	—
Total operating revenues	<u>80,012,435</u>	<u>7,147,964</u>	<u>(291,946)</u>	<u>86,868,453</u>
Operating expenses:				
Program services	61,328,520	1,610,591	(291,946)	62,647,165
Administration	13,846,819	530,681	—	14,377,500
Development	6,333,657	1,741,801	—	8,075,458
Total operating expenses	<u>81,508,996</u>	<u>3,883,073</u>	<u>(291,946)</u>	<u>85,100,123</u>
Excess (Deficiency) excess of operating revenues over operating expenses	<u>(1,496,561)</u>	<u>3,264,891</u>	<u>—</u>	<u>1,768,330</u>
Nonoperating activities:				
Investment return greater than amount appropriated	64,783	4,730,345	—	4,795,128
Net periodic benefit cost	(2,153,461)	—	—	(2,153,461)
Pension charge other than net periodic benefit cost	(250,439)	—	—	(250,439)
Reclassification of net assets	—	(3,630,292)	—	(3,630,292)
Forgiveness of PPP loan	7,486,610	—	—	7,486,610
Other, net	—	—	—	—
Total nonoperating activities	<u>5,147,493</u>	<u>1,100,053</u>	<u>—</u>	<u>6,247,546</u>
Increase in net assets without donor restrictions	<u>3,650,932</u>	<u>4,364,944</u>	<u>—</u>	<u>8,015,876</u>
Changes in net assets with donor restrictions:				
Contributions:				
Endowment fund contributions	—	1,415,760	—	1,415,760
Other restricted contributions	23,441,421	2,946,360	—	26,387,781
Total contributions with donor restrictions	<u>23,441,421</u>	<u>4,362,120</u>	<u>—</u>	<u>27,803,541</u>
Change in the value of charitable trust and annuity agreements	—	704,326	—	704,326
Investment return	—	13,063,023	—	13,063,023
Reclassification of net assets	—	3,630,292	—	3,630,292
Net assets released from restrictions:				
Satisfaction of time and purpose and reclassifications	(13,269,209)	(13,101,865)	—	(26,371,074)
Endowment return appropriated	—	(2,712,772)	—	(2,712,772)
Transfer to the League from the Foundation	—	—	—	—
Increase in net assets with donor restrictions	<u>10,172,212</u>	<u>5,945,124</u>	<u>—</u>	<u>16,117,336</u>
Increase in net assets	<u>13,823,144</u>	<u>10,310,068</u>	<u>—</u>	<u>24,133,212</u>
Net assets at beginning of year	<u>16,319,962</u>	<u>135,800,472</u>	<u>—</u>	<u>152,120,434</u>
Net assets at end of year	<u>\$ 30,143,106</u>	<u>146,110,540</u>	<u>—</u>	<u>176,253,646</u>

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, 2021

	Program services						Supporting services				Total expenses
	Regional operations	Education	Policy and programs	International affairs and interfaith programs	Leadership	Public Awareness	Total program services	Administration	Development	Total supporting services	
Salaries	\$ 12,470,375	5,084,482	7,878,294	1,194,164	4,052,864	1,365,568	32,045,747	4,258,669	3,536,499	7,795,168	39,840,915
Personnel welfare and other related expenses	3,124,504	1,180,569	1,755,208	356,923	971,859	466,245	7,855,308	1,723,950	636,236	2,360,186	10,215,494
Total salaries and related expenses	15,594,879	6,265,051	9,633,502	1,551,087	5,024,723	1,831,813	39,901,055	5,982,619	4,172,735	10,155,354	50,056,409
Projects and functions	600,277	1,299,360	3,230,316	381,285	1,813,492	3,036,384	10,361,114	2,316,541	458,867	2,775,408	13,136,522
Office services and occupancy	3,334,699	830,465	2,116,300	173,907	465,697	2,091,114	9,012,182	3,512,978	1,280,562	4,793,540	13,805,722
Travel, meetings, and conferences	134,659	28,867	258,724	121,255	235,882	528,252	1,307,639	182,577	100,772	283,349	1,590,988
Research materials	780	8,941	78,171	2,753	6,701	282	97,628	1,296	2,434	3,730	101,358
Legal and financial	—	—	170,890	30,721	51,550	40	253,201	522,288	17,019	539,307	792,508
Other	174,889	15,280	152,384	14,620	—	38,528	395,701	1,328,520	301,268	1,629,788	2,025,489
Total operating expenses	\$ 19,840,183	8,447,964	15,640,287	2,275,628	7,598,045	7,526,413	61,328,520	13,846,819	6,333,657	20,180,476	81,508,996

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, 2021

	Program services						Supporting services				Total expenses
	Regional operations	Education	Policy and programs	International affairs and interfaith programs	Leadership	Public Awareness	Total program services	Administration	Development	Total supporting services	
Salaries	\$ 393,301	—	107,877	—	406,314	—	907,492	290,908	977,994	1,268,902	2,176,394
Personnel welfare and other related expenses	50,881	—	16,237	—	118,619	—	185,737	24,720	264,659	289,379	475,116
Total salaries and related expenses	444,182	—	124,114	—	524,933	—	1,093,229	315,628	1,242,653	1,558,281	2,651,510
Projects and functions	13,184	—	—	—	13,964	—	27,148	—	252,467	252,467	279,615
Office services and occupancy	459,797	—	3,564	—	—	—	463,361	175,053	48,677	223,730	687,091
Travel, meetings, and conferences	23,353	—	—	—	—	—	23,353	—	145,562	145,562	168,915
Research materials	—	—	—	—	—	—	—	—	—	—	—
Legal and financial	3,500	—	—	—	—	—	3,500	40,000	36,885	76,885	80,385
Other	—	—	—	—	—	—	—	—	15,557	15,557	15,557
Total operating expenses	\$ 944,016	—	127,678	—	538,897	—	1,610,591	530,681	1,741,801	2,272,482	3,883,073

See accompanying independent auditors' report.

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

Consolidating Statement of Cash Flows

Year ended December 31, 2021

	<u>League</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated total</u>
Cash flows from operating activities:				
Increase in net assets	\$ 13,823,144	10,310,068	—	24,133,212
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Pension charge other than net periodic benefit cost	250,439	—	—	250,439
Forgiveness of borrowings under Paycheck Protection Program	(7,400,615)	—	—	(7,400,615)
Endowment fund contributions	—	(1,415,760)	—	(1,415,760)
Net depreciation (appreciation) in fair value of investments	25,812	(16,696,217)	—	(16,670,405)
Provision for uncollectible contributions receivable	3,310,910	1,778,737	—	5,089,647
Depreciation and amortization	1,505,091	52,465	—	1,557,556
Change in the value of charitable trust and annuity agreements	—	(704,326)	—	(704,326)
Changes in operating assets and liabilities:				
Contributions receivable	252,527	5,613,894	—	5,866,421
Prepaid expenses and other assets	(2,136,322)	(4,057,780)	—	(6,194,102)
Accounts payable and accrued expenses	1,634,783	(423,946)	—	1,210,837
Deferred rent	(424,060)	—	—	(424,060)
Long-term pension obligations	2,004,944	—	—	2,004,944
Net cash provided by operating activities	<u>12,846,653</u>	<u>(5,542,865)</u>	<u>—</u>	<u>7,303,788</u>
Cash flows from investing activities:				
Proceeds from sale of investments	3,051,776	42,093,186	—	45,144,962
Purchase of investments	(3,052,028)	(41,021,762)	—	(44,073,790)
Acquisition of property and equipment	(2,761,935)	(11,650)	—	(2,773,585)
Net cash used in investing activities	<u>(2,762,187)</u>	<u>1,059,774</u>	<u>—</u>	<u>(1,702,413)</u>
Cash flows from financing activities:				
Endowment fund contributions	—	1,415,760	—	1,415,760
Change in contributions receivable restricted for endowment	—	1,214,976	—	1,214,976
Payments to charitable gift annuitants	—	(787,624)	—	(787,624)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	—	942,531	—	942,531
Repayment of long-term debt	(2,664,509)	—	—	(2,664,509)
Amounts due to the Foundation	(6,612,612)	—	6,612,612	—
Amounts due from the League	—	6,612,612	(6,612,612)	—
Net cash (used in) provided by financing activities	<u>(9,277,121)</u>	<u>9,398,255</u>	<u>—</u>	<u>121,134</u>
Net increase in cash and cash equivalents	807,345	4,915,164	—	5,722,509
Cash and cash equivalents at beginning of year	<u>38,818,742</u>	<u>5,263,801</u>	<u>—</u>	<u>44,082,543</u>
Cash and cash equivalents at end of year	<u>\$ 39,626,087</u>	<u>10,178,965</u>	<u>—</u>	<u>49,805,052</u>

See accompanying independent auditors' report.