



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

Consolidated Financial Statements and Schedules

December 31, 2015 and 2014

(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, 2015 and 2014, 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, 2015 and 2014, 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 2015 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 2015 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 2015 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 2015 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 2015 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 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 2015 consolidated financial statements or to the 2015 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 2015 consolidated financial statements as a whole.

KPMG LLP

August 2, 2016

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Consolidated Balance Sheets

December 31, 2015 and 2014

Assets	2015	2014
Cash and cash equivalents	\$ 7,378,647	7,306,631
Contributions receivable, net (note 4)	13,238,188	12,505,365
Prepaid expenses and other assets	3,839,450	3,712,768
Investments (notes 3 and 8)	108,187,175	122,329,210
Property and equipment, net (note 5)	9,660,121	10,234,018
Total assets	\$ 142,303,581	156,087,992
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,057,376	7,555,083
Borrowings under lines of credit (note 8)	8,000,000	8,000,000
Deferred rent (note 8)	7,303,705	7,515,882
Liabilities under charitable trusts and annuity agreements	8,578,942	9,975,782
Long-term pension obligations (note 6)	32,623,175	32,919,137
Total liabilities	64,563,198	65,965,884
Commitments and contingencies (note 8)		
Net assets (accumulated deficit):		
Unrestricted:		
Available for operations	19,738,367	21,856,483
Long-term pension obligations (note 6)	(32,623,175)	(32,919,137)
Total unrestricted, net of long-term pension obligations	(12,884,808)	(11,062,654)
Temporarily restricted (note 7)	22,835,204	31,022,176
Permanently restricted (note 7)	67,789,987	70,162,586
Total net assets	77,740,383	90,122,108
Total liabilities and net assets	\$ 142,303,581	156,087,992

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Activities
Years ended December 31, 2015 and 2014

	2015	2014
Changes in unrestricted net assets:		
Operating revenues:		
Contributions (including special events revenue of \$23,046,000 and \$19,734,000 respectively)	\$ 51,700,447	48,690,850
Less:		
Provision for uncollectible contributions receivable	(1,463,050)	(1,352,661)
Direct special events expenses	(7,089,350)	(6,125,243)
Contributions, net	43,148,047	41,212,946
Endowment return expended and other investment return (note 3)	3,327,458	3,829,577
Other income	705,031	940,467
Net assets released from restrictions in satisfaction of time and purpose	10,636,466	9,486,323
Total operating revenues	57,817,002	55,469,313
Operating expenses:		
Program services:		
Regional operations	21,886,227	21,253,179
Education	6,501,740	6,731,925
Civil rights	5,341,300	6,136,630
International affairs and interfaith programs	4,947,110	3,657,885
Leadership	2,371,653	2,401,731
Marketing and communications	4,053,716	4,603,197
	45,101,746	44,784,547
Supporting services:		
Administration	7,351,865	7,290,103
Development	8,580,659	9,049,696
	15,932,524	16,339,799
Total operating expenses	61,034,270	61,124,346
Deficiency of operating revenues over operating expenses	(3,217,268)	(5,655,033)
Nonoperating activities:		
Investment return (less) greater than amount appropriated (note 3)	(1,717,620)	357,940
Pension charge other than net periodic benefit cost (note 6)	(435,200)	(14,045,517)
Reclassification due to change in donor designation (note 7)	3,500,000	—
Other, net	47,934	(86,114)
Total nonoperating activities	1,395,114	(13,773,691)
Decrease in unrestricted net assets	(1,822,154)	(19,428,724)
Changes in temporarily restricted net assets:		
Contributions	8,363,090	7,396,960
Change in the value of charitable trust and annuity agreements	188,378	(3,266,586)
Investment return (note 3)	(2,960,676)	4,602,701
Net assets released from restrictions:		
Satisfaction of time and purpose	(10,636,466)	(9,486,323)
Endowment return appropriated	(3,141,298)	(3,274,184)
Decrease in temporarily restricted net assets	(8,186,972)	(4,027,432)
Change in permanently restricted net assets:		
Contributions (note 7)	1,127,401	448,399
Reclassification due to change in donor designation (note 7)	(3,500,000)	—
(Decrease) increase in permanently restricted net assets	(2,372,599)	448,399
Decrease in net assets	(12,381,725)	(23,007,757)
Net assets at beginning of year	90,122,108	113,129,865
Net assets at end of year	\$ 77,740,383	90,122,108

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows

Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Decrease in net assets	\$ (12,381,725)	(23,007,757)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Pension charge other than net periodic benefit cost	435,200	14,045,517
Contributions of permanently restricted net assets	(1,127,401)	(448,399)
Net depreciation (appreciation) in fair value of investments	6,691,422	(3,494,332)
Provision for uncollectible contributions receivable	1,463,050	1,352,661
Depreciation and amortization	1,204,164	1,182,721
Change in the value of charitable trust and annuity agreements	(188,378)	3,266,586
Changes in operating assets and liabilities:		
Contributions receivable	(2,080,417)	836,854
Prepaid expenses and other assets	(126,682)	(153,456)
Accounts payable and accrued expenses	502,293	(242,948)
Deferred rent	(212,177)	(146,149)
Accrued pension obligation and benefit plans	(731,162)	(4,198,307)
Net cash used in operating activities	(6,551,813)	(11,007,009)
Cash flows from investing activities:		
Proceeds from sale of investments	25,943,775	23,520,317
Purchase of investments	(18,493,162)	(14,133,029)
Acquisition of property and equipment	(630,267)	(525,328)
Net cash provided by investing activities	6,820,346	8,861,960
Cash flows from financing activities:		
Contributions of permanently restricted net assets	1,127,401	448,399
Change in contributions receivable restricted for permanent investment	(115,456)	1,365,771
Payments to charitable gift annuitants	(1,305,432)	(1,303,659)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	96,970	344,794
Net cash (used in) provided by financing activities	(196,517)	855,305
Net increase (decrease) in cash and cash equivalents	72,016	(1,289,744)
Cash and cash equivalents at beginning of year	7,306,631	8,596,375
Cash and cash equivalents at end of year	\$ 7,378,647	7,306,631

See accompanying notes to consolidated financial statements.

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(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 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. Field staff and regional boards reach out to local communities with the substance of the League's programs. The regional offices provide local data, information about trends, and the perspective to help develop the League's policy and programs.

(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. Assists groups in responding to identified concerns and bias-motivated incidents, educating people to respect diversity, remember and learn from the Holocaust, and eradicate anti-Semitism, racism, and bigotry of all kinds.

(c) Civil Rights

Monitors, exposes, and counteracts groups and individuals that promote hate, extremism, anti-Semitism, and racism; combats bias-motivated criminal conduct and religious, racial, and other forms of discrimination through litigation, legislation, coalition-building, and educational efforts and by providing assistance to victims; and protects and defends the First Amendment rights of Jews and all Americans in the area of religious freedom. The Civil Rights Division's Center on Extremism works to gather, analyze, and provide the public, especially law enforcement, with information about anti-Semitism and extremism, producing important reports on such issues as hate on the Internet and the threat posed by organized extremist and hate movements from across the ideological spectrum. The Legal Affairs Department develops model legislation and other strategies to respond to the extremist threats, and also assists in formulating and implementing the League's agenda in the areas of church-state separation, hate crimes, discrimination, immigration, affirmative action, cyber-hate, and cyber-bullying. The Civil Rights Division's Research Center oversees the League's annual *Audit of Anti-Semitic Incidents* and provides research on a wide variety of topics, including anti-Israel activity on college campuses. The Civil Rights Division also has a Policy Planning Center based in

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Washington, D.C. that helps direct and implement the League's legislative advocacy program and formulates long-range strategies. A number of area counsel and investigative researchers work closely with the League's regional operations staff to gather information and to address specific local concerns about issues related to the League's civil rights agenda. The Civil Rights Division also includes the Rita and Leo Greenland Library, which archives all ADL's documents as well as mainstream and extremist publications.

(d) *International Affairs and Interfaith Programs*

Maintains contacts throughout Europe, Latin America, the Middle East, and the United States 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 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.

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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 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.

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.

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(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 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.
- 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.

The carrying value of ADL's cash equivalents, receivables, prepaid expenses and other assets, and accounts payable and accrued expenses approximates their fair values because of the terms and relatively short maturities of these financial instruments. The estimated fair values, however, involve unobservable inputs and are considered to be Level 3 in the fair value hierarchy.

(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, and equity securities are carried at fair value based on 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. Contributions are considered to be available for unrestricted use unless restricted by donors to specific purposes. Conditional contributions, including promises to give,

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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. 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.

(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 are calculated using a discount rate of 4.1% and 3.8% in 2015 and 2014, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Receivables for investments sold	\$ 6,163,337	367,516
Invested cash and short-term investments	991,108	738,452
Fixed income securities – government	5,393,930	5,947,010
Mutual funds – equities	18,294,053	20,328,529
Mutual funds – fixed income	4,787,323	6,669,656
Mutual funds – real assets	4,626,613	5,304,020
Common stocks	15,105,451	18,836,745
Absolute return funds	40,535,749	51,858,119
Limited partnerships	12,039,611	12,029,163
Other	250,000	250,000
Total	<u>\$ 108,187,175</u>	<u>122,329,210</u>

Investments include charitable trust and annuity funds of approximately \$12.4 million and \$14.6 million at December 31, 2015 and 2014, respectively.

Investment return for the years ended December 31, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 2,199,286	2,021,702
Net (depreciation) appreciation in fair value of investments	<u>(6,691,422)</u>	<u>3,494,332</u>
Total investment return	<u>\$ (4,492,136)</u>	<u>5,516,034</u>
Reported in the consolidated statements of activities as follows:		
Unrestricted – operating	\$ 186,160	555,393
Unrestricted – nonoperating	(1,717,620)	357,940
Temporarily restricted	<u>(2,960,676)</u>	<u>4,602,701</u>
Total investment return	<u>\$ (4,492,136)</u>	<u>5,516,034</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
Other	250,000	—	—	250,000
	<u>62,567,496</u>	<u>\$ 44,751,702</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:				
Long-only securities	4,020,440			
Other	1,063,490			
Total investments reported at net asset value	<u>45,619,679</u>			
Total investments	<u>\$ 108,187,175</u>			

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Investments at fair value as of December 31, 2014 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Receivables for investments sold (a)	\$ 367,516	367,516	—	—
Invested cash and short-term investments	738,452	738,452	—	—
Fixed income securities – government	5,947,010	903,841	5,043,169	—
Mutual funds – equities:				
Domestic	9,085,469	8,703,823	381,646	—
International	11,243,060	8,590,150	2,652,910	—
Mutual funds – fixed income:				
Domestic	6,332,487	3,294,798	3,037,689	—
International	337,169	286,091	51,078	—
Mutual funds – real assets	5,304,020	5,304,020	—	—
Common stocks:				
Domestic	17,574,325	17,574,325	—	—
International	1,262,420	1,262,420	—	—
Real estate limited partnership (b)	6,775,000	—	—	6,775,000
Other	250,000	—	—	250,000
	<u>65,216,928</u>	<u>\$ 47,025,436</u>	<u>11,166,492</u>	<u>7,025,000</u>
Investments reported at net asset value:				
Absolute return funds:				
Multi-strategy hedge funds	26,228,898			
Global opportunities hedge funds	5,647,022			
Equity long/short hedge funds	12,694,707			
Distressed debt hedge funds	6,962,390			
Other	325,102			
Limited partnerships:				
Long-only securities	4,128,135			
Other	1,126,028			
Total investments reported at net asset value	<u>57,112,282</u>			
Total investments	<u>\$ 122,329,210</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.

There were no transfers between levels or changes in Level 3 investments in 2014. Real estate limited partnerships, which are classified as Level 3 in the fair value hierarchy, increased in 2015 due to appreciation in the fair value of the assets.

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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.

Long-only securities limited partnerships – includes investments in companies that are believed to have overlooked value as well as event-driven stocks selling at discounts to their intrinsic values. Investments are in long positions predominately in developed markets.

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, 2015:

Redemption period	Amount
Next day	\$ 4,286,396
Monthly with no less than 60 days' notice	8,286,496
Quarterly with 30–180 days' notice	17,742,394
Annually with 30–95 days' notice	10,630,741
Closed end (a)	2,169,791
Lock-up (b)	2,503,861
Total	\$ 45,619,679

- (a) Distributions are made when investments are realized.
- (b) Redemption lock-up expired on June 30, 2016.

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Notes to Consolidated Financial Statements

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(4) Contributions Receivable

Contributions receivable at December 31, 2015 and 2014 are scheduled to be collected as follows:

	<u>2015</u>	<u>2014</u>
Within one year	\$ 15,588,028	14,394,190
One to five years	1,182,500	1,443,000
More than five years	442,466	552,466
	<u>17,212,994</u>	<u>16,389,656</u>
Discount to present value, at rates from 0.69% to 4.70%	(234,806)	(285,041)
Allowance for uncollectible contributions receivable	<u>(3,740,000)</u>	<u>(3,599,250)</u>
	<u>\$ 13,238,188</u>	<u>12,505,365</u>

(5) Property and Equipment

The components of property and equipment and their estimated useful lives at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</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	14,751,712	14,356,069	2–18 years
Furniture and equipment	7,118,081	7,062,061	5 years
Artwork	197,470	197,470	N/A
Total	<u>27,367,932</u>	<u>26,916,269</u>	
Less accumulated depreciation and amortization	<u>(17,707,811)</u>	<u>(16,682,251)</u>	
Net property and equipment	<u>\$ 9,660,121</u>	<u>10,234,018</u>	

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Notes to Consolidated Financial Statements

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(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.

The following table provides information with respect to the Plan as of December 31, 2015 and 2014, and for the years then ended:

	<u>2015</u>	<u>2014</u>
Projected benefit obligation	\$ 73,205,384	77,603,776
Plan assets, at fair value	<u>41,841,654</u>	<u>46,092,600</u>
Unfunded status	<u>\$ 31,363,730</u>	<u>31,511,176</u>
Net periodic benefit cost	\$ 537,800	145,762
Employer contributions	1,120,446	4,344,068
Benefits paid	3,828,446	3,830,477

The discount rate used to determine the pension benefit obligation was 4.14% and 3.80% at December 31, 2015 and 2014, respectively.

Weighted average assumptions used to determine net periodic benefit cost at December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	3.80%	4.62%
Expected return on plan assets	7.00	7.00
Rate of compensation increases	N/A	N/A

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As of December 31, 2015, 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%	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		<u>100%</u>

As of December 31, 2014, the Plan's targeted and actual asset allocations are as follows:

	<u>Target</u>	<u>Actual</u>
Receivables for investments sold	—%	10%
Invested cash and short-term investments	0%–5%	6
Mutual funds – fixed income	15%–45%	26
Mutual funds – equities	25%–45%	38
Absolute return funds	10%–30%	11
Limited partnership – real estate	5%–10%	9
Total		<u>100%</u>

In 2014, ADL used the Society of Actuaries Base RP Mortality Table with a Generational Mortality Improvement Projection scale to value its pension obligation. The updated mortality table increased the projection benefit obligation for the pension plan by approximately \$5,143,000 in 2014. In 2015, the MP-2015 scale was used.

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Notes to Consolidated Financial Statements

December 31, 2015 and 2014

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	—	—
	<u>28,027,712</u>	<u>\$ 28,027,712</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			
Commodities trust	1,014,852			
Limited partnership – real estate	<u>4,213,244</u>			
Total investments reported at net asset value	<u>13,813,942</u>			
Total investments	<u>\$ 41,841,654</u>			

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Notes to Consolidated Financial Statements

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The Plan's assets at fair value as of December 31, 2014 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Receivable for investments sold (a)	\$ 4,613,322	4,613,322	—	—
Invested cash and short-term investments	2,926,665	2,926,665	—	—
Mutual funds – fixed income:				
Domestic	6,896,214	6,896,214	—	—
International	2,728,784	2,728,784	—	—
Balanced	2,060,166	2,060,166	—	—
Mutual funds – equities:				
Domestic	9,519,137	9,519,137	—	—
International	8,148,165	8,148,165	—	—
	<u>36,892,453</u>	<u>\$ 36,892,453</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value:				
Multi-strategy hedge fund	5,043,419			
Limited partnership – real estate	<u>4,156,728</u>			
Total investments reported at net asset value	<u>9,200,147</u>			
Total investments	<u>\$ 46,092,600</u>			

- (a) The proceeds of receivables for investments sold in 2014 were received in January 2015 and reinvested in absolute return funds.

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.

Commodities trust – a common investment trust providing diverse commodity exposure using derivative instruments and securities.

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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.

Information with respect to the redemption provisions is as follows as of December 31, 2015:

Redemption period	Amount
Next day	\$ 1,014,852
Monthly with 15 days' notice	4,213,244
Quarterly with 65 days' notice	5,117,724
Lock-up (a)	3,468,122
Total	\$ 13,813,942

(a) Redemption lock-up expired on June 30, 2016.

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

2016	\$ 4,337,000
2017	4,493,000
2018	4,480,000
2019	4,498,000
2020	4,474,000
2021–2025	21,910,000

ADL expects to contribute \$1,012,000 to the Plan during the year ended December 31, 2016.

As of December 31, 2015 and 2014, amounts charged to unrestricted net assets but not yet recognized as a component of net periodic benefit cost total \$35,683,082 and \$35,247,882, respectively. The estimated net actuarial loss that will be amortized into net periodic benefit cost during 2016 is \$805,126.

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 2015 and 2014 contribution as of the first of the month following one year of employee service represents 2.25% and 3% of the participants' eligible compensation, respectively. Benefits vest after three years of service. ADL's contribution of \$509,000 for 2015 was made during 2016 and \$707,000 for 2014 was made during 2015.

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

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

December 31, 2015 and 2014

(7) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Regional operations	\$ 5,774,854	6,973,418
Education	7,537,117	9,022,765
Civil rights	1,091,789	2,121,700
International affairs and interfaith programs	1,472,091	2,160,016
Leadership	383,469	610,773
Unappropriated endowment gains for the general activities of ADL	2,654,667	5,120,979
Future periods	<u>3,921,217</u>	<u>5,012,525</u>
	<u>\$ 22,835,204</u>	<u>31,022,176</u>

Permanently restricted net assets at December 31, 2015 and 2014 are restricted to investment in perpetuity, the income from which is expendable to support the following:

	<u>2015</u>	<u>2014</u>
Regional operations	\$ 14,152,312	14,085,342
Education	12,112,469	11,536,178
Civil rights	4,276,006	7,502,112
International affairs and interfaith programs	6,112,478	6,112,478
Leadership	3,348,357	3,245,030
General activities of ADL	<u>27,788,365</u>	<u>27,681,446</u>
	<u>\$ 67,789,987</u>	<u>70,162,586</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.

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

December 31, 2015 and 2014

The following tables present the changes in ADL's donor-restricted endowment funds, inclusive of pledges, for the years ended December 31, 2015 and 2014:

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
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>

	2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets at December 31, 2013	\$ (13,097)	10,760,483	69,714,187	80,461,573
Investment income	2,081	1,283,423	—	1,285,504
Net depreciation (realized and unrealized)	10,272	1,764,517	—	1,774,789
Contributions	—	—	448,399	448,399
Appropriation for expenditure	(19,786)	(3,583,397)	—	(3,603,183)
Endowment net assets at December 31, 2014	<u>\$ (20,530)</u>	<u>10,225,026</u>	<u>70,162,586</u>	<u>80,367,082</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 \$1,755,448 and \$20,530 at December 31, 2015 and 2014, respectively, and are recorded in unrestricted net assets in the accompanying consolidated balance sheets.

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

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(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 Designation

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 and \$5.3 million for the years ended December 31, 2015 and 2014, respectively. Minimum annual rentals are as follows:

Year ending December 31:	
2016	\$ 5,003,000
2017	4,825,000
2018	4,728,000
2019	4,419,000
2020	3,937,000
2021 and thereafter	<u>24,408,000</u>
	<u>\$ 47,320,000</u>

**ANTI-DEFAMATION LEAGUE AND
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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 provide for six months of tenant rent abatement. Future minimum rental receipts under the lease are approximately \$320,000 annually for the next five years.

(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, 2015 and 2014 is either LIBOR plus 60 basis points or the prime rate. Interest paid as of December 31, 2015 and 2014 was \$59,867 and \$68,750, respectively. As of December 31, 2015 and 2014, 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, 2017, 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, 2015 through August 2, 2016, 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, 2015

Assets	League	Foundation	Eliminations	Consolidated total
Cash and cash equivalents	\$ 5,767,343	1,611,304	—	7,378,647
Contributions receivable, net	11,224,996	2,013,192	—	13,238,188
Prepaid expenses and other assets	1,089,364	2,750,086	—	3,839,450
Investments	668,844	107,518,331	—	108,187,175
Property and equipment, net	7,443,507	2,216,614	—	9,660,121
Due from the League	—	61,105	(61,105)	—
Total assets	<u>\$ 26,194,054</u>	<u>116,170,632</u>	<u>(61,105)</u>	<u>142,303,581</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 7,573,646	483,730	—	8,057,376
Borrowings under lines of credit	4,000,000	4,000,000	—	8,000,000
Deferred rent	7,303,705	—	—	7,303,705
Liabilities under charitable trusts and annuity agreements	—	8,578,942	—	8,578,942
Long-term pension obligations	29,486,801	3,136,374	—	32,623,175
Due to the Foundation	61,105	—	(61,105)	—
Total liabilities	<u>48,425,257</u>	<u>16,199,046</u>	<u>(61,105)</u>	<u>64,563,198</u>
Net assets (accumulated deficit):				
Unrestricted:				
Available for operations	2,001,518	17,736,849	—	19,738,367
Long-term pension obligations	(29,486,801)	(3,136,374)	—	(32,623,175)
Total unrestricted, net of long-term pension obligations	(27,485,283)	14,600,475	—	(12,884,808)
Temporarily restricted	5,254,080	17,581,124	—	22,835,204
Permanently restricted	—	67,789,987	—	67,789,987
Total (accumulated deficit) net assets	<u>(22,231,203)</u>	<u>99,971,586</u>	<u>—</u>	<u>77,740,383</u>
Total liabilities and net assets	<u>\$ 26,194,054</u>	<u>116,170,632</u>	<u>(61,105)</u>	<u>142,303,581</u>

See accompanying independent auditors' report.

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

Consolidating Statement of Activities

Year ended December 31, 2015

	<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 \$23,046,000)	\$ 49,477,843	2,222,604	—	51,700,447
Less:				
Provision for uncollectible contributions receivable	(1,463,050)	—	—	(1,463,050)
Direct special events expenses	(7,089,350)	—	—	(7,089,350)
Contributions, net	40,925,443	2,222,604	—	43,148,047
Rental income from the League	—	291,946	(291,946)	—
Endowment return expended and other investment return	—	3,327,458	—	3,327,458
Other income	705,031	—	—	705,031
Net assets released from restrictions in satisfaction of time and purpose	9,765,611	870,855	—	10,636,466
Transfer to the League from the Foundation	3,834,300	(3,834,300)	—	—
Total operating revenues	<u>55,230,385</u>	<u>2,878,563</u>	<u>(291,946)</u>	<u>57,817,002</u>
Operating expenses:				
Program services	44,196,557	1,197,135	(291,946)	45,101,746
Administration	5,118,688	2,233,177	—	7,351,865
Development	5,966,672	2,613,987	—	8,580,659
Total operating expenses	<u>55,281,917</u>	<u>6,044,299</u>	<u>(291,946)</u>	<u>61,034,270</u>
Deficiency of operating revenues over operating expenses	(51,532)	(3,165,736)	—	(3,217,268)
Nonoperating activities:				
Investment return greater (less) than amount appropriated	356	(1,717,976)	—	(1,717,620)
Pension charge other than net periodic benefit cost	(391,680)	(43,520)	—	(435,200)
Reclassification due to change in donor designation	—	3,500,000	—	3,500,000
Other, net	—	47,934	—	47,934
Transfer to the League from the Foundation	72,515	(72,515)	—	—
Total nonoperating activities	<u>(318,809)</u>	<u>1,713,923</u>	<u>—</u>	<u>1,395,114</u>
Decrease in unrestricted net assets	<u>(370,341)</u>	<u>(1,451,813)</u>	<u>—</u>	<u>(1,822,154)</u>
Changes in temporarily restricted net assets:				
Contributions	8,149,341	213,749	—	8,363,090
Change in the value of charitable trust and annuity agreements	—	188,378	—	188,378
Investment return	—	(2,960,676)	—	(2,960,676)
Net assets released from restrictions	(9,765,611)	(4,012,153)	—	(13,777,764)
Transfer to the League from the Foundation	1,432,184	(1,432,184)	—	—
Decrease in temporarily restricted net assets	<u>(184,086)</u>	<u>(8,002,886)</u>	<u>—</u>	<u>(8,186,972)</u>
Change in permanently restricted net assets:				
Contributions	—	1,127,401	—	1,127,401
Reclassification due to change in donor designation	—	(3,500,000)	—	(3,500,000)
Decrease in permanently restricted net assets	<u>—</u>	<u>(2,372,599)</u>	<u>—</u>	<u>(2,372,599)</u>
Decrease in net assets	(554,427)	(11,827,298)	—	(12,381,725)
(Accumulated deficit) net assets at beginning of year	<u>(21,676,776)</u>	<u>111,798,884</u>	<u>—</u>	<u>90,122,108</u>
(Accumulated deficit) net assets at end of year	<u>\$ (22,231,203)</u>	<u>99,971,586</u>	<u>—</u>	<u>77,740,383</u>

See accompanying independent auditors' report.

**ANTI-DEFAMATION LEAGUE AND
ANTI-DEFAMATION LEAGUE FOUNDATION**
Consolidating Schedule of Functional Operating Expenses
Year ended December 31, 2015

	<u>Program services</u>						<u>Supporting services</u>			<u>Total expenses</u>	
	<u>Regional operations</u>	<u>Education</u>	<u>Civil rights</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	\$ 10,422,855	2,279,537	3,021,837	1,514,764	548,998	1,618,524	19,406,515	2,334,581	4,987,666	7,322,247	26,728,762
Personnel welfare and other related expenses	4,212,454	685,569	838,179	833,036	167,251	620,614	7,357,103	536,152	1,690,740	2,226,892	9,583,995
Total salaries and related expenses	14,635,309	2,965,106	3,860,016	2,347,800	716,249	2,239,138	26,763,618	2,870,733	6,678,406	9,549,139	36,312,757
Projects and functions	1,195,733	2,488,596	159,915	1,845,137	325,172	569,818	6,584,371	743,239	403,886	1,147,125	7,731,496
Office services and occupancy	4,819,131	520,547	925,010	573,943	270,237	1,175,037	8,283,905	2,165,918	827,448	2,993,366	11,277,271
Travel, meetings, and conferences	1,039,469	496,660	287,027	124,099	1,042,119	44,295	3,033,669	233,151	104,161	337,312	3,370,981
Research materials	15,968	2,102	84,598	4,293	—	15,261	122,222	18,789	240,498	259,287	381,509
Legal and financial	492	489	—	14,658	—	—	15,639	379,837	13,271	393,108	408,747
Other	180,125	28,240	24,734	37,180	17,876	10,167	298,322	940,198	312,989	1,253,187	1,551,509
Total operating expenses	\$ <u>21,886,227</u>	<u>6,501,740</u>	<u>5,341,300</u>	<u>4,947,110</u>	<u>2,371,653</u>	<u>4,053,716</u>	<u>45,101,746</u>	<u>7,351,865</u>	<u>8,580,659</u>	<u>15,932,524</u>	<u>61,034,270</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, 2015

	<u>Program services</u>						<u>Supporting services</u>			<u>Total expenses</u>	
	<u>Regional operations</u>	<u>Education</u>	<u>Civil rights</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	\$ 10,313,625	2,033,911	2,989,103	1,369,945	542,836	1,618,524	18,867,944	1,390,122	3,584,594	4,974,716	23,842,660
Personnel welfare and other related expenses	4,174,756	600,798	826,882	783,056	165,124	620,614	7,171,230	210,199	1,206,511	1,416,710	8,587,940
Total salaries and related expenses	14,488,381	2,634,709	3,815,985	2,153,001	707,960	2,239,138	26,039,174	1,600,321	4,791,105	6,391,426	32,430,600
Projects and functions	1,150,511	2,386,904	146,363	1,785,181	322,621	569,818	6,361,398	743,239	403,886	1,147,125	7,508,523
Office services and occupancy	4,955,003	465,921	885,992	573,943	270,237	1,175,037	8,326,133	1,665,844	564,909	2,230,753	10,556,886
Travel, meetings, and conferences	1,039,469	496,660	287,027	124,099	1,042,119	44,295	3,033,669	61,992	55,287	117,279	3,150,948
Research materials	15,968	2,102	84,598	4,293	—	15,261	122,222	18,789	32,771	51,560	173,782
Legal and financial	492	489	—	14,658	—	—	15,639	247,816	12,607	260,423	276,062
Other	180,125	28,240	24,734	37,180	17,876	10,167	298,322	780,687	106,107	886,794	1,185,116
Total operating expenses	\$ 21,829,949	6,015,025	5,244,699	4,692,355	2,360,813	4,053,716	44,196,557	5,118,688	5,966,672	11,085,360	55,281,917

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, 2015

	Program services						Supporting services			Total expenses	
	Regional operations	Education	Civil rights	International affairs and interfaith programs	Leadership	Marketing and communications	Total program services	Administration	Development		Total supporting services
Salaries	\$ 109,230	245,626	32,734	144,819	6,162	—	538,571	944,459	1,403,072	2,347,531	2,886,102
Personnel welfare and other related expenses	37,698	84,771	11,297	49,980	2,127	—	185,873	325,953	484,229	810,182	996,055
Total salaries and related expenses	146,928	330,397	44,031	194,799	8,289	—	724,444	1,270,412	1,887,301	3,157,713	3,882,157
Projects and functions	45,222	101,692	13,552	59,956	2,551	—	222,973	—	—	—	222,973
Office services and occupancy	156,074	54,626	39,018	—	—	—	249,718	500,074	262,539	762,613	1,012,331
Travel, meetings, and conferences	—	—	—	—	—	—	—	171,159	48,874	220,033	220,033
Research materials	—	—	—	—	—	—	—	—	207,727	207,727	207,727
Legal and financial	—	—	—	—	—	—	—	132,021	664	132,685	132,685
Other	—	—	—	—	—	—	—	159,511	206,882	366,393	366,393
Total operating expenses	\$ 348,224	486,715	96,601	254,755	10,840	—	1,197,135	2,233,177	2,613,987	4,847,164	6,044,299

See accompanying independent auditors' report.

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

Consolidating Statement of Cash Flows

Year ended December 31, 2015

	<u>League</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated total</u>
Cash flows from operating activities:				
Decrease in net assets	\$ (554,427)	(11,827,298)	—	(12,381,725)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:				
Pension charge other than net periodic benefit cost	391,680	43,520	—	435,200
Contributions of permanently restricted net assets	—	(1,127,401)	—	(1,127,401)
Net depreciation in fair value of investments	—	6,691,422	—	6,691,422
Provision for uncollectible contributions receivable	1,463,050	—	—	1,463,050
Depreciation and amortization	1,002,921	201,243	—	1,204,164
Change in the value of charitable trust and annuity agreements	—	(188,378)	—	(188,378)
Changes in operating assets and liabilities:				
Contributions receivable	(2,883,373)	802,956	—	(2,080,417)
Prepaid expenses and other assets	(117,187)	(9,495)	—	(126,682)
Accounts payable and accrued expenses	757,262	(254,969)	—	502,293
Deferred rent	(212,177)	—	—	(212,177)
Accrued pension obligation and benefit plans	(672,898)	(58,264)	—	(731,162)
Net cash used in operating activities	<u>(825,149)</u>	<u>(5,726,664)</u>	<u>—</u>	<u>(6,551,813)</u>
Cash flows from investing activities:				
Proceeds from sale of investments	1,563,272	24,380,503	—	25,943,775
Purchase of investments	(2,092,313)	(16,400,849)	—	(18,493,162)
Acquisition of property and equipment	(599,860)	(30,407)	—	(630,267)
Net cash (used in) provided by investing activities	<u>(1,128,901)</u>	<u>7,949,247</u>	<u>—</u>	<u>6,820,346</u>
Cash flows from financing activities:				
Contributions of permanently restricted net assets	—	1,127,401	—	1,127,401
Change in contributions receivable restricted for permanent investment	—	(115,456)	—	(115,456)
Payments to charitable gift annuitants	—	(1,305,432)	—	(1,305,432)
Proceeds from charitable trusts and annuity gifts in excess of amounts recognized as contributions	—	96,970	—	96,970
Amounts due from the Foundation	1,937,632	—	(1,937,632)	—
Amounts due to the League	—	(1,937,632)	1,937,632	—
Net cash provided by (used in) financing activities	<u>1,937,632</u>	<u>(2,134,149)</u>	<u>—</u>	<u>(196,517)</u>
Net (decrease) increase in cash and cash equivalents	(16,418)	88,434	—	72,016
Cash and cash equivalents at beginning of year	<u>5,783,761</u>	<u>1,522,870</u>	<u>—</u>	<u>7,306,631</u>
Cash and cash equivalents at end of year	<u>\$ 5,767,343</u>	<u>1,611,304</u>	<u>—</u>	<u>7,378,647</u>

See accompanying independent auditors' report.