

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

American Jewish Committee and Affiliates

December 31, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Governors of
American Jewish Committee

Opinion

We have audited the consolidated financial statements of American Jewish Committee and Affiliates ("AJC"), 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 AJC as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AJC 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 financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, 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 AJC'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 AJC'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.

Grant Thornton LLP

New York, New York
October 31, 2022

American Jewish Committee and Affiliates

CONSOLIDATED BALANCE SHEETS

December 31,
(Dollars in thousands)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 39,420	\$ 32,649
Contributions receivable, net (Note 4)	16,976	13,653
Investments (Note 3)	51,990	48,451
Prepaid expenses and other assets	900	1,085
	109,286	95,838
Noncurrent assets		
Contributions receivable, net (Note 4)	19,254	20,434
Beneficial interest in trusts held by third parties (Note 3)	12,545	7,289
Investments (Note 3)	149,174	137,383
Prepaid expenses and other assets	1,150	1,000
Fixed assets, net (Note 5)	8,085	8,614
	190,208	174,720
Total current assets	109,286	95,838
Total noncurrent assets	190,208	174,720
Total assets	\$ 299,494	\$ 270,558
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,904	\$ 3,006
Accrued compensation	4,575	3,777
Accrued pension plan and other benefit obligations (Note 6)	4,900	4,788
Deferred rent	331	334
Liability under split-interest agreements	426	352
Loan payable (Note 10)	-	4,505
	12,136	16,762
Total current liabilities	12,136	16,762
Noncurrent liabilities		
Accrued pension plan and other benefit obligations (Note 6)	12,303	15,856
Deferred rent	974	1,304
Liability under split-interest agreements	2,337	2,573
Other noncurrent liabilities	29	29
	15,643	19,762
Total noncurrent liabilities	15,643	19,762
Total liabilities	27,779	36,524
Commitments and contingencies (Notes 6 and 10)		
Net assets (Notes 7 and 8)		
Net assets without donor restrictions		
Operating	47,898	34,084
Board-designated	27,100	24,172
Pension plan and other benefit obligations	(17,203)	(20,644)
	57,795	37,612
Total net assets without donor restrictions	57,795	37,612
Net assets with donor restrictions	213,920	196,422
Total net assets	271,715	234,034
Total liabilities and net assets	\$ 299,494	\$ 270,558

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

American Jewish Committee and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2021
(Dollars in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue			
Contributions and special events for operations (net of direct costs of special events of \$427)	\$ 34,128	\$ -	\$ 34,128
Trusts and bequests	2,364	334	2,698
Contributions with time or purpose restrictions	-	12,530	12,530
Contributions for endowments	-	4,646	4,646
Investment return used for operations	1,521	5,633	7,154
Rental income (Note 10)	1,245	-	1,245
Other	369	-	369
Net assets released from restrictions	22,667	(22,667)	-
Total operating revenue	<u>62,294</u>	<u>476</u>	<u>62,770</u>
Operating expenses			
Program services:			
Government and international relations	16,147	-	16,147
Regional offices	13,638	-	13,638
Communications	4,392	-	4,392
Interreligious and intergroup relations	2,280	-	2,280
Contemporary Jewish life	705	-	705
Total program services	<u>37,162</u>	<u>-</u>	<u>37,162</u>
Supporting services:			
Management and general	5,791	-	5,791
Fund-raising	7,575	-	7,575
Total supporting services	<u>13,366</u>	<u>-</u>	<u>13,366</u>
Total operating expenses	<u>50,528</u>	<u>-</u>	<u>50,528</u>
Change in net assets from operations	11,766	476	12,242
Non-operating activities			
Net investment return, in excess of amounts used for operations	1,930	10,943	12,873
Change in value of split-interest agreements	188	5,256	5,444
Gain on extinguishment of debt	4,505	-	4,505
Redesignation based on donor intent	(823)	823	-
Other components of net periodic benefit cost (Note 6)	(1,524)	-	(1,524)
Pension and postretirement changes other than net periodic benefit cost (Note 6)	4,141	-	4,141
Change in net assets from non-operating activities	8,417	17,022	25,439
CHANGE IN NET ASSETS	20,183	17,498	37,681
Net assets at beginning of year	<u>37,612</u>	<u>196,422</u>	<u>234,034</u>
Net assets at end of year	<u>\$ 57,795</u>	<u>\$ 213,920</u>	<u>\$ 271,715</u>

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

American Jewish Committee and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2020
(Dollars in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue			
Contributions and special events for operations (net of direct costs of special events of \$238)	\$ 31,583	\$ -	\$ 31,583
Trusts and bequests	473	47	520
Contributions with time or purpose restrictions	-	23,208	23,208
Contributions for endowments	-	10,375	10,375
Investment return used for operations	1,013	4,445	5,458
Rental income (Note 10)	1,244	-	1,244
Other	98	-	98
Net assets released from restrictions	19,961	(19,961)	-
	<u>54,372</u>	<u>18,114</u>	<u>72,486</u>
Total operating revenue			
Operating expenses			
Program services:			
Government and international relations	16,252	-	16,252
Regional offices	12,687	-	12,687
Communications	3,908	-	3,908
Interreligious and intergroup relations	2,447	-	2,447
Contemporary Jewish life	914	-	914
	<u>36,208</u>	<u>-</u>	<u>36,208</u>
Total program services			
Supporting services:			
Management and general	5,586	-	5,586
Fund-raising	7,922	-	7,922
	<u>13,508</u>	<u>-</u>	<u>13,508</u>
Total supporting services			
Total operating expenses	<u>49,716</u>	<u>-</u>	<u>49,716</u>
Change in net assets from operations	4,656	18,114	22,770
Non-operating activities			
Net investment return, in excess of amounts used for operations	2,375	5,515	7,890
Change in value of split-interest agreements	103	(2,814)	(2,711)
Other components of net periodic benefit cost (Note 6)	(2,269)	-	(2,269)
Pension and postretirement changes other than net periodic benefit cost (Note 6)	1,535	-	1,535
	<u>1,744</u>	<u>2,701</u>	<u>4,445</u>
Change in net assets from non-operating activities			
CHANGE IN NET ASSETS	6,400	20,815	27,215
Net assets at beginning of year	<u>31,212</u>	<u>175,607</u>	<u>206,819</u>
Net assets at end of year	<u>\$ 37,612</u>	<u>\$ 196,422</u>	<u>\$ 234,034</u>

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

American Jewish Committee and Affiliates
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021
(Dollars in thousands)

	Program Services					Supporting Services			Total 2021	
	Government and International Relations	Regional Offices	Communications	Interreligious and Intergroup Relations	Contemporary Jewish Life	Total	Management and General	Fund-raising		Total
Salaries	\$ 8,333	\$ 7,953	\$ 1,953	\$ 1,411	\$ 403	\$ 20,053	\$ 2,957	\$ 4,696	\$ 7,653	\$ 27,706
Fringe benefits	3,020	2,402	597	461	139	6,619	358	1,339	1,697	8,316
Total employee compensation	11,353	10,355	2,550	1,872	542	26,672	3,315	6,035	9,350	36,022
Travel	115	99	2	19	6	241	2	7	9	250
Rent and utilities	1,408	942	-	30	5	2,385	153	327	480	2,865
Telephone	66	30	16	10	4	126	17	19	36	162
Printing and postage	10	39	281	1	-	331	27	293	320	651
Stationery and supplies	8	26	26	1	-	61	28	10	38	99
IT services and equipment	352	242	107	69	29	799	147	156	303	1,102
Building maintenance	147	105	81	20	9	362	803	56	859	1,221
Insurance	125	122	30	27	11	315	30	44	74	389
Educational materials	18	17	-	2	1	38	9	-	9	47
Grants	491	66	10	11	5	583	-	-	-	583
Dues paid to other organizations	56	114	4	11	3	188	34	24	58	246
Conferences, meetings, and events	612	502	1	107	41	1,263	26	89	115	1,378
Outside contract program services	601	71	745	24	17	1,458	993	185	1,178	2,636
Advertising	68	22	420	2	-	512	1	115	116	628
Bank service charges	386	154	46	55	23	664	46	102	148	812
Catering and facilities rental	-	-	-	-	-	-	-	427	427	427
Total expenses before depreciation and amortization	15,816	12,906	4,319	2,261	696	35,998	5,631	7,889	13,520	49,518
Depreciation and amortization	331	732	73	19	9	1,164	160	113	273	1,437
Total expenses	16,147	13,638	4,392	2,280	705	37,162	5,791	8,002	13,793	50,955
Less direct cost of special events	-	-	-	-	-	-	-	(427)	(427)	(427)
Total 2021 expenses	<u>\$ 16,147</u>	<u>\$ 13,638</u>	<u>\$ 4,392</u>	<u>\$ 2,280</u>	<u>\$ 705</u>	<u>\$ 37,162</u>	<u>\$ 5,791</u>	<u>\$ 7,575</u>	<u>\$ 13,366</u>	<u>\$ 50,528</u>

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

American Jewish Committee and Affiliates
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2020
(Dollars in thousands)

	Program Services					Supporting Services			Total 2020	
	Government and International Relations	Regional Offices	Communications	Interreligious and Intergroup Relations	Contemporary Jewish Life	Total	Management and General	Fund-raising		Total
Salaries	\$ 8,660	\$ 7,094	\$ 1,588	\$ 1,441	\$ 552	\$ 19,335	\$ 2,925	\$ 5,000	\$ 7,925	\$ 27,260
Fringe benefits	3,166	2,123	491	465	180	6,425	366	1,494	1,860	8,285
Total employee compensation	11,826	9,217	2,079	1,906	732	25,760	3,291	6,494	9,785	35,545
Travel	280	145	5	47	11	488	54	5	59	547
Rent and utilities	1,295	996	-	28	4	2,323	192	331	523	2,846
Telephone	76	40	16	12	4	148	20	39	59	207
Printing and postage	16	54	261	2	1	334	14	264	278	612
Stationery and supplies	13	30	24	1	-	68	40	11	51	119
IT services and equipment	377	247	116	69	29	838	202	151	353	1,191
Building maintenance	112	101	74	16	7	310	806	46	852	1,162
Insurance	106	85	22	20	8	241	22	33	55	296
Educational materials	15	10	-	3	-	28	24	1	25	53
Grants	234	14	-	-	-	248	-	-	-	248
Dues paid to other organizations	59	113	3	10	4	189	23	27	50	239
Conferences, meetings, and events	691	582	16	89	39	1,417	43	62	105	1,522
Outside contract program services	576	195	807	150	27	1,755	722	174	896	2,651
Advertising	51	14	361	2	-	428	12	52	64	492
Bank service charges	188	150	51	54	24	467	55	74	129	596
Catering and facilities rental	-	-	-	-	-	-	-	238	238	238
Total expenses before depreciation and amortization	15,915	11,993	3,835	2,409	890	35,042	5,520	8,002	13,522	48,564
Depreciation and amortization	337	694	73	38	24	1,166	66	158	224	1,390
Total expenses	16,252	12,687	3,908	2,447	914	36,208	5,586	8,160	13,746	49,954
Less direct cost of special events	-	-	-	-	-	-	-	(238)	(238)	(238)
Total 2020 expenses	<u>\$ 16,252</u>	<u>\$ 12,687</u>	<u>\$ 3,908</u>	<u>\$ 2,447</u>	<u>\$ 914</u>	<u>\$ 36,208</u>	<u>\$ 5,586</u>	<u>\$ 7,922</u>	<u>\$ 13,508</u>	<u>\$ 49,716</u>

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

American Jewish Committee and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

**Years ended December 31,
(Dollars in thousands)**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 37,681	\$ 27,215
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,437	1,390
Contributions restricted for long-term investment	(4,646)	(10,375)
Net realized and unrealized gains on investments	(18,658)	(11,728)
Pension and postretirement changes other than net periodic benefit cost	(4,141)	(1,535)
Change in value of split-interest agreements	(5,444)	2,711
Change in operating assets and liabilities:		
Contributions receivable, net	(2,143)	(1,937)
Prepaid expenses and other assets	(11)	458
Accounts payable, accrued expenses, and other liabilities	(1,102)	(807)
Accrued compensation	798	629
Accrued pension and other benefit obligations	700	(717)
Deferred rent	(333)	(242)
	<u>4,138</u>	<u>5,062</u>
Cash flows from investing activities:		
Fixed asset acquisitions	(862)	(670)
Investment purchases	(53,120)	(310,913)
Investment sales	56,448	303,190
	<u>2,466</u>	<u>(8,393)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Contributions restricted for long-term investment	4,646	10,375
Change in loan payable	(4,505)	4,505
Other changes in split-interest agreements, net	26	310
	<u>167</u>	<u>15,190</u>
Net cash provided by financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,771	11,859
Cash and cash equivalents at beginning of year	32,649	20,790
Cash and cash equivalents at end of year	\$ 39,420	\$ 32,649

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

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020
(Dollars in thousands)

NOTE 1 - NATURE OF ORGANIZATIONS COMPRISING AJC

American Jewish Committee is a not-for-profit organization founded in 1906. American Jewish Committee's mission is to enhance the well-being of the Jewish people and Israel and to advance human rights and democratic values in the United States and around the world. In pursuit of this mission, American Jewish Committee advances democratic principles, fights anti-Semitism and other forms of bigotry, advocates for a secure Israel achieving fair treatment in the community of nations, and seeks to safeguard universal human rights. American Jewish Committee and its Affiliates, Institute of Human Relations ("IHR"), AJC Jerusalem, AJC Berlin, Transatlantic Institute ("TAI"), AJC Central Europe, AJC France, and AJC UAE (collectively, "AJC") are related through common control.

IHR is a fundraising organization that remits all its revenues to American Jewish Committee. In 2016, IHR completed its conversion into a 509(a)(3) supporting organization of American Jewish Committee that is controlled by American Jewish Committee and exists solely to raise funds for American Jewish Committee.

American Jewish Committee and IHR are exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the "Code") as organizations described in Section 501(c)(3) of the Code and qualify as public charities under Section 509(a) of the Code.

AJC Jerusalem is a not-for-profit association headquartered in Jerusalem, Israel. AJC Jerusalem was formed to engage with Israeli government officials, religious leaders, and diplomatic representatives of foreign countries stationed in Israel to share AJC's advocacy positions and analysis.

AJC Berlin is a German not-for-profit association headquartered in Berlin, Germany. AJC Berlin was formed to promote transatlantic relations, enhance German-Israeli ties, combat anti-Semitism and extremism, and foster dialogue regarding American Jewish Committee's core advocacy priorities.

TAI is a not-for-profit association headquartered in Brussels, Belgium. TAI was formed to foster ties among the European Union, Israel, and the United States.

AJC Central Europe, established in 2016, is a Polish not-for-profit association headquartered in Warsaw, Poland. AJC Central Europe was formed to promote transatlantic relations, enhance ties between the region and Israel, combat anti-Semitism and extremism, and cooperate with local Jewish communities.

AJC France, established in 2017, is a French not-for-profit association headquartered in Paris, France. AJC France consults regularly with government officials, civil society leaders, journalists, and policy analysts, and works closely with leaders of the French Jewish community. Its targeted advocacy advances the fight against anti-Semitism, radicalism, and extremism.

AJC UAE is a not for profit wholly owned affiliate of AJC headquartered in Abu Dhabi. It works on building understanding of, and ties with, Israel and the worldwide Jewish community in both the UAE and the Arab world more generally.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on AJC's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact AJC's financial position, statements of activities, functional expenses and cash flows is uncertain.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Dollars in thousands)

The expenses of AJC have been summarized on a functional basis. Accordingly, certain costs have been allocated to the programs and supporting services benefited. AJC's programmatic activities include the following:

Interreligious and Intergroup Relations

AJC builds coalitions to advance shared interests and support understanding with other religions and ethnic groups. Through these coalitions, AJC also advocates on behalf of the Jewish people and Israel, furthers mutual respect and combats prejudice.

Government and International Relations

AJC advocates on its priority issues at the highest levels of government and civil society in the United States and internationally in order to affect public policies of concern to the Jewish people.

AJC advocates at the national level on legislative and legal issues that affect AJC priorities. Advocacy activities in the United States include: meetings with members of the Executive Branch, Congress, and local officials; formal comments on pending legislation; filing of briefs in litigation; coalition building with community and opinion leaders; writing op-eds; and creating online petitions.

AJC maintains international institutes and offices that coordinate its advocacy throughout the world, including in Africa, Europe, Latin America, and Asia. AJC's institute and international office professionals are experts in their fields and work across national boundaries with elected officials, diplomats, and other sectors. Institute and international office professionals also build coalitions with faith, community, and other opinion leaders to promote greater understanding and dialogue in the countries in which they work, through exchange programs and through their coordination of such programs as AJC Project Interchange (educational seminars that bring influential leaders to Israel).

Regional Offices

AJC maintains more than 20 regional offices throughout the United States. The offices establish key relationships with civil society representatives, government officials, Congressional representatives, and local representatives of foreign governments to create diverse coalitions and mobilize the Jewish community on AJC's priority issues.

Contemporary Jewish Life

AJC helps to ensure Jewish continuity and to enrich the relationship of Jews in the diaspora with Israel. AJC takes public positions and holds symposia on critical current issues (e.g., enhancing understanding between Israeli and American Jews).

Communications

Using a variety of traditional and new media tools, AJC communicates nationally and globally to convey its analysis of key political events and galvanize support for the organization's advocacy priorities.

AJC mobilizes and informs opinion makers through print and digital media, as well as through active and informative social media accounts geared toward both global Jewish concerns as well as toward topics specific to each region or country in which an AJC office or institute is located. AJC also posts on its website all its active advocacy campaigns to encourage constituents to take action on these issues. Other communication tools include timely press releases and op-eds, blog posts, and interviews by or featuring AJC experts in major media outlets.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Dollars in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements of AJC include the financial position and changes in net assets of American Jewish Committee, IHR, AJC Jerusalem, AJC Berlin, TAI, AJC Central Europe, and AJC Paris. All significant interorganizational balances and transactions have been eliminated in consolidation. The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Net assets, 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:

Net assets without donor restrictions - Represents net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Governors and management, for AJC to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by AJC's Board of Governors or may be limited by legal requirements or contractual agreements with outside parties.

Net assets with donor restrictions - Represents net assets which are subject to donor-imposed restrictions that will be met either by actions of AJC and/or the passage of time.

A portion of net assets with donor restrictions are subject to donor-imposed stipulations that they be maintained in perpetuity by AJC, which are subject to the provisions of New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The donors of these assets specify the use of the income earned. In addition, these net assets include certain gifts that require the use of a spending rate. AJC follows the provisions of NYPMIFA in managing its donor-restricted endowment. AJC 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or by law. 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.

AJC considers pension and postretirement changes other than net periodic benefit cost and other nonrecurring activities to be nonoperating activities.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, allowances for uncollectible amounts, the valuation of investments and beneficial interest in trusts held by third parties, the allocation of functional expenses, and the valuation of liabilities for employee benefit obligations and other contingencies.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Dollars in thousands)

Cash Equivalents

AJC considers all highly liquid investments with maturities of three months or less when acquired to be cash equivalents, except those amounts held by investment managers for long-term investment purposes.

Investments

Investments in equity securities with readily determinable fair values and all investments in marketable debt securities are reported at fair value based upon quoted market prices or published net asset value ("NAV"). Alternative investments that are not readily marketable are reported at fair value based upon NAVs, as a practical expedient, provided by the fund managers, which are reviewed by management for reasonableness.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs are quoted prices (unadjusted) or published NAV in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date. Included in Level 1 are cash and cash equivalents, fixed income securities, common and preferred stocks and mutual funds. Each of these respective classes of investments are determined by obtaining quoted prices on nationally recognized securities exchanges or active markets traded on a daily basis;
- Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs are unobservable inputs for the asset or liability.

Investments reported at NAV or its equivalent as a practical expedient to estimate fair value are not classified in the fair value hierarchy, except for those with a readily determinable fair value.

Risks and Uncertainties

AJC invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated financial statements.

Contributions / Rental Income

Revenue from contributions is recognized in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). Accordingly, AJC evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be a contribution, AJC evaluates whether the contribution is conditional based upon whether the agreement

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includes both (1) one or more barriers that must be overcome before AJC is entitled to the assets transferred and promised and (2) a right of return of assets or a right of release of a promisor's obligation to transfer assets. Contributions which are deemed to be unconditional are considered to be available for general purposes (without donor restrictions) unless specifically restricted by the donor.

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported within net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates. Amortization of the discount is included in contribution revenue. Conditional promises to give are not recognized until the conditions are substantially met.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), AJC recognizes rental income over the terms of its rental agreements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Split-Interest Agreements

Charitable gift annuities are subject to the restrictions of gift instruments requiring AJC to pay stipulated amounts to donors or beneficiaries. Such payments terminate at the time of the donor's or beneficiary's death. AJC has used actuarial assumptions and discount rates to record the present value of estimated future payments to donors and beneficiaries. The present values of payments to the donors and beneficiaries of the annuities are calculated using a discount rate of 2% in 2021 and 2020.

AJC is designated as the remainder beneficiary of various charitable remainder annuity trusts and a unitrust, where the assets are controlled and invested by independent third parties. The charitable remainder annuity trusts and unitrust interests are recorded in trusts and bequests income within net assets with donor restrictions at the present value of estimated future benefits to be received when those trusts' assets are distributed to AJC. Over 95% of the assets are invested in one equity security and, therefore, are subject to elevated market risk and fluctuations.

Fixed Assets

Fixed assets are stated at cost. Fixed assets having a useful life of one year or more and an acquisition cost of \$1,500 or more per unit are capitalized. Depreciation and amortization are computed on the straight-line basis over their estimated useful lives as follows:

Buildings	20 - 40 years
Building improvements	10 - 20 years
Furniture and equipment	5 - 15 years
Leasehold improvements	5 - 10 years

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Deferred Rent

AJC has entered into several operating lease agreements as lessor and lessee, some of which contain provisions for future rent increases, tenant allowances, rent-free periods, or periods in which rent payments are reduced. The total amount of rental payments due over the lease term is being charged to rent expense or rent income using the straight-line method over the terms of the leases. The difference between rent expense recorded and the amount paid is recorded as a change in deferred rent, which is included in liabilities on the consolidated balance sheets. The difference between rent income recorded and the amount received is recorded as a change in prepaid expenses and other assets, which is included in assets on the consolidated balance sheets.

Expenses

Expenses are recognized by AJC on an accrual basis. Expenses paid in advance and not yet incurred are reported as prepaid expenses until the applicable period.

The costs of program and supporting activities have been summarized on a functional basis on the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported within that functional area. Indirect expenses that benefit multiple functional areas have been allocated by AJC using a variety of cost allocation techniques such as square footage and time and effort.

Income Tax

AJC has evaluated its tax positions and has determined that it is more likely than not that there are no significant uncertain tax positions and that it will continue to be exempt from federal and state income taxes.

AJC prescribed to a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. As of December 31, 2021, AJC does not have any uncertain tax positions or any unrelated business income tax liability, which would have a material impact upon its financial statements.

New Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU will require lessees to recognize almost all leases on the statements of financial position as a right-of-use asset and a lease liability. For statement of activity purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for AJC's fiscal year beginning January 1, 2022, with early adoption permitted. AJC is currently assessing the effect that adoption of the new standard will have on its consolidated financial statements.

Measure of Operations

The consolidated statements of activities distinguish between operating and non-operating activities. Operating activities to carry out the mission of AJC include all revenue and expenses that are an integral part of AJC's programs and supporting services. Non-operating activities include net investment return, in excess of amounts used for operations, change in value of split-interest agreements, other components of net periodic benefit cost and pension and postretirement changes other than net periodic benefit cost.

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NOTE 3 - INVESTMENTS

The following tables present AJC's investments and other assets measured at fair value as of December 31, 2021 and 2020:

	December 31, 2021			
	Fair Value	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	\$ 1,672	\$ 1,672	\$ -	\$ -
Fixed income:				
State of Israel bonds	28	-	28	-
Mutual funds	26,711	26,711	-	-
	<u>26,739</u>	<u>26,711</u>	<u>28</u>	<u>-</u>
Equities:				
Common and preferred stocks	20,001	20,001	-	-
Mutual funds:				
Large-cap equity funds	28,358	28,358	-	-
Exchange traded funds	508	508	-	-
	<u>48,867</u>	<u>48,867</u>	<u>-</u>	<u>-</u>
Total	<u>77,278</u>	<u>\$ 77,250</u>	<u>\$ 28</u>	<u>\$ -</u>
Investments reported at NAV:				
1 - 3-year U.S. Treasury index	16,384			
Multistrategy hedge funds ^(a)	21,591			
Long/short equities ^(b)	37,016			
Long only equities ^(c)	<u>46,395</u>			
Total investments reported at NAV	121,386			
Cash held for investment	2,000			
Investment Redemption Receivable	<u>500</u>			
Total investments	<u>\$ 201,164</u>			
Beneficial interest in trusts held by independent third parties	<u>\$ 12,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,545</u>

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	December 31, 2020			
	Fair Value	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	\$ 9,711	\$ 9,711	\$ -	\$ -
Fixed income:				
State of Israel bonds	127	-	127	-
Mutual funds	28,725	28,725	-	-
	<u>28,852</u>	<u>28,725</u>	<u>127</u>	<u>-</u>
Equities:				
Common and preferred stocks	15,149	15,149	-	-
Mutual funds:				
Large-cap equity funds	25,932	25,932	-	-
Exchange traded funds	4,229	4,229	-	-
	<u>45,310</u>	<u>45,310</u>	<u>-</u>	<u>-</u>
Total	<u>83,873</u>	<u>\$ 83,746</u>	<u>\$ 127</u>	<u>\$ -</u>
Investments reported at NAV:				
1 - 3-year U.S. Treasury index	16,485			
Multistrategy hedge funds ^(a)	15,127			
Long/short equities ^(b)	24,880			
Long only equities ^(c)	31,969			
Total investments reported at NAV	88,461			
Cash held for investment	13,500			
Total investments	<u>\$ 185,834</u>			
Beneficial interest in trusts held by independent third parties	<u>\$ 7,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,289</u>

(a) Multistrategy hedge funds include investments in funds that pursue multiple investment strategies that attempt to diversify risks and reduce volatility. Capital is allocated to each of the strategies as well as, geographical areas, and varies depending on market opportunities.

(b) Long/short equities are funds invested in equity securities where long positions are expected to appreciate and short positions are expected to decline.

(c) Long only equities are funds invested in equity securities where long positions are expected to appreciate.

Included in investments as of December 31, 2021 and 2020 is \$27,100 and \$24,172, respectively, which is the portion of the fair value of the portfolio attributed to the Board-designated endowment (as further discussed in Note 9).

The limitations and restrictions on AJC's ability to redeem or sell alternative investments vary by investment. Based on the terms and conditions in effect at December 31, 2021 and 2020, AJC's alternative investments can be redeemed or sold as follows:

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December 31, 2021				
Redemption Period	Number of Funds	Amount	Days' Notice for Redemption	Unfunded Commitments
Daily				
1-3 year U.S. Treasury index	1	\$ 16,384	2	Not applicable
Monthly				
Long/short equities	2	3,894	30	Not applicable
Long only equities	1	15,944	15	Not applicable
Quarterly				
Multistrategy	6	16,341	60 - 90	Not applicable
Long/short equities	4	14,160	60 - 90	Not applicable
Long only equities	2	11,211	60	Not applicable
Annually				
Long/short equities	3	6,828	60	Not applicable
Funds subject to lockup				
Multistrategy	11	5,250	Not applicable	\$ -
Long/short equities	23	12,134	Not applicable	\$ 8,517
Long only equities	4	19,240	Not applicable	\$ 644
		<u>\$ 121,386</u>		

December 31, 2020				
Redemption Period	Number of Funds	Amount	Days' Notice for Redemption	Unfunded Commitments
Daily				
1-3 year U.S. Treasury index	1	\$ 16,485	2	Not applicable
Monthly				
Long/short equities	2	3,232	30	Not applicable
Long only equities	1	12,102	15	Not applicable
Quarterly				
Multistrategy	4	8,979	60 - 67	Not applicable
Long/short equities	2	6,639	60 - 90	Not applicable
Long only equities	1	5,598	60	Not applicable
Annually				
Long/short equities	3	7,031	60	Not applicable
Funds subject to lockup				
Multistrategy	11	6,148	Not applicable	\$ 500
Long/short equities	15	7,978	Not applicable	\$ 6,355
Long only equities	3	14,269	Not applicable	\$ 809
		<u>\$ 88,461</u>		

Investments totaling approximately \$4,187 and \$5,058 as of December 31, 2021 and 2020, respectively, were held subject to charitable gift annuity obligations, and investments of approximately \$54 and \$53 were held in trust as of December 31, 2021 and 2020, respectively.

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Investment return comprises interest, dividends, and realized and unrealized gains and losses. Return for the years ended December 31, 2021 and 2020 consisted of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
Interest and dividends	\$ 549	\$ 820	\$ 1,369	\$ 1,620
Net realized gains on investments	542	2,435	2,977	6,651
Net unrealized gains on investments	2,360	13,321	15,681	5,077
	3,451	16,576	20,027	13,348
Total investment gains	3,451	16,576	20,027	13,348
Investment return used for operations	(1,521)	(5,633)	(7,154)	(5,458)
Net investment return, in excess of amount used for operations	\$ 1,930	\$ 10,943	\$ 12,873	\$ 7,890

NOTE 4 - CONTRIBUTIONS RECEIVABLE

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

	2021	2020
Within one year	\$ 17,553	\$ 14,335
One to five years	14,173	13,165
More than five years	6,150	8,450
	37,876	35,950
Less discount to present value at rates ranging from 0.7% to 3.0%	(1,068)	(1,181)
Less allowance for uncollectible amounts	(578)	(682)
	\$ 36,230	\$ 34,087

Included in contributions receivable, net at December 31, 2021 and 2020 are pledges of \$22,309 and \$21,268, respectively, from four and three donors. Included in contributions and special events and trusts and bequests revenue at December 31, 2021 and 2020 is revenue of \$9,070 and \$24,314, respectively, from two and three donors, respectively.

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NOTE 5 - FIXED ASSETS

Fixed assets consist of the following at December 31, 2021 and 2020:

	2021	2020
Land	\$ 430	\$ 430
Buildings	5,231	5,231
Building improvements	13,832	13,074
Furniture and equipment	13,314	13,177
Leasehold improvements	4,082	4,115
	36,889	36,027
Accumulated depreciation and amortization	(28,804)	(27,413)
	\$ 8,085	\$ 8,614

NOTE 6 - ACCRUED PENSION PLAN AND OTHER BENEFIT OBLIGATIONS

American Jewish Committee has a defined benefit pension plan. The benefits are based on the average of the highest three consecutive January 1 salaries, limited to a maximum of \$245,000. American Jewish Committee's funding policy is to contribute annually at least the minimum amount required under the Employee Retirement Income Security Act of 1974. Effective July 17, 2009, no new participants are included in the plan and all future benefit accruals are frozen.

In addition, American Jewish Committee has unfunded contributory postretirement medical and life insurance benefit plans. The postretirement medical plan covers all employees who have retired after age 65 and have completed 10 years of service. The postretirement life insurance plan covers all employees who retired on or before January 1, 1998, after attainment of age 60 and 10 years of service and who were covered for active employee life insurance at the time of retirement.

AJC recognizes the funded status of these plans, measured as the difference between plan assets at fair value and the benefit obligation, in the consolidated balance sheets.

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The following tables provide information with respect to the plans as of and for the years ended December 31, 2021 and 2020:

	December 31, 2021	
	Pension Benefits	Other Benefits
Change in benefit obligation		
Benefit obligation at January 1, 2021	\$ 65,303	\$ 4,293
Service cost	-	439
Interest cost	1,702	101
Actuarial gain	(1,305)	(599)
Benefits paid	(4,041)	(65)
	<u>61,659</u>	<u>4,169</u>
Benefit obligation at December 31, 2021		
	<u>61,659</u>	<u>4,169</u>
Change in plan assets		
Fair value of plan assets at January 1, 2021	49,140	-
Actual return on plan assets	2,510	-
Employer contribution	1,100	65
Benefits paid	(4,041)	(65)
	<u>48,709</u>	<u>-</u>
Fair value of plan assets at December 31, 2021		
	<u>48,709</u>	<u>-</u>
Funded status	<u>\$ (12,950)</u>	<u>\$ (4,169)</u>
Balance sheet recognition		
Accrued benefit cost	\$ (12,950)	\$ (4,169)
	December 31, 2020	
	Pension Benefits	Other Benefits
Change in benefit obligation		
Benefit obligation at January 1, 2020	\$ 62,390	\$ 3,481
Service cost	-	339
Interest cost	2,106	109
Actuarial loss	4,905	433
Benefits paid	(4,098)	(69)
	<u>65,303</u>	<u>4,293</u>
Benefit obligation at December 31, 2020		
	<u>65,303</u>	<u>4,293</u>
Change in plan assets		
Fair value of plan assets at January 1, 2020	43,641	-
Actual return on plan assets	6,814	-
Employer contribution	2,783	69
Benefits paid	(4,098)	(69)
	<u>49,140</u>	<u>-</u>
Fair value of plan assets at December 31, 2020		
	<u>49,140</u>	<u>-</u>
Funded status	<u>\$ (16,163)</u>	<u>\$ (4,293)</u>
Balance sheet recognition		
Accrued benefit cost	\$ (16,163)	\$ (4,293)

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The 2021 and 2020 employer contributions of \$1,165 and \$2,852, respectively, are reflected as a use of cash in operating activities in the accompanying 2021 and 2020 consolidated statements of cash flows.

Included in the projected accumulated benefit obligation (other benefits) is approximately \$162 and \$156 for 2021 and 2020, respectively, for life insurance and approximately \$3,844 and \$3,219 for 2021 and 2020, respectively, for medical premiums.

Components of net periodic benefit cost are as follows for 2021 and 2020:

	December 31, 2021	
	Pension Benefits	Other Benefits
Service cost	\$ -	\$ 439
Interest cost	1,702	101
Expected return on plan assets	(3,007)	-
Amortization of actuarial loss (gain)	2,738	(10)
Net periodic benefit cost	\$ 1,433	\$ 530
	December 31, 2020	
	Pension Benefits	Other Benefits
Service cost	\$ -	\$ 339
Interest cost	2,106	109
Expected return on plan assets	(2,814)	-
Amortization of actuarial loss (gain)	2,905	(37)
Net periodic benefit cost	\$ 2,197	\$ 411

Components of pension and retirement changes other than net periodic benefit cost are as follows for 2021 and 2020:

	December 31, 2021	
	Pension Benefits	Other Benefits
New actuarial (gain) loss	\$ (808)	\$ (599)
Amortization of unrecognized amounts	(2,744)	10
Pension and retirement changes other than net periodic benefit cost	\$ (3,552)	\$ (589)

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	December 31, 2020	
	Pension Benefits	Other Benefits
New actuarial (gain) loss	\$ 905	\$ 433
Amortization of unrecognized amounts	(2,910)	37
Pension and retirement changes other than net periodic benefit cost	\$ (2,005)	\$ 470

At December 31, 2021 and 2020, items not yet recognized as net periodic benefit costs are net losses of \$17,643 and \$20,900, respectively.

AJC used a Dedicated Bond Portfolio model to derive the discount rate for 2021 and 2020.

The weighted-average assumptions are as follows:

	December 31, 2021	
	Pension Benefits	Other Benefits
Discount rate used to determine the benefit obligation	3.01%	2.85%
Discount rate used to determine net periodic benefit cost	2.69%	2.44%

	December 31, 2020	
	Pension Benefits	Other Benefits
Discount rate used to determine the benefit obligation	2.69%	2.55%
Discount rate used to determine net periodic benefit cost	3.49%	3.26%

The medical trend rate used is 7%; a 1% change in the healthcare cost trends has the following impact:

	December 31, 2021	
	Increase	Decrease
Effect on total service and interest cost	\$ 217	\$ (147)
Effect on the postretirement benefit obligation	1,218	(873)

	December 31, 2020	
	Increase	Decrease
Effect on total service and interest cost	\$ 165	\$ (112)
Effect on the postretirement benefit obligation	1,230	(885)

In 2021 and 2020, AJC used the 2021 Mortality Improvement Scale MP-2021 and 2020 Mortality Improvement Scale MP-2020, respectively, to value its pension and postretirement obligation.

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Plan Assets

The following tables present the investments of American Jewish Committee's pension plan assets measured at fair value by asset category, which are included in the funded status of the pension liability recorded in the accompanying consolidated balance sheets as of December 31, 2021 and 2020:

	December 31, 2021	
	Fair Value	Level 1
Cash and cash equivalents		
Short-term investment fund	\$ 2,060	\$ 2,060
	2,060	2,060
Fixed income		
Debt fund	10,959	10,959
	10,959	10,959
Equities		
Mutual funds		
Large-cap equity funds	5,331	5,331
Small-cap equity funds	1,202	1,202
	6,533	6,533
Total	19,552	\$ 19,552
Investments reported at NAV		
Multistrategy hedge funds ^(a)	9,094	
Long/short equities ^(b)	8,520	
Long only equities ^(c)	10,543	
Total investments reported at NAV	28,157	
Cash held for investment	1,000	
Total investments	\$ 48,709	

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	December 31, 2020	
	Fair Value	Level 1
Cash and cash equivalents		
Short-term investment fund	\$ 2,872	\$ 2,872
	2,872	2,872
Fixed income		
Debt fund	8,990	8,990
	8,990	8,990
Equities		
Mutual funds		
Large-cap equity funds	5,328	5,328
Small-cap equity funds	1,117	1,117
	6,445	6,445
Total	18,307	\$ 18,307
Investments reported at NAV		
Multistrategy hedge funds ^(a)	9,095	
Long/short equities ^(b)	4,600	
Long only equities ^(c)	15,107	
Total investments reported at NAV	28,802	
Cash held for investment	1,000	
Investment redemption receivable	1,031	
Total investments	\$ 49,140	

(a) Multistrategy hedge funds include investments in funds that pursue multiple investment strategies that attempt to diversify risks and reduce volatility. Capital is allocated to each of the strategies, as well as geographical areas, and varies depending on market opportunities.

(b) Long/short equities are funds invested in equity securities where long positions are expected to appreciate and short positions are expected to decline.

(c) Long only equities are funds invested in equity securities where long positions are expected to appreciate.

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The investment allocation is as follows for 2021 and 2020:

	2021	2020
Cash and cash equivalents	4%	6%
Fixed income	23	18
Equities	13	13
Alternative investments	58	59
Cash held for investment	2	2
Investment redemption receivable	-	2

Based on historically indexed data, the assumed long-term rates of return for 2021 and 2020 are as follows: fixed income of 4%, equities of 7% and alternative investments of 6%, which produce an expected composite rate of return of 6%.

The limitations and restrictions on AJC's ability to redeem or sell alternative investments vary by investment. Based on the terms and conditions in effect at December 31, 2021 and 2020, the plan's alternative investments can be redeemed or sold as follows:

December 31, 2021				
Redemption Period	Number of Funds	Amount	Days' Notice for Redemption	Unfunded Commitments
Weekly				
Long only equities	1	3,985	7	Not applicable
Quarterly				
Multistrategy	4	5,444	60 - 67	Not applicable
Long/short equities	1	2,089	60	Not applicable
Annually				
Long/short equities	1	2,455	60	Not applicable
Long only equities	1	4,016	60	Not applicable
Funds subject to lockup				
Multistrategy	11	3,650	Not applicable	Not applicable
Long/short equities	3	3,976	Not applicable	Not applicable
Long only equities	1	2,542	Not applicable	Not applicable
		\$ 28,157		

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December 31, 2020					
Redemption Period	Number of Funds	Amount	Days' Notice for Redemption	Unfunded Commitments	
Daily					
Long only equities	1	\$ 3,560	Not applicable	Not applicable	
Weekly					
Long only equities	1	4,364	7	Not applicable	
Quarterly					
Multistrategy	4	6,130	60 - 67	Not applicable	
Long/short equities	1	1,051	60	Not applicable	
Annually					
Long/short equities	1	2,458	60	Not applicable	
Long only equities	1	3,770	60	Not applicable	
Funds subject to lockup					
Multistrategy	10	2,965	Not applicable	Not applicable	
Long/short equities	1	1,091	Not applicable	Not applicable	
Long only equities	1	3,413	Not applicable	Not applicable	
		<u>\$ 28,802</u>			

Estimated Future Benefit Payments

It is estimated that \$2,237 of the actuarial loss will be included as a component of net periodic benefit costs in fiscal year 2022.

The following benefit payments are expected to be paid as follows:

Year(s) Ending December 31:	Pension Benefits	Other Benefits
2022	\$ 4,776	\$ 81
2023	4,650	84
2024	4,574	89
2025	4,481	92
2026	4,305	98
2027 - 2031	19,470	582

American Jewish Committee expects to contribute to the pension plan at least \$1,000 in fiscal year 2022, which is the estimated IRS required minimum contribution calculated by AJC's actuary.

American Jewish Committee is contractually obligated to provide retirement benefits to certain current and former executives and employees. As of December 31, 2021 and 2020, accrued special retirement benefits and executive insurance totaled approximately \$83 and \$187, respectively.

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NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020 were composed of the following:

	2021	2020
Program funds and endowment funds appropriated and available for spending		
Government and international relations	\$ 13,255	\$ 14,126
Fellowship and leadership development	3,802	3,322
Communications	1,930	2,560
Regional offices	3,680	3,148
Executive discretionary and emergency aid funds	473	404
Contemporary Jewish life	477	247
Interreligious and intergroup relations	3,123	3,865
Total available for spending	26,740	27,672
Time restricted		
Multi-year contributions - general operations	29,386	30,436
Split-interest agreements	12,545	7,289
Total time restricted	41,931	37,725
Subject to AJC's spending policy and appropriation		
Original endowment corpus		
General operations	55,294	53,095
Fellowship and leadership development	17,032	12,161
Government and international relations	25,700	24,776
Interreligious and intergroup relations	2,184	2,106
Regional offices	2,384	2,176
Contemporary Jewish life	1,695	1,634
Institute of Human Relations	588	567
Communications	108	104
Endowment and other investment earnings available for future appropriations	40,264	34,406
Total subject to AJC's spending policy and appropriation	145,249	131,025
Total net assets with donor restrictions	\$ 213,920	\$ 196,422

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	2021	2020
Purpose restrictions accomplished:		
Government and international relations	\$ 5,281	\$ 5,347
Fellowship and leadership development	1,078	1,578
Regional offices	242	174
Communications	1,428	1,671
Executive discretionary and emergency aid funds	268	178
Contemporary Jewish life	56	142
Interreligious and intergroup relations	1,423	1,033
Total purpose restrictions released	9,776	10,123
Time restrictions expired	12,891	9,838
Total restrictions released	\$ 22,667	\$ 19,961

NOTE 8 - ENDOWMENT FUNDS

AJC maintains several donor-restricted funds, the purpose of which is to provide support for various programmatic activities and supporting services. In classifying such funds for financial statement purposes as either net assets with donor restrictions or net assets without donor restrictions, the Board of Governors looks to the explicit direction of the respective donor and provisions of applicable New York state law.

In accordance with NYPMIFA, AJC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the donor restricted endowment;
2. The purposes of AJC and the donor restricted endowment;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of AJC; and
7. The investment policies of AJC.

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Endowment composition by net asset classification as of December 31, 2021 and 2020 is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 145,249	\$ 145,249
Board-designated funds	27,100	-	27,100
Total funds	\$ 27,100	\$ 145,249	\$ 172,349

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 131,025	\$ 131,025
Board-designated funds	24,172	-	24,172
Total funds	\$ 24,172	\$ 131,025	\$ 155,197

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 24,172	\$ 131,025	\$ 155,197
Investment return			
Interest and dividend income	180	814	994
Net realized and unrealized gain on investments	3,000	13,574	16,574
Total investment return	3,180	14,388	17,568
Contributions	900	4,646	5,546
Redesignation based on donor intent	-	823	823
Distributions	(1,152)	(5,633)	(6,785)
Endowment net assets, end of year	\$ 27,100	\$ 145,249	\$ 172,349

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	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 22,309	\$ 117,968	\$ 140,277
Investment return			
Interest and dividend income	232	1,026	1,258
Net realized and unrealized gain on investments	2,285	10,245	12,530
Total investment return	2,517	11,271	13,788
Contributions	-	6,231	6,231
Distributions	(654)	(4,445)	(5,099)
Endowment net assets, end of year	\$ 24,172	\$ 131,025	\$ 155,197

Included in investments as of December 31, 2021 and 2020 is \$27,100 and \$24,172, respectively, which is the portion of the fair value of the portfolio attributed to the Board-designated endowment (as further discussed in Note 9).

In addition to the investment return with donor restrictions on endowment funds, the consolidated statements of activities reflect \$6 and \$2 of interest and dividend income and a \$2,182 and \$1,313 of net realized and unrealized gains and losses on investments, respectively, for donor funds requiring investment returns be added to the original gift until certain time, program, or other donor restrictions are met for 2021 and 2020, respectively.

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires AJC to retain as a fund of perpetual duration.

There were no deficiencies of this nature in donor-restricted endowment funds as of December 31, 2021.

Deficiencies of this nature exist in one donor-restricted endowment fund in 2020, which has an original give value of \$1,764, a current fair value of \$1,614, and a deficiency of \$150 as of December 31, 2020.

These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and appropriation for certain programs was not continued.

Return Objectives and Risk Parameters

AJC has adopted investment and spending policies and procedures for endowment assets based on total return. The primary investment objective is to exceed the inflation adjusted annualized spending rate over a five year market cycle, recognizing established risk parameters, and the need to preserve capital. The investment committee strives to diversify investments to reduce volatility by allocating assets to multiple asset classes, allocating assets among various investment styles, and retaining multiple investment firms with complementary investment philosophies, styles, and approaches. Actual returns in any given year may vary.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
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Strategies Employed for Achieving Objectives

To satisfy its long term rate of return objectives, AJC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). AJC targets a diversified asset allocation to reduce volatility that places a greater emphasis on equity based investments to achieve its long term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

AJC has a spending policy based on a three-year trailing average of the market value of the portfolio. For any endowment fund in existence fewer than three years, the market value of the endowment fund shall be calculated for the specified period the endowment fund has been in existence. The spending rate for 2021 was 5%. For 2022, the spending rate will continue to be 5%. In establishing this policy, AJC considers the long term expected return on its endowment.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

AJC's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2021	2020
Cash and cash equivalents	\$ 39,420	\$ 32,649
Contributions receivable	16,976	13,653
Investments	51,990	48,451
Prepaid expenses and other assets	900	1,085
Total financial assets available within one year	109,286	95,838
Less:		
Contractual, legal or donor-imposed restrictions:		
Amounts subject to expenditure for specified purposes	19,627	20,903
Pledges for endowment purposes	4,250	333
Total amounts unavailable for general expenditures within one year	23,877	21,236
Total financial assets available within one year, including Board designations	85,409	74,602
Board-designated endowment - unavailable to management without board approval	27,100	24,172
Total financial assets available within one year, excluding board designations	\$ 58,309	\$ 50,430

AJC is primarily supported by contributions (both with and without donor restrictions). As donor restrictions require resources to be used in a particular manner or in future periods, AJC maintains sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. As part of AJC's liquidity management, through budget planning and monitoring, financial assets are made available as its general operations, liabilities, and other obligations

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require. It is AJC's goal to build reserves to meet current and unexpected operating needs. In January 2017, the Executive Council of AJC's Board of Governors authorized the creation of a Board-designated endowment using excess cash above AJC's operating cash requirements to seek higher returns. As of December 31, 2021 and 2020, Board-designated funds, which had no specific designation for the usage of the funds, totaled \$27,100 and \$24,172, respectively, and are included in current investments on the consolidated balance sheets. In the event of financial distress or an immediate liquidity need resulting from events outside general operations, AJC's Board may draw upon these Board-designated funds. AJC could also draw from its \$10,000 line of credit (as further discussed in Note 10).

NOTE 10 - LEASES AND OTHER COMMITMENTS

Leases

American Jewish Committee is obligated under noncancelable operating lease agreements for office space in several locations. Minimum annual rentals at December 31, 2021 and 2020 are as follows:

2022	\$	1,931
2023		1,557
2024		666
2025		658
2026		565
2027 and thereafter		<u>1,436</u>
	\$	<u>6,813</u>

Rent expense for the years ended December 31, 2021 and 2020 was \$2,667 and \$2,610, respectively.

Rental Income under Operating Leases

AJC leases space to others in its building located in New York City and subleases space in Washington, D.C. The leases provide for minimum annual rentals and reimbursement of certain expenses. The following is a schedule of minimum future rentals on noncancelable leases as of December 31, 2021 and 2020:

2022	\$	1,599
2023		1,159
2024		421
2025		363
2026		373
2027 and thereafter		<u>1,291</u>
	\$	<u>5,206</u>

Line of Credit

AJC has available a line of credit from a bank in the amount of \$10,000, which was not drawn upon during the years ended December 31, 2021 and 2020. The line of credit is available through June 2023, subject to extension, and carries an interest rate equal to the prime rate or the minimum interest rate determined by the bank. As of December 31, 2021 and 2020, no balance was outstanding under this line of credit.

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Litigation and Claims

AJC is a party to various litigation in the ordinary course of business, which, in the opinion of management, will not have a material adverse effect on the consolidated financial position or changes in net assets of AJC.

Loan

On April 17, 2020, AJC (the "Borrower"), was granted a loan (the "Loan") from Citibank, N.A., in the aggregate amount of \$4,505, pursuant to the Small Business Administration Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was enacted March 27, 2020. The Loan, which was in the form of a Note dated April 17, 2020, issued by the Borrower, matures on April 17, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on October 17, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, and utilities. AJC used the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On September 20, 2021, forgiveness was granted, and the extinguishment was recognized as income in fiscal 2021.

NOTE 11 - SUBSEQUENT EVENTS

AJC evaluated events from December 31, 2021 through October 31, 2022, the date on which the consolidated financial statements were available to be issued, and determined that no additional disclosures outside of the following are required.