

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

American Jewish Committee and Affiliates

December 31, 2022 and 2021

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated balance sheets	5
Consolidated statements of activities	6
Consolidated statements of functional expenses	8
Consolidated statements of cash flows	10
Notes to consolidated financial statements	11

GRANT THORNTON LLP
757 Third Avenue, 9th Floor
New York, NY 10017

D +1 212 599 0100
F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of 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, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of matter

As discussed in Notes 2 and 10 to the consolidated financial statements, as of January 1, 2022, AJC adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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 available to be issued.

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, 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 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
August 23, 2023

American Jewish Committee and Affiliates

CONSOLIDATED BALANCE SHEETS

December 31,
(Dollars in thousands)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 35,095	\$ 39,420
Contributions receivable, net (Note 4)	11,144	16,976
Investments (Note 3)	51,631	51,990
Prepaid expenses and other assets	1,017	900
	<u>98,887</u>	<u>109,286</u>
Noncurrent assets		
Contributions receivable, net (Note 4)	15,500	19,254
Beneficial interest in trusts held by third parties (Note 3)	10,742	12,545
Investments (Note 3)	134,005	149,174
Prepaid expenses and other assets	796	1,150
Right of use asset	7,697	-
Fixed assets, net (Note 5)	8,071	8,085
	<u>176,811</u>	<u>190,208</u>
Total current assets	<u>98,887</u>	<u>109,286</u>
Total noncurrent assets	<u>176,811</u>	<u>190,208</u>
Total assets	<u>\$ 275,698</u>	<u>\$ 299,494</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,918	\$ 1,904
Accrued compensation	4,617	4,575
Accrued pension plan and other benefit obligations (Note 6)	4,891	4,900
Lease liability	2,284	-
Deferred rent	-	331
Liability under split-interest agreements	414	426
	<u>15,124</u>	<u>12,136</u>
Total current liabilities	<u>15,124</u>	<u>12,136</u>
Noncurrent liabilities		
Accrued pension plan and other benefit obligations (Note 6)	6,961	12,303
Lease liability	6,252	-
Deferred rent	-	974
Liability under split-interest agreements	2,225	2,337
Other noncurrent liabilities	29	29
	<u>15,467</u>	<u>15,643</u>
Total noncurrent liabilities	<u>15,467</u>	<u>15,643</u>
Total liabilities	<u>30,591</u>	<u>27,779</u>
Commitments and contingencies (Notes 6 and 10)		
Net assets (Notes 7 and 8)		
Net assets without donor restrictions		
Operating	47,118	47,898
Board-designated	28,270	27,100
Pension plan and other benefit obligations	(11,852)	(17,203)
	<u>63,536</u>	<u>57,795</u>
Total net assets without donor restrictions	<u>63,536</u>	<u>57,795</u>
Net assets with donor restrictions	<u>181,571</u>	<u>213,920</u>
Total net assets	<u>245,107</u>	<u>271,715</u>
Total liabilities and net assets	<u>\$ 275,698</u>	<u>\$ 299,494</u>

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, 2022
(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 \$1,437)	\$ 37,247	\$ -	\$ 37,247
Trusts and bequests	1,295	-	1,295
Contributions with time or purpose restrictions	-	12,330	12,330
Contributions for endowments	-	2,041	2,041
Investment return used for operations	1,280	5,443	6,723
Rental income (Note 10)	1,280	-	1,280
Other	926	-	926
Net assets released from restrictions	27,728	(27,728)	-
Total operating revenue	69,756	(7,914)	61,842
Operating expenses			
Program services:			
Government and international relations	23,824	-	23,824
Regional offices	14,234	-	14,234
Communications	4,721	-	4,721
Interreligious and intergroup relations	2,508	-	2,508
Contemporary Jewish life	1,056	-	1,056
Total program services	46,343	-	46,343
Supporting services:			
Management and general	6,831	-	6,831
Fund-raising	8,867	-	8,867
Total supporting services	15,698	-	15,698
Total operating expenses	62,041	-	62,041
Change in net assets from operations	7,715	(7,914)	(199)
Non-operating activities			
Net investment return, in excess of amounts used for operations	(5,957)	(22,633)	(28,590)
Change in value of split-interest agreements	(696)	(1,802)	(2,498)
Other components of net periodic benefit cost (Note 6)	(1,296)	-	(1,296)
Pension and postretirement changes other than net periodic benefit cost (Note 6)	5,975	-	5,975
Change in net assets from non-operating activities	(1,974)	(24,435)	(26,409)
CHANGE IN NET ASSETS	5,741	(32,349)	(26,608)
Net assets at beginning of year	57,795	213,920	271,715
Net assets at end of year	\$ 63,536	\$ 181,571	\$ 245,107

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, 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 FUNCTIONAL EXPENSES

Year ended December 31, 2022
(Dollars in thousands)

	Program Services					Supporting Services				Total 2022
	Government and International Relations	Regional Offices	Communications	Interreligious and Intergroup Relations	Contemporary Jewish Life	Total	Management and General	Fund-raising	Total	
Salaries	\$ 9,879	\$ 7,520	\$ 2,336	\$ 1,382	\$ 581	\$ 21,698	\$ 3,055	\$ 5,539	\$ 8,594	\$ 30,292
Fringe benefits	2,854	1,951	588	370	155	5,918	839	1,540	2,379	8,297
Total employee compensation	12,733	9,471	2,924	1,752	736	27,616	3,894	7,079	10,973	38,589
Travel	1,465	538	17	163	60	2,243	41	42	83	2,326
Rent and utilities	1,246	1,003	-	-	-	2,249	198	282	480	2,729
Telephone	55	21	9	9	3	97	12	12	24	121
Printing and postage	45	76	245	6	2	374	8	380	388	762
Stationery and supplies	24	54	66	2	1	147	67	20	87	234
IT services and equipment	358	246	111	69	29	813	166	158	324	1,137
Building maintenance	115	114	27	14	6	276	1,051	31	1,082	1,358
Insurance	175	132	35	31	13	386	35	52	87	473
Educational materials	6	13	1	3	1	24	4	6	10	34
Grants	2,921	73	-	3	1	2,998	-	-	-	2,998
Dues paid to other organizations	89	109	1	10	4	213	25	25	50	263
Conferences, meetings, and events	2,858	1,414	26	259	94	4,651	50	204	254	4,905
Outside contract program services	968	273	1,046	112	75	2,474	1,077	312	1,389	3,863
Advertising	60	24	82	1	-	167	29	25	54	221
Bank service charges	410	160	49	53	22	694	47	126	173	867
Catering and facilities rental	-	-	-	-	-	-	-	1,435	1,435	1,435
Total expenses before depreciation and amortization	23,528	13,721	4,639	2,487	1,047	45,422	6,704	10,189	16,893	62,315
Depreciation and amortization	296	513	82	21	9	921	127	113	240	1,161
Total expenses	23,824	14,234	4,721	2,508	1,056	46,343	6,831	10,302	17,133	63,476
Less direct cost of special events	-	-	-	-	-	-	-	(1,435)	(1,435)	(1,435)
Total 2022 expenses	<u>\$ 23,824</u>	<u>\$ 14,234</u>	<u>\$ 4,721</u>	<u>\$ 2,508</u>	<u>\$ 1,056</u>	<u>\$ 46,343</u>	<u>\$ 6,831</u>	<u>\$ 8,867</u>	<u>\$ 15,698</u>	<u>\$ 62,041</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 STATEMENTS OF CASH FLOWS

Years ended December 31,
(Dollars in thousands)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (26,608)	\$ 37,681
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,161	1,437
Contributions restricted for long-term investment	(2,041)	(4,646)
Net realized and unrealized gains on investments	25,671	(18,658)
Pension and postretirement changes other than net periodic benefit cost	(5,975)	(4,141)
Change in value of split-interest agreements	2,498	(5,444)
Change in operating assets and liabilities:		
Contributions receivable, net	9,586	(2,143)
Prepaid expenses and other assets	232	(11)
Accounts payable, accrued expenses, and other liabilities	1,014	(1,102)
Accrued compensation	42	798
Accrued pension and other benefit obligations	624	700
Right of use asset	(7,697)	-
Lease liability	8,536	-
Deferred rent	(1,305)	(333)
	<u>5,738</u>	<u>4,138</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Fixed asset acquisitions	(1,142)	(862)
Investment purchases	(145,946)	(53,120)
Investment sales	135,803	56,448
	<u>(11,285)</u>	<u>2,466</u>
Net cash (used in) provided by investing activities		
Cash flows from financing activities:		
Contributions restricted for long-term investment	2,041	4,646
Change in loan payable	-	(4,505)
Other changes in split-interest agreements, net	(819)	26
	<u>1,222</u>	<u>167</u>
Net cash provided by financing activities		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(4,325)</u>	<u>6,771</u>
Cash and cash equivalents at beginning of year	<u>39,420</u>	<u>32,649</u>
Cash and cash equivalents at end of year	<u>\$ 35,095</u>	<u>\$ 39,420</u>

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

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

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.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021

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 includes both (1) one or more barriers that must be overcome before AJC is entitled to the assets transferred

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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 2022 and 2021.

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

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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, 2022, 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 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 has adopted the new standard in 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.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 3 - INVESTMENTS

The following tables present AJC's investments and other assets measured at fair value as of December 31, 2022 and 2021:

	December 31, 2022			
	Fair Value	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	\$ 3,501	\$ 3,501	\$ -	\$ -
Fixed income:				
State of Israel bonds	27	-	27	-
Mutual funds	18,465	18,465	-	-
	<u>21,993</u>	<u>21,966</u>	<u>27</u>	
Equities:				
Common and preferred stocks	29,647	29,647	-	-
Mutual funds:				
Large-cap equity funds	17,726	17,726	-	-
	<u>47,373</u>	<u>47,373</u>	<u>-</u>	<u>-</u>
Total	<u>69,366</u>	<u>\$ 69,339</u>	<u>\$ 27</u>	<u>\$ -</u>
Investments reported at NAV:				
1 - 3-year U.S. Treasury index	15,746			
Multistrategy hedge funds ^(a)	24,495			
Long/short equities ^(b)	27,469			
Long only equities ^(c)	33,060			
Private investments ^(d)	14,031			
Total investments reported at NAV	114,801			
Investment redemption receivable	1,469			
Total investments	<u>\$ 185,636</u>			
Beneficial interest in trusts held by independent third parties	<u>\$ 10,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,742</u>

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

	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)	27,409			
Long only equities ^(c)	46,395			
Private investments ^(d)	9,607			
Total investments reported at NAV	121,386			
Cash held for investment	2,000			
Investment redemption receivable	500			
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>

(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.

(d) Private investments are funds that invest in non-publicly traded assets, such as private equities, private real estate, private debt, or other assets, in an attempt to diversify risks and enhance returns.

Included in investments as of December 31, 2022 and 2021 is \$28,270 and \$27,100, respectively, which is the portion of the fair value of the portfolio attributed to the Board-designated endowment (as further discussed in Note 9).

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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, 2022 and 2021, AJC's alternative investments can be redeemed or sold as follows:

December 31, 2022				
Redemption Period	Number of Funds	Amount	Days' Notice for Redemption	Unfunded Commitments
Daily				
1-3 year U.S. Treasury index	1	\$ 15,746	2	Not applicable
Monthly				
Long/short equities	3	4,226	30	Not applicable
Long only equities	1	271	15	Not applicable
Quarterly				
Multistrategy	8	20,679	60 - 90	Not applicable
Long/short equities	7	16,886	45 - 90	Not applicable
Long only equities	4	21,834	30 - 90	Not applicable
Annually				
Long/short equities	1	2,558	60	Not applicable
Long only equities	1	7,702	60	Not applicable
Funds subject to lockup				
Multistrategy	9	3,816	Not applicable	\$ -
Long/short equities	2	3,799	Not applicable	\$ -
Long only equities	2	3,253	Not applicable	\$ -
Private investments	28	14,031	Not applicable	\$ 12,459
		<u>\$ 114,801</u>		

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	4	2,527	Not applicable	\$ -
Long only equities	4	19,240	Not applicable	\$ 644
Private investments	19	9,607	Not applicable	\$ 8,517
		<u>\$ 121,386</u>		

Investments totaling approximately \$3,660 and \$4,187 as of December 31, 2022 and 2021, respectively, were held subject to charitable gift annuity obligations, and investments of approximately \$23 and \$54 were held in trust as of December 31, 2022 and 2021, respectively.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Investment return comprises interest, dividends, and realized and unrealized gains and losses. Return for the years ended December 31, 2022 and 2021 consisted of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022 Total	2021 Total
Interest and dividends	\$ 639	\$ 917	\$ 1,556	\$ 1,369
Net realized gains on investments	2,349	8,962	11,311	2,977
Net unrealized (losses) gains on investments	<u>(7,665)</u>	<u>(27,069)</u>	<u>(34,734)</u>	<u>15,681</u>
Total investment (losses) gains	(4,677)	(17,190)	(21,867)	20,027
Investment return used for operations	<u>(1,280)</u>	<u>(5,443)</u>	<u>(6,723)</u>	<u>(7,154)</u>
Net investment return, in excess of amount used for operations	<u>\$ (5,957)</u>	<u>\$ (22,633)</u>	<u>\$ (28,590)</u>	<u>\$ 12,873</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

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

	2022	2021
Within one year	\$ 11,723	\$ 17,553
One to five years	12,230	14,173
More than five years	<u>4,050</u>	<u>6,150</u>
	28,003	37,876
Less discount to present value at rates ranging from 0.7% to 2.6%	(780)	(1,068)
Less allowance for uncollectible amounts	<u>(579)</u>	<u>(578)</u>
	<u>\$ 26,644</u>	<u>\$ 36,230</u>

Included in contributions receivable, net at December 31, 2022 and 2021 are pledges of \$14,431 and \$22,309, respectively, from three and four donors. Included in contributions and special events and trusts and bequests revenue at December 31, 2022 and 2021 is revenue of \$3,000 and \$9,070, respectively, from one and two donors, respectively.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 5 - FIXED ASSETS

Fixed assets consist of the following at December 31, 2022 and 2021:

	2022	2021
Land	\$ 430	\$ 430
Buildings	5,231	5,231
Building improvements	14,616	13,832
Furniture and equipment	13,529	13,314
Leasehold improvements	4,179	4,082
	37,985	36,889
Accumulated depreciation and amortization	(29,914)	(28,804)
	\$ 8,071	\$ 8,085

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.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The following tables provide information with respect to the plans as of and for the years ended December 31, 2022 and 2021:

	December 31, 2022	
	Pension Benefits	Other Benefits
Change in benefit obligation		
Benefit obligation at January 1, 2022	\$ 61,659	\$ 4,169
Service cost	-	391
Interest cost	1,792	108
Actuarial gain	(10,903)	(1,956)
Benefits paid	(4,259)	(63)
	<u>48,289</u>	<u>2,650</u>
Benefit obligation at December 31, 2022		
	<u>48,289</u>	<u>2,650</u>
Change in plan assets		
Fair value of plan assets at January 1, 2022	48,709	-
Actual return on plan assets	(6,288)	-
Employer contribution	1,020	65
Benefits paid	(4,259)	(65)
	<u>39,182</u>	<u>-</u>
Fair value of plan assets at December 31, 2022		
	<u>39,182</u>	<u>-</u>
Funded status	<u>\$ (9,107)</u>	<u>\$ (2,650)</u>
Balance sheet recognition		
Accrued benefit cost	\$ (9,107)	\$ (2,650)
	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)

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The 2022 and 2021 employer contributions of \$1,085 and \$1,165, respectively, are reflected as a use of cash in operating activities in the accompanying 2022 and 2021 consolidated statements of cash flows.

Included in the projected accumulated benefit obligation (other benefits) is approximately \$159 and \$162 for 2022 and 2021, respectively, for life insurance and approximately \$3,684 and \$3,844 for 2022 and 2021, respectively, for medical premiums.

Components of net periodic benefit cost are as follows for 2022 and 2021:

	December 31, 2022	
	Pension Benefits	Other Benefits
Service cost	\$ -	\$ 391
Interest cost	1,791	108
Expected return on plan assets	(2,816)	-
Amortization of actuarial loss (gain)	2,263	(50)
Net periodic benefit cost	\$ 1,238	\$ 449
	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

Components of pension and retirement changes other than net periodic benefit cost are as follows for 2022 and 2021:

	December 31, 2022	
	Pension Benefits	Other Benefits
New actuarial (gain) loss	\$ (1,799)	\$ (1,956)
Amortization of unrecognized amounts	(2,263)	50
Pension and retirement changes other than net periodic benefit cost	\$ (4,062)	\$ (1,906)

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

	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)

At December 31, 2022 and 2021, items not yet recognized as net periodic benefit costs are net losses of \$12,953 and \$17,643, respectively.

AJC used a Dedicated Bond Portfolio model to derive the discount rate for 2022 and 2021.

The weighted-average assumptions are as follows:

	December 31, 2022	
	Pension Benefits	Other Benefits
Discount rate used to determine the benefit obligation	5.74%	5.01%
Discount rate used to determine net periodic benefit cost	3.01%	2.85%

	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%	2.55%

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

	December 31, 2022	
	Increase	Decrease
Effect on total service and interest cost	\$ 196	\$ (133)
Effect on the postretirement benefit obligation	613	(460)

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

In 2022 and 2021, AJC used the 2022 Mortality Improvement Scale MP-2022 and 2021 Mortality Improvement Scale MP-2021, respectively, to value its pension and postretirement obligation.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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, 2022 and 2021:

	December 31, 2022	
	Fair Value	Level 1
Cash and cash equivalents		
Short-term investment fund	\$ 428	\$ 428
	428	428
Fixed income		
Debt fund	9,149	9,149
	9,149	9,149
Equities		
Mutual funds		
Large-cap equity funds	4,817	4,817
Small-cap equity funds	959	959
	5,776	5,776
Total	15,353	\$ 15,353
Investments reported at NAV		
Multistrategy hedge funds ^(a)	8,250	
Long/short equities ^(b)	7,259	
Long only equities ^(c)	7,297	
Private investments ^(d)	1,023	
Total investments reported at NAV	23,829	
Total investments	\$ 39,182	

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

	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	

(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.

(d) Private investments are funds that invest in non-publicly traded assets, such as private equities, private real estate, private debt, or other assets, in an attempt to diversify risks and enhance returns.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The investment allocation is as follows for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	1%	4%
Fixed income	23	23
Equities	15	13
Alternative investments	61	58
Cash held for investment	-	2

Based on historically indexed data, the assumed long-term rates of return for 2022 and 2021 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, 2022 and 2021, the plan's alternative investments can be redeemed or sold as follows:

<u>December 31, 2022</u>				
<u>Redemption Period</u>	<u>Number of Funds</u>	<u>Amount</u>	<u>Days' Notice for Redemption</u>	<u>Unfunded Commitments</u>
Weekly				
Long only equities	1	\$ 3,179	7	Not applicable
Monthly				
Long only equities	1	867	69	Not applicable
Quarterly				
Multistrategy	4	8,032	60 – 90	Not applicable
Long/short equities	4	5,456	60 – 90	Not applicable
Semi-Annually				
Long/short equities	1	300	60	Not applicable
Annually				
Long/short equities	1	1,504	60	Not applicable
Long only equities	1	3,250	60	Not applicable
Funds subject to lockup				
Multistrategy	8	218	Not applicable	Not applicable
Private investments	2	1,023	Not applicable	Not applicable
		<u>\$ 23,829</u>		

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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
		<u>\$ 28,157</u>		

Estimated Future Benefit Payments

It is estimated that \$1,716 of the actuarial loss will be included as a component of net periodic benefit costs in fiscal year 2023.

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

<u>Year(s) Ending December 31:</u>	<u>Pension Benefits</u>	<u>Other Benefits</u>
2023	\$ 4,809	\$ 82
2024	4,732	86
2025	4,636	89
2026	4,545	93
2027	4,339	97
2028 - 2032	19,318	586

American Jewish Committee expects to contribute to the pension plan at least \$1,200 in fiscal year 2023, which is the estimated Internal Revenue Service 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, 2022 and 2021, accrued special retirement benefits and executive insurance totaled approximately \$95 and \$83, respectively.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 were composed of the following:

	2022	2021
Program funds and endowment funds appropriated and available for spending		
Government and international relations	\$ 11,057	\$ 13,255
Fellowship and leadership development	3,452	3,802
Communications	394	1,930
Regional offices	4,148	3,680
Executive discretionary and emergency aid funds	3,817	473
Contemporary Jewish life	342	477
Interreligious and intergroup relations	2,497	3,123
Total available for spending	25,707	26,740
Time restricted		
Multi-year contributions - general operations	21,024	29,386
Split-interest agreements	10,742	12,545
Total time restricted	31,766	41,931
Subject to AJC's spending policy and appropriation		
Original endowment corpus		
General operations	55,311	55,294
Fellowship and leadership development	17,131	17,032
Government and international relations	28,366	25,700
Interreligious and intergroup relations	2,184	2,184
Regional offices	2,645	2,384
Contemporary Jewish life	1,695	1,695
Institute of Human Relations	588	588
Communications	108	108
Endowment and other investment earnings available for future appropriations	16,070	40,264
Total subject to AJC's spending policy and appropriation	124,098	145,249
Total net assets with donor restrictions	\$ 181,571	\$ 213,920

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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

	2022	2021
Purpose restrictions accomplished:		
Government and international relations	\$ 7,532	\$ 5,281
Fellowship and leadership development	1,097	1,078
Regional offices	440	242
Communications	1,776	1,428
Executive discretionary and emergency aid funds	2,520	268
Contemporary Jewish life	284	56
Interreligious and intergroup relations	1,319	1,423
Total purpose restrictions released	14,968	9,776
Time restrictions expired	12,760	12,891
Total restrictions released	\$ 27,728	\$ 22,667

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.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Endowment composition by net asset classification as of December 31, 2022 and 2021 is as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 124,098	\$ 124,098
Board-designated funds	28,270	-	28,270
Total funds	<u>\$ 28,270</u>	<u>\$ 124,098</u>	<u>\$ 152,368</u>

	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	<u>\$ 27,100</u>	<u>\$ 145,249</u>	<u>\$ 172,349</u>

Changes in endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 27,100	\$ 145,249	\$ 172,349
Interest and dividend income	246	913	1,159
Net realized and unrealized (loss) gain on investments	(4,689)	(18,237)	(22,926)
Contributions	6,500	1,352	7,852
Redesignation based on donor intent	-	1,000	1,000
Distributions	(887)	(6,179)	(7,066)
Endowment net assets, end of year	<u>\$ 28,270</u>	<u>\$ 124,098</u>	<u>\$ 152,368</u>

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 24,172	\$ 131,025	\$ 155,197
Interest and dividend income	180	814	994
Net realized and unrealized gain on investments	3,000	13,574	16,574
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

Included in investments as of December 31, 2022 and 2021 is \$28,270 and \$27,100, 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 \$2 and \$6 of interest and dividend income and a \$161 and \$2,182 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 2022 and 2021, 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.

Deficiencies of this nature exist in fourteen donor-restricted endowment funds in 2022, which have an original give value of \$31,770, a current fair value of \$30,516, and a deficiency of \$1,254 as of December 31, 2022.

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

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.

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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. For 2022, the spending rate will continue to be 5%. For 2023, 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:

	2022	2021
Cash and cash equivalents	\$ 35,095	\$ 39,420
Contributions receivable	11,144	16,976
Investments	51,631	51,990
Prepaid expenses and other assets	1,017	900
Total financial assets available within one year	98,887	109,286
Less:		
Contractual, legal or donor-imposed restrictions:		
Amounts subject to expenditure for specified purposes	18,759	19,627
Pledges for endowment purposes	6,923	4,250
Total amounts unavailable for general expenditures within one year	25,682	23,877
Total financial assets available within one year, including Board designations	73,205	85,409
Board-designated endowment - unavailable to management without board approval	28,270	27,100
Total financial assets available within one year, excluding board designations	\$ 44,935	\$ 58,309

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 require. It is AJC's goal to build reserves to meet current and unexpected operating needs. In

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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, 2022 and 2021, Board-designated funds, which had no specific designation for the usage of the funds, totaled \$28,270 and \$27,100, 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

AJC assesses contracts at inception to determine whether an arrangement includes a lease, which conveys AJC's right to control the use of an identified asset for a period of time in exchange for consideration. AJC leases office space under non-cancelable lease agreements, for which right-of-use ("ROU") assets and lease liabilities are recorded in the accompanying fiscal year 2022 statement of financial position. These leases expire on various dates through fiscal 2030 and are subject to escalation for real estate tax increases and other building operating expenses. AJC measures its lease assets and liabilities using the risk-free rate of return selected based on the term lease. AJC considered the likelihood of exercising renewal or termination terms in measuring the ROU assets and liabilities. AJC has included renewal periods in its assessment of lease terms when provided for in the lease. AJC's lease payments are based on fixed payments. There are no variable or short-term leases. The leases contain no termination options or residual value guarantee.

Supplemental statement of financial position information related to operating leases at December 31, 2022:

ROU asset	\$	9,480
Accumulated amortization		(1,783)
		\$ 7,697
Weighted-average remaining lease term:		6 years
Weighted-average discount rate:		1.4%
<u>Fiscal Year December 31:</u>		
2023	\$	2,284
2024		1,564
2025		1,541
2026		1,237
2027		884
Thereafter		1,373
Total lease obligation, gross		8,883
Less: Amounts representing interest rates from 0.6% to 1.6%		(347)
Total lease liability	\$	8,536

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Rent expense (including escalation costs) amounted to \$2,445 and \$2,667 for the years ended December 31, 2022 and 2021, respectively. During the current year, there were three new lease agreements.

The components of lease cost for the year ended December 31, 2022 are as follows:

Operating lease cost	\$	1,884
Short-term lease cost		<u>561</u>
Total lease cost	\$	<u>2,445</u>

Supplemental cash flow information related to leases for the year ended December 31, 2022 is as follows:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	2,081

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, 2022 and 2021:

2023	\$	1,495
2024		1,094
2025		1,045
2026		1,076
2027		1,109
2028 and thereafter		<u>1,274</u>
	\$	<u>7,093</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, 2022 and 2021. 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, 2022 and 2021, no balance was outstanding under this line of credit.

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, matured on April 17, 2022 and bore interest at a rate of 1.00% per annum, paid monthly commencing on October 17, 2020. Funds from the Loan were only to be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, and utilities. AJC used the entire Loan

American Jewish Committee and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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, 2022 through August 23, 2023, 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.

In July 2023 AJC approved a plan to reduce the unfunded liability associated with the defined benefit pension plan. AJC will offer eligible pension plan participants in September 2023 a one-time opportunity to receive lump sum payments that satisfy the liability of the plan for those participants. The lump sum offer, which will be completed by December 31, 2023, shall conform in all respects to the requirements of the Employment Retirement Income Security Act (ERISA).