AMERICAN JEWISH COMMITTEE
AND AFFILIATES

Consolidated Financial Statements and Schedule

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

AMERICAN JEWISH COMMITTEE
AND AFFILIATES

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

Independent Auditors' Report

The Board of Governors
American Jewish Committee:

We have audited the accompanying consolidated financial statements of American Jewish Committee and Affiliates (AJC), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of American Jewish Committee and Affiliates as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information in the schedule is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2015 consolidated financial statements or to the 2015 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2015 consolidated financial statements as a whole.

KPMG LLP

June 17, 2016

AMERICAN JEWISH COMMITTEE
AND AFFILIATES

Consolidated Balance Sheets

December 31, 2015 and 2014

(In thousands)

Assets		**2015**	**2014**
Current assets:			
Cash and cash equivalents	$	29,468	22,563
Contributions receivable, net (note 4)		9,275	10,002
Investments (note 3)		18,570	27,536
Prepaid expenses and other assets		909	1,234
Total current assets		58,222	61,335
Noncurrent assets:			
Contributions receivable, net (note 4)		3,602	4,452
Beneficial interest in trusts held by third parties (note 3)		8,045	7,573
Investments (note 3)		77,134	84,780
Fixed assets, net (note 5)		6,287	6,544
Total noncurrent assets		95,068	103,349
Total assets	$	153,290	164,684
Liabilities and Net Assets			
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	$	2,641	2,779
Amounts held on behalf of TTS (note 2)		—	6,524
Accrued vacation and severance pay		2,443	2,255
Accrued pension plan and other benefit obligations (note 6)		4,413	7,049
Liability under split-interest agreements		306	410
Total current liabilities		9,803	19,017
Noncurrent liabilities:			
Accrued pension plan and other benefit obligations (note 6)		20,457	22,413
Liability under split-interest agreements		2,052	1,513
Other noncurrent liabilities		51	108
Total noncurrent liabilities		22,560	24,034
Total liabilities		32,363	43,051
Commitments and contingencies (note 9)			
Net assets (notes 7 and 8):			
Unrestricted:			
Operating		46,021	41,843
Pension plan and other benefit obligations		(24,870)	(29,462)
Total unrestricted		21,151	12,381
Temporarily restricted		39,326	48,532
Permanently restricted		60,450	60,720
Total net assets		120,927	121,633
Total liabilities and net assets		153,290	164,684

See accompanying notes to consolidated financial statements.

AMERICAN JEWISH COMMITTEE
AND AFFILIATES

Consolidated Statement of Activities

Year ended December 31, 2015

(In thousands)

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, losses, and other support:					
Contributions and special events (net of direct costs of special events of $1,927)	$	36,953	9,193	154	46,300
Trusts and bequests		1,187	—	—	1,187
Rental income (note 9)		1,079	—	—	1,079
Interest and dividend income		27	729	—	756
Net realized and unrealized loss on investments		(6)	(4,680)	—	(4,686)
Change in value of split-interest agreements		(681)	473	—	(208)
Other		1,853	—	—	1,853
Net assets released from restrictions		14,461	(14,461)	—	—
Total revenues, gains, losses, and other support		54,873	(8,746)	154	46,281
Expenses:					
Program services:					
Interreligious and intergroup relations		2,743	—	—	2,743
Government and international relations		16,265	—	—	16,265
Regional offices		12,489	—	—	12,489
Contemporary Jewish life		951	—	—	951
Communications		4,081	—	—	4,081
Total program services		36,529	—	—	36,529
Supporting services:					
Management and general		4,550	—	—	4,550
Fund-raising		7,521	—	—	7,521
Total supporting services		12,071	—	—	12,071
Total expenses		48,600	—	—	48,600
Increase (decrease) in net assets before effect of pension and postretirement changes other than net periodic benefit cost and other		6,273	(8,746)	154	(2,319)
Pension and postretirement changes other than net periodic benefit cost (note 6)		1,613	—	—	1,613
Other		884	(460)	(424)	—
Change in net assets		8,770	(9,206)	(270)	(706)
Net assets at beginning of year		12,381	48,532	60,720	121,633
Net assets at end of year	$	21,151	39,326	60,450	120,927

See accompanying notes to consolidated financial statements.

AMERICAN JEWISH COMMITTEE
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Consolidated Statement of Activities

Year ended December 31, 2014

(In thousands)

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, losses, and other support:					
Contributions and special events (net of direct costs of special events of $1,943)	$	34,556	13,053	232	47,841
Trusts and bequests		371	—	—	371
Rental income (note 9)		1,050	—	—	1,050
Interest and dividend income		5	728	—	733
Net realized and unrealized gain on investments		145	1,913	—	2,058
Change in value of split-interest agreements		103	1,746	—	1,849
Other		1,083	—	—	1,083
Net assets released from restrictions		12,947	(12,947)	—	—
Total revenues, gains, losses, and other support		50,260	4,493	232	54,985
Expenses:					
Program services:					
Interreligious and intergroup relations		2,564	—	—	2,564
Government and international relations		14,994	—	—	14,994
Regional offices		13,426	—	—	13,426
Contemporary Jewish life		680	—	—	680
Communications		3,070	—	—	3,070
Other		407	—	—	407
Total program services		35,141	—	—	35,141
Supporting services:					
Management and general		4,285	—	—	4,285
Fund-raising		7,213	—	—	7,213
Total supporting services		11,498	—	—	11,498
Total expenses		46,639	—	—	46,639
Increase in net assets before effect of pension and postretirement changes other than net periodic benefit cost and transfer of net assets of TTS		3,621	4,493	232	8,346
Pension and postretirement changes other than net periodic benefit cost (note 6)		(10,879)	—	—	(10,879)
Transfer of net assets of TTS (note 2)		—	(6,524)	—	(6,524)
Change in net assets		(7,258)	(2,031)	232	(9,057)
Net assets at beginning of year		19,639	50,563	60,488	130,690
Net assets at end of year	$	12,381	48,532	60,720	121,633

See accompanying notes to consolidated financial statements.

AMERICAN JEWISH COMMITTEE
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Consolidated Statements of Cash Flows

Years ended December 31, 2015 and 2014

(In thousands)

		2015	2014
Cash flows from operating activities:			
Change in net assets	$	(706)	(9,057)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		1,017	1,130
Contributions restricted for long-term investment		(154)	(232)
Net realized and unrealized losses (gains) on investments		4,686	(2,058)
Pension and postretirement changes other than net periodic benefit cost		(1,613)	10,879
Transfer of net assets of TTS		—	6,524
Change in value of split-interest agreements		208	(1,849)
Change in operating assets and liabilities:			
Contributions receivable, net		1,636	(1,910)
Prepaid expenses and other assets		325	(421)
Accounts payable, accrued expenses, and other liabilities		(195)	(221)
Accrued vacation and severance pay		188	(155)
Accrued pension and other benefit obligations		(2,979)	7
Net cash provided by operating activities		2,413	2,637
Cash flows from investing activities:			
Fixed asset acquisitions		(760)	(519)
Investment purchases		(8,373)	(15,666)
Investment sales		20,299	16,456
Net cash provided by investing activities		11,166	271
Cash flows from financing activities:			
Contributions restricted for long-term investment		154	232
Change in contributions receivable restricted for long-term investment		(59)	347
Payment of amounts held on behalf of TTS		(6,524)	—
Other changes in split interest agreements, net		(245)	92
Net cash (used in) provided by financing activities		(6,674)	671
Net increase in cash and cash equivalents		6,905	3,579
Cash and cash equivalents at beginning of year		22,563	18,984
Cash and cash equivalents at end of year	$	29,468	22,563

See accompanying notes to consolidated financial statements.

(1) Nature of Organizations Comprising AJC

American Jewish Committee is a not-for-profit organization founded in 1906. The 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.

Institute of Human Relations (IHR) is a fund-raising organization that remits all its revenues to American Jewish Committee. American Jewish Committee funds a portion of IHR's expenses.

American Jewish Committee and IHR are exempt from federal income tax under Section 501(a) of 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. In 2015, IHR was in the process of converting itself into a 509(a)(3) supporting organization of American Jewish Committee that will be controlled by American Jewish Committee and will exist solely to raise funds for American Jewish Committee. This conversion was completed in 2016.

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.

Transatlantic Institute (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.

Thanks to Scandinavia, Inc. (TTS) is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation. TTS awards scholarships to Scandinavian students in gratitude for the rescue of persons of Jewish faith from the Holocaust. In 2014, American Jewish Committee notified TTS that the agreement between American Jewish Committee and TTS would terminate with a final effective date of December 31, 2014 and, as a result of the termination, American Jewish Committee no longer exercises control of TTS.

American Jewish Committee is related through common control of IHR, AJC Berlin, and TAI (collectively, AJC).

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:

(a) 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 with selected religious groups to advance mutual understanding and eliminate prejudice (e.g., opposing proposals to boycott Israel).

(b) Government and International Relations

AJC advocates on its priority issues with the highest level 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's annual priorities. Advocacy activities in the United States include: meetings with members of 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 that coordinate its advocacy throughout the world, including Africa, Europe, Latin America and Asia. Institute and international 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 opinion leaders to promote greater understanding and dialogue, both in the countries in which they work, through exchange programs, and through their coordination of such programs as AJC's Project Interchange (educational seminars for influential leaders in Israel).

(c) Regional Offices

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

(d) 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 the most critical current issues (e.g., the role of the Chief Rabbinate in Israel).

(e) 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 democratic engagement to ensure minority rights, combat anti-Semitism, safeguard the legitimacy of Israel, and prevent a nuclear Iran.

AJC mobilizes and informs opinion-makers through print and web media, as well as through active and informative Twitter and Facebook accounts geared towards both global Jewish concerns as well as towards 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 promote engagement. Other tools include timely press releases, op-eds in national and international media, AJC staff experts blogs and articles published in major media outlets and online as well as the Chief Executive Officer's regular weekly commentary on the national CBS Radio Network.

(2) Summary of Significant Accounting Policies

(a) 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 Berlin and TAI. All significant inter-organizational balances and transactions have been eliminated in consolidation. In 2014, TTS ceased to be consolidated with American Jewish Committee as the criteria for consolidation at December 31, 2014 is not met. The impact of not consolidating TTS is reflected as a nonoperating charge in the accompanying 2014 consolidated statement of activities.

(b) Basis of Presentation

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:

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

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

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by AJC. The donors of these assets specify the use of the income earned. In addition, permanently restricted 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 absent explicit donor stipulations to the contrary.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation or by law. Expirations of temporary 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 the other nonrecurring activities to be nonoperating activities.

(c) Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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.

(d) 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) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities. As a practical expedient, the fair value of investments in investment companies for which the investments do not have readily determinable fair values are estimated using net asset value (NAV) per share or its equivalent as reported by the investment managers.

In 2015, AJC early adopted Accounting Standards Update No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. AJC applied the provision of the update retrospectively to 2014.

The carrying amount of AJC's other financial instruments, including contributions receivable, accounts payable and accrued expenses, and liability under split-interest, approximates fair value. The estimated fair values, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

(e) Cash Equivalents

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

(f) 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. The fair values of alternative investments that are not readily marketable are based upon NAVs provided by the fund managers, which are reviewed by management for reasonableness.

(g) 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.

(h) Contributions

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 as either temporarily or permanently restricted support 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 in future years 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.

(i) 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 3.0% and 2.2% in 2015 and 2014, respectively.

AJC is designated as the remainder beneficiary of various charitable remainder annuity trusts, where the assets are controlled and invested by independent third parties. The charitable remainder annuity trust interests are recorded in temporarily restricted trusts and bequests income. The trusts are reported in temporarily restricted net assets at the present value of estimated future benefits to be received when the trust assets are distributed to AJC.

(j) Fixed Assets

Fixed assets are stated at cost. Depreciation and amortization are computed on the straight-line and accelerated methods over their estimated useful lives as follows:

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

(k) 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.

(l) Reclassifications

Certain reclassifications of 2014 amounts have been made to conform to the 2015 presentation.

(Dollars in thousands)

(3) Investments

The following tables present AJC's investments and other assets measured at fair value as of December 31, 2015 and 2014:

		2015			
		Fair value	**Level 1**	**Level 2**	**Level 3**
Investments:					
Cash and cash equivalents:					
Cash	$	4,096	4,096	—	—
Receivable for investments sold		1,624	1,624	—	—
Short-term investment funds		98	—	98	—
		5,818	5,720	98	—
Fixed income:					
State of Israel bonds		40	—	40	—
Mutual funds		1,122	1,122	—	—
Investment funds (a)		6,079	6,079	—	—
		7,241	7,201	40	—
Equities:					
Common and preferred stocks		7,208	7,208	—	—
Mutual funds:					
Large cap equity funds		8,009	8,009	—	—
Midcap equity funds		6,064	6,064	—	—
International and emerging markets		5,798	5,798	—	—
Energy		834	834	—	—
		27,913	27,913	—	—
Investments reported at net asset value:					
Fixed income (a)		17,876			
Multistrategy hedge funds		14,768			
Long/short equities		19,007			
Debt securities/funds		2,480			
Total investments reported at net asset value		54,131			
Cash value of life insurance policies		601	—	601	—
Total investments	$	95,704	40,834	739	—
Beneficial interest in trusts held by third parties	$	8,045	—	—	8,045

(a) This class includes investment funds that invest in 1–3 year U.S. Treasury Index Funds.

(Dollars in thousands)

	2014			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Investments:				
Cash and cash equivalents:				
Cash	$ 3,130	3,130	—	—
Short-term investment funds	114	—	114	—
	3,244	3,130	114	—
Fixed income:				
State of Israel bonds	43	—	43	—
Mutual funds	1,208	1,208	—	—
Investment funds (a)	6,518	6,518	—	—
	7,769	7,726	43	—
Equities:				
Common and preferred stocks	8,402	8,402	—	—
Mutual funds:				
Large cap equity funds	9,253	9,253	—	—
Midcap equity funds	7,782	7,782	—	—
International and emerging markets	9,390	9,390	—	—
Energy	2,252	2,252	—	—
	37,079	37,079	—	—
Investments reported at net asset value:				
Fixed income (a)	17,746			
Multistrategy hedge funds	18,731			
Long/short equities	20,840			
Debt securities/funds	3,761			
Total investments reported at net asset value	61,078			
Cash value of life insurance policies	3,146	—	3,146	—
Total investments	$ 112,316	47,935	3,303	—
Beneficial interest in trusts held by third parties	$ 7,573	—	—	7,573

(a) This class includes investment funds that invest in 1–3 year U.S. Treasury Index Funds.

Beneficial interest in trusts, which are classified as Level 3 in the fair value hierarchy, increased in 2015 due to appreciation in the fair value of the assets.

(Dollars in thousands)

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, 2015, AJC's alternative investments can be redeemed or sold as follows:

Redemption period		**Amount**	**Days notice for redemption**
Daily:			
Fixed income	$	17,876	1
Monthly:			
Multistrategy		1,157	5
Long/short equities		11,079	3–30
Debt securities		2,480	10
Quarterly:			
Multistrategy		3,760	60–90
Long/short equities		1,099	45
Semiannually:			
Long/short equities		1,979	45
Annually:			
Multistrategy		5,730	60–90
Long/short equities		1,583	45
Biennially:			
Multistrategy		1,949	60–90
Long/short equities		2,017	60
Funds subject to lockup ($2,580 redeemable in 2016):			
Multistrategy		2,172	Not applicable
Long/short equities		1,250	Not applicable
	$	54,131	

Investments totaling approximately $3,124 and $3,313 as of December 31, 2015 and 2014, respectively, were held subject to charitable gift annuity obligations, and investments of approximately $77 and $87 were held in trust as of December 31, 2015 and 2014, respectively.

(Dollars in thousands)

(4) Contributions Receivable

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

		2015	2014
Within one year	$	9,325	10,060
One to five years		1,863	3,462
More than five years		3,600	3,000
		14,788	16,522
Less discount to present value at rates ranging from 2.0% to 3.0%		(921)	(903)
Less allowance for uncollectible amounts		(990)	(1,165)
	$	12,877	14,454

Included in contributions receivable, net at December 31, 2015 and 2014 are pledges of approximately $2,796 and $6,013, from one and three donors, respectively.

(5) Fixed Assets

Fixed assets consist of the following at December 31, 2015 and 2014:

		2015	2014
Land	$	430	430
Buildings		5,231	5,231
Building improvements		11,125	10,942
Furniture and equipment		9,727	9,510
Leasehold improvements		1,146	819
		27,659	26,932
Accumulated depreciation and amortization		(21,372)	(20,388)
	$	6,287	6,544

(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.

(Continued)

(Dollars in thousands)

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 63½ 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.

The following tables provide information with respect to the plans as of and for the years ended December 31, 2015 and 2014:

		2015	
		Pension benefits	**Other benefits**
Change in benefit obligation:			
Benefit obligation at January 1, 2015	$	67,699	2,809
Service cost		—	247
Interest cost		2,694	109
Actuarial gain		(3,996)	(520)
Benefits paid		(3,885)	(68)
Benefit obligation at December 31, 2015		62,512	2,577
Change in plan assets:			
Fair value of plan assets at January 1, 2015		43,775	—
Actual return on plan assets		(1,620)	—
Employer contribution		2,000	68
Benefits paid		(3,885)	(68)
Fair value of plan assets at December 31, 2015		40,270	—
Funded status	$	(22,242)	(2,577)
Balance sheet recognition:			
Accrued benefit cost	$	(22,242)	(2,577)

(Continued)

(Dollars in thousands)

		2014	
		Pension benefits	**Other benefits**
Change in benefit obligation:			
Benefit obligation at January 1, 2014	$	58,026	2,046
Service cost		—	161
Interest cost		2,745	96
Actuarial loss		10,837	576
Benefits paid		(3,909)	(70)
Benefit obligation at December 31, 2014		67,699	2,809
Change in plan assets:			
Fair value of plan assets at January 1, 2014		43,834	—
Actual return on plan assets		2,948	—
Employer contribution		902	70
Benefits paid		(3,909)	(70)
Fair value of plan assets at December 31, 2014		43,775	—
Funded status	$	(23,924)	(2,809)
Balance sheet recognition:			
Accrued benefit cost	$	(23,924)	(2,809)

The 2015 and 2014 employer contributions of $2,068 and $972, respectively, are reflected as a use of cash in operating activities in the accompanying 2015 and 2014 consolidated statement of cash flows, respectively.

Included in the projected accumulated benefit obligation (other benefits) is approximately $236 for 2015 and $245 for 2014 for life insurance and approximately $2,273 for 2015 and $1,587 for 2014 for medical premiums.

(Dollars in thousands)

Components of net periodic benefit expenses are as follows for 2015 and 2014.

		2015		2014	
		Pension benefits	**Other benefits**	**Pension benefits**	**Other benefits**
Service cost	$	—	247	—	161
Interest cost		2,694	109	2,745	96
Expected return on plan assets		(3,213)	—	(3,388)	—
Amortization of transition obligation		—	—	—	36
Amortization of prior service cost		—	—	—	39
Amortization of actuarial loss (gain)		1,951	—	995	(96)
Net periodic expense	$	1,432	356	352	236

AJC used a Dedicated Bond Portfolio model to derive the discount rate for 2015 and 2014.

The weighted average assumptions are as follows:

	2015		2014	
	Pension benefits	**Other benefits**	**Pension benefits**	**Other benefits**
Discount rate used to determine the benefit obligation	4.50%	4.40%	4.08%	4.00%
Discount rate used to determine the net periodic benefit cost	4.08	4.00	4.88	4.91

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

		2015		2014	
		Increase	**Decrease**	**Increase**	**Decrease**
Effect on total service and interest cost	$	115	95	73	51
Effect on the postretirement benefit obligation		626	461	701	514

In 2014, AJC used the Society of Actuaries Base RP Mortality Table with a Generational Mortality Improvement Projection scale to value its pension and postretirement obligation. The updated mortality table increased the projected benefit obligation for the pension and postretirement plan by approximately $5,761 and $324, respectively, in 2014. In 2015, the MP-2015 scale was used.

(Dollars in thousands)

(a) Plan Assets

The following tables present AJC's 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, 2015 and 2014:

	2015		
	Fair value	**Level 1**	**Level 2**
Cash and cash equivalents:			
Cash	$ 158	158	—
Receivable for investment sold	1,201	1,201	—
Short-term investment fund	2,880	15	2,865
	4,239	1,374	2,865
Fixed income:			
Government, agency, and corporate obligations	13,277	—	13,277
	13,277	—	13,277
Equities:			
Common and preferred stocks	2,023	2,023	—
Mutual funds:			
Large cap equity funds	1,482	1,482	—
Midcap equity funds	1,111	1,111	—
International and emerging markets	2,172	2,172	—
	6,788	6,788	—
Investments reported at net asset value:			
Multistrategy hedge funds	9,353	—	—
Long/short equities	6,613	—	—
Total investments reported at net asset value	15,966	—	—
Total investments	$ 40,270	8,162	16,142

(Continued)

(Dollars in thousands)

	2014		
	Fair value	**Level 1**	**Level 2**
Cash and cash equivalents:			
Cash	$ 1,377	1,377	—
Short-term investment fund	1,454	—	1,454
	2,831	1,377	1,454
Fixed income:			
Government, agency, and corporate obligations	15,428	—	15,428
	15,428	—	15,428
Equities:			
Common and preferred stocks	2,415	2,415	—
Mutual funds:			
Large cap equity funds	1,499	1,499	—
Midcap equity funds	2,406	2,406	—
International and emerging markets	1,193	1,193	—
	7,513	7,513	—
Investments reported at net asset value:			
Multistrategy hedge funds	11,166	—	—
Long/short equities	6,837	—	—
Total investments reported at net asset value	18,003	—	—
Total investments	$ 43,775	8,890	16,882

The investment allocation is as follows for 2015 and 2014:

	2015	**2014**
Cash and cash equivalents	10%	7%
Fixed income	33	35
Equities	17	17
Alternative investments	40	41

(Continued)

(Dollars in thousands)

Based on historically indexed data, the assumed long-term rates of return for 2015 and 2014 are as follows: fixed income of 6% and equities and alternative investments of 9%, which produce an expected composite rate of return of 8%.

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, 2015, the Plan's alternative investments can be redeemed or sold as follows:

Redemption period		**Amount**	**Days notice for redemption**
Monthly:			
Multistrategy	$	549	5
Long/short equities		4,426	3–30
Quarterly:			
Multistrategy		1,912	60–90
Annually:			
Multistrategy		4,854	60–90
Long/short equities		949	45
Biennially:			
Multistrategy		29	90
Funds subject to lock up ($2,413 redeemable in 2016):			
Multistrategy		2,009	Not applicable
Long/short equities		1,238	Not applicable
	$	15,966	

(b) Estimated Future Benefit Payments

It is estimated that $1,983 of the actuarial loss will be included as a component of net periodic benefit costs in fiscal year 2016.

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

		Pension benefits	**Other benefits**
Year ending December 31:			
2016	$	4,341	72
2017		4,368	75
2018		4,353	79
2019		4,448	83
2020		4,365	86
2021–2025		20,970	542

(Continued)

(Dollars in thousands)

American Jewish Committee expects to contribute to the pension plan at least $2,000 in fiscal year 2016.

American Jewish Committee is contractually obligated to provide retirement benefits to certain current and former executives and employees. As of December 31, 2015 and 2014, accrued special retirement benefits and executive insurance totaled approximately $51 and $2,729, respectively. In 2015, the executive insurance liability was satisfied and is included as a use of cash in operating activities in the accompanying 2015 consolidated statement of cash flows.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014 are composed of the following:

	2015	2014
Project funds and endowment funds appropriated and available for spending:		
Executive discretionary and emergency aid funds	$ 4,955	5,851
Government and international relations	10,010	11,048
Communications	972	426
Regional offices	1,999	2,092
Contemporary Jewish life	294	208
Interreligious and intergroup relations	290	608
Total available for spending	18,520	20,233
Time restricted:		
Time restricted – general operations	2,457	3,958
Split interest agreements	8,045	7,573
Endowment earnings available for future appropriations	10,304	16,768
Total time restricted	20,806	28,299
Total temporary restricted	$ 39,326	48,532

(Dollars in thousands)

(8) Endowment Funds

Permanently restricted net assets listed below are restricted to investments in perpetuity, the income from which is expendable to support the following purposes:

		2015	2014
General operations	$	20,784	20,738
Fellowship/leadership development		17,222	17,222
Government and international relations		13,795	13,346
Interreligious and intergroup relations		4,158	4,764
Regional offices		2,233	2,392
Contemporary Jewish life		1,607	1,607
Institute of Human Relations		545	545
Communications		106	106
	$	60,450	60,720

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
7. The investment policies of AJC

(Dollars in thousands)

Endowment composition by net asset classification, exclusive of net contributions receivable related to endowment funds of approximately $1,754 and $1,695 as of December 31, 2015 and 2014, respectively, is as follows:

	2015			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$ (104)	13,610	58,696	72,202
Total funds	$ (104)	13,610	58,696	72,202

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$ —	21,080	59,025	80,105
Total funds	$ —	21,080	59,025	80,105

Changes in endowment net assets for the years ended December 31, 2015 and 2014 are as follows:

	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, beginning of year	$ —	21,080	59,025	80,105
Investment return:				
Investment income	—	729	—	729
Net depreciation (realized and unrealized)	(104)	(4,564)	—	(4,668)
Total investment return	(104)	(3,835)	—	(3,939)
Contributions			95	95
Distributions	—	(3,469)	—	(3,469)
Other	—	(166)	(424)	(590)
Endowment net assets, end of year	$ (104)	13,610	58,696	72,202

(Continued)

(Dollars in thousands)

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, beginning of year	$ —	22,440	58,446	80,886
Investment return:				
Investment income	—	675	—	675
Net appreciation (realized and unrealized)	—	1,249	—	1,249
Total investment return	—	1,924	—	1,924
Contributions	—	—	579	579
Distributions	—	(3,284)	—	(3,284)
Endowment net assets, end of year	$ —	21,080	59,025	80,105

(a) Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were deficiencies of $104 at December 31, 2015. There were no such deficiencies at December 31, 2014.

(b) 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.

(c) 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.

(Continued)

(Dollars in thousands)

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

AJC has a spending policy based on a five-year trailing average of the market value of the portfolio. The spending rate for 2015 and 2014 was 4.75%. For 2016, the spending rate is 4.75%. In establishing this policy, AJC considers the long-term expected return on its endowment.

(9) Leases and Other Commitments

American Jewish Committee is obligated under noncancelable operating lease agreements for office space in several locations. Minimum annual rentals at December 31, 2015 are as follows:

2016	$	1,555
2017		1,450
2018		1,209
2019		1,109
2020		1,086
2021 and thereafter		2,317
	$	8,726

Rent expense for the years ended December 31, 2015 and 2014 was approximately $1,886 and $1,784, respectively.

American Jewish Committee leases space to others in its building located in New York City and subleases space in Denver. 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, 2015:

2016	$	1,220
2017		1,229
2018		1,028
2019		771
2020		751
2021 and thereafter		2,753
	$	7,752

AJC is a party to various litigation, which, in the opinion of management, will not have a material adverse effect on the consolidated financial position of AJC.

(10) Subsequent Events

AJC evaluated events from December 31, 2015 and through June 17, 2016, the date on which the consolidated financial statements were available to be issued, and determined that no additional disclosures are required.

Schedule

AMERICAN JEWISH COMMITTEE
AND AFFILIATES

Consolidated Statement of Functional Expenses

Year ended December 31, 2015

(In thousands)

	Program services						Supporting services				
	Interreligious and intergroup relations	**Government and international relations**	**Regional offices**	**Contemporary Jewish life**	**Communications**	**Total**	**Management and general**	**Fund-raising**	**Total**	**Total 2015**	**Total 2014**
Salaries	$ 1,249	7,076	6,110	549	1,182	16,166	1,658	4,071	5,729	21,895	21,182
Fringe benefits	342	2,317	1,899	169	344	5,071	839	1,139	1,978	7,049	6,146
Total employee compensation	1,591	9,393	8,009	718	1,526	21,237	2,497	5,210	7,707	28,944	27,328
Travel	214	1,285	291	23	73	1,886	33	76	109	1,995	1,775
Rent	54	629	947	—	3	1,633	3	250	253	1,886	1,784
Electricity	7	36	46	5	10	104	147	41	188	292	291
Telephone	12	133	175	3	100	423	29	55	84	507	523
Printing and lettershop	6	45	27	—	406	484	—	427	427	911	951
Postage	3	21	34	3	162	223	13	158	171	394	348
Stationery and supplies	8	76	95	3	30	212	44	39	83	295	286
IT services	10	256	225	9	72	572	148	130	278	850	851
Rental and servicing of equipment	1	7	6	—	1	15	1	2	3	18	110
Delivery service	—	2	2	—	—	4	—	2	2	6	7
Building maintenance	39	174	145	20	53	431	531	163	694	1,125	899
Insurance	4	69	69	3	21	166	51	22	73	239	230
Educational materials	1	12	14	1	2	30	7	12	19	49	49
Grants	44	342	38	15	30	469	41	6	47	516	892
Dues paid to other organizations	11	80	19	4	15	129	14	24	38	167	190
Conferences, meetings, and events	450	2,151	1,178	57	309	4,145	64	374	438	4,583	4,899
Outside contract program services	211	1,109	668	64	512	2,564	450	278	728	3,292	2,500
Advertising	7	53	61	1	724	846	9	39	48	894	926
Bank service charges	50	219	135	12	12	428	132	60	192	620	670
Catering and facilities rental	—	—	—	—	—	—	—	1,927	1,927	1,927	1,943
Total expenses before depreciation and amortization	2,723	16,092	12,184	941	4,061	36,001	4,214	9,295	13,509	49,510	47,452
Depreciation and amortization	20	173	305	10	20	528	336	153	489	1,017	1,130
Total expenses	2,743	16,265	12,489	951	4,081	36,529	4,550	9,448	13,998	50,527	48,582
Less direct cost of special events	—	—	—	—	—	—	—	(1,927)	(1,927)	(1,927)	(1,943)
Total expenses	$ 2,743	16,265	12,489	951	4,081	36,529	4,550	7,521	12,071	48,600	46,639

See accompanying independent auditors' report.