



**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)



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

## **Independent Auditors' Report**

The Board of Directors  
Conference on Jewish Material Claims Against Germany, Inc.:

### *Opinion*

We have audited the financial statements of Conference on Jewish Material Claims Against Germany, Inc. (the Claims Conference), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Claims Conference 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 U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Claims Conference 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.

### *Other Matter*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The fund information included in the statements of financial position and statements of activities is presented for purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual funds, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

### *Responsibilities of Management for the Financial Statements*

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

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



### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Claims Conference'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Claims Conference'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.

*KPMG LLP*

New York, New York  
July 24, 2023

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statement of Financial Position

December 31, 2022

Assets	Claims Conference as successor organization (note 4)	German allocation funds (note 5)	German compensation funds (note 6)	Other program funds (note 7)	Eliminations	Total
Cash and cash equivalents (note 2)	\$ 13,651,020	90,054,403	23,140,889	6,235,342	—	133,081,654
Investments (notes 2 and 3)	376,263,808	32,565,590	—	—	—	408,829,398
Total cash, cash equivalents, and investments	389,914,828	122,619,993	23,140,889	6,235,342	—	541,911,052
Other assets:						
Grants and contractual receivables	—	3,503,801	382,598	30,000	—	3,916,399
Other receivables	7,560,088	—	—	—	—	7,560,088
Other assets, net (notes 3 and 4)	2,004,816	—	6,809,651	—	—	8,814,467
Right-of-use assets (note 9)	533,867	—	3,969,410	—	—	4,503,277
Interfund receivables	12,127,937	157,086	2,548,339	106,878	(14,940,240)	—
Total assets	\$ 412,141,536	126,280,880	36,850,887	6,372,220	(14,940,240)	566,705,283
<b>Liabilities and Net Assets</b>						
Liabilities:						
Accrued expenses	\$ 2,266,773	—	9,269,219	328,757	—	11,864,749
Deferred income	—	—	6,193,268	—	—	6,193,268
Grants payable	13,602,704	89,836,919	10,518,651	1,927,673	—	115,885,947
Goodwill fund	3,306,017	—	—	—	—	3,306,017
Due to cooperating organizations	—	—	350,884	580,712	—	931,596
Lease liabilities (note 9)	514,625	—	3,873,407	—	—	4,388,032
Interfund payables	17,973	3,738,298	11,077,530	106,439	(14,940,240)	—
Total liabilities	19,708,092	93,575,217	41,282,959	2,943,581	(14,940,240)	142,569,609
Contingencies and commitments (notes 8 and 9)						
Net assets:						
Without donor restrictions:						
Designated for programs	196,785,939	—	—	560,557	—	197,346,496
Designated for research, education, and documentation	62,410,111	—	—	—	—	62,410,111
Net funding deficit	—	—	(14,033,958)	—	—	(14,033,958)
Designated for future costs	12,290,500	—	—	205,641	—	12,496,141
Designated for goodwill and late applicants fund and other uses	7,562,100	—	—	—	—	7,562,100
Unsold restituted properties	375,281	—	—	—	—	375,281
Designated for longer-term needs	113,009,513	—	—	1,124,651	—	114,134,164
Total net assets without donor restrictions	392,433,444	—	(14,033,958)	1,890,849	—	380,290,335
With donor restrictions:						
For contractual obligations	—	—	9,601,886	—	—	9,601,886
For programs	—	32,705,663	—	1,537,790	—	34,243,453
Total net assets with donor restrictions	—	32,705,663	9,601,886	1,537,790	—	43,845,339
Total net assets	392,433,444	32,705,663	(4,432,072)	3,428,639	—	424,135,674
Total liabilities and net assets	\$ 412,141,536	126,280,880	36,850,887	6,372,220	(14,940,240)	566,705,283

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statement of Financial Position

December 31, 2021

Assets	Claims Conference as successor organization (note 4)	German allocation funds (note 5)	German compensation funds (note 6)	Other program funds (note 7)	Eliminations	Total
Cash and cash equivalents (note 2)	\$ 25,224,667	91,558,406	118,953,696	11,069,106	—	246,805,875
Investments (notes 2 and 3)	397,690,165	27,249,331	—	—	—	424,939,496
Total cash, cash equivalents, and investments	422,914,832	118,807,737	118,953,696	11,069,106	—	671,745,371
Other assets:						
Grants and contractual receivables	—	13,653	—	—	—	13,653
Other receivables	2,111,984	—	—	—	—	2,111,984
Other assets, net (notes 3 and 4)	2,565,031	—	10,500,985	—	—	13,066,016
Interfund receivables	1,864,866	949,511	630,845	313,528	(3,758,750)	—
Total assets	\$ 429,456,713	119,770,901	130,085,526	11,382,634	(3,758,750)	686,937,024
<b>Liabilities and Net Assets</b>						
Liabilities:						
Accrued expenses	\$ 2,134,840	—	10,877,670	350,821	—	13,363,331
Deferred income	13,777	23,972,361	107,314,097	1,132,400	—	132,432,635
Grants payable	21,527,034	54,722,564	8,320,555	2,222,318	—	86,792,471
Goodwill fund	5,505,729	—	—	—	—	5,505,729
Due to cooperating organizations	—	—	337,886	865,152	—	1,203,038
Interfund payables	907,602	313,403	1,379,881	1,157,864	(3,758,750)	—
Total liabilities	30,088,982	79,008,328	128,230,089	5,728,555	(3,758,750)	239,297,204
Contingencies and commitments (notes 8 and 9)						
Net assets:						
Without donor restrictions:						
Designated for programs	170,947,395	—	—	1,114,701	—	172,062,096
Designated for research, education, and documentation	47,632,402	—	—	—	—	47,632,402
Net funding deficit	—	—	(8,652,137)	—	—	(8,652,137)
Designated for future costs	14,315,200	—	—	196,770	—	14,511,970
Designated for goodwill and late applicants fund and other uses	11,544,818	—	—	—	—	11,544,818
Unsold restituted properties	739,937	—	—	—	—	739,937
Designated for longer-term needs	154,187,979	—	—	1,108,648	—	155,296,627
Total net assets without donor restrictions	399,367,731	—	(8,652,137)	2,420,119	—	393,135,713
With donor restrictions:						
For contractual obligations	—	—	10,507,574	724,736	—	11,232,310
For programs	—	40,762,573	—	2,509,224	—	43,271,797
Total net assets with donor restrictions	—	40,762,573	10,507,574	3,233,960	—	54,504,107
Total net assets	399,367,731	40,762,573	1,855,437	5,654,079	—	447,639,820
Total liabilities and net assets	\$ 429,456,713	119,770,901	130,085,526	11,382,634	(3,758,750)	686,937,024

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statement of Activities

Year ended December 31, 2022

	Claims Conference as successor organization (note 4)	German allocation funds (note 5)	German compensation funds (note 6)	Other program funds (note 7)	Eliminations	Total
Revenue:						
Revenue from operations:						
Contractual programs	\$ —	—	495,020,212	—	—	495,020,212
Administrative reimbursement of expenses	—	905,223	34,894,984	—	—	35,800,207
Revenue from sold and unsold restituted properties	11,062,438	—	—	—	—	11,062,438
Rental income	30,894	—	—	—	—	30,894
Grants and other	118,844	720,490,256	—	3,664,372	(145,175)	724,128,297
Total revenue from operations	11,212,176	721,395,479	529,915,196	3,664,372	(145,175)	1,266,042,048
Investment income (note 2)	956,298	1,328,659	2,701	48,646	—	2,336,304
Total revenue	12,168,474	722,724,138	529,917,897	3,713,018	(145,175)	1,268,378,352
Expenses (note 11):						
Grant expenses:						
Grant and contractual expenses	12,108,889	728,204,886	495,326,849	5,862,926	(145,175)	1,241,358,375
Goodwill fund	2,563,211	—	—	—	—	2,563,211
Grant cancellations	(5,831,143)	(317,718)	—	(584)	—	(6,149,445)
Total grant expenses	8,840,957	727,887,168	495,326,849	5,862,342	(145,175)	1,237,772,141
Property restitution program	1,336,462	—	—	—	—	1,336,462
Grant making and administrative expenses	9,607,960	905,223	40,983,028	1,426	—	51,497,637
Total expenses	19,785,379	728,792,391	536,309,877	5,863,768	(145,175)	1,290,606,240
Deficiency of revenue under expenses before transaction and translation gains (losses)	(7,616,905)	(6,068,253)	(6,391,980)	(2,150,750)	—	(22,227,888)
Transaction and translation gains (losses) (note 1(d))	682,618	(1,988,657)	104,471	(74,690)	—	(1,276,258)
Decrease in net assets	(6,934,287)	(8,056,910)	(6,287,509)	(2,225,440)	—	(23,504,146)
Net assets at December 31, 2021	399,367,731	40,762,573	1,855,437	5,654,079	—	447,639,820
Net assets at December 31, 2022	\$ 392,433,444	32,705,663	(4,432,072)	3,428,639	—	424,135,674
Composition of changes in net assets (note 10):						
Decrease in net assets without donor restrictions	\$ (6,934,287)	—	(5,381,821)	(529,270)	—	(12,845,378)
Decrease in net assets with donor restrictions	—	(8,056,910)	(905,688)	(1,696,170)	—	(10,658,768)
Decrease in net assets	\$ (6,934,287)	(8,056,910)	(6,287,509)	(2,225,440)	—	(23,504,146)

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statement of Activities

Year ended December 31, 2021

	Claims Conference as successor organization (note 4)	German allocation funds (note 5)	German compensation funds (note 6)	Other program funds (note 7)	Eliminations	Total
Revenue:						
Revenue from operations:						
Contractual programs	\$ —	—	869,253,962	1,249,810	—	870,503,772
Administrative reimbursement of expenses	—	—	37,421,954	—	—	37,421,954
Revenue from sold and unsold restituted properties	3,907,570	—	—	—	—	3,907,570
Rental income	64,070	—	—	—	—	64,070
Grants and other	2,169	650,442,309	—	3,674,898	(10,323)	654,109,053
Total revenue from operations	3,973,809	650,442,309	906,675,916	4,924,708	(10,323)	1,566,006,419
Investment income (note 2)	169,268	29,947	(23,133)	(1,407)	—	174,675
Total revenue	4,143,077	650,472,256	906,652,783	4,923,301	(10,323)	1,566,181,094
Expenses (note 11):						
Grant expenses:						
Grant and contractual expenses	6,827,087	648,374,329	869,507,333	5,522,833	(10,323)	1,530,221,259
Goodwill fund	483,151	—	—	—	—	483,151
Grant cancellations	(3,313,120)	(2,474,470)	—	(209,360)	—	(5,996,950)
Total grant expenses	3,997,118	645,899,859	869,507,333	5,313,473	(10,323)	1,524,707,460
Property restitution program	1,557,751	—	—	—	—	1,557,751
Grant making and administrative expenses	9,928,191	—	42,137,463	(41,632)	—	52,024,022
Total expenses	15,483,060	645,899,859	911,644,796	5,271,841	(10,323)	1,578,289,233
(Deficiency) excess of revenue (under) over expenses before transaction and translation (losses) gains	(11,339,983)	4,572,397	(4,992,013)	(348,540)	—	(12,108,139)
Transaction and translation (losses) gains (note 1(d))	(2,376,495)	285,562	(767,633)	(130,879)	—	(2,989,445)
(Decrease) increase in net assets	(13,716,478)	4,857,959	(5,759,646)	(479,419)	—	(15,097,584)
Net assets at December 31, 2020	413,084,209	35,904,614	7,615,083	6,133,498	—	462,737,404
Net assets at December 31, 2021	\$ 399,367,731	40,762,573	1,855,437	5,654,079	—	447,639,820
Composition of changes in net assets (note 10):						
Decrease in net assets without donor restrictions	\$ (13,716,478)	—	(4,627,176)	(22,736)	—	(18,366,390)
Increase (decrease) in net assets with donor restrictions	—	4,857,959	(1,132,470)	(456,683)	—	3,268,806
(Decrease) increase in net assets	\$ (13,716,478)	4,857,959	(5,759,646)	(479,419)	—	(15,097,584)

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statements of Cash Flows

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (23,504,146)	(15,097,584)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Unrealized depreciation of investments	863,839	399,905
Realized loss (gain) on sales of investments	1,138,042	(268,465)
Amortization of right-of-use assets	2,925,542	—
Changes in operating assets and liabilities:		
Grants and contractual receivables	(3,902,746)	(114)
Other receivables	(5,448,104)	704,936
Other assets, net	4,251,549	(809,964)
Accrued expenses	(1,498,582)	(2,558,020)
Deferred income	(126,239,367)	(16,485,535)
Grants payable	29,093,476	(28,126,108)
Goodwill fund	(2,199,712)	(1,269,965)
Due to cooperating organizations	(271,442)	219,565
Lease liabilities	(2,985,565)	—
Net cash used in operating activities	<u>(127,777,216)</u>	<u>(63,291,349)</u>
Cash flows from investing activities:		
Purchases of investments	(761,638,688)	(1,075,952,212)
Proceeds from sale of investments	775,746,905	1,103,315,389
Net cash provided by investing activities	<u>14,108,217</u>	<u>27,363,177</u>
Cash flows from financing activities:		
Principal payments on lease liabilities	(55,222)	—
Net cash used in financing activities	<u>(55,222)</u>	<u>—</u>
Net decrease in cash and cash equivalents	(113,724,221)	(35,928,172)
Cash and cash equivalents at beginning of year	246,805,875	282,734,047
Cash and cash equivalents at end of year	<u>\$ 133,081,654</u>	<u>246,805,875</u>
Supplemental information:		
Right-of-use assets upon ASC 842 implementation – operating leases	\$ 6,917,759	—
Right-of-use assets obtained in exchange for new operating lease liabilities	328,270	—
Right-of-use assets obtained in exchange for new finance lease liabilities	182,790	—

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
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Notes to Financial Statements

December 31, 2022 and 2021

**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

The Conference on Jewish Material Claims Against Germany, Inc. (the Claims Conference) was founded in 1951 by 23 international Jewish organizations to represent world Jewry in negotiating for compensation and restitution for victims of Nazi persecution and their heirs. The Claims Conference administers compensation funds, recovers unclaimed Jewish property in the former East Germany, allocates grant funds to institutions that provide social welfare services to victims of Nazi persecution, and preserves the memory and lessons of the Holocaust. It maintains primary offices in Frankfurt, Germany; New York, New York; and Tel Aviv, Israel. In addition, the Claims Conference maintains several smaller satellite offices.

Ezra Legacy Inc. (the Corporation) was established in 2017 by the Claims Conference, its sole member, for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. The Corporation's mission is to foster, facilitate, and promote the provision of relief, support, and assistance for Jewish Holocaust victims and increase public understanding of the impact of the Holocaust.

The activities of the Claims Conference, which include the Corporation, are more fully described in the following notes to the financial statements.

**(b) Basis of Presentation**

The Claims Conference's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The accompanying statements of activities are presented in total by programmatic activity. To ensure compliance with donor (grantor) restrictions placed on the use of resources available to the Claims Conference, its accounts are maintained in accordance with the principles of fund accounting. This is a procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purposes. Net assets and revenue, gains, and losses are classified based on the existence or absence of grantor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

*Without donor restrictions* – Net assets that are not restricted by grantors or where the grantor-imposed restrictions have expired; as reflected in the accompanying statements of financial position, the Claims Conference's Board of Directors has designated a portion of the Claims Conference's net assets without donor restrictions for various purposes.

*With donor restrictions* – Net assets subject to grantor restrictions that permit the Claims Conference to expend the assets as specified; the restrictions are satisfied either by the passage of time or by actions of the Claims Conference in accordance with those specified by the grantor. Restricted grants whose restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
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Notes to Financial Statements

December 31, 2022 and 2021

**(c) Use of Estimates**

The preparation of the financial statements in conformity with 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions used in the preparation of the Claims Conference's financial statements include the value of unsold restituted properties, the allocation of expenses to functional classifications, and assumption of discount rates in calculating right-of-use (ROU) assets and lease liabilities for finance and operating leases.

**(d) Foreign Currency Translation**

The Claims Conference conducts its operations in different countries. However, the accompanying financial statements are reported in U.S. dollars. Assets and liabilities are translated using the exchange rates in effect at the statement of financial position date. Revenue and expenses are translated based on a weighted average exchange rate for the year. The resulting translation gains and losses are reported as a component of the applicable net asset category.

Foreign currency transactions have been translated from Euros into U.S. dollars at (i) the prevailing rate of exchange at December 31, 2022 and 2021 (1.06749 and 1.13240), respectively, for assets and liabilities, and (ii) an average of the daily prevailing rates of exchange for the years ended December 31, 2022 and 2021 (1.05358 and 1.18295), respectively, for revenue and expenses. Foreign currency transactions have also been translated from New Israeli Shekels (NIS) into U.S. dollars at (i) the prevailing rate of exchange at December 31, 2022 and 2021 (3.51583 and 3.10585), respectively, for assets and liabilities and (ii) an average of the daily prevailing rates of exchange for the years ended December 31, 2022 and 2021 (3.35319 and 3.22613), respectively, for revenue and expenses.

**(e) Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels in the fair value hierarchy are as follows:

- *Level 1* – Inputs are quoted (unadjusted) or published net asset value in active markets that are accessible at the measurement date for identical assets or liabilities.
- *Level 2* – Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- *Level 3* – Inputs are unobservable inputs based on the Claims Conference's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest-level input that is significant to the fair value measurement.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Notes to Financial Statements

December 31, 2022 and 2021

**(f) Interfund Accounts**

The interfund accounts represent temporary advances (borrowings) principally related to reallocations of administrative expenses and borrowings against anticipated grants. The interfund balances, eliminated in combination, are generally settled during the following year.

**(g) Cash and Cash Equivalents**

The Claims Conference considers all highly liquid financial instruments with original maturities of three months or less when purchased, other than those held in the investment portfolio, to be cash equivalents.

**(h) Investments**

The Claims Conference's investment policy is generally to invest in securities issued by the U.S. Treasury and U.S. Agencies having an average portfolio maturity of less than five years. The Claims Conference may also invest in securities guaranteed by the Israeli government and short-term fixed-income Foreign AA sovereign securities when feasible and prudent. Funds are also invested in U.S. money market accounts that invest in government and agency securities as well as short-term mutual bond funds. The investment philosophy of the Claims Conference is based on the dual mandates of preservation of principal and liquidity in all environments and currencies. Investments are stated at fair value.

**(i) Leases**

The Claims Conference determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or deferred rent. The Claims Conference's leases do not provide an implicit rate of return; thus, the Claims Conference uses the risk-free discount rate, determined using a period comparable with that of the lease term from the latter of the lease commencement date or implementation date. Operating lease expense is recognized on a straight-line basis over the lease term. The Claims Conference does not recognize ROU assets and lease liabilities for leases with an initial term of 12 months or less. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

**(j) Income Taxes**

The Claims Conference is a not-for-profit agency exempt from U.S. federal income tax under Section 501(c)(4) of the Internal Revenue Code, and state and local income taxes. The Claims Conference is exempt from taxes in Germany and Israel based on local tax codes.

The Corporation is a not-for-profit organization exempt from U.S. federal income tax under Section 501(c)(3) of the Internal Revenue Code, and state and local income taxes.

The Claims Conference recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Claims Conference and the Corporation have evaluated their tax positions and have determined they do not have any uncertain tax positions or any unrelated income tax liability, which would have a material impact on the financial statements.

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**(k) Revenue**

Grants are recognized as revenue when cash, securities, other assets, or unconditional promises to give are received. A grant is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional grants are recognized as revenue when the barrier(s) in the agreement, such as the satisfaction of grant provisions and incurrence of qualifying expenditures for reimbursement-based grants, are overcome. Purpose restricted grants whose restrictions are met in the same fiscal year are reported in net assets without donor restrictions. All other purpose-restricted support is reported as an increase to net assets with donor restrictions, depending on the nature of the restriction.

**(l) Contractual Programs and Grants**

Contractual programs are recognized in accordance with the terms of contractual agreements for individual compensation programs.

Grant obligations that are considered unconditional in nature are reported as grants payable in the statement of financial position. Conditional grants are recognized as expenses when the barrier(s) in the agreement is overcome. A grant is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Awards made to organizations that are conditional in nature are not recorded as expense until the conditions of the grant are satisfied.

**(m) Restituted Properties and Compensation**

The Claims Conference recognizes the estimated fair value of restituted property when it is awarded unconditional title to the property. Properties received are recorded at estimated fair value generally based on independent appraisals obtained when the property was recovered, subsequent evaluations, and comparable sale values. Actual proceeds realized will depend on market conditions at the time of the sale and may be materially different from amounts currently recognized. If the Claims Conference recovers compensation in lieu of receiving a property itself, such compensation is recognized when it has been certified as to its value by the Regional Tax Authorities (Oberfinanzdirektion).

Certain costs related to the disposal of restituted property are deferred until such time as the sales on properties is realized, at which time such costs will be expensed as a charge against the sales proceeds. Other general expenses with respect to property administration are expensed when incurred.

**(n) Adoption of New Accounting Pronouncement**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is effective for the Claims Conference's fiscal year ended December 31, 2022 and is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The Claims Conference has adopted this ASU and related updates using the modified retrospective transition approach and the effective date method, which allowed the Claims Conference to apply the new leases standard at the adoption date of January 1, 2022. As such, the Claims Conference is not required to adjust comparative periods or provide

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comparative period disclosures. The Claims Conference also elected to use the transition package of practical expedients and short-term lease exemption. The discount rate is based on a risk-free rate using a period comparable with the lease term. The Claims Conference recognized ROU assets and lease liabilities of \$6,917,759 and \$6,931,536, respectively, on January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

**(2) Cash and Cash Equivalents and Investments**

Cash and cash equivalents and investments are primarily maintained in large international banks in New York, London, Israel, and Frankfurt. Certain accounts at these financial institutions in the United States have balances in excess of U.S. federally insured limits.

Investments and cash and cash equivalents at fair value at December 31, 2022 and 2021 consist of the following:

		<b>2022</b>			
		<b>United States</b>	<b>Israel</b>	<b>Europe</b>	<b>Total</b>
Cash and cash equivalents	\$	70,540,391	31,420,200	31,121,063	133,081,654
Investments:					
Government money market funds	\$	40,105,112	—	—	40,105,112
Mutual funds		19,767,261	—	—	19,767,261
Government bills		158,226,550	—	—	158,226,550
Government notes		170,669,976	—	—	170,669,976
Government bonds		—	20,060,499	—	20,060,499
Total investments	\$	<u>388,768,899</u>	<u>20,060,499</u>	<u>—</u>	<u>408,829,398</u>

		<b>2021</b>			
		<b>United States</b>	<b>Israel</b>	<b>Europe</b>	<b>Total</b>
Cash and cash equivalents	\$	46,648,719	35,273,198	164,883,958	246,805,875
Investments:					
Government money market funds	\$	45,110,476	—	—	45,110,476
Mutual funds		44,867,044	—	—	44,867,044
Government bills		314,928,050	—	—	314,928,050
Government bonds		—	20,033,926	—	20,033,926
Total investments	\$	<u>404,905,570</u>	<u>20,033,926</u>	<u>—</u>	<u>424,939,496</u>

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**(3) Fair Value Measurements**

The following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2022 and 2021:

		<b>2022</b>			
		<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments	\$	408,829,398	408,829,398	—	—
Estimated value of unsold restituted properties*		697,902	—	—	697,902

  

		<b>2021</b>			
		<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments	\$	424,939,496	424,939,496	—	—
Estimated value of unsold restituted properties*		881,139	—	—	881,139

\* Estimated value of unsold restituted properties is included in other assets in the accompanying statements of financial position.

The following table is a rollforward of the financial instruments classified by the Claims Conference in Level 3 for the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Fair value at January 1	\$ 881,139	726,060
Additions	—	46,927
Proceeds from sales of properties	(3,634,110)	(1,562,219)
Realized gains on sales of properties, net	2,777,464	605,586
Change in unrealized gains, net	725,646	1,127,730
Foreign currency translation adjustment	(52,237)	(62,945)
Fair value at December 31	<u>\$ 697,902</u>	<u>881,139</u>

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**(4) Claims Conference as Successor Organization**

In light of the diminished number of remaining Successor Organization (SO) claims, the office in Frankfurt was closed at the end of May 2021. A skeletal staff was retained to handle operational matters, including the need to archive documents for business and historical reasons, prepare cases for the restitution authorities and do the necessary follow-up work related to recovered properties.

**(a) Property Restitution and Compensation**

Upon German reunification in 1990, the Claims Conference negotiated for the right of Jewish asset owners and heirs to file claims for assets in the former East Germany. Under the German Property Restitution Law, the deadline for filing claims for restitution of assets located in the territory of the former East Germany expired on December 31, 1992 for real estate claims and on June 30, 1993 for claims against moveable assets. Thousands of Jewish claimants filed timely claims and recovered a significant number of assets or substantial amounts of compensation in lieu of restitution. The Claims Conference was designated under the Germany Property Restitution Law to be the successor for unclaimed Jewish assets (through SO). The disposition of any net recoveries from the operation of this program is determined by the Board of Directors of the Claims Conference; accordingly, revenue recognized from sales of property restitution and compensation is classified as without donor restrictions in the accompanying statements of activities.

Revenue from sold and unsold restituted properties during the years ended December 31, 2022 and 2021 comprised the following approximated amounts:

<b>Description</b>	<b>2022</b>	<b>2021</b>
Sales of restituted properties	\$ 4,214,200	3,907,600
Special cases	6,848,200	—
Total	\$ 11,062,400	3,907,600

As of December 31, 2022 and 2021, the total estimated fair value of unsold restituted property was approximately \$697,900 and \$881,100 (€653,800 and €778,000), respectively. As of December 31, 2022 and 2021, respectively, the Claims Conference held 110 and 104 different parcels of property.

Certain costs relating to the disposal of restituted property, approximately \$1,054,000 and \$1,105,000 at December 31, 2022 and 2021, respectively, have been recorded as deferred costs in other assets. Such deferred costs will be charged against the proceeds upon sale of the related property. Other general expenses with respect to property administration are expensed when incurred.

**(b) Goodwill Fund**

Notwithstanding its legal right to retain the full proceeds of the claims it makes as SO, the Claims Conference established a Goodwill Fund in 1994 in order to set aside funds for payments to certain Jewish asset owners or heirs who had not filed claims by the German-mandated deadline and, thus, were no longer legally entitled to the assets or their proceeds under German law and who met the criteria of the Goodwill Fund.

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The deadline for applications to the Goodwill Fund expired in 2011 after various extensions to the deadlines were provided by the Claims Conference. In making its decision on this subject, the Board of Directors of the Claims Conference took special note of the fact that the Goodwill Fund had been accepting applications for a number of years, that there was uncertainty surrounding the ultimate number of applications that would be made to the Goodwill Fund, that applications are frequently for unclaimed properties that the Claims Conference had already recovered and sold with the proceeds having been allocated, and the need to decide whether to continue making allocations for homecare and other social needs of Holocaust survivors from SO funds.

In 2022 and 2021, the Claims Conference paid out approximately \$1,045,000 (€979,000) and \$1,213,000 (€1,071,000), respectively, under this program to original owners and heirs. Since inception, the Claims Conference has paid approximately €793,213,000 under this program. In addition, it has established reserves for Goodwill Fund applications that have been approved for payment. These reserves are classified as liabilities in the accompanying statements of financial position. These applications relate to various assets for which the Claims Conference has received proceeds. At December 31, 2022 and 2021, the reserve for the Goodwill Fund was approximately \$3,306,000 (€3,097,000) and \$5,506,000 (€4,863,000), respectively. The Goodwill Fund expense for 2022 and 2021 was approximately \$830,000 (€788,000) and \$483,000 (€409,000), respectively.

**(c) Designated for Goodwill and Late Applicants Fund and Other Uses**

As of December 31, 2022 and 2021, the Claims Conference has designated amounts totaling approximately \$7,562,000 (€7,084,000) and \$11,545,000 (€10,200,000), respectively, for Goodwill and Late Applicants Fund and other uses. The balance includes the remainder of a €50 million fund created in 2012 for certain applicants who missed the deadline established under the Goodwill Fund of €4,900,000 (\$5,300,000) at December 31, 2022. In addition, as of December 31, 2022 and 2021, there is approximately \$2,300,000 (€2,100,000) and \$5,900,000 (€5,200,000), respectively, of funds designated for Goodwill applications where the approval process has not been completed or where applicants may not be able to satisfy the routine additional documentation requirements. Should these Goodwill Fund applications be approved in the future, the Claims Conference will recognize the obligation at that time. On an annual basis, the Claims Conference reviews the adequacies of these reserves and adjustments.

**(d) Allocations and Grants**

The Claims Conference supports organizations and institutions around the world that provide essential social services for Jewish victims of Nazi persecution and that best know the priorities in their communities and how to address them. In addition, funds are allocated for research, education, and documentation to ensure that the memory and lessons of the Shoah are preserved for current and future generations. During 2022 and 2021, approximately \$12,100,000 and \$6,827,000, respectively, of grant expense was recognized under this program.

As of December 31, 2022, there was approximately \$19,100,000 in outstanding conditional promises to give.

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**(e) Designated for Programs**

Effective December 31, 2022 and 2021, the Board of Directors approved approximately \$196,786,000 and \$170,947,000, respectively, for use under SO programs. The Claims Conference anticipates utilizing these funds in future program years.

**(f) Designated for Research, Education, and Documentation**

Effective December 31, 2022 and 2021, the Board of Directors approved approximately \$62,410,000 and \$47,632,000, respectively, designated for research, education, and documentation of the Holocaust.

**(g) Designated for Longer-Term Needs**

The Board of Directors believes there will be direct and critical ongoing needs of Nazi victims over the coming years. Accordingly, net assets not otherwise designated are designated by the Claims Conference to support longer term needs of Jewish victims of Nazi persecution arising after income from current Claims Conference activities declines. The amount available in these funds at December 31, 2022 and 2021 was approximately \$113,000,000 and \$154,200,000, respectively.

**(5) German Allocation Funds**

**(a) Fund for Welfare Services**

In 2004, the Federal Republic of Germany reached an agreement with the Claims Conference to provide support for welfare organizations assisting Jewish victims of Nazi persecution. Subsequent to 2004, additional multiyear agreements were entered into between the Federal Republic of Germany and the Claims Conference that extends the "Fund for Welfare Services" until 2023. The amounts, to be used as a "Fund for Welfare Services," as negotiated with the Ministry of Finance – Bundesministerium der Finanzen (BMF), are as follows:

	<u>Amount per agreement</u>
Program year:	
2018	€ 405,000,000
2019	480,000,000
2020	524,000,000
2021	554,500,000
2022	622,900,000
2023	692,900,000

In addition to the above agreed upon 2023 funding, the German government agreed to provide approximately €60 million of additional funds for those residing in Israel who are not currently eligible for welfare services under the current program.

During 2022 and 2021, approximately \$725,226,000 and \$648,374,000, respectively, of grant expense was recognized under this program.

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As of December 31, 2022, outstanding conditional promises to give totaled approximately \$14,253,000.

At December 31, 2022 and 2021, the Claims Conference had approximately \$32,694,000 and \$40,763,000, respectively, in net assets with donor restrictions related to the Fund for Welfare Services that are subject to detailed programmatic restrictions that are anticipated to be met in 2023.

**(b) Fund for Holocaust Research, Education, and Documentation**

In September 2022, the Claims Conference and the German Foundation Remembrance, Responsibility and Future (EVZ Foundation) entered into an agreement, to jointly administer projects that further Holocaust research, education, and documentation. This program is funded by the BMF up to the following amounts:

	<u>Amount per agreement</u>
Program year:	
2022	€ 10,000,000
2023	25,000,000
2024	30,000,000
2025	35,000,000

During 2022, approximately \$2,661,000 of grant expense was recognized under this program.

As of December 31, 2022, outstanding conditional promises to give totaled approximately \$5,110,000.

At December 31, 2022, the Claims Conference had approximately \$12,000 in net assets with donor restrictions related to the Fund for Holocaust Research, Education and Documentation.

**(6) German Compensation Funds**

Since 1980, the Claims Conference has administered compensation programs on behalf of the Federal Republic of Germany. There are currently six such programs being administered: the Hardship Fund, the Article II Fund, the Central and Eastern European Fund, the Child Survivor Fund, the Righteous Gentile Fund, and the Region Specific Pension Fund.

**(a) Hardship Fund**

In October 1980, the Federal Republic of Germany established a Hardship Fund primarily for those needy Jewish victims of Nazi persecution who were prevented from filing claims under the German indemnification laws by the 1965 deadline. The Claims Conference assumed the responsibility for the administration of the Hardship Fund under guidelines established by the Federal Republic of Germany. The guidelines limit individual payments to DM 5,000 (€2,556) per person, which aid Jewish victims of Nazi persecution, and provide for administrative costs to be incurred by the Claims Conference. Over the years, the eligibility criteria have been liberalized as a result of negotiations, including elimination of the income limit, expansion to areas of all Jewish victims of Nazi persecution living in areas of the former

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Soviet Union and to Eastern European countries, as well as those persecuted in Morocco, Algeria, and those who endured the Leningrad Siege, among others.

In 2020, the Claims Conference reached an agreement with the BMF to provide a supplemental payment of €2,400 paid over two years to living Hardship Fund recipients.

During 2022, due to the war in Ukraine, the Claims Conference and the German government reached an agreement to establish the Ukrainian Relief Fund. This fund, which is a subprogram of the Hardship Fund, provides additional payments to claimants from Ukraine.

In 2022 and 2021, respectively, approximately \$60,403,000 (€57,332,000) and \$420,220,000 (€355,231,000) in funds were provided under this program.

Approved payments to individuals from the Hardship Fund were approximately \$60,265,000 and \$420,200,000 (€57,200,000 and €355,216,000) for 2022 and 2021, respectively.

**(b) Article II Fund**

In 1992, the Federal Republic of Germany agreed to pay a pension to certain survivors who (i) were in a concentration camp, ghetto, or hiding for a minimum of a specified duration, (ii) are below a defined-income limit, and (iii) have received little or no compensation. Liberalizations to the eligibility criteria have been negotiated subsequently. In 2022 and 2021, respectively, approximately \$306,450,000 (€290,865,000) and \$350,957,000 (€296,680,000) in funds were provided under this program.

Approved payments to individuals from the Article II Fund were approximately \$306,558,000 and \$350,450,000 (€290,967,000 and €296,251,000) during 2022 and 2021, respectively.

**(c) Central and Eastern European Fund**

In 1998, the Federal Republic of Germany agreed to provide funds to a Central and Eastern European Fund (CEEF) for Holocaust survivors according to the same persecution related criteria as established under the Article II Fund. In 2022 and 2021, respectively, approximately \$74,300,000 (€70,500,000) and \$86,900,000 (€73,500,000) in funds were provided under this program.

Approved payments to individuals from the CEEF were approximately \$75,400,000 and \$87,500,000 (€71,500,000 and €74,000,000) during 2022 and 2021, respectively.

**(d) Child Survivor Fund**

In 2014, the Child Survivor Fund (CSF) for Jewish Child Survivors of the Holocaust was established and is intended to acknowledge the suffering of Holocaust survivors who endured unimaginable trauma in their childhoods. Eligible recipients receive a special one-time payment of €2,500. In 2022 and 2021, respectively, approximately \$22,600,000 (€21,400,000) and \$9,844,000 (€8,321,000) in funds were provided under this program.

Approved payments to individuals from the CSF were approximately \$22,300,000 and \$10,061,000 (€21,200,000 and €8,505,000) during 2022 and 2021, respectively.

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**(e) *Righteous Gentile Fund***

During 2020, the Claims Conference reached an agreement with the German government Foreign Ministry to establish the Righteous Gentile Fund (RGF). The fund is intended to provide financial support to aged and needy non-Jews who rescued Jews during the Holocaust. In 2022 and 2021, respectively, approximately \$1,316,000 (€1,249,400) and \$1,512,000 (€1,278,000) in funds were provided under this program.

Approved payments to individuals from the RGF were approximately \$1,155,000 (€1,096,600) and \$1,348,000 (€1,140,000) during 2022 and 2021, respectively.

**(f) *Region Specific Pension Fund***

During 2021, the Claims Conference reached an agreement with the German government to establish the Region Specific Pension (RSP) Fund. The fund is intended to provide financial support to Holocaust survivors who survived the Leningrad Siege, survivors who were in hiding in France, and those who survived persecution in Romania, who are not currently receiving Shoah-related pensions. Survivors will be entitled to receive a monthly pension of €375 if they (i) are below a defined-income limit, and (ii) have received little or no compensation. The program commenced in 2022.

In 2022, approximately \$30,110,000 (€28,578,000) in funds were provided under this program and approved payments to individuals from the RSP were approximately \$29,672,000 (€28,163,000).

**(g) *Net Assets of the German Compensation Funds***

The German Compensation Funds have a deficit in net assets without donor restrictions at December 31, 2022 and 2021 of approximately \$14.0 million and \$8.7 million, respectively, as the Claims Conference submits for reimbursement of administrative expenses as they are incurred, without accrued liability at year-end. Such reimbursements are recognized as revenue when the submission is approved, and funding is received. In 2022 and 2021, the Claims Conference recognized approximately \$34.9 million and \$37.4 million, respectively, of revenue for administrative reimbursement of expenses.

Net assets with donor restrictions of approximately \$9.6 million and \$10.5 million at December 31, 2022 and 2021, respectively, represent funding received for individual compensation payments to be used in the subsequent year.

**(7) *Other Program Funds***

The column heading "Other program funds" in the accompanying financial statements consists primarily of the following programs:

- (a) In 2010, the Harriet and Jeanette Weinberg Foundation (Weinberg Foundation) reached an agreement with the Claims Conference to provide emergency assistance to Jewish victims of Nazism in North America. Subsequent to 2010 additional agreements were entered into with the Weinberg Foundation that extended the program through 2024. During 2022 and 2021, approximately \$900,000 and \$478,000, respectively, of grant expense was recognized under this program.

As of December 31, 2022, there was approximately \$126,500 in outstanding conditional promises to give.

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Net assets with donor restrictions related to the grant are approximately \$147,000 and \$36,000 at December 31, 2022 and 2021, respectively.

- (b) In 2020, the Caritatea Foundation in Romania agreed to provide funds to support the Claims Conference emergency assistance program in Israel. The grant is to be used primarily to benefit Jewish victims of Nazi persecution of Romanian origin who are financially vulnerable and living in Israel. During 2022 and 2021, there was no activity under this program.

As of December 31, 2022, there were no outstanding conditional promises to give.

Net assets with donor restrictions related to the grant are approximately \$52,000 and \$55,000 at December 31, 2022 and 2021, respectively.

- (c) The International Commission on Holocaust Era Insurance Claims (ICHEIC) was formed pursuant to a Memorandum of Understanding, dated August 26, 1998, to facilitate the payment of unpaid Holocaust era insurance policies to valid claimants. In June 2007, the Claims Conference and ICHEIC entered into an agreement whereby ICHEIC transferred to the Claims Conference its remaining current and future humanitarian funds, as detailed in the agreement. The Claims Conference assumed the responsibility for overseeing the distribution of such funds in accordance with guidelines as determined by ICHEIC prior to its closure. Under this agreement, in 2022 and 2021, no additional funds were received. During 2022 and 2021, approximately \$388,000 and \$320,000, respectively, of grant expense was recognized under this program.

As of December 31, 2022, there was approximately \$4,500 in outstanding conditional promises to give.

Net assets with donor restrictions related to ICHEIC of approximately \$158,000 and \$520,000 at December 31, 2022 and 2021, respectively, are to be used for the educational programs of Yad Vashem and the Jewish Agency for Israel in accordance with the stipulations provided by ICHEIC.

- (d) Beginning in 1991, the Austrian government agreed to provide funds to the Committee for Jewish Claims on Austria for institutional projects benefiting aged Jewish victims of Nazi persecution from Austria. Subsequent to this date, additional agreements were entered into with Austrian government that extended the program through 2022. During 2022 and 2021, approximately \$1,454,000 and \$1,100,000, respectively, of grant expense was recognized under this program.

As of December 31, 2022, there was approximately \$530,000 in outstanding conditional promises to give.

Net assets with donor restrictions related to the grant are approximately \$568,000 and \$393,000 at December 31, 2022 and 2021, respectively.

- (e) On January 23, 1999, a settlement agreement was signed by a number of Swiss banks relating to acts of the banks and other Swiss entities connected with the Nazi era. The settlement agreement was under the jurisdiction of a US Federal court (the Court). The Looted Assets Class of the above referenced settlement agreement provided humanitarian aid over a 10-year program, which under the terms of the Plan of Allocation and Distribution of Settlement Proceeds (Distribution Plan) ended in July 2011. The Claims Conference was responsible for implementing this program on behalf of the Court to benefit

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emergency assistance programs for elderly Jewish victims of Nazi persecution, excluding those residing in the former Soviet Union. The Claims Conference's policy is to allocate such funds when the cash is received.

In August 2019, with all programs under the Settlement Fund essentially completed, a final distribution of approximately \$1,000 was received in 2020. During 2022 and 2021, approximately \$88,000 and \$37,000, respectively, of grant expense was recognized under this program.

As of December 31, 2022, there were no outstanding conditional promises to give.

- (f) Beginning in 2016, The URO Charitable Trust Limited (URO) and the Claims Conference entered into a grant agreement to provide ongoing social assistance or emergency one-time grants to Jewish victims of Nazi persecution. In December 2020, the URO entered into a new agreement to provide an additional £490,000 for the same purpose. During 2022 and 2021, approximately \$188,000 and \$470,000, respectively, of grant expense was recognized under this program.

As of December 31, 2022, there were no outstanding conditional promises to give.

Net assets with donor restrictions related to the grant are approximately \$139,000 and \$326,000 at December 31, 2022 and December 31, 2021, respectively.

In addition, the Claims Conference also has acted as an agent in the processing of grant funds as approved by the URO's Board of Directors. Funds, which are not yet disbursed, are held in due to cooperating organizations on the accompanying statements of financial position. As of December 31, 2022 and 2021, this amounted to approximately \$44,000 and \$328,000, respectively.

- (g) In December 2019, The Alfred Landecker Foundation (Landecker Fund) agreed to provide €5,000,000 for emergency assistance to Jewish victims of Nazism worldwide as follows: €2,000,000 for 2020, €2,000,000 for 2021, and €1,000,000 for 2022. In March 2020, the Landecker Fund provided an additional €200,000 for emergency assistance to Jewish victims of Nazism in connection with the COVID-19 public health crisis. During 2022 and 2021, approximately \$1,700,000 and \$2,400,000, respectively, of grant expense was recognized under this program.

As of December 31, 2022, there was approximately \$402,000 in outstanding conditional promises to give.

Net assets with donor restrictions related to the grant are approximately \$474,000 and \$1,180,000 at December 31, 2022 and December 31, 2021, respectively.

- (h) In January 2021, an agreement was reached with the State of the Grand Duchy of Luxembourg and the Consistoire Israélite de Luxembourg to provide €1,000,000 for direct aid to survivors of the Shoah living in the Grand Duchy of Luxembourg, the Luxembourg survivors currently living abroad and the survivors who were in the Grand Duchy of Luxembourg at the time of the Shoah, which the Claims Conference will administer. In 2021, approximately \$1,183,000 (€1,000,000) in funds were provided under this program.

Approved payments to individuals were approximately \$674,000 and \$426,000 (€640,000 and €360,000) during 2022 and 2021, respectively.

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Net assets with donor restrictions related to the grant are approximately \$0 and \$725,000 at December 31, 2022 and 2021, respectively.

- (i) In March 2021, the Claims Conference reached an agreement with the German-Czech Fund for the Future to provide up to €60,000 for direct aid to Jewish survivors of Nazi persecution living in Slovakia.

In 2021, approximately \$66,900 (€56,500) in funds were provided under this program. All funds to approved individuals were disbursed during 2021.

**(8) Right-of-Use Assets and Lease Liabilities**

The Claims Conference leases office space and equipment worldwide to facilitate its programs:

*Office Space Leases* - The Claims Conference leases office space under long-term, noncancelable lease agreements classified as operating leases, that expire between March 2023 and November 2025. Lease payments also include payments for common area maintenance and real estate taxes, which are excluded from determining the lease liabilities.

*Equipment Leases* – The Claims Conference leases equipment under long term, noncancelable agreements, classified as finance leases, which expire between February 2025 and April 2025. Lease payments also include use-overages which are excluded from determining the lease liabilities.

Lease liability and ROU asset consisted of the following at December 31, 2022:

	<b>Operating leases</b>	<b>Finance leases</b>	<b>Total</b>
Current portion of lease liabilities	\$ 2,649,005	56,907	2,705,912
Noncurrent portion of lease liabilities	1,610,062	72,058	1,682,120
Total lease liabilities	<u>\$ 4,259,067</u>	<u>128,965</u>	<u>4,388,032</u>
Total right-of-use assets	\$ 4,375,709	127,568	4,503,277

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Future minimum payments required under leases at December 31, 2022 were as follows:

	<b>Operating leases</b>	<b>Finance leases</b>	<b>Total</b>
For the year ending December 31,			
2023	\$ 2,683,233	58,063	2,741,296
2024	943,400	58,063	1,001,463
2025	686,115	14,516	700,631
Total undiscounted cash flows	4,312,748	130,642	4,443,390
Less present value discount	(53,681)	(1,677)	(55,358)
Total lease liabilities	\$ <u>4,259,067</u>	<u>128,965</u>	<u>4,388,032</u>

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

Operating lease cost	\$ 2,914,539
Finance lease cost :	
Amortization of ROU assets	55,222
Interest on lease liabilities	1,718
Variable, short-term, and other lease cost	<u>1,209,872</u>
Total lease expense	\$ <u>4,181,351</u>

Supplemental cash flow information related to leases as of December 31, 2022 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 3,052,260
Operating cash flows from finance leases	322
Financing cash flows from finance leases	55,222
Weighted average remaining lease term – operating leases	2.02 years
Weighted average remaining lease term – finance leases	2.30 years
Weighted average discount rate – operating leases	1.29 %
Weighted average discount rate – finance leases	1.32 %

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**(9) Contingencies**

The Claims Conference is party to various litigation and other claims in the ordinary course of business. In the opinion of management, the final disposition of these matters will not have a material adverse effect on the Claims Conference's financial position or changes in net assets.

In connection with compensation received for the settlement of a property claim, in March 2007, the Claims Conference provided the other party with an indemnity through 2025 of up to €4,500,000, in respect to possible claims by certain heirs. As of December 31, 2022, no claims have been received from heirs. The contingent liability is not material to the financial statements.

**(10) Without Donor Restrictions and With Donor Restrictions Activities**

The accompanying statements of activities do not break out net assets without donor restrictions and with donor restrictions activity but instead such amounts are presented in total by programmatic activity. The following tables provide summarized information for 2022 and 2021 (in thousands):

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
2022:			
Total revenue	\$ 1,224,883	43,495	1,268,378
Net assets released from donor restrictions	54,154	(54,154)	—
Total expense	(1,290,606)	—	(1,290,606)
Transaction and translation losses, net	(1,276)	—	(1,276)
	<u>\$ (12,845)</u>	<u>(10,659)</u>	<u>(23,504)</u>
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
2021:			
Total revenue	\$ 1,512,629	53,552	1,566,181
Net assets released from donor restrictions	50,283	(50,283)	—
Total expense	(1,578,289)	—	(1,578,289)
Transaction and translation losses, net	(2,989)	—	(2,989)
	<u>\$ (18,366)</u>	<u>3,269</u>	<u>(15,097)</u>

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**(11) Functional Allocation of Expenses**

Expenses by functional classification for the years ended December 31, 2022 and 2021 were as follows:

<b>Program service expenses</b>					
	<b>Compensation programs</b>	<b>Institutional allocation program</b>	<b>Property restitution program</b>	<b>Administrative expenses</b>	<b>Total 2022</b>
2022:					
Grant and contractual expenses, net	\$ 496,001,140	739,207,790	—	—	1,235,208,930
Goodwill fund	2,563,211	—	—	—	2,563,211
Personnel expenses	19,158,852	10,186,730	578,415	5,542,159	35,466,156
Professional fees	1,312,645	322,460	386,664	1,869,681	3,891,450
Other	8,057,235	2,836,913	371,383	2,210,962	13,476,493
	<u>\$ 527,093,083</u>	<u>752,553,893</u>	<u>1,336,462</u>	<u>9,622,802</u>	<u>1,290,606,240</u>

<b>Program service expenses</b>					
	<b>Compensation programs</b>	<b>Institutional allocation program</b>	<b>Property restitution program</b>	<b>Administrative expenses</b>	<b>Total 2021</b>
2021:					
Grant and contractual expenses, net	\$ 870,000,055	654,224,254	—	—	1,524,224,309
Goodwill fund	483,151	—	—	—	483,151
Personnel expenses	19,179,048	9,533,311	800,857	5,813,636	35,326,852
Professional fees	2,055,364	317,013	385,642	1,916,735	4,674,754
Other	8,686,273	2,480,062	371,252	2,042,580	13,580,167
	<u>\$ 900,403,891</u>	<u>666,554,640</u>	<u>1,557,751</u>	<u>9,772,951</u>	<u>1,578,289,233</u>

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Expenses directly attributable to a specific program, as detailed above, are reported as expenses of these functional areas. Personnel expenses were allocated predominately based on the direct conduct of the activities.

**(12) Liquidity and Availability**

The following schedule reflects the Claims Conference's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Cash, cash equivalents, and investments of SO	\$ 389,914,828	422,914,832
Other receivables of SO	7,560,088	2,111,984
Board designations:		
Program expenses	(196,785,939)	(170,947,395)
Research, education, and documentation	(62,410,111)	(47,632,402)
Goodwill and late applicants fund and other uses	(7,562,100)	(11,544,818)
Longer-term needs	<u>(113,009,513)</u>	<u>(154,187,979)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,707,253</u>	<u>40,714,222</u>

The Claims Conference maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. General expenditures include grant making and administrative costs, and grants funded by SO, German allocation funds, German compensation funds, and other program funds are subject to board, donor, and other contractual commitments and, therefore, are not available for general expenditures. Additionally, the Claims Conference has board-designated net assets without donor restrictions that, while the Claims Conference does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

**(13) Subsequent Events**

The Claims Conference evaluated subsequent events after the statement of financial position date of December 31, 2022 through July 24, 2023, which was the date the financial statements were available to be issued, and determined that, except as otherwise disclosed, there were no additional matters requiring recognition or disclosure in the accompanying financial statements.

In January 2023, the Caritatea Foundation in Romania agreed to provide a total of \$5,372,000 to support the Claims Conference emergency assistance program to assist Jewish victims of Nazi persecution of Romanian origin.

As a result of negotiations in Spring 2023, the BMF and Claims Conference agreed on the following major items: (i) Hardship Fund Supplemental annual one-time payments will be extended for an additional for years, through 2027, at the rate of €1,250 in 2024, €1,300 in 2025, €1,350 in 2026, and €1,400 in 2027; (ii) Welfare Services fund will increase by €96 million in 2024 to a total of €788.9 million; and (iii) Holocaust Education funding will be extended for another two years at the rate of €38 million in 2026 and €41 million in 2027.