

ACLU

AMERICAN CIVIL LIBERTIES UNION
FOUNDATION

Northern
California

ACLU

AMERICAN CIVIL LIBERTIES UNION

Northern
California

AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018



Leaf & Cole, LLP
Certified Public Accountants

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Boards of Directors
American Civil Liberties Union Foundation of Northern California, Inc. and
American Civil Liberties Union of Northern California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of American Civil Liberties Union Foundation of Northern California, Inc. and American Civil Liberties Union of Northern California, which comprise the consolidated statements of financial position as of March 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management for each entity (collectively "Management") is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's 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 auditor's 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 entity'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 entity'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.

To the Boards of Directors
American Civil Liberties Union Foundation of Northern California, Inc. and
American Civil Liberties Union of Northern California

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Civil Liberties Union Foundation of Northern California, Inc. and American Civil Liberties Union of Northern California as of March 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 on pages 23 to 30 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 consolidated financial statements or to the 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 consolidated financial statements as a whole.

Leaf & Cole LLP

San Diego, California
October 10, 2019

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018**

ASSETS	<u>2019</u>	<u>2018</u>
<u>Current Assets:</u> (Notes 2, 4, 5, 6, 7 and 8)		
Cash and cash equivalents	\$ 23,061,984	\$ 20,584,041
Investments	7,615,066	7,302,863
Accounts receivable	521,706	163,505
Contributions receivable	1,560,000	2,102,497
Due from American Civil Liberties Union Foundation, Inc. (National Foundation)	5,415,016	6,521,259
Due from American Civil Liberties Union, Inc. (National Union)	1,120,416	2,028,342
Prepaid expenses	209,217	212,772
Total Current Assets	<u>39,503,405</u>	<u>38,915,279</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 6, 9 and 10)		
Contributions receivable, net	692,964	931,933
Deposits	46,676	27,607
Property and equipment, net	7,953,213	8,251,491
Beneficial interest in endowment funds	5,230,937	4,995,741
Total Noncurrent Assets	<u>13,923,790</u>	<u>14,206,772</u>
TOTAL ASSETS	<u>\$ 53,427,195</u>	<u>\$ 53,122,051</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u> (Notes 2 and 7)		
Accounts payable and accrued expenses	\$ 1,892,159	\$ 2,608,818
Deferred revenue	22,625	10,584
Deposits	19,061	25,299
Due to National Foundation	435,417	901,249
Total Current Liabilities	<u>2,369,262</u>	<u>3,545,950</u>
<u>Noncurrent liabilities:</u> (Note 7)		
Grant payable	-	150,000
Due to National Foundation	125,000	485,000
Total Noncurrent Liabilities	<u>125,000</u>	<u>635,000</u>
Total Liabilities	<u>2,494,262</u>	<u>4,180,950</u>
<u>Commitments</u> (Note 14)		
<u>Net Assets:</u> (Notes 2, 11, 12 and 13)		
Without Donor Restrictions:		
Undesignated	16,809,528	15,029,883
Board designated	17,385,075	17,984,852
Property and equipment	7,953,213	8,251,491
Total Without Donor Restrictions	<u>42,147,816</u>	<u>41,266,226</u>
With Donor Restrictions	8,785,117	7,674,875
Total Net Assets	<u>50,932,933</u>	<u>48,941,101</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 53,427,195</u>	<u>\$ 53,122,051</u>

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

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 11,542,112	\$ 3,817,930	\$ 15,360,042	\$ 14,854,623	\$ 1,001,725	\$ 15,856,348
In-kind contributed services	11,457,035	-	11,457,035	9,800,534	-	9,800,534
Legal awards	75,487	-	75,487	902,642	-	902,642
Membership income	6,858,541	-	6,858,541	5,284,344	-	5,284,344
Other income	638,373	-	638,373	592,456	-	592,456
Investment income	718,098	430,243	1,148,341	767,719	414,812	1,182,531
Net assets released from restrictions	3,137,931	(3,137,931)	-	2,018,556	(2,018,556)	-
Total Support and Revenues	<u>34,427,577</u>	<u>1,110,242</u>	<u>35,537,819</u>	<u>34,220,874</u>	<u>(602,019)</u>	<u>33,618,855</u>
Expenses:						
Program Services:						
Program services	<u>28,788,690</u>	<u>-</u>	<u>28,788,690</u>	<u>22,261,091</u>	<u>-</u>	<u>22,261,091</u>
Supporting Services:						
Management and general	2,699,763	-	2,699,763	2,255,311	-	2,255,311
Fundraising	2,057,534	-	2,057,534	1,551,953	-	1,551,953
Total Supporting Services	<u>4,757,297</u>	<u>-</u>	<u>4,757,297</u>	<u>3,807,264</u>	<u>-</u>	<u>3,807,264</u>
Total Expenses	<u>33,545,987</u>	<u>-</u>	<u>33,545,987</u>	<u>26,068,355</u>	<u>-</u>	<u>26,068,355</u>
Change in Net Assets	881,590	1,110,242	1,991,832	8,152,519	(602,019)	7,550,500
Net Assets at Beginning of the Year	<u>41,266,226</u>	<u>7,674,875</u>	<u>48,941,101</u>	<u>33,113,707</u>	<u>8,276,894</u>	<u>41,390,601</u>
NET ASSETS AT END OF YEAR	<u>\$ 42,147,816</u>	<u>\$ 8,785,117</u>	<u>\$ 50,932,933</u>	<u>\$ 41,266,226</u>	<u>\$ 7,674,875</u>	<u>\$ 48,941,101</u>

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

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	2019					2018				
	Program Services	Supporting Services			Total Expenses	Program Services	Supporting Services			Total Expenses
		Management and General	Fund- raising	Total			Management and General	Fund- raising	Total	
Administrative expenses	\$ 1,375,601	\$ 89,499	\$ 54,060	\$ 143,559	\$ 1,519,160	\$ 553,978	\$ 197,455	\$ 135,454	\$ 332,909	\$ 886,887
Bad debt	-	2,908	4,515	7,423	7,423	-	600	10,955	11,555	11,555
Depreciation	268,117	60,228	65,576	125,804	393,921	269,125	89,709	-	89,709	358,834
Hospitality and meetings	248,745	98,021	136,484	234,505	483,250	228,465	11,760	36,709	48,469	276,934
Insurance	127,243	37,701	-	37,701	164,944	91,322	40,009	9,004	49,013	140,335
Litigation non-service fees	12,202	-	-	-	12,202	16,999	-	-	-	16,999
Occupancy	357,320	63,884	51,523	115,407	472,727	194,064	57,938	24,332	82,270	276,334
Outside services	3,782,619	455,700	47,338	503,038	4,285,657	1,667,660	233,834	12,211	246,045	1,913,705
Personnel	8,400,290	1,655,303	1,579,819	3,235,122	11,635,412	6,263,486	1,290,638	1,255,836	2,546,474	8,809,960
Professional expenses	11,755,018	89,731	32,431	122,162	11,877,180	9,979,360	213,516	26,056	239,572	10,218,932
Program grants	1,103,300	-	-	-	1,103,300	2,406,008	-	-	-	2,406,008
Sponsorships - Other Organizations	64,205	-	-	-	64,205	36,772	-	-	-	36,772
Taxes, permits, fees and licenses	2,474	54,893	460	55,353	57,827	2,808	53,075	225	53,300	56,108
Telecommunications	663,761	21,369	60,570	81,939	745,700	164,224	32,497	28,877	61,374	225,598
Travel	627,795	70,526	24,758	95,284	723,079	386,820	34,280	12,294	46,574	433,394
TOTAL EXPENSES	\$ 28,788,690	\$ 2,699,763	\$ 2,057,534	\$ 4,757,297	\$ 33,545,987	\$ 22,261,091	\$ 2,255,311	\$ 1,551,953	\$ 3,807,264	\$ 26,068,355

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

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 1,991,832	\$ 7,550,500
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	393,921	358,834
Realized and unrealized gains on investments	(460,558)	(625,546)
Endowment contributions	(1,000)	(2,000)
Endowment investment gains	(430,243)	(414,812)
Endowment distributions	196,047	189,309
(Increase) Decrease in:		
Accounts receivable	(358,201)	(83,117)
Contributions receivable, net	781,466	429,072
Due from National Foundation	1,106,243	829,067
Due from National Union	907,926	(874,569)
Prepaid expenses	3,555	(152,431)
Deposits	(19,069)	(17,898)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(716,659)	(688,580)
Deferred revenue	12,041	(31,889)
Due to National Foundation	(825,832)	(207,811)
Deposits	(6,238)	(1,776)
Grant payable	(150,000)	150,000
Net Cash Provided by Operating Activities	<u>2,425,231</u>	<u>6,406,353</u>
<u>Cash Flows From Investing Activities:</u>		
Investment purchases and sales, net	148,355	(39,966)
Purchases of property and equipment	(95,643)	(133,500)
Change in beneficial interests in endowment funds, net	(235,196)	(227,503)
Net Cash Used in Investing Activities	<u>(182,484)</u>	<u>(400,969)</u>
<u>Cash Flows From Financing Activities:</u>		
Endowment contributions	1,000	2,000
Endowment investment gains	430,243	414,812
Endowment distributions	(196,047)	(189,309)
Net Cash Provided by Financing Activities	<u>235,196</u>	<u>227,503</u>
Net Increase in Cash and Cash Equivalents	2,477,943	6,232,887
Cash and Cash Equivalents at Beginning of Year	<u>20,584,041</u>	<u>14,351,154</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 23,061,984</u>	<u>\$ 20,584,041</u>

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

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

Note 1 - Organizations:

The consolidated financial statements include the following entities:

American Civil Liberties Union Foundation of Northern California, Inc.

American Civil Liberties Union Foundation of Northern California, Inc. (the “Foundation”) is a California Nonprofit Corporation (tax-exempt under Internal Revenue Code 26 U.S.C. Section 501(c)(3)). The Foundation employs litigation, policy advocacy, public education, organizing, and communications to protect and promote a broad range of civil liberties and civil rights. Acting on the firm belief that liberty must be protected for everyone if it is to be enjoyed by anyone, the Foundation works to defend the rights of all.

Known for its legal activities and litigation to preserve constitutional rights, the Foundation also engages in policy work to advance justice, equality and freedom. The Foundation participates in public forums, interacts with the media, and engages in public education efforts. It also engages in partnerships with cooperating attorneys, community leaders and community-based organizations. The ambitious legal docket includes more than 50 cases at any one time addressing a wide range of constitutional issues, such as the freedom of expression, the right to privacy, the right to due process and equal protection under the law. It advances those principles with a concentration on the following areas of law: educational equity, criminal justice, police practices, reproductive rights and gender equity, LGBT equality, technology and civil liberties, voting rights, and immigrants’ rights. It advances a cross-cutting commitment to racial justice across many of these issues, programs and strategies.

The Foundation is headquartered in San Francisco and does its work throughout the Northern and Central California regions stretching from Tulare and Monterey counties in the south to the Oregon border in the north. The Foundation has made a long-term commitment to California’s Central Valley and operates an office in Fresno to serve the Central Valley and a new office in Sacramento to serve the Sacramento Metro region and nearby counties.

American Civil Liberties Union of Northern California

The American Civil Liberties Union of Northern California (the “Union”) is a California Nonprofit Corporation (tax-exempt under Internal Revenue Code 26 U.S.C. Section 501(c)(4)). Concerned people came together to form the ACLU of Northern California in 1934 to serve as an enduring guardian and advocate for constitutional rights.

Unlike the Foundation, the Union does not have a litigation program or legal docket; however, it works across a similar range of issues as the Foundation. The Union employs legislative advocacy, policy advocacy, public education, organizing, and communications to protect and promote a broad range of civil liberties and civil rights. It maintains programs for activist and community engagement, including volunteer-based chapters throughout the region.

The Union houses the Center for Advocacy and Policy in Sacramento (the “Center”), which is a program jointly supported by the Union, the American Civil Liberties Union of Southern California, and the American Civil Liberties Union of San Diego and Imperial Counties, Inc.. Center staff provide analysis and advocacy on behalf of civil liberties and civil rights before the California legislature and state agencies. They also educate the public through the media, and support California residents, ACLU members and partner organizations to have a greater voice in their state government in support of civil liberties and civil rights.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include the accounts of Foundation and Union, which are collectively referred to as the “Organizations”. All material intercompany transactions have been eliminated in consolidation.

Accounting Method

The consolidated financial statements of the Organizations have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management of each the Union and Foundation (“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.

Risks and Uncertainties

The Organizations invest in various types of investment securities which 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 at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

Note 2 - Significant Accounting Policies:(Continued)

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and each reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the Organizations have 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 investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Organizations' consolidated statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in equities/common stock, mutual funds and real estate investment trust are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Investments in U.S. Agency notes, and corporate bonds are considered Level 2 assets and are reported at fair value based on quoted prices in active markets for similar assets at the measurement date.
- Beneficial interest in endowment funds held at the Endowment of the American Civil Liberties Union Foundation, Inc. ("National Foundation") are considered a Level 3 asset and is reported at the fair value of the underlying assets as provided by the National Foundation (Note 10).

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all accounts receivable and contributions receivable were fully collectible; therefore, no allowance for doubtful accounts receivable and contributions receivable was recorded at March 31, 2019 and 2018.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

Note 2 - Significant Accounting Policies:(Continued)

Capitalization and Depreciation

The Organizations capitalize all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organizations reclassify net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Building and improvements	30 - 35 years
Equipment	5 years
Furniture and fixtures	5 years
Website and software	1 - 3 years

Depreciation totaled \$393,921 and \$358,834 for the years ended March 31, 2019 and 2018, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is then recorded as income or expense.

Impairment of Real Estate

The Organizations review their investments in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2019 and 2018.

Compensated Absences

Accumulated unpaid vacation totaling \$647,298 and \$528,089 at March 31, 2019 and 2018, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

Note 2 - Significant Accounting Policies:(Continued)

Revenue Recognition

Contributions

Contributions are recognized when the donor makes a promise to give in writing to the Organizations that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are recorded as without donor restriction or with donor restriction, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Grant Revenue

Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant exceeds the cash received. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned.

Attorney Fees Awarded

The Foundation may receive attorney fees awarded by the court as a result of the settlement of certain types of litigation. Because awards are not determinable until resolution of the litigation, such amounts are not recorded until a settlement has been reached and an amount has been determined. This may be several years after litigation began. Moreover, attorney's fees received in any given year may reflect awards arising from several cases over a period of many years.

Donated Services

The Organizations utilize the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Foundation received donated legal services totaling \$11,457,035 and \$9,800,534 for the years ended March 31, 2019 and 2018, respectively.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

Note 2 - Significant Accounting Policies:(Continued)

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services based on a cost allocation plan that allocates costs primarily based on the proportion of full-time employee equivalents of a program or supporting service versus the total organizational full-time employee equivalents. Fundraising costs do not include the substantial fundraising costs incurred by National Foundation and American Civil Liberties Union, Inc. (National Union”).

Income Taxes

Foundation is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Union is a civic league and is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and Section 23701(f) of the California Revenue and Taxation Code. The Organizations believe that they have appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation and Union are not private foundations.

The Foundation’s and Union’s Return of Organization Exempt from Income Tax for the years ended March 31, 2019, 2018, 2017, and 2016 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

The Organizations maintain their cash in bank accounts and brokerage accounts which, at times, may exceed federally insured limits. The Organizations have not experienced any losses in such accounts. The Organizations believe they are not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organizations consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The following is a composition of the combined amounts appearing in the consolidated statements of cash flows at March 31:

	<u>2019</u>	<u>2018</u>
Cash and money market funds	\$ 15,924,471	\$ 13,210,586
Certificates of deposit	<u>7,137,513</u>	<u>7,373,455</u>
Total Cash and Cash Equivalents	<u>\$ 23,061,984</u>	<u>\$ 20,584,041</u>

Certificates of deposit included in cash and cash equivalents bear interest at rates ranging from 1.46% to 2.8% and mature through August 2020.

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Note 2 - Significant Accounting Policies:(Continued)

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes that affected the Organization’s financial statements include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organizations have adopted this ASU as of and for the year ended March 31, 2019. The Organizations have reclassified certain accounts in the 2018 financial statements to conform with the current year financial statement presentation.

Subsequent Events

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through October 10, 2019, the date the consolidated financial statements were available to be issued.

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Note 3 - Liquidity and Availability

The Organizations regularly monitor the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organizations consider investment income without donor restrictions, appropriated earnings from donor-restricted funds, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organizations consider all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The table below presents financial assets available for general expenditures within one year at March 31, 2019:

Cash and cash equivalents, net of designated reserves	\$ 5,676,909
Investments	7,615,066
Accounts receivable	521,706
Contributions receivable	1,560,000
Due from National Foundation	5,415,016
Due from National Union	1,120,416
Appropriation of endowment earnings	200,000
Financial assets available to meet general expenditures within one year	<u>\$ 22,109,113</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organizations operate with balanced budgets and anticipate collecting sufficient revenue to cover general expenditures.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Appropriations of endowment fund earnings are made in accordance with the spending policy as described in Note 13. The portion of donor-restricted endowment funds required to be held in perpetuity are not available for general expenditure.

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Note 4 - Fair Value Measurements:

The following table summarizes investments measured at fair value by classification within the fair value hierarchy at March 31:

	2019			Balance at March 31, 2019
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Equities/Common stock:				
Domestic	\$ 4,585,128	\$ -	\$ -	\$ 4,585,128
International	515,115	-	-	515,115
Mutual funds	422,149	-	-	422,149
Real estate investment trust	96,840	-	-	96,840
Corporate bonds	1,351,369	-	-	1,351,369
U.S. agency notes	644,465	-	-	644,465
Beneficial interests in endowment funds (Note 10)	-	-	5,230,937	5,230,937
	<u>\$ 7,615,066</u>	<u>\$ -</u>	<u>\$ 5,230,937</u>	<u>\$ 12,846,003</u>
	2018			Balance at March 31, 2018
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Equities/Common stock:				
Domestic	\$ 3,802,109	\$ -	\$ -	\$ 3,802,109
International	994,429	-	-	994,429
Mutual funds	426,062	-	-	426,062
Real estate investment trust	79,460	-	-	79,460
Corporate bonds	1,360,947	-	-	1,360,947
U.S. agency notes	639,856	-	-	639,856
Beneficial interests in endowment funds (Note 10)	-	-	4,995,741	4,995,741
	<u>\$ 7,302,863</u>	<u>\$ -</u>	<u>\$ 4,995,741</u>	<u>\$ 12,298,604</u>

The reconciliation for financial instruments measured at fair value on a recurring basis as significant unobservable inputs (Level 3) are included in Note 10 as indicated above.

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Note 4 - Fair Value Measurements: (Continued)

The following table represents the Level 3 financial instruments of the Foundation, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the range of values for those inputs for the years ended March 31:

2019				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 5,230,937	Valuation of underlying assets as provided by National Foundation	Base price	N/A

2018				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 4,995,741	Valuation of underlying assets as provided by National Foundation	Base price	N/A

Note 5 - Investments:

Investments consist of the following at March 31:

	2019	2018
Equities/Common stock	\$ 5,100,243	\$ 4,796,538
Corporate bonds	1,351,369	1,360,947
U.S. agency notes	644,465	639,856
Mutual funds	422,149	426,062
Real estate investment trust	96,840	79,460
Total Investments	<u>\$ 7,615,066</u>	<u>\$ 7,302,863</u>

The following schedule summarizes the investment income for the years ended March 31:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 313,446	\$ 116,091	\$ 429,537
Realized and unrealized gains	460,558	368,773	829,331
Investment fees	(55,906)	(54,621)	(110,527)
Investment Income, Net	<u>\$ 718,098</u>	<u>\$ 430,243</u>	<u>\$ 1,148,341</u>

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Note 5 - Investments: (Continued)

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 185,470	\$ 114,815	\$ 300,285
Realized and unrealized gains	625,546	356,126	981,672
Investment fees	(43,297)	(56,129)	(99,426)
Investment Income, Net	\$ 767,719	\$ 414,812	\$ 1,182,531

Note 6 - Contributions Receivable:

Contributions receivable consist of the following at March 31:

	2019	2018
Current:		
Due in less than one year	\$ 1,560,000	\$ 2,102,497
Noncurrent:		
Due in one to five years	716,666	970,000
Less: Discounts to present value	(23,702)	(38,067)
Total Noncurrent, Net	692,964	931,933
Total Contributions Receivable, Net	\$ 2,252,964	\$ 3,034,430

The contributions receivable have been discounted to their present value using a discount rate of 3% at March 31, 2019 and 2018.

Note 7 - American Civil Liberties Union Foundation, Inc.:

Foundation has entered into an agreement with National Foundation whereby certain revenues are shared according to a set formula. Revenues subject to this agreement include unrestricted contributions and certain restricted contributions. Foundation also shares in certain funds which are raised nationally. Foundation also shares certain fundraising and administrative costs associated with pooled endowment investment funds administered through National Foundation (See Note 10). Foundation's share of National Foundation revenue sharing totaled \$4,880,402 and \$6,504,355 for the years ended March 31, 2019 and 2018, respectively. Receivables due from National Foundation totaled \$5,213,735 and \$6,504,355 at March 31, 2019 and 2018, respectively. Payables due to National Foundation related to revenue sharing on contributions receivable totaled \$560,417 and \$1,386,249 at March 31, 2019 and 2018, respectively.

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Note 8 - American Civil Liberties Union, Inc.:

Union has entered into an agreement with National Union whereby certain revenues are shared according to a set formula. Revenues subject to this agreement include certain membership dues and renewals, special appeals and bequests. The National Union pays the cost of membership acquisition and renewal, which are not shown as an expense of the Union. As a result, the Union does not incur significant costs for fundraising. Union's share of National Union membership income totaled \$6,858,541 and \$5,284,344 for membership dues for the years ended March 31, 2019 and 2018, respectively. Union's share of National Union special appeals and bequests totaled \$591,833 and \$2,174,524 for the years ended March 31, 2019 and 2018, respectively. Receivables due from National Union totaled \$1,120,416 and \$2,028,342 at March 31, 2019 and 2018, respectively.

Note 9 - Property and Equipment:

Property and equipment consist of the following at March 31:

	<u>2019</u>	<u>2018</u>
Building and improvements	\$ 11,095,779	\$ 11,070,142
Furniture and fixtures	604,952	555,284
Equipment	62,034	62,034
Website and software	143,838	123,500
Subtotal	<u>11,906,603</u>	<u>11,810,960</u>
Less: Accumulated depreciation	<u>(3,953,390)</u>	<u>(3,559,469)</u>
Property and Equipment, Net	<u>\$ 7,953,213</u>	<u>\$ 8,251,491</u>

Note 10 - Beneficial Interest in Endowment Funds:

Foundation has a beneficial interest in endowment funds held by National Foundation, which are invested in the pooled investments held by State Street Bank & Trust ("Custodian"). The beneficial interest in endowment funds held by National Foundation's Endowment is invested in a portfolio of mutual funds and exchange traded funds, which is structured for long-term total return. These funds are classified as permanently restricted as they must be maintained in perpetuity. Foundation pays a portion of the investment fees charged by the Custodian.

The activity of the beneficial interest in endowment funds held by National Foundation's Endowment consisted of the following for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Balance at Beginning of Year	\$ 4,995,741	\$ 4,768,238
Contributions	1,000	2,000
Investment gains	484,864	470,941
Investment fees	(54,621)	(56,129)
Distributions	<u>(196,047)</u>	<u>(189,309)</u>
Balance at End of Year	<u>\$ 5,230,937</u>	<u>\$ 4,995,741</u>

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Note 11 - Board Designated Funds:

Under a policy established by the Board of Directors, the Organizations have set aside certain funds for specific projects and expenditures. The following is a summary of the board designated funds at March 31:

	<u>2019</u>	<u>2018</u>
Centennial campaign	\$ 4,870,101	\$ 5,733,468
Sustainability and impact funds	4,832,647	5,183,272
Attorney fees	3,141,765	3,490,849
Accumulated earnings:		
Ballot initiative advocacy funds	2,105,723	1,705,723
Advocacy funds	1,042,219	600,720
Building fund	1,000,000	1,000,000
Chapter funds	281,032	270,820
Issue advocacy	111,588	-
Total Board Designated Funds	<u>\$ 17,385,075</u>	<u>\$ 17,984,852</u>

Note 12 – Net Assets With Donor Restrictions:

Net assets with donor restrictions consist of the following at March 31:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Bequests:		
LGBTI	\$ 962,561	\$ -
Criminal justice	402,634	402,634
First amendment rights	231,493	231,493
AIDS-related and gay/lesbian rights	151,710	168,286
Legal Intern	-	4,177
Total Bequests	<u>1,748,398</u>	<u>806,590</u>
LGBTI	-	34,023
Criminal justice	935,746	56,211
Immigrants' rights	124,050	159,447
Education equity	102,500	-
Voting rights	69,835	-
Church and state	26,750	-
Reproductive rights	10,186	195,942
Bail reform	-	71,866
Communications capacity building	-	6,874
Total Subject to Expenditure for Specified Purpose	<u>3,017,465</u>	<u>1,330,953</u>
Subject to the Passage of Time:		
Contributions receivable, net	536,715	1,348,181
Perpetual in Nature:		
Beneficial interest in endowment funds	<u>5,230,937</u>	<u>4,995,741</u>
Total Net Assets with Donor Restrictions	<u>\$ 8,785,117</u>	<u>\$ 7,674,875</u>

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Note 12 – Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions Accomplished:		
Criminal justice	\$ 670,463	\$ 268,889
Immigrants’ rights	478,751	559,829
Reproductive rights	460,089	386,091
Voting rights	359,903	51,142
Bail reform	71,866	54,018
LGBTI	50,795	625
Education equity	27,500	177,613
Communications capacity building	6,874	52,500
Legal intern	4,177	1,800
Technology and civil liberties project	-	87,980
Time Restrictions Fulfilled	811,466	188,760
Endowment Fund Distributions	196,047	189,309
Total Net Assets Released From Restrictions	<u>\$ 3,137,931</u>	<u>\$ 1,829,247</u>

Note 13 - Endowment Net Assets:

The endowment funds of Foundation are held by National Foundation. Foundation’s endowment consists of individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of Foundation has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Foundation classifies donor restricted net assets of a perpetual nature as (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets of a perpetual nature is classified as donor restricted net assets with time restriction until those amounts are appropriated for expenditure by Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund
- The purpose of Foundation and the donor-restricted endowment fund
- General economic conditions

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Note 13 - Endowment Net Assets: (Continued)

- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Foundation
- The investment policies of Foundation

Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Foundation has no underwater endowment funds at March 31, 2019 and 2018.

National Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

Foundation's endowment funds held by National Foundation are invested in the pooled investments held by Custodian. National Foundation established this pooled investment fund in order to provide diversified investments for all 501(c) (3) affiliates of the National Foundation, including the Foundation. National Foundation's spending policy is to disburse a maximum of 4% annually.

Endowment composition by type of fund at March 31:

	<u>2019</u>	<u>2018</u>
<u>Beneficial Interest in Donor-Restricted Endowment Funds:</u>		
Trust for the Bill of Rights	\$ 3,258,731	\$ 3,112,838
Howard A. Friedman Endowment	1,720,208	1,643,195
Henry Sinton Fund Freedom of Expression	37,985	36,284
Ehrlich Emerging Issues Fund	40,364	38,557
Cheri Bryant Building Sustainability Endowment	173,649	164,867
Total Beneficial Interest in Donor-Restricted Endowment Funds	\$ 5,230,937	\$ 4,995,741

Changes in endowment net assets for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Balance at Beginning of Year	\$ 4,995,741	\$ 4,768,238
Contributions	1,000	2,000
Investment income	430,243	414,812
Distributions	(196,621)	(189,309)
Balance at End of Year	\$ 5,230,937	\$ 4,995,741

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Note 14 - Commitments:

Retirement Plans

The Foundation and Union participate in National Union’s multi-employer defined benefit pension plan (Plan No. 001 and EIN: 13-3871360) (the “Plan”) which was frozen effective April 1, 2009. Accordingly, no new participants have been added to the defined benefit plan census. National Union completed an actuarial valuation of the funded status of the Plan which estimates that the Plan is 72% funded at March 31, 2019. The net periodic pension cost is determined at the national level and the Organizations fund their proportional share of the funding normal cost for the plan year ending within the fiscal year. Pension expense totaled \$353,062 and \$295,771 for the years ended March 31, 2019 and 2018, respectively.

The Foundation and Union also participate in National Union’s multi-employer defined contribution plan (the “Contribution Plan”). The employees of the Organizations who meet the eligibility criteria may participate in the Contribution Plan. The Organizations contribute 2% and make a matching contribution of up to 3.5% based on employee contribution percentages. Pension expense totaled \$278,255 and \$217,725 for the years ended March 31, 2019 and 2018, respectively.

Operating Lease

The Organizations lease office space under lease agreements expiring through May 2024. Rent expense under these leases totaled \$280,761 and \$100,565 for the years ended March 31, 2019 and 2018, respectively.

The following is a schedule of future minimum lease payments under the lease:

Years Ended March 31	
2020	\$ 383,160
2021	404,532
2022	410,269
2023	363,607
2024	193,344
2025	16,112
Total	<u>\$ 1,771,032</u>

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SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
MARCH 31, 2019**

	ASSETS			
	<u>Foundation</u>	<u>Union</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Current Assets:</u>				
Cash and cash equivalents	\$ 13,635,542	\$ 9,426,442	\$ -	\$ 23,061,984
Investments	7,615,066	-	-	7,615,066
Accounts receivable	83,210	438,496	-	521,706
Contributions receivable	1,560,000	-	-	1,560,000
Due from National Foundation	5,415,016	-	-	5,415,016
Due from National Union	-	1,120,416	-	1,120,416
Due from Union	1,193,638	-	(1,193,638)	-
Prepaid expenses	192,499	16,718	-	209,217
Total Current Assets	<u>29,694,971</u>	<u>11,002,072</u>	<u>(1,193,638)</u>	<u>39,503,405</u>
<u>Noncurrent Assets:</u>				
Contributions receivable, net	692,964	-	-	692,964
Deposits	38,726	7,950	-	46,676
Property and equipment, net	7,904,613	48,600	-	7,953,213
Beneficial interests in endowment funds	5,230,937	-	-	5,230,937
Total Noncurrent Assets	<u>13,867,240</u>	<u>56,550</u>	<u>-</u>	<u>13,923,790</u>
TOTAL ASSETS	<u>\$ 43,562,211</u>	<u>\$ 11,058,622</u>	<u>\$ (1,193,638)</u>	<u>\$ 53,427,195</u>
LIABILITIES AND NET ASSETS				
<u>Current Liabilities:</u>				
Accounts payable and accrued expenses	\$ 1,617,190	\$ 274,969	\$ -	\$ 1,892,159
Deferred revenue	-	22,625	-	22,625
Deposits	19,061	-	-	19,061
Due to National Foundation	435,417	-	-	435,417
Due to Foundation	-	1,193,638	(1,193,638)	-
Total Current Liabilities	<u>2,071,668</u>	<u>1,491,232</u>	<u>(1,193,638)</u>	<u>2,369,262</u>
<u>Noncurrent Liabilities:</u>				
Due to National Foundation	125,000	-	-	125,000
Total Noncurrent Liabilities	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Total Liabilities	<u>2,196,668</u>	<u>1,491,232</u>	<u>(1,193,638)</u>	<u>2,494,262</u>
<u>Net Assets:</u>				
Without Donor Restrictions:				
Undesignated	13,229,544	3,579,984	-	16,809,528
Board designated	12,408,830	4,976,245	-	17,385,075
Property and equipment	7,904,613	48,600	-	7,953,213
Total Without Donor Restrictions	<u>33,542,987</u>	<u>8,604,829</u>	<u>-</u>	<u>42,147,816</u>
With Donor Restrictions	7,822,556	962,561	-	8,785,117
Total Net Assets	<u>41,365,543</u>	<u>9,567,390</u>	<u>-</u>	<u>50,932,933</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,562,211</u>	<u>\$ 11,058,622</u>	<u>\$ (1,193,638)</u>	<u>\$ 53,427,195</u>

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SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
MARCH 31, 2018**

	ASSETS			
	<u>Foundation</u>	<u>Union</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Assets:				
Cash and cash equivalents	\$ 12,467,656	\$ 8,116,385	\$ -	\$ 20,584,041
Investments	7,302,863	-	-	7,302,863
Accounts receivable	137,508	25,997	-	163,505
Contributions receivable	2,102,497	-	-	2,102,497
Due from National Foundation	6,521,259	-	-	6,521,259
Due from National Union	-	2,028,342	-	2,028,342
Due from Foundation	-	218,613	(218,613)	-
Prepaid expenses	186,504	26,268	-	212,772
Total Current Assets	<u>28,718,287</u>	<u>10,415,605</u>	<u>(218,613)</u>	<u>38,915,279</u>
Noncurrent Assets:				
Contributions receivable, net	931,933	-	-	931,933
Deposits	19,657	7,950	-	27,607
Property and equipment, net	8,187,791	63,700	-	8,251,491
Beneficial interests in endowment funds	4,995,741	-	-	4,995,741
Total Noncurrent Assets	<u>14,135,122</u>	<u>71,650</u>	<u>-</u>	<u>14,206,772</u>
TOTAL ASSETS	<u>\$ 42,853,409</u>	<u>\$ 10,487,255</u>	<u>\$ (218,613)</u>	<u>\$ 53,122,051</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 1,493,257	\$ 1,115,561	\$ -	\$ 2,608,818
Deferred revenue	1,326	9,258	-	10,584
Deposits	25,299	-	-	25,299
Due to National Foundation	901,249	-	-	901,249
Due to Union	218,613	-	(218,613)	-
Total Current Liabilities	<u>2,639,744</u>	<u>1,124,819</u>	<u>(218,613)</u>	<u>3,545,950</u>
Noncurrent Liabilities:				
Grant payable	150,000	-	-	150,000
Due to National Foundation	485,000	-	-	485,000
Total Noncurrent Liabilities	<u>635,000</u>	<u>-</u>	<u>-</u>	<u>635,000</u>
Total Liabilities	<u>3,274,744</u>	<u>1,124,819</u>	<u>(218,613)</u>	<u>4,180,950</u>
Net Assets:				
Without Donor Restrictions:				
Undesignated	10,420,411	4,609,472	-	15,029,883
Board designated	13,295,588	4,689,264	-	17,984,852
Property and equipment	8,187,791	63,700	-	8,251,491
Total Without Donor Restrictions	<u>31,903,790</u>	<u>9,362,436</u>	<u>-</u>	<u>41,266,226</u>
With Donor Restrictions	7,674,875	-	-	7,674,875
Total Net Assets	<u>39,578,665</u>	<u>9,362,436</u>	<u>-</u>	<u>48,941,101</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 42,853,409</u>	<u>\$ 10,487,255</u>	<u>\$ (218,613)</u>	<u>\$ 53,122,051</u>

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Foundation</u>	<u>Union</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Net Assets Without Donor Restrictions:</u>				
<u>Revenue and Support:</u>				
Contributions	\$ 10,335,279	\$ 1,606,833	\$ (400,000)	\$ 11,542,112
In-kind contributed services	11,457,035	-	-	11,457,035
Legal awards	75,487	-	-	75,487
Membership income	-	6,858,541	-	6,858,541
Other income	159,185	479,188	-	638,373
Investment income	606,509	111,589	-	718,098
Net assets released from restrictions	<u>3,137,735</u>	<u>196</u>	<u>-</u>	<u>3,137,931</u>
Total Revenue and Support	<u>25,771,230</u>	<u>9,056,347</u>	<u>(400,000)</u>	<u>34,427,577</u>
<u>Expenses:</u>				
<u>Program Services:</u>				
Program services	<u>20,342,558</u>	<u>8,846,132</u>	<u>(400,000)</u>	<u>28,788,690</u>
<u>Supporting Services:</u>				
Management and general	2,003,661	696,102	-	2,699,763
Fundraising	<u>1,785,814</u>	<u>271,720</u>	<u>-</u>	<u>2,057,534</u>
Total Supporting Services	<u>3,789,475</u>	<u>967,822</u>	<u>-</u>	<u>4,757,297</u>
Total Expenses	<u>24,132,033</u>	<u>9,813,954</u>	<u>(400,000)</u>	<u>33,545,987</u>
Change in Net Assets Without Donor Restrictions	<u>1,639,197</u>	<u>(757,607)</u>	<u>-</u>	<u>881,590</u>
<u>Net Assets With Donor Restrictions:</u>				
Contributions	2,855,173	962,757	-	3,817,930
Investment income	430,243	-	-	430,243
Net assets released from restrictions	<u>(3,137,735)</u>	<u>(196)</u>	<u>-</u>	<u>(3,137,931)</u>
Change in Net Assets With Donor Restrictions	<u>147,681</u>	<u>962,561</u>	<u>-</u>	<u>1,110,242</u>
Change in Net Assets	1,786,878	204,954	-	1,991,832
Net Assets at Beginning of Year	<u>39,578,665</u>	<u>9,362,436</u>	<u>-</u>	<u>48,941,101</u>
NET ASSETS AT END OF YEAR	<u>\$ 41,365,543</u>	<u>\$ 9,567,390</u>	<u>\$ -</u>	<u>\$ 50,932,933</u>

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Foundation</u>	<u>Union</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Net Assets Without Donor Restrictions:</u>				
<u>Revenue and Support:</u>				
Contributions	\$ 12,577,586	\$ 2,777,037	\$ (500,000)	\$ 14,854,623
In-kind contributed services	9,800,534	-	-	9,800,534
Legal awards	902,642	-	-	902,642
Membership income	-	5,284,344	-	5,284,344
Other income	228,699	363,757	-	592,456
Investment income	749,851	17,868	-	767,719
Net assets released from restrictions	2,018,556	-	-	2,018,556
Total Revenue and Support	<u>26,277,868</u>	<u>8,443,006</u>	<u>(500,000)</u>	<u>34,220,874</u>
<u>Expenses:</u>				
<u>Program Services:</u>				
Program services	<u>18,108,273</u>	<u>4,652,818</u>	<u>(500,000)</u>	<u>22,261,091</u>
<u>Supporting Services:</u>				
Management and general	1,702,354	552,957	-	2,255,311
Fundraising	1,398,001	153,952	-	1,551,953
Total Supporting Services	<u>3,100,355</u>	<u>706,909</u>	<u>-</u>	<u>3,807,264</u>
Total Expenses	<u>21,208,628</u>	<u>5,359,727</u>	<u>(500,000)</u>	<u>26,068,355</u>
Change in Net Assets Without Donor Restrictions	<u>5,069,240</u>	<u>3,083,279</u>	<u>-</u>	<u>8,152,519</u>
<u>Net Assets With Donor Restrictions:</u>				
Contributions	1,001,725	-	-	1,001,725
Investment income	414,812	-	-	414,812
Net assets released from restrictions	<u>(2,018,556)</u>	<u>-</u>	<u>-</u>	<u>(2,018,556)</u>
Change in Net Assets With Donor Restrictions	<u>(602,019)</u>	<u>-</u>	<u>-</u>	<u>(602,019)</u>
Change in Net Assets	4,467,221	3,083,279	-	7,550,500
Net Assets at Beginning of Year	<u>35,111,444</u>	<u>6,279,157</u>	<u>-</u>	<u>41,390,601</u>
NET ASSETS AT END OF YEAR	<u>\$ 39,578,665</u>	<u>\$ 9,362,436</u>	<u>\$ -</u>	<u>\$ 48,941,101</u>

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES –
FOUNDATION
FOR THE YEAR ENDED MARCH 31, 2019**

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Administrative expenses	\$ 345,369	\$ 42,440	\$ 44,354	\$ 86,794	\$ 432,163
Bad debt	-	2,908	4,515	7,423	7,423
Depreciation	255,579	58,453	64,789	123,242	378,821
Hospitality and meetings	93,409	40,549	118,064	158,613	252,022
Insurance	71,767	29,835	-	29,835	101,602
Litigation non-service fees	12,202	-	-	-	12,202
Occupancy	152,539	34,887	38,668	73,555	226,094
Outside services	537,886	354,248	28,869	383,117	921,003
Personnel	5,565,651	1,282,371	1,410,890	2,693,261	8,258,912
Professional expenses	11,579,441	57,327	26,955	84,282	11,663,723
Program grants	1,246,000	-	-	-	1,246,000
Sponsorship - Other Organizations	48,625	-	-	-	48,625
Taxes, permits, fees and licenses	883	54,333	460	54,793	55,676
Telecommunications	130,906	15,452	30,434	45,886	176,792
Travel	302,301	30,858	17,816	48,674	350,975
TOTAL EXPENSES	\$ 20,342,558	\$ 2,003,661	\$ 1,785,814	\$ 3,789,475	\$ 24,132,033

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES –
FOUNDATION
FOR THE YEAR ENDED MARCH 31, 2018**

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Administrative expenses	\$ 282,874	\$ 137,973	\$ 131,851	\$ 269,824	\$ 552,698
Bad debt	-	600	10,955	11,555	11,555
Depreciation	264,025	88,009	-	88,009	352,034
Hospitality and meetings	151,205	8,023	33,106	41,129	192,334
Insurance	70,114	36,249	6,497	42,746	112,860
Litigation non-service fees	16,999	-	-	-	16,999
Occupancy	95,037	39,480	23,278	62,758	157,795
Outside services	751,773	153,402	10,522	163,924	915,697
Personnel	4,063,799	1,018,195	1,134,130	2,152,325	6,216,124
Professional expenses	9,927,120	127,911	24,395	152,306	10,079,426
Program grants	2,137,124	-	-	-	2,137,124
Sponsorship - Other Organizations	33,422	-	-	-	33,422
Taxes, permits, fees & licenses	2,724	53,075	225	53,300	56,024
Telecommunications	135,091	14,021	11,977	25,998	161,089
Travel	176,966	25,416	11,065	36,481	213,447
TOTAL EXPENSES	\$ 18,108,273	\$ 1,702,354	\$ 1,398,001	\$ 3,100,355	\$ 21,208,628

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES –
UNION
FOR THE YEAR ENDED MARCH 31, 2019**

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Administrative expenses	\$ 1,030,232	\$ 47,059	\$ 9,706	\$ 56,765	\$ 1,086,997
Depreciation	12,538	1,775	787	2,562	15,100
Hospitality and meetings	155,336	57,472	18,420	75,892	231,228
Insurance	55,476	7,866	-	7,866	63,342
Occupancy	204,781	28,997	12,855	41,852	246,633
Outside services	3,244,733	101,452	18,469	119,921	3,364,654
Personnel	2,834,639	372,932	168,929	541,861	3,376,500
Professional expenses	175,577	32,404	5,476	37,880	213,457
Program grants	257,300	-	-	-	257,300
Sponsorship - Other Organizations	15,580	-	-	-	15,580
Taxes, permits, fees and licenses	1,591	560	-	560	2,151
Telecommunications	532,855	5,917	30,136	36,053	568,908
Travel	325,494	39,668	6,942	46,610	372,104
TOTAL EXPENSES	\$ 8,846,132	\$ 696,102	\$ 271,720	\$ 967,822	\$ 9,813,954

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES –
UNION
FOR THE YEAR ENDED MARCH 31, 2018**

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Administrative expenses	\$ 271,104	\$ 59,482	\$ 3,603	\$ 63,085	\$ 334,189
Depreciation	5,100	1,700	-	1,700	6,800
Hospitality and meetings	77,260	3,737	3,603	7,340	84,600
Insurance	21,208	3,760	2,507	6,267	27,475
Occupancy	99,027	18,458	1,054	19,512	118,539
Outside services	915,887	80,432	1,689	82,121	998,008
Personnel	2,199,687	272,443	121,706	394,149	2,593,836
Professional expenses	52,240	85,605	1,661	87,266	139,506
Program grants	768,884	-	-	-	768,884
Sponsorship - Other Organizations	3,350	-	-	-	3,350
Taxes, permits, fees & licenses	84	-	-	-	84
Telecommunications	29,133	18,476	16,900	35,376	64,509
Travel	209,854	8,864	1,229	10,093	219,947
TOTAL EXPENSES	\$ 4,652,818	\$ 552,957	\$ 153,952	\$ 706,909	\$ 5,359,727