

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, 2022 AND 2021



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, 2022 AND 2021**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 22
Supplementary Information:	
Consolidating Schedule of Financial Position - 2022	23
Consolidating Schedule of Financial Position - 2021	24
Consolidating Schedule of Activities - 2022	25
Consolidating Schedule of Activities - 2021	26
Schedule of Functional Expenses - Foundation - 2022	27
Schedule of Functional Expenses - Foundation - 2021	28
Schedule of Functional Expenses - Union - 2022	29
Schedule of Functional Expenses - Union - 2021	30



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

Opinion

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 (a nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Civil Liberties Union Foundation of Northern California, Inc. and American Civil Liberties Union of Northern California, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Civil Liberties Union Foundation of Northern California, Inc. and American Civil Liberties Union of Northern California's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Civil Liberties Union Foundation of Northern California, Inc. and American Civil Liberties Union of Northern California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Civil Liberties Union Foundation of Northern California, Inc. and American Civil Liberties Union of Northern California'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 23 – 30 is presented for purposes of additional analysis, 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 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
December 15, 2022

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
<u>Current Assets:</u> (Notes 2, 4, 5, 6, 7 and 8)		
Cash and cash equivalents	\$ 29,986,977	\$ 23,093,808
Investments	17,415,255	16,091,213
Accounts receivable	1,707,496	340,766
Contributions receivable	275,300	250,000
Due from American Civil Liberties Union Foundation, Inc. (National Foundation)	405,586	3,963,035
Due from American Civil Liberties Union, Inc. (National Union)	1,671,323	1,760,117
Prepaid expenses	362,600	244,614
Total Current Assets	<u>51,824,537</u>	<u>45,743,553</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 6, 9 and 10)		
Contributions receivable, net	48,544	-
Deposits	26,832	34,782
Property and equipment, net	7,628,087	7,709,939
Beneficial interest in endowment funds	6,624,893	6,151,832
Total Noncurrent Assets	<u>14,328,356</u>	<u>13,896,553</u>
TOTAL ASSETS	<u>\$ 66,152,893</u>	<u>\$ 59,640,106</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u> (Notes 2 and 7)		
Accounts payable and accrued expenses	\$ 2,138,371	\$ 2,212,132
Deposits	-	19,061
Due to National Foundation	50,150	100,000
Total Current Liabilities	<u>2,188,521</u>	<u>2,331,193</u>
<u>Noncurrent liabilities:</u> (Note 7)		
Grant payable	-	200,000
Total Noncurrent Liabilities	<u>-</u>	<u>200,000</u>
Total Liabilities	<u>2,188,521</u>	<u>2,531,193</u>
<u>Commitments and Contingency</u> (Note 14)		
<u>Net Assets:</u> (Notes 2, 11, 12 and 13)		
Without Donor Restrictions:		
Undesignated	23,601,620	21,174,710
Board designated	23,953,757	19,939,116
Property and equipment	7,628,087	7,709,939
Total Without Donor Restrictions	<u>55,183,464</u>	<u>48,823,765</u>
With Donor Restrictions	8,780,908	8,285,148
Total Net Assets	<u>63,964,372</u>	<u>57,108,913</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 66,152,893</u>	<u>\$ 59,640,106</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, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 15,404,654	\$ 2,945,599	\$ 18,350,253	\$ 13,381,916	\$ 1,111,295	\$ 14,493,211
In-kind contributed services	6,843,417	-	6,843,417	10,999,437	-	10,999,437
Membership contributions	6,188,793	-	6,188,793	6,772,564	-	6,772,564
Legal awards	2,755,377	-	2,755,377	2,358,197	-	2,358,197
Investment income	510,480	203,833	714,313	4,439,441	1,499,020	5,938,461
Other income	281,314	-	281,314	683,361	-	683,361
Loss on disposal of property and equipment	(15,296)	-	(15,296)	-	-	-
Net assets released from restrictions	2,653,672	(2,653,672)	-	1,709,361	(1,709,361)	-
Total Revenue and Support	34,622,411	495,760	35,118,171	40,344,277	900,954	41,245,231
Expenses:						
Program Services:						
Program services	22,834,457	-	22,834,457	30,839,536	-	30,839,536
Supporting Services:						
Management and general	3,568,565	-	3,568,565	3,302,113	-	3,302,113
Fundraising	1,859,690	-	1,859,690	2,018,004	-	2,018,004
Total Supporting Services	5,428,255	-	5,428,255	5,320,117	-	5,320,117
Total Expenses	28,262,712	-	28,262,712	36,159,653	-	36,159,653
Change in Net Assets	6,359,699	495,760	6,855,459	4,184,624	900,954	5,085,578
Net Assets at Beginning of the Year	48,823,765	8,285,148	57,108,913	44,639,141	7,384,194	52,023,335
NET ASSETS AT END OF YEAR	\$ 55,183,464	\$ 8,780,908	\$ 63,964,372	\$ 48,823,765	\$ 8,285,148	\$ 57,108,913

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, 2022 AND 2021**

	2022					2021				
	Supporting Services				Total Expenses	Supporting Services				Total Expenses
	Program Services	Management and General	Fund- raising	Total Supporting Services		Program Services	Management and General	Fund- raising	Total Supporting Services	
Administrative expenses	\$ 515,140	\$ 158,691	\$ 111,752	\$ 270,443	\$ 785,583	\$ 699,169	\$ 69,409	\$ 110,983	\$ 180,392	\$ 879,561
Bad debt	9,723	8,244	184,604	192,848	202,571	-	-	6,667	6,667	6,667
Depreciation	363,698	45,463	45,463	90,926	454,624	312,862	79,336	49,143	128,479	441,341
Hospitality and meetings	65,991	36,169	15,390	51,559	117,550	38,089	22,738	1,454	24,192	62,281
Insurance	94,748	188,080	2,515	190,595	285,343	118,146	102,272	16,415	118,687	236,833
Litigation non-service fees	10,997	-	-	-	10,997	2,450	-	-	-	2,450
Occupancy	441,111	237,385	5,357	242,742	683,853	711,110	92,794	49,627	142,421	853,531
Outside services	754,023	216,495	46,884	263,379	1,017,402	546,222	208,090	17,805	225,895	772,117
Personnel	10,418,934	2,231,866	1,420,247	3,652,113	14,071,047	11,363,007	2,445,368	1,631,743	4,077,111	15,440,118
Professional expenses	6,980,546	240,039	4,779	244,818	7,225,364	11,490,658	149,938	74,443	224,381	11,715,039
Program grants	2,751,422	-	-	-	2,751,422	5,111,339	-	-	-	5,111,339
Sponsorships - Other Organizations	73,632	-	-	-	73,632	28,700	-	-	-	28,700
Taxes, permits, fees and licenses	12,933	8,403	189	8,592	21,525	5,405	8,805	181	8,986	14,391
Telecommunications	284,031	174,967	20,361	195,328	479,359	386,600	103,071	59,151	162,222	548,822
Travel	57,528	22,763	2,149	24,912	82,440	25,779	20,292	392	20,684	46,463
Total Expenses	\$ 22,834,457	\$ 3,568,565	\$ 1,859,690	\$ 5,428,255	\$ 28,262,712	\$ 30,839,536	\$ 3,302,113	\$ 2,018,004	\$ 5,320,117	\$ 36,159,653

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 6,855,459	\$ 5,085,578
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	454,624	441,341
Loss on disposal of property and equipment	15,296	-
Net realized and unrealized gain on investments	(251,939)	(4,072,192)
Endowment contributions	(1,000)	(1,000)
Endowment investment gain	(203,833)	(1,499,020)
Endowment distributions	214,916	214,916
(Increase) Decrease in:		
Accounts receivable	(1,366,730)	(180,913)
Contributions receivable, net	(73,844)	964,587
Due from National Foundation	3,557,449	1,599,172
Due from National Union	88,794	(893,297)
Prepaid expenses	(117,986)	(94,387)
Deposits	7,950	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	(73,761)	(13,139)
Due to National Foundation	(49,850)	(225,417)
Deposits	(19,061)	-
Grant payable	(200,000)	-
Net Cash Provided by Operating Activities	<u>8,836,484</u>	<u>1,326,229</u>
<u>Cash Flows From Investing Activities:</u>		
Investment (purchases) and sales, net	(1,072,103)	(2,731,430)
Purchases of property and equipment	(388,068)	(227,790)
Change in beneficial interests in endowment funds, net	(473,061)	(1,285,104)
Net Cash Used in Investing Activities	<u>(1,933,232)</u>	<u>(4,244,324)</u>
<u>Cash Flows From Financing Activities:</u>		
Endowment contributions	1,000	1,000
Endowment investment gain	203,833	1,499,020
Endowment distributions	(214,916)	(214,916)
Net Cash (Used in) Provided by Financing Activities	<u>(10,083)</u>	<u>1,285,104</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,893,169	(1,632,991)
Cash and Cash Equivalents at Beginning of Year	<u>23,093,808</u>	<u>24,726,799</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 29,986,977</u>	<u>\$ 23,093,808</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, 2022 AND 2021**

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.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 1 - Organizations: (Continued)

American Civil Liberties Union of Northern California: (Continued)

In the fiscal year ending March 31, 2021 described in these audited financial statements, the Union housed 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. Effective April 1, 2021, the programs formerly housed at the Center were transferred to a new corporation called the American Civil Liberties Union California Action (ACLU Cal Action). ACLU Cal Action is a 501(c)(4) corporation recently created to carry out the shared legislative and policy priorities of the 501(c)(4) and 501(c)(3) corporations of the three California ACLU affiliates.

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. The governing boards have designated net assets without restrictions as described in Note 11.
- 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.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 2 - Significant Accounting Policies: (Continued)

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.

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 by the American Civil Liberties Union Foundation, Inc. (“National Foundation”) is considered a Level 3 asset, and is reported at the fair value of the underlying assets as provided by the National Foundation (Note 10).

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 2 - Significant Accounting Policies:(Continued)

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, 2022 and 2021.

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 Organizations 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 - 39 years
Equipment	5 years
Furniture and fixtures	5 years
Website and software	3 - 5 years

Depreciation totaled \$454,624 and \$441,341 for the years ended March 31, 2022 and 2021, respectively.

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

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 2022 and 2021.

Compensated Absences

Accumulated unpaid vacation totaling \$1,055,892 and \$953,328 at March 31, 2022 and 2021, 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, 2022 AND 2021**

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.

Memberships

Revenue from memberships are recognized as revenue upon receipt from American Civil Liberties Union, Inc. (“National Union”).

Legal Awards

Pursuant to the Civil Rights Attorneys Fee Awards Act of 1976 and similar laws, legal fees, and expenses may be awarded in certain legal actions. The amounts of these awards are the result of court determinations and/or negotiations between the parties to the matters. Management anticipates that the Foundation will be the recipient of legal awards of a substantial amount but is unable to determine the amounts receivable with any degree of accuracy. Accordingly, the Foundation’s accounting policy is to accrue an award only when, in management’s judgment, the amount appears relatively certain of collection.

Other Income

Other income consists of reimbursed expenses, ticket sales for conferences and events, rental income, and other miscellaneous income. Other income is recognized in the period that it is earned.

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 \$6,843,417 and \$10,999,437 for the years ended March 31, 2022 and 2021, 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, 2022 AND 2021**

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 resource sharing agreement 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, do 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, 2022, 2021, 2020, and 2019 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>2022</u>	<u>2021</u>
Cash and money market funds	\$ 29,167,982	\$ 18,565,367
Certificates of deposit	818,995	4,528,441
Total Cash and Cash Equivalents	<u>\$ 29,986,977</u>	<u>\$ 23,093,808</u>

Certificates of deposit included in cash and cash equivalents bear interest at rates ranging from 1.60% to 3.30%, and mature through August 2024.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 2 - Significant Accounting Policies:(Continued)

Subsequent Events

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through December 15, 2022, the date the consolidated financial statements were available to be issued.

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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents, net of designated reserves	\$ 6,033,220	\$ 3,154,692
Investments	17,415,255	16,091,213
Accounts receivable	1,707,496	340,766
Contributions receivable	275,300	250,000
Due from National Foundation	405,586	3,963,035
Due from National Union	1,671,323	1,760,117
Appropriation of endowment earnings	200,000	200,000
Financial assets available to meet general expenditures within one year	<u>\$ 27,708,180</u>	<u>\$ 25,759,823</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.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 4 - Fair Value Measurements:

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

	2022			Balance at March 31, 2022
	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	\$ 10,804,426	\$ -	\$ -	\$ 10,804,426
International	784,871	-	-	784,871
Mutual funds	976,579	-	-	976,579
Real estate investment trust	469,013	-	-	469,013
Corporate bonds	-	3,129,059	-	3,129,059
Agency securities	-	1,251,307	-	1,251,307
Beneficial interest in endowment funds (Note 10)	-	-	6,624,893	6,624,893
	<u>\$ 13,034,889</u>	<u>\$ 4,380,366</u>	<u>\$ 6,624,893</u>	<u>\$ 24,040,148</u>
	2021			Balance at March 31, 2021
	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	\$ 10,506,077	\$ -	\$ -	\$ 10,506,077
International	809,296	-	-	809,296
Mutual funds	816,155	-	-	816,155
Real estate investment trust	352,585	-	-	352,585
Corporate bonds	-	2,592,373	-	2,592,373
Agency securities	-	1,014,727	-	1,014,727
Beneficial interest in endowment funds (Note 10)	-	-	6,151,832	6,151,832
	<u>\$ 12,484,113</u>	<u>\$ 3,607,100</u>	<u>\$ 6,151,832</u>	<u>\$ 22,243,045</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.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

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:

2022				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 6,624,893	Valuation of underlying assets as provided by National Foundation	Base price	N/A
2021				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 6,151,832	Valuation of underlying assets as provided by National Foundation	Base price	N/A

Note 5 - Investments:

Investments consist of the following at March 31:

	2022	2021
Equities/Common stock	\$ 11,589,297	\$ 11,315,373
Corporate bonds	3,129,059	2,592,373
Agency securities	1,251,307	1,014,727
Mutual funds	976,579	816,155
Real estate investment trust	469,013	352,585
Total Investments	<u>\$ 17,415,255</u>	<u>\$ 16,091,213</u>

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 331,950	\$ 120,396	\$ 452,346
Realized and unrealized gain	249,666	113,421	363,087
Investment fees	(71,136)	(29,984)	(101,120)
Investment Income	<u>\$ 510,480</u>	<u>\$ 203,833</u>	<u>\$ 714,313</u>

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 5 - Investments: (Continued)

	Without Donor Restrictions	2021 With Donor Restrictions	Total
Interest and dividend income	\$ 401,463	\$ 97,859	\$ 499,322
Realized and unrealized gains	4,072,192	1,448,781	5,520,973
Investment fees	(34,214)	(47,620)	(81,834)
Investment Income	<u>\$ 4,439,441</u>	<u>\$ 1,499,020</u>	<u>\$ 5,938,461</u>

Note 6 - Contributions Receivable:

Contributions receivable consist of the following at March 31:

	2022	2021
Current:		
Due in less than one year	\$ <u>275,300</u>	\$ <u>250,000</u>
Noncurrent:		
Due in one-to-five years	50,000	-
Less: Discounts to present value	<u>(1,456)</u>	<u>-</u>
Total Noncurrent, Net	48,544	-
Total Contributions Receivable, Net	<u>\$ 323,844</u>	<u>\$ 250,000</u>

The contributions receivable have been discounted to their present value using a discount rate of 3% at March 31, 2022 and 2021, respectively.

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 contributions without donor restrictions, 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 \$405,586 and \$6,938,035 for the years ended March 31, 2022 and 2021, respectively. Receivables due from National Foundation for revenue sharing totaled \$405,586 and \$3,963,035 at March 31, 2022 and 2021, respectively. Payables due to National Foundation related to revenue sharing on contributions receivable totaled \$50,150 and \$100,000 at March 31, 2022 and 2021, 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, 2022 AND 2021**

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 \$6,188,793 and \$6,772,564 for membership dues for the years ended March 31, 2022 and 2021, respectively. Union's share of National Union special appeals and bequests totaled \$1,233,730 and \$720,514 for the years ended March 31, 2022 and 2021, respectively. Receivables due from National Union totaled \$1,671,323 and \$1,760,117 at March 31, 2022 and 2021, respectively.

Note 9 - Property and Equipment:

Property and equipment consist of the following at March 31:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 11,462,443	\$ 11,235,936
Furniture and fixtures	904,247	657,974
Equipment	117,574	134,211
Website and software	171,844	171,844
Construction in progress	17,120	153,055
Subtotal	<u>12,673,228</u>	<u>12,353,020</u>
Less: Accumulated depreciation	<u>(5,045,141)</u>	<u>(4,643,081)</u>
Property and Equipment, Net	<u>\$ 7,628,087</u>	<u>\$ 7,709,939</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 with donor restrictions of a perpetual nature 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>2022</u>	<u>2021</u>
Balance at Beginning of Year	\$ 6,151,832	\$ 4,866,728
Contributions	501,000	1,000
Investment gain	233,818	1,546,640
Investment fees	(29,984)	(47,620)
Distributions	<u>(231,773)</u>	<u>(214,916)</u>
Balance at End of Year	<u>\$ 6,624,893</u>	<u>\$ 6,151,832</u>

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

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>2022</u>	<u>2021</u>
Accumulated earnings:		
Advocacy funds	\$ 4,497,890	\$ 4,429,616
Ballot initiative advocacy funds	2,480,438	1,913,830
Sustainability and impact funds	7,378,830	4,168,847
Attorney fees	6,361,298	4,720,922
Centennial campaign	1,391,113	2,782,226
Building fund	1,000,000	1,000,000
Issue advocacy	568,096	642,448
Chapter funds	276,092	281,227
Total Board-Designated Funds	<u>\$ 23,953,757</u>	<u>\$ 19,939,116</u>

Note 12 - Net Assets With Donor Restrictions:

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Bequests:		
LGBTI	\$ 760,907	\$ 962,061
First amendment rights	41,031	231,493
AIDS-related and gay/lesbian rights	-	56,756
Total Bequests	<u>801,938</u>	<u>1,250,310</u>
Reproductive rights	507,228	61,221
Criminal justice	379,474	610,000
Youth education	113,717	67,785
Gender, sexuality, and reproductive justice	32,862	-
Racial and economic justice	32,500	32,500
Immigrants' rights	14,602	11,500
Total Subject to Expenditure for Specified Purpose	<u>1,882,321</u>	<u>2,033,316</u>
Subject to the Passage of Time:		
Contributions receivable, net	<u>273,694</u>	<u>100,000</u>
Perpetual in Nature:		
Beneficial interest in endowment funds (Note 13)	<u>6,624,893</u>	<u>6,151,832</u>
Total Net Assets with Donor Restrictions	<u>\$ 8,780,908</u>	<u>\$ 8,285,148</u>

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

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>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished:		
Criminal justice	\$ 823,123	\$ 598,676
Immigrants’ rights	384,016	431,527
Democracy and civic engagement	276,106	-
AIDS-related and gay/lesbian rights	257,909	20,773
Gender, sexuality, and reproductive justice	206,220	-
First amendment rights	190,462	-
Racial and economic justice	87,458	-
Youth education	30,000	204,475
Legal	15,000	-
Reproductive rights	-	16,490
Time Restrictions Fulfilled	151,605	222,504
Endowment Fund Distributions	231,773	214,916
Total Net Assets Released From Restrictions	<u>\$ 2,653,672</u>	<u>\$ 1,709,361</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 of 2006 (“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.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 13 - Endowment Net Assets: (Continued)

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
- 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 had no underwater endowment funds at March 31, 2022 and 2021.

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>2022</u>	<u>2021</u>
<u>Beneficial Interest in Donor-Restricted Endowment Funds:</u>		
Trust for the Bill of Rights	\$ 3,810,897	\$ 3,831,089
Howard A. Friedman Endowment	2,011,684	2,022,343
Alvin H. Baum Fund for Emerging Issues	504,515	-
Cheri Bryant Building Sustainability Endowment	206,172	206,290
Ehrlich Emerging Issues Fund	47,204	47,454
Henry Sinton Fund Freedom of Expression	44,421	44,656
Total Beneficial Interest in Donor-Restricted Endowment Funds	\$ 6,624,893	\$ 6,151,832

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 13 - Endowment Net Assets: (Continued)

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

	<u>2022</u>	<u>2021</u>
Balance at Beginning of Year	\$ 6,151,832	\$ 4,866,728
Contributions	501,000	1,000
Investment income	203,834	1,499,020
Distributions	<u>(231,773)</u>	<u>(214,916)</u>
Balance at End of Year	<u>\$ 6,624,893</u>	<u>\$ 6,151,832</u>

Note 14 - Commitments and Contingency:

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 estimated that the Plan is 89% and 86% funded at March 31, 2022 and 2021, respectively. 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 \$359,626 and \$356,936 for the years ended March 31, 2022 and 2021, 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 makes a matching contribution of up to 3.5%, based on employee contribution percentages. Pension expense totaled \$437,037 and \$457,692 for the years ended March 31, 2022 and 2021, respectively.

Operating Lease

The Organizations lease office space under lease agreements expiring through March 2024. Rent expense under these leases totaled \$311,703 and \$406,072 for the years ended March 31, 2022 and 2021, respectively.

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

<u>Years Ended March 31</u>	
2023	\$ 347,022
2024	203,539
2025	<u>6,557</u>
Total	<u>\$ 557,118</u>

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

Note 14 - Commitments and Contingency:

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organizations are closely monitoring their investment portfolios and liquidity, and are actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organizations' operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organizations' donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organizations' financial position and changes in net assets and cash flows is uncertain, and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

Note 15 - ACLU California Action:

During fiscal year 2021, the ACLU California affiliates (comprised of the 501(c)(3) and 501(c)(4) corporations of the ACLUs of Northern California, Southern California, and San Diego and Imperial Counties) formed a California nonprofit corporation exempt under IRC Section 501(c)(4), ACLU California Action. ACLU California Action will house certain programs intended to advance state-level work for civil liberties and civil rights. The Foundation and the Union each designate directors to the ACLU California Action board, and will make annual financial contributions to ACLU California Action as part of the annual budgeting process of each corporation. The annual contribution will be in the form of a grant, and will include a written grant agreement with any restrictions and/or prohibitions on the use of funds. Contributions totaled \$2,244,430 and \$496,477 for the years ended March 31, 2022 and 2021, respectively.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
MARCH 31, 2022**

	ASSETS			
	<u>Foundation</u>	<u>Union</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Current Assets:</u>				
Cash and cash equivalents	\$ 17,465,275	\$ 12,521,702	\$ -	\$ 29,986,977
Investments	15,211,592	2,203,663	-	17,415,255
Accounts receivable	1,704,996	2,500	-	1,707,496
Contributions receivable	275,300	-	-	275,300
Due from National Foundation	405,586	-	-	405,586
Due from National Union	-	1,671,323	-	1,671,323
Due from Union	698,211	-	(698,211)	-
Prepaid expenses	210,770	151,830	-	362,600
Total Current Assets	<u>35,971,730</u>	<u>16,551,018</u>	<u>(698,211)</u>	<u>51,824,537</u>
<u>Noncurrent Assets:</u>				
Contributions receivable, net	48,544	-	-	48,544
Deposits	26,832	-	-	26,832
Property and equipment, net	7,601,494	26,593	-	7,628,087
Beneficial interests in endowment funds	6,624,893	-	-	6,624,893
Total Noncurrent Assets	<u>14,301,763</u>	<u>26,593</u>	<u>-</u>	<u>14,328,356</u>
TOTAL ASSETS	\$ <u>50,273,493</u>	\$ <u>16,577,611</u>	\$ <u>(698,211)</u>	\$ <u>66,152,893</u>
LIABILITIES AND NET ASSETS				
<u>Current Liabilities:</u>				
Accounts payable and accrued expenses	\$ 1,922,038	\$ 216,333	\$ -	\$ 2,138,371
Due to National Foundation	50,150	-	-	50,150
Due to Foundation	-	698,211	(698,211)	-
Total Current Liabilities	<u>1,972,188</u>	<u>914,544</u>	<u>(698,211)</u>	<u>2,188,521</u>
Total Liabilities	<u>1,972,188</u>	<u>914,544</u>	<u>(698,211)</u>	<u>2,188,521</u>
<u>Net Assets:</u>				
Without Donor Restrictions:				
Undesignated	14,050,775	9,550,845	-	23,601,620
Board designated	19,136,264	4,817,493	-	23,953,757
Property and equipment	7,601,494	26,593	-	7,628,087
Total Without Donor Restrictions	<u>40,788,533</u>	<u>14,394,931</u>	<u>-</u>	<u>55,183,464</u>
With Donor Restrictions	7,512,772	1,268,136	-	8,780,908
Total Net Assets	<u>48,301,305</u>	<u>15,663,067</u>	<u>-</u>	<u>63,964,372</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>50,273,493</u>	\$ <u>16,577,611</u>	\$ <u>(698,211)</u>	\$ <u>66,152,893</u>

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
MARCH 31, 2021**

	ASSETS			
	<u>Foundation</u>	<u>Union</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Current Assets:</u>				
Cash and cash equivalents	\$ 12,234,821	\$ 10,858,987	\$ -	\$ 23,093,808
Investments	14,546,307	1,544,906	-	16,091,213
Accounts receivable	322,266	18,500	-	340,766
Contributions receivable	250,000	-	-	250,000
Due from National Foundation	3,963,035	-	-	3,963,035
Due from National Union	-	1,760,117	-	1,760,117
Due from Foundation	-	305,419	(305,419)	-
Prepaid expenses	232,780	11,834	-	244,614
Total Current Assets	<u>31,549,209</u>	<u>14,499,763</u>	<u>(305,419)</u>	<u>45,743,553</u>
<u>Noncurrent Assets:</u>				
Deposits	26,832	7,950	-	34,782
Property and equipment, net	7,647,700	62,239	-	7,709,939
Beneficial interests in endowment funds	6,151,832	-	-	6,151,832
Total Noncurrent Assets	<u>13,826,364</u>	<u>70,189</u>	<u>-</u>	<u>13,896,553</u>
TOTAL ASSETS	<u>\$ 45,375,573</u>	<u>\$ 14,569,952</u>	<u>\$ (305,419)</u>	<u>\$ 59,640,106</u>
LIABILITIES AND NET ASSETS				
<u>Current Liabilities:</u>				
Accounts payable and accrued expenses	\$ 1,881,973	\$ 330,159	\$ -	\$ 2,212,132
Deposits	19,061	-	-	19,061
Due to National Foundation	100,000	-	-	100,000
Due to Union	305,419	-	(305,419)	-
Total Current Liabilities	<u>2,306,453</u>	<u>330,159</u>	<u>(305,419)</u>	<u>2,331,193</u>
<u>Noncurrent Liabilities:</u>				
Grant payable	-	200,000	-	200,000
Total Noncurrent Liabilities	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total Liabilities	<u>2,306,453</u>	<u>530,159</u>	<u>(305,419)</u>	<u>2,531,193</u>
<u>Net Assets:</u>				
Without Donor Restrictions:				
Undesignated	12,863,247	8,311,463	-	21,174,710
Board designated	15,296,307	4,642,809	-	19,939,116
Property and equipment	7,647,700	62,239	-	7,709,939
Total Without Donor Restrictions	<u>35,807,254</u>	<u>13,016,511</u>	<u>-</u>	<u>48,823,765</u>
With Donor Restrictions	7,261,866	1,023,282	-	8,285,148
Total Net Assets	<u>43,069,120</u>	<u>14,039,793</u>	<u>-</u>	<u>57,108,913</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 45,375,573</u>	<u>\$ 14,569,952</u>	<u>\$ (305,419)</u>	<u>\$ 59,640,106</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, 2022**

	<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	\$ 14,420,988	\$ 1,583,666	\$ (600,000)	\$ 15,404,654
In-kind contributed services	6,843,417	-	-	6,843,417
Membership contributions	-	6,188,793	-	6,188,793
Legal awards	2,755,377	-	-	2,755,377
Investment income	462,227	48,253	-	510,480
Other income	275,314	6,000	-	281,314
Loss on disposal of property and equipment	(15,296)	-	-	(15,296)
Net assets released from restrictions	2,391,297	262,375	-	2,653,672
Total Revenue and Support	<u>27,133,324</u>	<u>8,089,087</u>	<u>(600,000)</u>	<u>34,622,411</u>
<u>Expenses:</u>				
<u>Program Services:</u>				
Program services	<u>17,985,790</u>	<u>5,448,667</u>	<u>(600,000)</u>	<u>22,834,457</u>
<u>Supporting Services:</u>				
Management and general	2,530,963	1,037,602	-	3,568,565
Fundraising	<u>1,559,983</u>	<u>299,707</u>	<u>-</u>	<u>1,859,690</u>
Total Supporting Services	<u>4,090,946</u>	<u>1,337,309</u>	<u>-</u>	<u>5,428,255</u>
Total Expenses	<u>22,076,736</u>	<u>6,785,976</u>	<u>(600,000)</u>	<u>28,262,712</u>
Change in Net Assets Without Donor Restrictions	<u>5,056,588</u>	<u>1,303,111</u>	<u>-</u>	<u>6,359,699</u>
<u>Net Assets With Donor Restrictions:</u>				
Contributions	2,363,061	582,538	-	2,945,599
Investment income	203,833	-	-	203,833
Net assets released from restrictions	<u>(2,391,297)</u>	<u>(262,375)</u>	<u>-</u>	<u>(2,653,672)</u>
Change in Net Assets With Donor Restrictions	<u>175,597</u>	<u>320,163</u>	<u>-</u>	<u>495,760</u>
Change in Net Assets	5,232,185	1,623,274	-	6,855,459
Net Assets at Beginning of Year	<u>43,069,120</u>	<u>14,039,793</u>	<u>-</u>	<u>57,108,913</u>
NET ASSETS AT END OF YEAR	<u>\$ 48,301,305</u>	<u>\$ 15,663,067</u>	<u>\$ -</u>	<u>\$ 63,964,372</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, 2021**

	<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	\$ 12,571,566	\$ 1,410,350	\$ (600,000)	\$ 13,381,916
In-kind contributed services	10,999,437	-	-	10,999,437
Membership contributions	-	6,772,564	-	6,772,564
Investment income	4,046,994	392,447	-	4,439,441
Legal awards	2,358,197	-	-	2,358,197
Other income	159,929	523,432	-	683,361
Net assets released from restrictions	1,692,871	16,490	-	1,709,361
Total Revenue and Support	<u>31,828,994</u>	<u>9,115,283</u>	<u>(600,000)</u>	<u>40,344,277</u>
<u>Expenses:</u>				
<u>Program Services:</u>				
Program services	<u>25,775,335</u>	<u>5,664,201</u>	<u>(600,000)</u>	<u>30,839,536</u>
<u>Supporting Services:</u>				
Management and general	2,628,370	673,743	-	3,302,113
Fundraising	<u>1,810,511</u>	<u>207,493</u>	<u>-</u>	<u>2,018,004</u>
Total Supporting Services	<u>4,438,881</u>	<u>881,236</u>	<u>-</u>	<u>5,320,117</u>
Total Expenses	<u>30,214,216</u>	<u>6,545,437</u>	<u>(600,000)</u>	<u>36,159,653</u>
Change in Net Assets Without Donor Restrictions	<u>1,614,778</u>	<u>2,569,846</u>	<u>-</u>	<u>4,184,624</u>
<u>Net Assets With Donor Restrictions:</u>				
Investment income	1,499,020	-	-	1,499,020
Contributions	1,043,186	68,109	-	1,111,295
Net assets released from restrictions	<u>(1,692,871)</u>	<u>(16,490)</u>	<u>-</u>	<u>(1,709,361)</u>
Change in Net Assets With Donor Restrictions	<u>849,335</u>	<u>51,619</u>	<u>-</u>	<u>900,954</u>
Change in Net Assets	2,464,113	2,621,465	-	5,085,578
Net Assets at Beginning of Year	<u>40,605,007</u>	<u>11,418,328</u>	<u>-</u>	<u>52,023,335</u>
NET ASSETS AT END OF YEAR	<u>\$ 43,069,120</u>	<u>\$ 14,039,793</u>	<u>\$ -</u>	<u>\$ 57,108,913</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, 2022**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Administrative expenses	\$ 281,815	\$ 132,243	\$ 91,070	\$ 223,313	\$ 505,128
Bad debt	9,723	8,244	184,604	192,848	202,571
Depreciation	344,899	43,113	43,113	86,226	431,125
Hospitality and meetings	37,561	28,662	13,792	42,454	80,015
Insurance	56,090	88,113	1,225	89,338	145,428
Litigation non-service fees	10,997	-	-	-	10,997
Occupancy	351,276	191,387	4,440	195,827	547,103
Outside services	461,030	171,345	41,870	213,215	674,245
Personnel	8,196,554	1,517,903	1,168,838	2,686,741	10,883,295
Professional expenses	6,934,251	184,876	3,961	188,837	7,123,088
Program grants	1,090,000	-	-	-	1,090,000
Sponsorship - Other Organizations	55,462	-	-	-	55,462
Taxes, permits, fees and licenses	4,770	6,541	152	6,693	11,463
Telecommunications	100,420	140,177	5,018	145,195	245,615
Travel	50,942	18,359	1,900	20,259	71,201
Total Expenses	\$ 17,985,790	\$ 2,530,963	\$ 1,559,983	\$ 4,090,946	\$ 22,076,736

**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, 2021**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Administrative expenses	\$ 358,565	\$ 67,175	\$ 95,362	\$ 162,537	\$ 521,102
Bad debt	-	-	6,667	6,667	6,667
Depreciation	291,613	74,788	47,853	122,641	414,254
Hospitality and meetings	21,267	19,072	375	19,447	40,714
Insurance	107,399	93,079	15,726	108,805	216,204
Litigation non-service fees	2,450	-	-	-	2,450
Occupancy	581,758	64,602	41,335	105,937	687,695
Outside services	312,478	145,266	1,865	147,131	459,609
Personnel	8,477,498	1,948,053	1,498,540	3,446,593	11,924,091
Professional expenses	11,443,151	132,707	72,813	205,520	11,648,671
Program grants	3,950,600	-	-	-	3,950,600
Sponsorship - Other Organizations	15,750	-	-	-	15,750
Taxes, permits, fees and licenses	3,868	8,430	181	8,611	12,479
Telecommunications	188,565	55,062	29,407	84,469	273,034
Travel	20,373	20,136	387	20,523	40,896
Total Expenses	\$ <u>25,775,335</u>	\$ <u>2,628,370</u>	\$ <u>1,810,511</u>	\$ <u>4,438,881</u>	\$ <u>30,214,216</u>

**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, 2022**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Administrative expenses	\$ 233,325	\$ 26,448	\$ 20,682	\$ 47,130	\$ 280,455
Depreciation	18,799	2,350	2,350	4,700	23,499
Hospitality and meetings	28,430	7,507	1,598	9,105	37,535
Insurance	38,658	99,967	1,290	101,257	139,915
Occupancy	89,835	45,998	917	46,915	136,750
Outside services	292,993	45,150	5,014	50,164	343,157
Personnel	2,222,380	713,963	251,409	965,372	3,187,752
Professional expenses	46,295	55,163	818	55,981	102,276
Program grants	2,261,422	-	-	-	2,261,422
Sponsorship - Other Organizations	18,170	-	-	-	18,170
Taxes, permits, fees and licenses	8,163	1,862	37	1,899	10,062
Telecommunications	183,611	34,790	15,343	50,133	233,744
Travel	6,586	4,404	249	4,653	11,239
Total Expenses	\$ <u>5,448,667</u>	\$ <u>1,037,602</u>	\$ <u>299,707</u>	\$ <u>1,337,309</u>	\$ <u>6,785,976</u>

**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, 2021**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Administrative expenses	\$ 340,604	\$ 2,234	\$ 15,621	\$ 17,855	\$ 358,459
Depreciation	21,249	4,548	1,290	5,838	27,087
Hospitality and meetings	16,822	3,666	1,079	4,745	21,567
Insurance	10,747	9,193	689	9,882	20,629
Occupancy	129,352	28,192	8,292	36,484	165,836
Outside services	233,744	62,824	15,940	78,764	312,508
Personnel	2,885,509	497,315	133,203	630,518	3,516,027
Professional expenses	47,507	17,231	1,630	18,861	66,368
Program grants	1,760,739	-	-	-	1,760,739
Sponsorship - Other Organizations	12,950	-	-	-	12,950
Taxes, permits, fees and licenses	1,537	375	-	375	1,912
Telecommunications	198,035	48,009	29,744	77,753	275,788
Travel	5,406	156	5	161	5,567
Total Expenses	\$ <u>5,664,201</u>	\$ <u>673,743</u>	\$ <u>207,493</u>	\$ <u>881,236</u>	\$ <u>6,545,437</u>