

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, 2020 AND 2019



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, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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 24 to 31 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 14, 2020

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
<u>Current Assets:</u> (Notes 2, 4, 5, 6, 7 and 8)		
Cash and cash equivalents	\$ 24,726,799	\$ 23,061,984
Investments	9,287,591	7,615,066
Accounts receivable	159,853	521,706
Contributions receivable	1,117,500	1,560,000
Due from American Civil Liberties Union Foundation, Inc. (National Foundation)	5,562,207	5,415,016
Due from American Civil Liberties Union, Inc. (National Union)	866,820	1,120,416
Prepaid expenses	150,227	209,217
Total Current Assets	<u>41,870,997</u>	<u>39,503,405</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 6, 9 and 10)		
Contributions receivable, net	97,087	692,964
Deposits	34,782	46,676
Property and equipment, net	7,923,490	7,953,213
Beneficial interest in endowment funds	4,866,728	5,230,937
Total Noncurrent Assets	<u>12,922,087</u>	<u>13,923,790</u>
TOTAL ASSETS	<u>\$ 54,793,084</u>	<u>\$ 53,427,195</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 7)		
Accounts payable and accrued expenses	\$ 2,225,271	\$ 1,892,159
Deferred revenue	-	22,625
Deposits	19,061	19,061
Due to National Foundation	275,417	435,417
Total Current Liabilities	<u>2,519,749</u>	<u>2,369,262</u>
<u>Noncurrent liabilities:</u> (Note 7)		
Grant payable	200,000	-
Due to National Foundation	50,000	125,000
Total Noncurrent Liabilities	<u>250,000</u>	<u>125,000</u>
Total Liabilities	<u>2,769,749</u>	<u>2,494,262</u>
<u>Commitments and Contingency</u> (Note 14)		
<u>Net Assets:</u> (Notes 2, 11, 12 and 13)		
Without Donor Restrictions:		
Undesignated	19,737,333	16,809,528
Board designated	16,978,318	17,385,075
Property and equipment	7,923,490	7,953,213
Total Without Donor Restrictions	<u>44,639,141</u>	<u>42,147,816</u>
With Donor Restrictions	7,384,194	8,785,117
Total Net Assets	<u>52,023,335</u>	<u>50,932,933</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 54,793,084</u>	<u>\$ 53,427,195</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, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 12,294,634	\$ 742,418	\$ 13,037,052	\$ 11,542,112	\$ 3,817,930	\$ 15,360,042
In-kind contributed services	9,056,878	-	9,056,878	11,457,035	-	11,457,035
Legal awards	1,440,998	-	1,440,998	75,487	-	75,487
Membership income	6,086,254	-	6,086,254	6,858,541	-	6,858,541
Other income	582,180	-	582,180	638,373	-	638,373
Investment income	86,300	(158,339)	(72,039)	718,098	430,243	1,148,341
Net assets released from restrictions	1,985,002	(1,985,002)	-	3,137,931	(3,137,931)	-
Total Revenue and Support	<u>31,532,246</u>	<u>(1,400,923)</u>	<u>30,131,323</u>	<u>34,427,577</u>	<u>1,110,242</u>	<u>35,537,819</u>
Expenses:						
Program Services:						
Program services	<u>24,074,921</u>	<u>-</u>	<u>24,074,921</u>	<u>28,788,690</u>	<u>-</u>	<u>28,788,690</u>
Supporting Services:						
Management and general	2,792,229	-	2,792,229	2,699,763	-	2,699,763
Fundraising	2,173,771	-	2,173,771	2,057,534	-	2,057,534
Total Supporting Services	<u>4,966,000</u>	<u>-</u>	<u>4,966,000</u>	<u>4,757,297</u>	<u>-</u>	<u>4,757,297</u>
Total Expenses	<u>29,040,921</u>	<u>-</u>	<u>29,040,921</u>	<u>33,545,987</u>	<u>-</u>	<u>33,545,987</u>
Change in Net Assets	2,491,325	(1,400,923)	1,090,402	881,590	1,110,242	1,991,832
Net Assets at Beginning of the 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>
NET ASSETS AT END OF YEAR	<u>\$ 44,639,141</u>	<u>\$ 7,384,194</u>	<u>\$ 52,023,335</u>	<u>\$ 42,147,816</u>	<u>\$ 8,785,117</u>	<u>\$ 50,932,933</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, 2020 AND 2019**

	2020					2019				
	Program Services	Supporting Services			Total Expenses	Program Services	Supporting Services			Total Expenses
		Management and General	Fund- raising	Total Supporting Services			Management and General	Fund- raising	Total Supporting Services	
Administrative expenses	\$ 739,897	\$ 100,835	\$ 50,637	\$ 151,472	\$ 891,369	\$ 1,375,601	\$ 89,499	\$ 54,060	\$ 143,559	\$ 1,519,160
Bad debt	-	-	100,000	100,000	100,000	-	2,908	4,515	7,423	7,423
Depreciation	287,188	59,010	57,246	116,256	403,444	268,117	60,228	65,576	125,804	393,921
Hospitality and meetings	398,659	26,926	135,817	162,743	561,402	248,745	98,021	136,484	234,505	483,250
Insurance	152,255	71,926	118	72,044	224,299	127,243	37,701	-	37,701	164,944
Litigation non-service fees	4,603	-	-	-	4,603	12,202	-	-	-	12,202
Occupancy	419,437	121,359	40,062	161,421	580,858	357,320	63,884	51,523	115,407	472,727
Outside services	1,336,688	141,938	53,704	195,642	1,532,330	3,782,619	455,700	47,338	503,038	4,285,657
Personnel	9,262,387	2,066,915	1,637,278	3,704,193	12,966,580	8,400,290	1,655,303	1,579,819	3,235,122	11,635,412
Professional expenses	9,542,500	75,802	36,907	112,709	9,655,209	11,755,018	89,731	32,431	122,162	11,877,180
Program grants	1,105,948	-	-	-	1,105,948	1,103,300	-	-	-	1,103,300
Sponsorships - Other Organizations	61,904	-	-	-	61,904	64,205	-	-	-	64,205
Taxes, permits, fees and licenses	(24,196)	28,043	695	28,738	4,542	2,474	54,893	460	55,353	57,827
Telecommunications	398,223	41,678	40,859	82,537	480,760	663,761	21,369	60,570	81,939	745,700
Travel	389,428	57,797	20,448	78,245	467,673	627,795	70,526	24,758	95,284	723,079
Total Expenses	\$ 24,074,921	\$ 2,792,229	\$ 2,173,771	\$ 4,966,000	\$ 29,040,921	\$ 28,788,690	\$ 2,699,763	\$ 2,057,534	\$ 4,757,297	\$ 33,545,987

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 1,090,402	\$ 1,991,832
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	403,444	393,921
Loss of disposal of property and equipment	19,622	-
Net realized and unrealized losses (gains) on investments	204,326	(460,558)
Endowment contributions	(1,000)	(1,000)
Endowment investment losses (gains)	158,339	(430,243)
Endowment distributions	206,870	196,047
(Increase) Decrease in:		
Accounts receivable	361,853	(358,201)
Contributions receivable, net	1,038,377	781,466
Due from National Foundation	(147,191)	1,106,243
Due from National Union	253,596	907,926
Prepaid expenses	58,990	3,555
Deposits	11,894	(19,069)
Increase (Decrease) in:		
Accounts payable and accrued expenses	333,112	(716,659)
Deferred revenue	(22,625)	12,041
Due to National Foundation	(235,000)	(825,832)
Deposits	-	(6,238)
Grant payable	200,000	(150,000)
Net Cash Provided by Operating Activities	<u>3,935,009</u>	<u>2,425,231</u>
<u>Cash Flows From Investing Activities:</u>		
Investment purchases and sales, net	(1,876,851)	148,355
Purchases of property and equipment	(393,343)	(95,643)
Change in beneficial interests in endowment funds, net	364,209	(235,196)
Net Cash Used in Investing Activities	<u>(1,905,985)</u>	<u>(182,484)</u>
<u>Cash Flows From Financing Activities:</u>		
Endowment contributions	1,000	1,000
Endowment investment (losses) gains	(158,339)	430,243
Endowment distributions	(206,870)	(196,047)
Net Cash (Used in) Provided by Financing Activities	<u>(364,209)</u>	<u>235,196</u>
Net Increase in Cash and Cash Equivalents	1,664,815	2,477,943
Cash and Cash Equivalents at Beginning of Year	<u>23,061,984</u>	<u>20,584,041</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 24,726,799</u>	<u>\$ 23,061,984</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, 2020 AND 2019**

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, 2020 AND 2019**

Note 1 - Organizations: (Continued)

American Civil Liberties Union of Northern California (Continued)

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.

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, 2020 AND 2019**

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 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).

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019**

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, 2020 and 2019.

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

Depreciation totaled \$403,444 and \$393,921 for the years ended March 31, 2020 and 2019, 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 2020 and 2019.

Compensated Absences

Accumulated unpaid vacation totaling \$807,579 and \$647,298 at March 31, 2020 and 2019, 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, 2020 AND 2019**

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.

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. Deferred revenue totaled \$-0- and \$22,625 at March 31, 2020 and 2019, respectively.

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 \$9,056,878 and \$11,457,035 for the years ended March 31, 2020 and 2019, respectively.

**AMERICAN CIVIL LIBERTIES UNION FOUNDATION
OF NORTHERN CALIFORNIA, INC. AND
AMERICAN CIVIL LIBERTIES UNION OF NORTHERN CALIFORNIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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, 2020, 2019, 2018 and 2017 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>2020</u>	<u>2019</u>
Cash and money market funds	\$ 14,404,351	\$ 15,924,471
Certificates of deposit	10,322,448	7,137,513
Total Cash and Cash Equivalents	\$ 24,726,799	\$ 23,061,984

Certificates of deposit included in cash and cash equivalents bear interest at rates ranging from 1.55% to 3.30%, and mature through October 2022.

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Note 2 - Significant Accounting Policies:(Continued)

Accounting Pronouncements Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions, or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions, or opening net assets with donor restrictions, as of April 1, 2019. There was no effect of adopting the new accounting principles on contributions in 2020.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis, which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the year ended March 31, 2020.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 for the year ended March 31, 2020 had no effect on cash and cash equivalents for March 31, 2019 and 2018. Amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows.

Subsequent Events

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through October 14, 2020, 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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents, net of designated reserves	\$ 7,748,481	\$ 5,676,909
Investments	9,287,591	7,615,066
Accounts receivable	159,853	521,706
Contributions receivable	1,117,500	1,560,000
Due from National Foundation	5,562,207	5,415,016
Due from National Union	866,820	1,120,416
Appropriation of endowment earnings	200,000	200,000
Financial assets available to meet general expenditures within one year	<u>\$ 24,942,452</u>	<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: (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:

2020				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 4,866,728	Valuation of underlying assets as provided by National Foundation	Base price	N/A
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

Note 5 - Investments:

Investments consist of the following at March 31:

	2020	2019
Equities/Common stock	\$ 5,857,819	\$ 5,100,243
Corporate bonds	1,685,863	1,351,369
U.S. agency notes	795,228	644,465
Mutual funds	682,711	422,149
Real estate investment trust	265,970	96,840
Total Investments	<u>\$ 9,287,591</u>	<u>\$ 7,615,066</u>

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

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 337,228	\$ 117,994	\$ 455,222
Realized and unrealized gains (losses)	(204,326)	(199,767)	(404,093)
Investment fees	(46,602)	(76,566)	(123,168)
Investment Income (Loss), Net	<u>\$ 86,300</u>	<u>\$ (158,339)</u>	<u>\$ (72,039)</u>

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Note 5 - Investments: (Continued)

	<u>Without Donor Restrictions</u>	<u>2019 With Donor Restrictions</u>	<u>Total</u>
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>

Note 6 - Contributions Receivable:

Contributions receivable consist of the following at March 31:

	<u>2020</u>	<u>2019</u>
Current:		
Due in less than one year	\$ <u>1,117,500</u>	\$ <u>1,560,000</u>
Noncurrent:		
Due in one-to-five years	100,000	716,666
Less: Discounts to present value	<u>(2,913)</u>	<u>(23,702)</u>
Total Noncurrent, Net	<u>97,087</u>	<u>692,964</u>
Total Contributions Receivable, Net	<u>\$ 1,214,587</u>	<u>\$ 2,252,964</u>

The contributions receivable have been discounted to their present value using a discount rate of 3% at March 31, 2020 and 2019.

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 \$5,562,207 and \$4,880,402 for the years ended March 31, 2020 and 2019, respectively. Receivables due from National Foundation for revenue sharing totaled \$5,562,207 and \$5,213,735 at March 31, 2020 and 2019, respectively. Payables due to National Foundation related to revenue sharing on contributions receivable totaled \$325,417 and \$560,417 at March 31, 2020 and 2019, 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 \$6,086,254 and \$6,858,541 for membership dues for the years ended March 31, 2020 and 2019, respectively. Union's share of National Union special appeals and bequests totaled \$364,305 and \$591,833 for the years ended March 31, 2020 and 2019, respectively. Receivables due from National Union totaled \$866,820 and \$1,120,416 at March 31, 2020 and 2019, respectively.

Note 9 - Property and Equipment:

Property and equipment consist of the following at March 31:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 11,177,170	\$ 11,095,779
Furniture and fixtures	651,146	604,952
Equipment	134,211	62,034
Website and software	156,839	143,838
Construction in progress	5,864	-
Subtotal	<u>12,125,230</u>	<u>11,906,603</u>
Less: Accumulated depreciation	<u>(4,201,740)</u>	<u>(3,953,390)</u>
Property and Equipment, Net	<u>\$ 7,923,490</u>	<u>\$ 7,953,213</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>2020</u>	<u>2019</u>
Balance at Beginning of Year	\$ 5,230,937	\$ 4,995,741
Contributions	1,000	1,000
Investment (losses) gains	(81,773)	484,864
Investment fees	(76,566)	(54,621)
Distributions	<u>(206,870)</u>	<u>(196,047)</u>
Balance at End of Year	<u>\$ 4,866,728</u>	<u>\$ 5,230,937</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>2020</u>	<u>2019</u>
Centennial campaign	\$ 4,152,576	\$ 4,870,101
Sustainability and impact funds	4,632,052	4,832,647
Attorney fees	3,402,451	3,141,765
Accumulated earnings:		
Ballot initiative advocacy funds	2,405,723	2,105,723
Advocacy funds	874,340	1,042,219
Building fund	1,000,000	1,000,000
Chapter funds	254,626	281,032
Issue advocacy	256,550	111,588
Total Board Designated Funds	<u>\$ 16,978,318</u>	<u>\$ 17,385,075</u>

Note 12 – Net Assets With Donor Restrictions:

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

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Bequests:		
LGBTI	\$ 962,061	\$ 962,561
Criminal justice	402,634	402,634
First amendment rights	231,493	231,493
AIDS-related and gay/lesbian rights	77,530	151,710
Total Bequests	<u>1,673,718</u>	<u>1,748,398</u>
Immigrants' rights	293,575	124,050
Criminal justice	150,282	935,746
Youth education	67,785	-
Reproductive rights	9,602	10,186
Education equity	-	102,500
Voting rights	-	69,835
Church and state	-	26,750
Total Subject to Expenditure for Specified Purpose	<u>2,194,962</u>	<u>3,017,465</u>
Subject to the Passage of Time:		
Contributions receivable, net	<u>322,504</u>	<u>536,715</u>
Perpetual in Nature:		
Beneficial interest in endowment funds	<u>4,866,728</u>	<u>5,230,937</u>
Total Net Assets with Donor Restrictions	<u>\$ 7,384,194</u>	<u>\$ 8,785,117</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>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
Criminal justice	\$ 896,412	\$ 670,463
Immigrants’ rights	343,161	478,751
Education equity	102,500	27,500
LGBTI	74,680	50,795
Voting rights	69,835	359,903
Reproductive rights	50,583	460,089
Church and state	26,750	-
Bail reform	-	71,866
Communications capacity building	-	6,874
Legal intern	-	4,177
Time Restrictions Fulfilled	214,211	811,466
Endowment Fund Distributions	206,870	196,047
Total Net Assets Released From Restrictions	<u>\$ 1,985,002</u>	<u>\$ 3,137,931</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.

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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 has no underwater endowment funds at March 31, 2020 and 2019.

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>2020</u>	<u>2019</u>
<u>Beneficial Interest in Donor-Restricted Endowment Funds:</u>		
Trust for the Bill of Rights	\$ 3,031,291	\$ 3,258,731
Howard A. Friedman Endowment	1,600,148	1,720,208
Henry Sinton Fund Freedom of Expression	35,334	37,985
Ehrlich Emerging Issues Fund	37,547	40,364
Cheri Bryant Building Sustainability Endowment	162,408	173,649
Total Beneficial Interest in Donor-Restricted Endowment Funds	\$ 4,866,728	\$ 5,230,937

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Note 13 - Endowment Net Assets: (Continued)

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

	<u>2020</u>	<u>2019</u>
Balance at Beginning of Year	\$ 5,230,937	\$ 4,995,741
Contributions	1,000	1,000
Investment (loss) income	(158,339)	430,243
Distributions	(206,870)	(196,621)
Balance at End of Year	<u>\$ 4,866,728</u>	<u>\$ 5,230,937</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 estimates that the Plan is 71% funded at March 31, 2020. 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 \$436,497 and \$353,062 for the years ended March 31, 2020 and 2019, 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 \$403,984 and \$278,255 for the years ended March 31, 2020 and 2019, respectively.

Operating Lease

The Organizations lease office space under lease agreements expiring through March 2024. Rent expense under these leases totaled \$397,711 and \$280,761 for the years ended March 31, 2020 and 2019, respectively.

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

<u>Years Ended March 31</u>	
2021	\$ 404,961
2022	410,269
2023	363,607
2024	193,344
Total	<u>\$ 1,372,181</u>

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Note 14 – Commitments and Contingency:

Coronavirus Pandemic Contingency

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. On March 19, 2020, the Governor of California declared a health emergency and issued an order to close all nonessential businesses until further notice. To support public health and employee safety, the Organizations closed their offices. The potential impacts to the Organizations include disruptions or restrictions on employees' ability to work, suspension of some programs, reduction in contributions from donors, and reduced grant revenue. In addition, there has been significant volatility in the financial markets, which may have an impact on the valuation of the Organizations' investments and investment income. Changes to the operating environment may also be impacted, and may have an impact on operating costs. The future effects of these issues are unknown.

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SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
MARCH 31, 2020**

	ASSETS			
	<u>Foundation</u>	<u>Union</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Current Assets:</u>				
Cash and cash equivalents	\$ 15,024,870	\$ 9,701,929	\$ -	\$ 24,726,799
Investments	8,985,118	302,473	-	9,287,591
Accounts receivable	90,353	69,500	-	159,853
Contributions receivable	1,117,500	-	-	1,117,500
Due from National Foundation	5,562,207	-	-	5,562,207
Due from National Union	-	866,820	-	866,820
Due from Foundation	-	1,073,285	(1,073,285)	-
Prepaid expenses	138,535	11,692	-	150,227
Total Current Assets	<u>30,918,583</u>	<u>12,025,699</u>	<u>(1,073,285)</u>	<u>41,870,997</u>
<u>Noncurrent Assets:</u>				
Contributions receivable, net	97,087	-	-	97,087
Deposits	26,832	7,950	-	34,782
Property and equipment, net	7,837,268	86,222	-	7,923,490
Beneficial interests in endowment funds	4,866,728	-	-	4,866,728
Total Noncurrent Assets	<u>12,827,915</u>	<u>94,172</u>	<u>-</u>	<u>12,922,087</u>
TOTAL ASSETS	<u>\$ 43,746,498</u>	<u>\$ 12,119,871</u>	<u>\$ (1,073,285)</u>	<u>\$ 54,793,084</u>
LIABILITIES AND NET ASSETS				
<u>Current Liabilities:</u>				
Accounts payable and accrued expenses	\$ 1,723,728	\$ 501,543	\$ -	\$ 2,225,271
Deposits	19,061	-	-	19,061
Due to National Foundation	275,417	-	-	275,417
Due to Union	1,073,285	-	(1,073,285)	-
Total Current Liabilities	<u>3,091,491</u>	<u>501,543</u>	<u>(1,073,285)</u>	<u>2,519,749</u>
<u>Noncurrent Liabilities:</u>				
Grant payable	-	200,000	-	200,000
Due to National Foundation	50,000	-	-	50,000
Total Noncurrent Liabilities	<u>50,000</u>	<u>200,000</u>	<u>-</u>	<u>250,000</u>
Total Liabilities	<u>3,141,491</u>	<u>701,543</u>	<u>(1,073,285)</u>	<u>2,769,749</u>
<u>Net Assets:</u>				
Without Donor Restrictions:				
Undesignated	14,425,463	5,311,870	-	19,737,333
Board designated	11,929,745	5,048,573	-	16,978,318
Property and equipment	7,837,268	86,222	-	7,923,490
Total Without Donor Restrictions	<u>34,192,476</u>	<u>10,446,665</u>	<u>-</u>	<u>44,639,141</u>
With Donor Restrictions	6,412,531	971,663	-	7,384,194
Total Net Assets	<u>40,605,007</u>	<u>11,418,328</u>	<u>-</u>	<u>52,023,335</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,746,498</u>	<u>\$ 12,119,871</u>	<u>\$ (1,073,285)</u>	<u>\$ 54,793,084</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>
Current Assets:				
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>
Noncurrent Assets:				
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				
Current Liabilities:				
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>
Noncurrent Liabilities:				
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>
Net Assets:				
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>

**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, 2020**

	<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	\$ 11,704,795	\$ 889,839	\$ (300,000)	\$ 12,294,634
In-kind contributed services	9,056,878	-	-	9,056,878
Legal awards	1,440,998	-	-	1,440,998
Membership contributions	-	6,086,254	-	6,086,254
Other income	144,833	437,347	-	582,180
Investment income (loss)	(58,662)	144,962	-	86,300
Net assets released from restrictions	1,944,105	40,897	-	1,985,002
Total Revenue and Support	<u>24,232,947</u>	<u>7,599,299</u>	<u>(300,000)</u>	<u>31,532,246</u>
<u>Expenses:</u>				
<u>Program Services:</u>				
Program services	<u>19,906,145</u>	<u>4,468,776</u>	<u>(300,000)</u>	<u>24,074,921</u>
<u>Supporting Services:</u>				
Management and general	1,791,216	1,001,013	-	2,792,229
Fundraising	1,886,096	287,675	-	2,173,771
Total Supporting Services	<u>3,677,312</u>	<u>1,288,688</u>	<u>-</u>	<u>4,966,000</u>
Total Expenses	<u>23,583,457</u>	<u>5,757,464</u>	<u>(300,000)</u>	<u>29,040,921</u>
Change in Net Assets Without Donor Restrictions	<u>649,490</u>	<u>1,841,835</u>	<u>-</u>	<u>2,491,325</u>
<u>Net Assets With Donor Restrictions:</u>				
Contributions	692,418	50,000	-	742,418
Investment income	(158,339)	-	-	(158,339)
Net assets released from restrictions	<u>(1,944,105)</u>	<u>(40,897)</u>	<u>-</u>	<u>(1,985,002)</u>
Change in Net Assets With Donor Restrictions	<u>(1,410,026)</u>	<u>9,103</u>	<u>-</u>	<u>(1,400,923)</u>
Change in Net Assets	(760,536)	1,850,938	-	1,090,402
Net Assets at Beginning of Year	<u>41,365,543</u>	<u>9,567,390</u>	<u>-</u>	<u>50,932,933</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 40,605,007</u></u>	<u><u>\$ 11,418,328</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 52,023,335</u></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 contributions	-	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	3,137,735	196	-	3,137,931
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	1,785,814	271,720	-	2,057,534
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><u>\$ 41,365,543</u></u>	<u><u>\$ 9,567,390</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 50,932,933</u></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, 2020**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Administrative expenses	\$ 430,910	\$ 31,723	\$ 43,849	\$ 75,572	\$ 506,482
Bad debt	-	-	100,000	100,000	100,000
Depreciation	272,848	54,780	56,087	110,867	383,715
Hospitality and meetings	171,499	4,840	122,835	127,675	299,174
Insurance	149,360	27,310	-	27,310	176,670
Litigation non-service fees	4,403	-	-	-	4,403
Occupancy	333,583	24,629	28,668	53,297	386,880
Outside services	584,923	85,724	41,462	127,186	712,109
Personnel	7,090,587	1,428,180	1,462,267	2,890,447	9,981,034
Professional expenses	9,475,840	66,287	-	66,287	9,542,127
Program grants	1,030,848	-	-	-	1,030,848
Sponsorship - Other Organizations	52,879	-	-	-	52,879
Taxes, permits, fees and licenses	(24,270)	27,167	460	27,627	3,357
Telecommunications	126,324	7,726	10,739	18,465	144,789
Travel	206,411	32,850	19,729	52,579	258,990
Total Expenses	\$ <u>19,906,145</u>	\$ <u>1,791,216</u>	\$ <u>1,886,096</u>	\$ <u>3,677,312</u>	\$ <u>23,583,457</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**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting 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	\$ <u>20,342,558</u>	\$ <u>2,003,661</u>	\$ <u>1,785,814</u>	\$ <u>3,789,475</u>	\$ <u>24,132,033</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, 2020**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Administrative expenses	\$ 308,987	\$ 69,112	\$ 6,788	\$ 75,900	\$ 384,887
Depreciation	14,340	4,230	1,159	5,389	19,729
Hospitality and meetings	227,160	22,086	12,982	35,068	262,228
Insurance	2,895	44,616	118	44,734	47,629
Litigation non-service fees	200	-	-	-	200
Occupancy	85,854	96,730	11,394	108,124	193,978
Outside services	751,765	56,214	12,242	68,456	820,221
Personnel	2,171,800	638,735	175,011	813,746	2,985,546
Professional expenses	66,660	9,515	36,907	46,422	113,082
Program grants	375,100	-	-	-	375,100
Sponsorship - Other Organizations	9,025	-	-	-	9,025
Taxes, permits, fees and licenses	74	876	235	1,111	1,185
Telecommunications	271,899	33,952	30,120	64,072	335,971
Travel	183,017	24,947	719	25,666	208,683
Total Expenses	\$ <u>4,468,776</u>	\$ <u>1,001,013</u>	\$ <u>287,675</u>	\$ <u>1,288,688</u>	\$ <u>5,757,464</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, 2019**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
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