

# **American Civil Liberties Union, Inc. and Consolidated Entities**

Consolidated Financial Report  
March 31, 2018

## Contents

---

Independent auditor's report	1-2
<hr/>	
Financial statements	
Consolidated statements of financial position	3
Consolidated statement of activities	4
Consolidated statement of functional expenses	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-29
Supplementary information	
Consolidating statement of financial position	30
Consolidating statement of activities	31

---

## Independent Auditor's Report

To the Board of Directors  
American Civil Liberties Union, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Civil Liberties Union, Inc. and consolidated entities (collectively, the American Civil Liberties Union or the ACLU), which comprise the consolidated statement of financial position as of March 31, 2018, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### Opinion

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

**Report on Summarized Comparative Information**

We have previously audited the American Civil Liberties Union's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual entities, 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 consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*RSM US LLP*

New York, New York  
September 28, 2018

**American Civil Liberties Union, Inc. and Consolidated Entities**

**Consolidated Statements of Financial Position  
March 31, 2018 and 2017**

	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 18,550,469	\$ 22,872,844
Pledges and contributions receivable, net	39,229,730	35,783,336
Investments	493,539,898	417,572,842
Other assets	5,218,779	6,509,656
Due from affiliates	13,975,967	11,066,224
Due from affiliates – allocated share of pension liability	23,386,720	21,855,230
Beneficial interest in trusts	1,665,262	1,599,841
Property and equipment, net of accumulated depreciation and amortization	33,331,187	29,200,572
	<u>33,331,187</u>	<u>29,200,572</u>
<b>Total assets</b>	<b>\$ 628,898,012</b>	<b>\$ 546,460,545</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 13,265,757	\$ 8,296,643
Due to affiliates	36,787,354	40,217,490
Liabilities under split-interest agreements	13,571,591	14,934,675
Bill of Rights Trust held for affiliates	33,457,616	30,379,865
Accrued pension liability	40,093,018	36,784,168
<b>Total liabilities</b>	<b>137,175,336</b>	<b>130,612,841</b>
Commitments and contingencies		
Net assets:		
Unrestricted:		
Board-designated	169,629,865	152,509,947
Undesignated	186,129,927	135,809,350
<b>Total unrestricted</b>	<b>355,759,792</b>	<b>288,319,297</b>
Temporarily restricted:		
Bill of Rights Trust and other endowments	22,927,016	19,583,752
Other time and purpose restrictions	56,664,600	57,405,702
<b>Total temporarily restricted</b>	<b>79,591,616</b>	<b>76,989,454</b>
Permanently restricted – Bill of Rights Trust and other endowments	56,371,268	50,538,953
<b>Total net assets</b>	<b>491,722,676</b>	<b>415,847,704</b>
<b>Total liabilities and net assets</b>	<b>\$ 628,898,012</b>	<b>\$ 546,460,545</b>

See notes to consolidated financial statements.

American Civil Liberties Union, Inc. and Consolidated Entities

Consolidated Statement of Activities

Year Ended March 31, 2018

(With Summarized Comparative Information for the Year Ended March 31, 2017)

	2018			2017	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and revenue:					
Support:					
Current member contributions	\$ 100,283,304	\$ -	\$ -	\$ 100,283,304	\$ 49,225,110
New member contributions	13,946,398	-	-	13,946,398	68,418,792
Grants and contributions	83,188,919	47,607,360	5,033,340	135,829,619	156,460,673
Donated legal services	9,780,957	-	-	9,780,957	2,202,732
Bequests	22,791,513	561,535	909,346	24,262,394	21,256,361
<b>Total support</b>	<b>229,991,091</b>	<b>48,168,895</b>	<b>5,942,686</b>	<b>284,102,672</b>	<b>297,563,668</b>
Revenue:					
List rentals	124,317	-	-	124,317	169,014
Rental income	828,384	-	-	828,384	745,665
Merchandise and book sales	581,161	-	-	581,161	1,169,918
Other income	154,128	-	-	154,128	33,003
<b>Total revenue</b>	<b>1,687,990</b>	<b>-</b>	<b>-</b>	<b>1,687,990</b>	<b>2,117,600</b>
Net assets released from restrictions	50,927,101	(50,927,101)	-	-	-
<b>Total support and revenue</b>	<b>282,606,182</b>	<b>(2,758,206)</b>	<b>5,942,686</b>	<b>285,790,662</b>	<b>299,681,268</b>
Expenses:					
Program services:					
Legislative	19,919,056	-	-	19,919,056	13,712,901
Legal	54,940,490	-	-	54,940,490	36,554,859
Public education	41,107,720	-	-	41,107,720	28,551,939
Civil liberties policy formulation	1,029,974	-	-	1,029,974	870,391
Affiliate support	94,736,747	-	-	94,736,747	89,205,157
<b>Total program services</b>	<b>211,733,987</b>	<b>-</b>	<b>-</b>	<b>211,733,987</b>	<b>168,895,247</b>
Supporting services:					
Management and general	8,417,092	-	-	8,417,092	6,364,436
Fund-raising	13,640,733	-	-	13,640,733	13,965,513
<b>Total supporting services</b>	<b>22,057,825</b>	<b>-</b>	<b>-</b>	<b>22,057,825</b>	<b>20,329,949</b>
<b>Total expenses</b>	<b>233,791,812</b>	<b>-</b>	<b>-</b>	<b>233,791,812</b>	<b>189,225,196</b>
<b>Change in net assets before other changes</b>	<b>48,814,370</b>	<b>(2,758,206)</b>	<b>5,942,686</b>	<b>51,998,850</b>	<b>110,456,072</b>
Other changes in net assets:					
Legal expenses awarded, net	2,695,991	-	-	2,695,991	4,139,323
Net investment income, gains and losses	15,971,814	6,177,540	-	22,149,354	23,480,097
Changes in value of split-interest agreements	1,534,882	(275,505)	-	1,259,377	(1,352,270)
Recognition of affiliates' share of minimum pension liability adjustment	1,531,490	-	-	1,531,490	(10,686,574)
Minimum pension liability adjustment	(3,108,052)	-	-	(3,108,052)	15,004,391
Other adjustments	-	(541,667)	(110,371)	(652,038)	-
<b>Total other changes in net assets</b>	<b>18,626,125</b>	<b>5,360,368</b>	<b>(110,371)</b>	<b>23,876,122</b>	<b>30,584,967</b>
<b>Change in net assets</b>	<b>67,440,495</b>	<b>2,602,162</b>	<b>5,832,315</b>	<b>75,874,972</b>	<b>141,041,039</b>
Net assets:					
Beginning of year	288,319,297	76,989,454	50,538,953	415,847,704	274,806,665
End of year	\$ 355,759,792	\$ 79,591,616	\$ 56,371,268	\$ 491,722,676	\$ 415,847,704

See notes to consolidated financial statements.

American Civil Liberties Union, Inc. and Consolidated Entities

Consolidated Statement of Functional Expenses

Year Ended March 31, 2018

(With Summarized Comparative Information for the Year Ended March 31, 2017)

	2018										2017 Summarized Comparative Information
	Program Services					Supporting Services					
	Legislative	Legal	Public Education	Civil Liberties Policy Formulation	Affiliate Support	Total Program Services	Management and General	Fund- raising	Total Supporting Services	Total Expenses	
Salaries	\$ 3,687,061	\$17,811,831	\$ 7,584,692	\$ 504,106	\$ 5,859,556	\$ 35,447,246	\$ 3,844,056	\$ 5,055,681	\$ 8,899,737	\$ 44,346,983	\$ 36,873,413
Employee benefits	925,046	5,048,317	2,402,379	162,920	2,056,965	10,595,627	1,618,681	1,448,515	3,067,196	13,662,823	12,261,340
Rent and occupancy	311,734	1,505,813	591,269	27,197	145,498	2,581,511	222,338	339,312	561,650	3,143,161	3,456,201
Books	29,216	221,452	121,003	3,750	61,301	436,722	11,521	133,608	145,129	581,851	488,036
Building depreciation	97,832	708,036	287,592	10,870	155,966	1,260,296	102,005	237,916	339,921	1,600,217	1,981,977
Other depreciation and amortization	-	1,447,632	237,317	-	261,048	1,945,997	-	427,170	427,170	2,373,167	2,057,775
Equipment rental and maintenance	438,894	1,574,147	890,605	30,714	443,593	3,377,953	354,395	726,218	1,080,613	4,458,566	2,946,872
Grants to affiliates	5,800,792	1,838,580	90,000	-	5,352,471	13,081,843	-	-	-	13,081,843	10,162,392
Shared portion of contributions	1,500	7,603,195	-	-	62,468,551	70,073,246	-	-	-	70,073,246	67,412,254
Shared portion of bequest	-	575,956	-	-	6,467,664	7,043,620	-	-	-	7,043,620	3,732,310
Meetings/conferences	236,739	219,483	96,243	18,637	989,591	1,560,693	118,724	78,891	197,615	1,758,308	400,684
Legal fees	3,166	409,431	-	16,918	106,848	536,363	219,935	-	219,935	756,298	260,449
Donated legal services	-	9,780,957	-	-	-	9,780,957	-	-	-	9,780,957	2,202,732
Accounting fees	-	-	-	-	-	-	368,438	-	368,438	368,438	262,577
Professional fund-raising services	-	-	-	-	-	-	-	1,958,522	1,958,522	1,958,522	1,818,647
Other professional services	4,790,056	2,481,160	5,892,989	105,508	1,004,949	14,274,662	535,227	534,014	1,069,241	15,343,903	11,421,056
Interest expense	179	1,064	343	20	272	1,878	160	436	596	2,474	244,890
Postage and supplies	21,714	34,718	7,560,127	3,020	348,707	7,968,286	25,670	1,175,607	1,201,277	9,169,563	5,132,900
Publishing, printing and outreach	71,159	31,217	8,752,686	240	6,721	8,862,023	992	233,627	234,619	9,096,642	7,106,643
Special affiliate subsidies	-	-	-	-	7,200,000	7,200,000	-	-	-	7,200,000	6,000,000
Telephone	139,916	447,760	104,147	4,791	95,679	792,293	50,318	121,482	171,800	964,093	1,033,692
Telemarketing	-	-	1,193,179	-	-	1,193,179	-	141,094	141,094	1,334,273	24,327
Travel	428,538	1,265,262	406,867	49,483	361,692	2,511,842	186,600	309,408	496,008	3,007,850	1,884,036
Other grants and awards	2,475,625	148,465	2,808	1,838	571,438	3,200,174	5,513	2,753	8,266	3,208,440	3,105,000
Other expenses	459,889	1,786,014	4,893,474	89,962	778,237	8,007,576	752,519	716,479	1,468,998	9,476,574	6,954,993
<b>Total - 2018</b>	<b>\$ 19,919,056</b>	<b>\$54,940,490</b>	<b>\$41,107,720</b>	<b>\$ 1,029,974</b>	<b>\$94,736,747</b>	<b>\$ 211,733,987</b>	<b>\$ 8,417,092</b>	<b>\$13,640,733</b>	<b>\$22,057,825</b>	<b>\$ 233,791,812</b>	
Total - 2017	\$ 13,712,901	\$36,554,859	\$28,551,939	\$ 870,391	\$89,205,157	\$ 168,895,247	\$ 6,364,436	\$13,965,513	\$20,329,949		\$ 189,225,196

See notes to consolidated financial statements.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Consolidated Statements of Cash Flows Years Ended March 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 75,874,972	\$ 141,041,039
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,973,384	4,039,752
Discount on pledges receivable	201,443	(728,107)
Changes in value of split-interest agreements	(1,259,377)	1,352,270
Net realized and unrealized gains on investments, net of adjustments for affiliate holdings	(13,017,726)	(18,080,514)
Minimum pension liability adjustment	3,108,052	(15,004,391)
Affiliates' allocated share of pension liability adjustment	(1,531,490)	10,686,574
Cash received on contributions restricted for endowment	(6,207,612)	(4,705,755)
Contributions subject to split-interest agreements	(1,379,811)	(668,776)
Changes in operating assets and liabilities:		
(Increase) decrease in due from/to affiliates	(6,489,608)	30,671,229
(Increase) decrease in pledges and contributions receivable	(3,647,837)	6,560,836
Decrease (increase) in other assets	1,290,877	(4,209,705)
Increase in accounts payable and accrued expenses	4,969,114	2,773,900
Increase in Bill of Rights Trust held for affiliates	1,231,529	1,095,760
Increase (decrease) in accrued pension liability	200,798	(2,460,958)
<b>Net cash provided by operating activities</b>	<b>57,316,708</b>	<b>152,363,154</b>
Cash flows from investing activities:		
Proceeds from sale of investments	330,669,282	105,345,292
Purchase of investments	(391,772,389)	(254,533,189)
Purchase of property and equipment	(8,104,001)	(3,992,998)
<b>Net cash used in investing activities</b>	<b>(69,207,108)</b>	<b>(153,180,895)</b>
Cash flows from financing activities:		
Cash received on contributions restricted for endowment	6,207,612	4,705,755
Contributions subject to split-interest agreements	1,379,811	668,776
Payments on split-interest agreements	(1,609,940)	(1,584,026)
New annuities	1,590,542	927,822
Principal payments on IDA bonds	-	(14,220,000)
<b>Net cash provided by (used in) financing activities</b>	<b>7,568,025</b>	<b>(9,501,673)</b>
<b>Net change in cash and cash equivalents</b>	<b>(4,322,375)</b>	<b>(10,319,414)</b>
Cash and cash equivalents:		
Beginning	22,872,844	33,192,258
Ending	\$ 18,550,469	\$ 22,872,844
Supplemental disclosures of cash flow information:		
Interest paid	\$ 2,474	\$ 244,890
Change in investments for Bill of Rights Trust held for affiliates	\$ 1,846,222	\$ 2,507,467

See notes to consolidated financial statements.



## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 1. Organization

The American Civil Liberties Union, Inc. (the Union) and the American Civil Liberties Union Foundation, Inc. (the Foundation), collectively, the "American Civil Liberties Union" or the "ACLU," were established as nonprofit corporations to preserve and promote individual civil rights and civil liberties as guaranteed by the United States Constitution and the nation's civil rights laws.

The ACLU is affiliated with 50 nonprofit, tax-exempt organizations and has a presence in every state in the United States and in the District of Columbia and Puerto Rico. All affiliates include reference to the "American Civil Liberties Union" or some variation thereof in their names (the affiliates). The affiliates also operate through related Section 501(c)(3) and Section 501(c)(4) organizations. The affiliates share the same overall mission and purpose as the ACLU, but their programs focus more on local or regional issues, while the ACLU's program activities are focused on overarching civil liberties issues and initiatives. Although the ACLU plays no direct role in the governance of and, except in very limited instances, does not share employees with, the affiliates, the organizations jointly fundraise and work together on certain programs and the ACLU, through either the Union or Foundation, as appropriate, at its sole discretion provides targeted financial and other support to the affiliates.

#### Note 2. Summary of Significant Accounting Policies

**Basis of presentation:** The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Principles of consolidation:** The accompanying consolidated financial statements include the accounts and activities of the Union, the Foundation and 915 15th Street, LLC (the LLC). Certain members of the board of directors of the Union comprise the board of directors of the Foundation. The LLC is a single-member limited liability company of which the Foundation is the sole member. All significant inter-organizational accounts and transactions have been eliminated in consolidation.

The accounts and activities of the affiliates are not included in these consolidated financial statements.

**Use of estimates:** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents:** The ACLU considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held temporarily in the investments portfolio are included in investments.

**Investments and related income, gains and losses:** Investments are reported at fair value in the consolidated statements of financial position. The consolidated statement of activities includes net investment income consisting of interest and dividend income, realized and unrealized gains and losses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses on sale of investments are calculated on the basis of specific identification of the securities sold. Purchases and sales of securities are recognized on a trade-date basis.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

**Fair value measurements:** Assets and liabilities recorded at fair value in the consolidated statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Pursuant to Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 820, Fair Value Measurement, level inputs are defined as follows:

**Level 1:** Inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities that the ACLU has the ability to access at the measurement date. The types of investments in Level 1 generally include listed equities, mutual funds and exchange-traded funds.

**Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Investments in this category generally include corporate debt, U.S. government debt, and less liquid securities such as securities traded on certain foreign exchanges. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

**Level 3:** Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimates. Investments in this category generally include equity and debt positions in private companies.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

**Fair value of financial instruments:** The following methods and assumptions were used in estimating the fair values of significant financial instruments:

**Cash and cash equivalents:** The carrying amount approximates fair value because the instruments are liquid in nature and have short-term maturities.

**Investments:** The fair value is determined as described in Note 5.

**Pledges and contributions receivable:** The carrying amount is based on estimated present value of the anticipated cash inflows and allowances for doubtful accounts on contributions receivable, if any, and approximates fair value.

**Other assets, due to/from affiliates, and accounts payable and accrued expenses:** The carrying amounts approximate fair values because of the short-term nature of the instruments.

**Beneficial interest in trusts:** The carrying amount is based on estimated present value of the anticipated cash inflows and approximates fair value.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

**Liabilities under split-interest agreements:** The carrying amount is based on estimated present value of the expected payments to beneficiaries and approximates fair value.

**Concentration of market and credit risk:** The ACLU's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments.

Exposure to credit risk is reduced by the placement of such funds in high credit quality financial institutions and financial instruments. At March 31, 2018, the majority of the ACLU's money market accounts were in funds that invest in short-term direct government obligations, such as U.S. Treasury Bills, that are backed by the full faith and credit of the U.S. government.

In order to control market risk, the ACLU has an investment committee that reviews and updates investment policy statements for the organization's various investment portfolios, oversees its investment portfolio and engages the services of investment advisors and managers to invest and manage the assets within the guidelines of the respective investment policy statements and perform ongoing due diligence and reporting. The ACLU monitors the market risk of its investment portfolio via ongoing review of asset allocation formulas and analysis of investment values as reported by investment custodians and managers.

The clearing and depository operations for the ACLU's portfolio of investments held in managed accounts are provided principally by two financial institutions that held approximately 99% of the total portfolio at March 31, 2018 and 2017.

**Property and equipment:** Property and equipment (consisting of office buildings, furniture, fixtures, office equipment and intangible assets) are carried at cost, less accumulated depreciation or amortization. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the respective assets.

**Impairment of long-lived assets:** The ACLU reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of any asset may not be recoverable and, if so, the carrying value is reduced to the estimated fair value.

**Net assets:** The ACLU reports information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets consist of amounts that can be spent at the discretion of the ACLU and have no donor restrictions associated with them. A portion of unrestricted net assets has been designated by the board of directors for certain purposes. Temporarily restricted net assets consist of contributions that are restricted by donors for a specific time period and/or purpose. Permanently restricted net assets consist of endowment funds to be held in perpetuity.

**Endowment:** When the ACLU receives a contribution and the donor restricts the ACLU from spending the principal, the contribution is classified as an endowment, with the amount of the gift recorded as permanently restricted. The majority of the ACLU's endowment funds are held pursuant to the terms of the agreement for the establishment of the Bill of Rights Trust.

The ACLU is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA), and has interpreted NYPMIFA 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. The remaining portion of the endowment fund that is not classified as permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the ACLU in a manner consistent with the standard of prudence prescribed by NYPMIFA.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

**Contributions and related receivables:** The ACLU reports contributions as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give are recorded as pledges and contributions receivable in the period the promise is received. Payments received in subsequent periods on unconditional promises to give, such as payments on multi-year gifts, are not recognized as revenue; rather, these are recorded as decreases in the corresponding pledges receivable balance. Pledges and contributions receivable due within one year are recorded at their net realizable value. Pledges and contributions receivable due in more than one year are recorded at the present value of their net realizable value, using applicable risk-adjusted interest rates to discount the amounts. Allowances for doubtful pledges and contributions receivable are provided by management based on the ACLU's experience with the donors and their ability to pay.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions that are to be maintained in perpetuity are recorded as permanently restricted support.

Contributions of noncash assets are recorded at fair value in the period received.

Certain contributions and bequests revenue are subject to revenue sharing agreements with affiliates. The ACLU's sharing rules specify the circumstances under which revenue shall be shared and the methodology for determining the specific portion of various categories of revenue that will be shared among the ACLU and the affiliates. Shared revenues are reported at gross amounts and the affiliates' share of the revenues are included as affiliate support expense in the consolidated statement of activities. The ACLU reports the affiliates' share of revenues as expenses when cash is received from the donor.

Donated services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

Due to the nature of the ACLU's civil liberties litigation, in-kind professional legal services are from time to time provided on a pro bono basis by outside attorneys. These services are recorded as revenue and expenses at fair value based on the attorneys' records of time spent and applicable billing rates.

A number of individuals have made a contribution of their time to serve on the ACLU's board. The value of their contributed time is not reflected in these consolidated financial statements inasmuch as those services would not typically be purchased had they not been provided by donation.

**Bequests:** The ACLU is a beneficiary under various wills and trust agreements, the total realizable amounts of which are not determinable at present. The ACLU's share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

**Donor concentration:** Approximately 11% and 7% of the total grants, contributions and bequests revenue for the years ended March 31, 2018 and 2017, were provided by four and three donors, respectively. In addition, approximately 50% and 54% of the gross pledges and contributions receivable at March 31, 2018 and 2017, respectively, were due from three donors both years.

**Functional expenses:** The cost of providing the various program and supporting services of the ACLU have been summarized on a functional basis in the accompanying consolidated financial statements. Certain costs and expenses have been allocated between program services and supporting services on a reasonable basis as determined by management.

In addition, certain expenses, predominantly salaries and employee benefits, are shared between the Union and the Foundation. Expenses paid by the Union and allocated to the Foundation during the years ended March 31, 2018 and 2017 amounted to \$8,382,257 and \$9,780,337, respectively.

**Grants to affiliates:** The ACLU recognizes grants to affiliates as expense when a formal agreement has been signed by both the ACLU and the affiliate, and any conditions set forth are met by the affiliate.

**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 ACLU 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 ACLU's accounting policy is to accrue an award only when, in management's judgment, the amount appears relatively certain of collection.

**Defined benefit pension plan:** The ACLU reports the funded status of, and discloses other information about, its sponsored defined benefit pension plan in accordance with FASB ASC 715, Compensation - Retirement Benefits. (See Note 11)

**Income taxes:** The Union and the Foundation are nonprofit organizations exempt from income taxes under Section 501(c)(4) and Section 501(c)(3), respectively, of the U.S. Internal Revenue Code. Both the Union and the Foundation are subject to taxes on unrelated business income, as applicable. The LLC is treated as a disregarded (tax) entity.

The Union and the Foundation file tax and information returns with the Internal Revenue Service (the IRS) and with various states.

Management evaluated the Union's and the Foundation's tax positions and concluded that each organization had taken no uncertain tax positions that require additional adjustment or disclosure to the accompanying consolidated financial statements. Generally, the Union and the Foundation are no longer subject to income tax examinations by U.S. federal, state or local tax authorities for tax years before 2015, which is the standard statute of limitations look-back period.

**Prior-year summarized comparative information:** The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset or by functional expense classifications. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the ACLU's consolidated financial statements as of and for the year ended March 31, 2017, from which the summarized information was derived.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

**Evaluation of subsequent events:** The ACLU evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the consolidated financial statements. Such evaluation is performed through the date the consolidated financial statements are issued, which is September 28, 2018.

**Recently issued accounting pronouncements:** In August 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU 2018-08 clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The new standard is effective for fiscal years beginning after December 15, 2018. ACLU is currently evaluating the effect that the standard will have on the consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. ASU 2017-07 addresses how employers that sponsor defined benefit pension and/or other postretirement benefit plans present the net periodic benefit cost in the income statement. Employers will be required to present the service cost component of net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. Employers will present the other components of the net periodic benefit cost separately from the line item that includes the service cost and outside of any subtotal of operating income, if one is presented. The standard is effective for the Union for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Adoption of ASU 2017-07 will require the Union to include the service cost component of net periodic benefit cost related to its defined benefit plan and other postretirement benefit plan within salaries and wages expense on the consolidated statements of activities and to present all other components in a separate line item excluded from the subtotal for other changes in net assets.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods beginning after December 15, 2018, and therefore, is expected to be adopted by the ACLU for the year ending March 31, 2020. Early adoption is permitted. The ACLU has not evaluated the impact that adoption will have on the consolidated statements of cash flows.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statements of cash flows. These amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. ASU 2016-18 will be effective for the ACLU for the year ending March 31, 2020. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The ACLU has not evaluated the impact that adoption will have on the consolidated statements of cash flows.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

In August, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management has not evaluated the impact of this ASU on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expenses recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The ACLU is currently evaluating the impact of the adoption of the new standard on the consolidated financial statements.

In January 2016, FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 includes a number of amendments that address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. One of the amendments eliminates the requirements to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. The amendments in this update are effective for the ACLU for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The ACLU has not yet determined the effect on the consolidated financial statements of adopting the other amendments included in ASU 2016-01.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 by one year making it effective for annual reporting periods beginning after December 15, 2018. The ACLU has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

#### Note 3. Related Party Transactions

Amounts due from and to affiliates represent receivables and payables related to affiliate support and revenue sharing.

Amounts due to affiliates include the portion of contributions that are shared in accordance with the ACLU sharing rules and payments related to certain affiliate subsidy programs.

Amounts due from affiliates include income generated by the affiliates that is subject to the application of the ACLU sharing rules, and reimbursement to the ACLU for expenses paid by the ACLU on behalf of the affiliates, including contributions payable to the employee pension plan totaling \$3,733,659 and \$4,643,424 for the years ended March 31, 2018 and 2017, respectively.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 3. Related Party Transactions (Continued)

Also included in the amounts due from affiliates are notes receivable of \$182,083 at March 31, 2018, and \$225,208 at March 31, 2017, due from certain affiliates. The remaining notes matures June 30, 2021, and accrues interest at the prime rate.

Amounts due from affiliates – allocated share of pension liability of \$23,386,720 and \$21,855,230 at March 31, 2018 and 2017, respectively, represent the estimated aggregate amount due from affiliates in connection with employer withdrawal liability provision stipulated in the amended and restated ACLU Retirement Plan effective January 1, 2015 (Note 11) in the event of withdrawal from the plan.

During the years ended March 31, 2018 and 2017, the Foundation received approximately \$376,000 and \$346,000, respectively, from the New York Civil Liberties Union, Inc. and the New York Civil Liberties Union Foundation, Inc. in payments for the use of space occupied at the Foundation's offices at 125 Broad Street. These payments include charges for cleaning and other customary services.

#### Note 4. Pledges and Contributions Receivable

Pledges and contributions receivable which are expected to be collected after one year have been discounted to net present value at rates ranging from 2.71% to 4.10% and are reflected in the consolidated financial statements at their net realizable value.

Pledges and contributions receivable are comprised of the following at March 31:

	2018	2017
Receivable due within one year or less	\$ 19,092,765	\$ 18,427,941
Receivable due in more than one year to five years	21,739,115	18,507,222
Receivable due in over five years	-	500,000
	<u>40,831,880</u>	<u>37,435,163</u>
Less discount to present value	(1,602,150)	(1,400,707)
Less provision for uncollectible accounts	-	(251,120)
	<u>\$ 39,229,730</u>	<u>\$ 35,783,336</u>

Accordingly, the provision for uncollectible pledges and contributions receivable is recognized in the accompanying consolidated financial statements.

Approximately \$33,000,000 and \$14,000,000 of pledges and contributions receivable as of March 31, 2018 and 2017, respectively, are the affiliates' share of these revenues which are based on ACLU's revenue sharing rules; these amounts will be recognized as expenses by the ACLU upon the receipt of cash from donors.

In addition to the pledges and contributions receivable recognized in the consolidated financial statements, in fiscal year 2016 a certain ACLU donor confirmed his intention of contributing \$5,000,000 over a period of five years from a donor-advised fund. Through March 31, 2018, the ACLU has received \$2,000,000 in contributions (from donor-advised fund) towards the intention. ACLU has recognized as revenue for the year ended March 31, 2018, the \$1,000,000 received during the year. The remaining anticipated contributions have not been recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition of contributions revenue under U.S. GAAP until payments from the donor-advised fund are received.



## **American Civil Liberties Union, Inc. and Consolidated Entities**

### **Notes to Consolidated Financial Statements**

---

#### **Note 4. Pledges and Contributions Receivable (Continued)**

As of March 31, 2018, the ACLU has received approximately \$37,200,000 of conditional commitments to make matching grants and contributions that have not been recognized in these consolidated financial statements. Approximately \$14,400,000 of these conditions have been met and recognized as support during the year ended March 31, 2018. Revenues on these grants and contributions will be recognized by the ACLU in future periods as the matching requirements are met.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

#### Note 5. Investments and Fair Value Measurement

The following tables present the ACLU's investments that are measured at fair value on a recurring basis.

	Fair Value Measurements at March 31, 2018 Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 60,950,532	\$ 60,950,532	\$ -	\$ -
Equities	23,235,825	23,235,825	-	-
Corporate Bonds (by S&P rating):				
AAA - A-	33,711,005	-	33,711,005	-
BBB+ - B-	24,621,673	-	24,621,673	-
Total corporate bonds	58,332,678	-	58,332,678	-
U.S. Treasury Notes, agency and related	17,080,686	-	17,080,686	-
Mutual Funds				
Large-cap U.S. equity	63,379,717	63,379,717	-	-
Small-/mid-cap U.S. equity	10,194,366	10,194,366	-	-
International equity	52,544,056	52,544,056	-	-
Short-term bond	35,540,080	35,540,080	-	-
Intermediate-term bond	45,619,353	45,619,353	-	-
High-yield bond	8,609,783	8,609,783	-	-
International fixed income	768,173	768,173	-	-
Other bond	14,361,101	14,361,101	-	-
Real estate and commodities	13,057,354	13,057,354	-	-
Total mutual funds	244,073,983	244,073,983	-	-
Common Trust Funds <sup>(1)</sup>				
Large-cap U.S. equity	4,148,087	-	-	-
Small-/mid-cap U.S. equity	1,695,380	-	-	-
International equity	4,293,558	-	-	-
Intermediate-term bond	1,887,030	-	-	-
High-yield and other bonds	1,536,626	-	-	-
Real estate and hard assets (commodities)	1,276,003	-	-	-
Total common trust funds	14,836,684	-	-	-
Exchange-Traded Funds				
Large-cap U.S. equity	2,768,101	2,768,101	-	-
Small-/mid-cap U.S. equity	1,493,827	1,493,827	-	-
International equity	16,167,590	16,167,590	-	-
Short-term, long-term and intermediate-term bonds	13,395,217	13,395,217	-	-
Real estate and hard assets (commodities)	8,281,559	8,281,559	-	-
Total exchange-traded funds	42,106,294	42,106,294	-	-
Certificates of Deposit	2,244,100	2,244,100	-	-
Hedge Funds <sup>(1)</sup>	30,679,116	-	-	-
	<u>\$ 493,539,898</u>	<u>\$ 372,610,734</u>	<u>\$ 75,413,364</u>	<u>\$ -</u>

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

#### Note 5. Investments and Fair Value Measurement (Continued)

	Fair Value Measurements at March 31, 2017 Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 34,638,576	\$ 34,638,576	\$ -	\$ -
Equities	21,810,217	21,810,217	-	-
Corporate Bonds (by S&P rating):				
AAA - A-	31,300,512	-	31,300,512	-
BBB+ - B-	19,517,451	-	19,517,451	-
Total corporate bonds	50,817,963	-	50,817,963	-
U.S. Treasury Notes, agency and related	17,014,963	-	17,014,963	-
Mutual Funds				
Large-cap U.S. equity	20,992,251	20,992,251	-	-
Small-/mid-cap U.S. equity	12,774,633	12,774,633	-	-
International equity	43,770,912	43,770,912	-	-
Short-term bond	84,089,993	84,089,993	-	-
Intermediate-term bond	21,256,752	21,256,752	-	-
High-yield bond	11,046,799	11,046,799	-	-
International fixed income	917,763	917,763	-	-
Other bond	7,809,881	7,809,881	-	-
Real estate and commodities	1,971,678	1,971,678	-	-
Total mutual funds	204,630,662	204,630,662	-	-
Common Trust Funds <sup>(1)</sup>				
Large-cap U.S. equity	3,904,470	-	-	-
Small-/mid-cap U.S. equity	1,718,779	-	-	-
International equity	3,586,594	-	-	-
Intermediate-term bond	1,463,469	-	-	-
High-yield and other bonds	1,578,233	-	-	-
Real estate and hard assets (commodities)	1,235,270	-	-	-
Total common trust funds	13,486,815	-	-	-
Exchange-Traded Funds				
Large-cap U.S. equity	20,233,943	20,233,943	-	-
Small-/mid-cap U.S. equity	7,949,807	7,949,807	-	-
International equity	9,031,688	9,031,688	-	-
Short-term, long-term and intermediate-term bonds	5,774,453	5,774,453	-	-
Real estate and hard assets (commodities)	10,827,815	10,827,815	-	-
Total exchange-traded funds	53,817,706	53,817,706	-	-
Certificates of Deposit	2,433,480	-	2,433,480	-
Hedge Funds <sup>(1)</sup>	18,922,460	-	-	-
	\$ 417,572,842	\$ 314,897,161	\$ 70,266,406	\$ -

(1) In accordance with the guidance provided by FASB ASU 2015-07, Subtopic 820-10, certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 5. Investments and Fair Value Measurement (Continued)

Below are the valuation techniques used by the ACLU to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

Equities, money market funds, and exchange-traded funds listed on a national securities exchange or reported on the Nasdaq global market are stated at the last reported sales or trade price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

U.S. government debt, corporate bonds and certificates of deposits are valued based on the last reported bid price provided by broker-dealers, and are reported as Level 2 in the fair value hierarchy.

Investments in mutual funds are stated at fair value based on the last quoted evaluation price or net asset value. To the extent these securities are actively traded and valuation adjustments are not applied, they are classified as Level 1 in the fair value hierarchy.

Investments in common trust funds and hedge funds are valued at fair value based on the applicable percentage ownership of the underlying net assets on the measurement date. In determining fair value, the ACLU utilizes, as a practical expedient, the NAV (or equivalent) provided by the fund managers (NAV of funds). The underlying common trust funds and hedge funds value securities and other financial instruments on a fair value. The estimated fair values of certain investments of the underlying common trust funds or hedge funds, which may include private placements and other securities for which prices are not readily available, are determined by the trustee of the common trust funds or sponsor of the hedge funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Investments that use the practical expedient are not classified within the fair value hierarchy.

The ACLU assesses the fair value hierarchy levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. There were no significant transfers among Levels 1, 2 and 3 during fiscal 2018 or 2017.

ACLU has the ability to redeem its investments in common trust funds on a daily or monthly basis. The objectives of the investments in common trust funds are to approximate as closely as practicable or to provide total investment returns that are in excess of the performance of the following benchmarks over time with certain risk parameters:

	Benchmark
Large-cap U.S. Equity	S&P 500 Index
Small-/mid-cap U.S. equity	Russell 2000 Index, S&P MidCap 400 Index
International equity	MSCI EAFE Index, MSCI Emerging Markets
Intermediate-term bond	Barclays U.S. Aggregate Bond Index, Barclays U.S. Intermediate Bond Index
High-yield and other bonds	Barclays U.S. Treasury Inflation Protected Securities Index, Barclays Corporate High Yield 2% Issuer Cap Index
Real estate and hard assets (commodities)	Dow Jones U.S. Select REIT Index, Dow Jones-UBS Commodity Total Return Index

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

#### Note 5. Investments and Fair Value Measurement (Continued)

The investment in hedge funds include two funds for which ACLU does not have the ability to redeem the investments on March 31, 2018 or in the near term, which is defined as 90 days or less from March 31, 2018. The investment objective of the hedge fund is to generate consistent capital appreciation over the long term, with relatively low volatility and a low correlation with traditional equity and fixed income markets. The ACLU has no unfunded commitments on these investments as of March 31, 2018.

The investments are held for the following purposes:

	2018	2017
Bill of Rights Trust, inclusive of endowments held in perpetuity of \$50,001,268 and \$48,793,656 at March 31, 2018 and 2017, respectively (Note 9)	\$ 105,441,734	\$ 97,737,206
Split-interest agreements (Note 7)	25,384,279	22,354,025
Other endowment, special projects, program support and operating reserves	362,713,885	297,481,611
	<u>\$ 493,539,898</u>	<u>\$ 417,572,842</u>

Net investment income, losses and gains reported in the accompanying consolidated statement of activities consist of the following:

	2018	2017
Interest and dividends	\$ 10,061,042	\$ 6,102,934
Net realized and unrealized gains on investments	14,863,948	20,587,981
	24,924,990	26,690,915
Adjustment for allocation to affiliates holding units in the Trust for the Bill of Rights	(2,775,636)	(3,210,818)
Net investment income, losses and gains	<u>\$ 22,149,354</u>	<u>\$ 23,480,097</u>

Investment management and custodial fees amounted to approximately \$668,000 for 2018 and \$613,000 for 2017, and are included as other professional services in the consolidated statement of functional expenses.

#### Note 6. Property and Equipment

Property and equipment consist of the following:

	2018	2017	Range of Estimated Useful Life
Land, office buildings and office condominium	\$ 53,891,864	\$ 52,477,749	10 to 50 years
Furniture, fixtures and office equipment	5,463,294	4,588,073	3 to 5 years
Software	14,094,186	5,536,045	3 to 15 years
Software, work-in-process	1,685,799	4,429,277	N/A
	75,135,143	67,031,144	
Less accumulated depreciation and amortization	(41,803,956)	(37,830,572)	
	<u>\$ 33,331,187</u>	<u>\$ 29,200,572</u>	

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 7. Split-Interest Agreements

The Foundation receives contributions through its charitable gift annuity program whereby in exchange for gifts of cash or securities, the Foundation promises to pay a fixed annual amount for life to the annuitant.

The difference between the fair value of the assets received and the present value of the future distributions to the annuitant is recognized as contribution revenue.

Upon the death of the annuitant, any balance of the amount in the split-interest account reverts to the Foundation.

The Foundation has received gifts under this program on which it is obligated to make annual annuity payments of approximately \$1,617,000 in accordance with the agreements as of March 31, 2018.

In addition, the Foundation has eight unitrust agreements on which the income is paid to the donor for life. Upon the death of the donor, the balance in the trust account shall be distributed to the Foundation for its general purposes.

Assets and liabilities related to the Foundation's split-interest agreements are as follows:

	2018	2017
Assets – investments	\$ 25,384,279	\$ 22,354,025
Liabilities under split-interest agreements	13,571,591	14,934,675
	<u>\$ 11,812,688</u>	<u>\$ 7,419,350</u>

Asset balances at March 31, 2018 and 2017, exceeded the reserve requirements of the New York State Insurance Commission as well as the reserve requirements of the relevant regulatory bodies in all other states that require a reserve fund and in which the Foundation issues gift annuities. Reserves are included in liabilities under split-interest agreements on the accompanying consolidated statements of financial position.

The present value of obligations under split-interest agreements was calculated using interest rates ranging from 2.5% to 8.5% and applicable Annuity Mortality Tables (either 1983A, 2000 or 2012AR).

Beneficial interests in trusts (BITs) are recorded based on the present value of the estimated future receipts from the trusts, using discount rates ranging from 1.32% to 5.34%. These rates approximate the rates of return on the assets held in the trusts, and are commensurate with the risks that management associates with the ultimate collection of the trusts. The initial gift and any subsequent adjustments to the non-perpetual BITs' carrying value are recognized as temporarily restricted contributions. The temporary restriction relates to the extended time period over which the gift is expected to be received and may also include purpose restrictions to benefit specific Foundation programs.

Adjustments to reflect revaluations of the present value of estimated future payments and changes in actuarial assumptions are recognized in the consolidated statement of activities as changes in value of split-interest agreements.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 8. IDA Bond Financing

In June 1997, the Foundation received financing of \$6,000,000 as a result of the New York City Industrial Development Agency's (IDA) issuance of bonds in that amount, which money was used to finance a portion of the cost of the acquisition, renovation, improvement, equipping and furnishing of its office building condominium units constituting the 17th and 18th floors of 125 Broad Street, New York, New York which units are collateral for the debt (the 1997 IDA bonds). On January 5, 2005, the 1997 IDA bonds were redeemed and new bonds in the amount of \$20,000,000 were issued by the IDA, the proceeds of which were delivered to the Foundation in order for the Foundation to pay for the redemption of the 1997 bonds, to purchase the 19th floor condominium unit and a proportional common interest in the land associated with the 17th, 18th and 19th floor condominium units at 125 Broad Street, New York, New York (together with the 17th and 18th floor condominium units, the Realty) and to finance renovation, improvements, equipping and furnishing of the 19th floor condominium unit (the Realty and all property financed with the 2005 IDA bonds are referred to herein as the Premises). The 2005 IDA bonds mature on June 1, 2035. In November 2011, the Foundation redeemed \$1,250,000 of IDA bonds.

Pursuant to the 2005 IDA bond agreements, an irrevocable direct pay letter of credit was established with a bank in order to secure payments of principal and interest on the 2005 IDA bonds on the scheduled due dates and on redemption, and to provide a facility for payment of the purchase price of the bonds upon the mandatory or optional tender thereof. Among other agreements, the Foundation also entered into a remarketing agreement with a certain financial institution to act as exclusive remarketing agent in connection with the offering and sale from time to time of the bonds in the secondary market after the initial offering, issuance and sale of the bonds.

Interest on the bonds is variable, and is computed based on predetermined factors set forth in the 2005 IDA bond agreements, and may not exceed a maximum rate of 10% per annum. The letter of credit was amended March 1, 2010 to terminate on the earlier of January 4, 2013 or upon the occurrence of certain events set forth in the letter of credit agreement, including redemption of the 2005 IDA bonds. On July 1, 2013, the letter of credit was amended and restated to terminate on the earlier of July 4, 2016 or upon the occurrence of certain events set forth in the letter of credit agreement, including the redemption of the 2005 IDA bonds. On December 1, 2013, the letter of credit was amended for certain financial reporting requirements and covenants. On May 26, 2016, the letter of credit was amended and restated to terminate on the earlier of July 1, 2018 or upon the occurrence of certain events set forth in the letter of credit agreement, including the redemption of the 2005 IDA bonds. Interest and other charges including letter of credit charges related to the 2005 IDA bonds were approximately \$0 and \$245,000 for the years ended March 31, 2018 and 2017, respectively.

In March 2017, the Foundation paid off the remaining balance on the 2005 IDA bonds, which terminated the letter of credit requirements and agreements.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 9. The Bill of Rights Trust and Other Endowments

In 1997, the Foundation and the Section 501(c)(3) arms of the affiliates (the Affiliate Foundations) established the Bill of Rights Trust (BORT). The purpose of BORT, a portion of which is an endowment fund of the Foundation, is to build an enduring endowment to carry out the work of the ACLU and its affiliates in protecting, preserving and expanding the civil liberties of all persons in the United States of America. BORT has 100,000,000 authorized units, which are issued to or among the Foundation and Affiliate Foundations based upon their respective interests in BORT. Unit shares have a unit value based upon the fair value of the net assets of BORT divided by the total number of unit shares outstanding. BORT permits for annual distributions to the Foundation and Affiliate Foundations in accordance with the Foundation's approved spending policy, prorated in accordance with the percentage of the fair value of each unit share. For the years ended March 31, 2018 and 2017, BORT allowed for a potential distribution amount equal to 4% of the average month-end value of total funds over the preceding 36 months through December 31, 2017 and 2016, respectively. Each unit holder, including the Foundation and the participating Affiliate Foundations, must establish that it has determined the appropriation to be prudent before the distribution is disbursed. Actual distributions during the year ended March 31, 2016, amounted to \$2,142,655. There were no actual distributions during the years ended March 31, 2017 and 2018.

The investment goal of the endowment fund is to invest assets in a prudent manner that will balance reasonable annual distributions to the Foundation and Affiliate Foundations with long-term growth in the value of the assets of BORT.

At March 31, 2018 and 2017, BORT comprised the following accounts and amounts that are included in the consolidated statements of financial position:

	2018	2017
Assets:		
Investments	\$ 105,441,734	\$ 97,737,206
Other assets	70,253	209,023
	<u>\$ 105,511,987</u>	<u>\$ 97,946,229</u>
Liabilities and net assets:		
Held for Affiliate Foundations	\$ 33,457,616	\$ 30,379,865
Temporarily restricted net assets	22,053,103	18,772,708
Permanently restricted net assets	50,001,268	48,793,656
	<u>\$ 105,511,987</u>	<u>\$ 97,946,229</u>



## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

#### Note 9. The Bill of Rights Trust and Other Endowments (Continued)

In October 2016, an endowment fund was established for the Union. The endowment-related activities of the ACLU, which is comprised principally of the endowment-related activities of BORT, are summarized below:

	2018			2017		
	Temporarily Restricted	Permanently Restricted	Total	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 19,583,752	\$ 50,163,656	\$ 69,747,408	\$ 12,382,636	\$ 45,457,901	\$ 57,840,537
Investment return:						
Interest and dividends	2,073,603	-	2,073,603	1,558,289	-	1,558,289
Net realized and unrealized gains on investments	4,029,257	-	4,029,257	5,726,941	-	5,726,941
Investment fees and expenses	(137,596)	-	(137,596)	(14,114)	-	(14,114)
Net investment return	5,965,264	-	5,965,264	7,271,116	-	7,271,116
Other changes during the year:						
Contributions	-	6,207,612	6,207,612	-	4,705,755	4,705,755
Appropriation of endowment assets for expenditures	(2,622,000)	-	(2,622,000)	(70,000)	-	(70,000)
Total	(2,622,000)	6,207,612	3,585,612	(70,000)	4,705,755	4,635,755
Endowment net assets, end of year	\$ 22,927,016	\$ 56,371,268	\$ 79,298,284	\$ 19,583,752	\$ 50,163,656	\$ 69,747,408

#### Note 10. Commitments and Contingencies

The Foundation leases office space in various locations under various short-term operating leases.

The ACLU is involved in other legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters would not have a material adverse impact on the consolidated financial position of the ACLU or the consolidated results of its activities.

#### Note 11. Retirement Plans

**American Civil Liberties Union Retirement Plan:** The ACLU sponsors the American Civil Liberties Union Retirement Plan (the Pension Plan) which it accounted for as a single-employer plan. The Pension Plan covers eligible employees of the ACLU and its unconsolidated affiliates.

The Pension Plan is a defined benefit plan covering those employees who have at least one year of service, or at least 1,000 hours worked per year, and are at least 21 years of age. Benefits are based on service to date on an average of career earnings. The ACLU's policy is to fund pension costs by contributing at least the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA). The Pension Plan is covered under the Pension Benefit Guaranty Corporation (PBGC) termination insurance program. On January 1, 2015, the Pension Plan was amended and restated to include, among other things, a provision for additional contribution due on withdrawal or freezing of benefits by an employer.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

#### Note 11. Retirement Plans (Continued)

The liability attributed to the employer or former employer is determined based upon the sum of the present value of the accrued benefits for each of the participants associated with the employer or former employer determined as of the last day of the plan year preceding the date as of which the withdrawal contribution is calculated. Accordingly, as of March 31, 2018 and 2017, the ACLU recognized a receivable of \$23,386,720 and \$21,855,230, respectively, representing the allocated share of pension liability due from the affiliates participating in the Pension Plan (see Note 3).

All funds of the Pension Plan were held by JP Morgan Chase, N.A. (JPMCB), the Custodian, under an investment management agreement with JP Morgan Investment Management Inc. (the Investment Adviser). When benefits commence for any participant, the Plan pays the monthly payments from the Pension Plan assets instead of purchasing annuity contracts.

The following table sets forth the funded status of the ACLU Pension Plan, the change in funded status and amounts recognized in the accompanying consolidated financial statements:

	2018	2017
Change in benefit obligation:		
Obligation, beginning of year	\$ 135,453,128	\$ 142,103,875
Service cost	5,883,179	6,230,942
Interest cost	5,769,040	5,703,710
Actuarial gain (loss)	9,815,524	(11,011,158)
Benefit payments and expected expenses	(3,417,438)	(7,574,241)
Obligation, end of year	<u>153,503,433</u>	<u>135,453,128</u>
Change in Plan assets:		
Fair value of Plan assets, beginning of year	98,668,960	87,854,358
Actual return on Plan assets	11,967,075	8,248,067
Employer contributions	6,200,000	10,276,226
Benefit payments and actual expenses	(3,425,620)	(7,709,691)
Fair value of Plan assets, end of year	<u>113,410,415</u>	<u>98,668,960</u>
Funded status, end of year	<u>\$ (40,093,018)</u>	<u>\$ (36,784,168)</u>
Amounts recognized as liabilities in the consolidated statements of financial position	<u>\$ (40,093,018)</u>	<u>\$ (36,784,168)</u>
Amounts recognized as cumulative changes in pension other than net periodic costs		
Net loss	<u>\$ (34,839,685)</u>	<u>\$ (31,731,633)</u>

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

#### Note 11. Retirement Plans (Continued)

	2018	2017
Components of net benefit cost		
Components of net periodic pension cost:		
Service cost	\$ 5,883,179	\$ 6,230,942
Interest cost	5,769,040	5,703,710
Expected return on Plan assets	(6,905,819)	(6,400,727)
Amortization of net loss	1,654,398	2,281,343
Net periodic pension cost	<u>6,400,798</u>	<u>7,815,268</u>
Changes in pension costs other than net periodic cost		
Net gain	4,762,450	(12,723,048)
Amortization of net loss	(1,654,398)	(2,281,343)
Other than net periodic cost	<u>3,108,052</u>	<u>(15,004,391)</u>
Net benefit cost	<u>\$ 9,508,850</u>	<u>\$ (7,189,123)</u>

The net periodic pension costs of \$6,400,798 and \$7,815,268 for the years ended March 31, 2018 and 2017, respectively, comprise \$2,667,139 and \$3,171,844 which are recognized as expenses by the ACLU and \$3,733,659 and \$4,643,424 which are charged to the affiliates for net periodic pension costs associated with affiliates' employees participating in the Plan during 2018 and 2017, respectively, (see Note 3).

The following table provides the weighted-average assumptions and certain other information:

	2018	2017
Weighted-average assumptions to determine benefit obligation as of March 31:		
Discount rate	4.01%	4.19%
Expected long-term rate of return on plan assets	6.25%	7.00%
Rate of compensation increase	4.00%	4.00%
Weighted-average assumptions to determine net benefit cost for the year ended March 31:		
Discount rate	4.19%	4.09%
Expected long-term rate of return on Plan assets	7.00%	7.25%
Rate of compensation increase	4.00%	4.00%

The mortality tables used were RP-2014 Mortality Tables adjusted backwards to 2006 with scale MP-2014 and projected with improvement scale MP-2016, and RP-2014 Mortality Tables adjusted backwards to 2006 with scale MP-2014 and projected with improvement scale MP-2017, for 2018 and 2017, respectively.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

#### Note 11. Retirement Plans (Continued)

As of March 31, 2018 and 2017, the accumulated benefit obligation of the Pension Plan was \$136,166,943 and \$119,213,917, respectively.

The ACLU expects to contribute approximately \$6,300,000 to the Pension Plan during the fiscal year ending March 31, 2019, and may consider further contributions as well.

Estimated future benefit payments attributable to estimated future employee service in each of the five years subsequent to March 31, 2018, and in the aggregate subsequent to 2023 are as follows:

Years ending March 31:

2019	\$ 5,800,058
2020	4,804,050
2021	5,245,449
2022	5,558,692
2023	5,748,502
Thereafter	33,596,111

An investment policy has been established that takes into consideration both the current and projected financial requirements of the Pension Plan. The ACLU is continuing to undertake a thorough review of the Pension Plan with a focus on its overall economic health. All investments are chosen with prudence and due diligence by investment managers to ensure that results over time meet the goals and objectives of the Pension Plan.

The Pension Plan's assets are comprised principally of investments in the collective investment trust fund. The following tables set forth the fair value of the Pension Plan's investments at March 31, 2018 and 2017, which is estimated using NAV (practical expedient) or its equivalent, and are not classified within the fair value hierarchy in accordance with FASB ASU 2015-07.

	2018				
	% Allocation	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Collective investment trust fund	100%	\$ 113,410,415	\$ -	Daily	None / 60 days*

  

	2017				
	% Allocation	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Collective investment trust fund	100%	\$ 98,668,960	\$ -	Daily	None / 60 days*

\* Units of the fund may generally be redeemed daily, provided such withdrawals are to facilitate the payment of plan benefits or to make distributions in connection with the Pension Plan's termination if participants are not covered by a replacement or other eligible plan. A request made by a plan for complete or partial withdrawal from the fund for any purpose other than for benefit payments will have a sixty (60) day redemption notice period.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 11. Retirement Plans (Continued)

As of July 1, 2014, the Pension Plan's assets are maintained by the Investment Adviser under an investment management agreement. Based on this agreement, the Investment Adviser invests in other commingled pension trust funds, which may be affiliated or unaffiliated with JPMCB, and may also invest in unaffiliated exchange-traded funds and individual securities. The JPMCB portfolio will be categorized into two portions. The growth-oriented portion, which comprises at least 50% of the portfolio, invests directly or indirectly via underlying funds in a broad mix of equity, U.S. credit, emerging market debt, and real estate securities including: 1) U.S. equity securities, such as common stock, preferred and convertible securities and real estate investment trusts, 2) international equity securities, including both developed and emerging markets, 3) U.S. credit, including high yield securities (rated below investment grade by one or more nationally recognized statistical rating organizations at the time of purchase), leverage loans, mortgage backed securities, mortgage dollar rolls and other mortgage-related securities, asset-backed securities, and emerging market debt and, 4) direct real estate. The remaining portion of the portfolio, up to 50% of the portfolio, invests directly or indirectly via underlying funds in investment grade corporate bonds, securities issued by the U.S. Treasury and its agencies or instrumentalities, and securities issued by foreign governments or supranational organizations.

Assets of the Pension Plan are included in a collective investment trust fund with JPMCB and earnings are based on its proportionate share of the accounts. Fair value of the collective investment trust fund, which approximates market value, are allocated to the Pension Plan.

There have been no changes in the methodologies used at March 31, 2018 and 2017.

The ACLU implemented a "soft freeze" of the Pension Plan effective March 31, 2009. Employees hired on or after April 1, 2009 by ACLU and the 46 affiliates that initially elected to participate in the soft freeze do not participate in the Pension Plan (employees hired prior to this date are not impacted by the election to institute a soft freeze). The four affiliates that had not originally elected to participate in the soft freeze subsequently elected to do so. Employees hired on or after the subsequent soft freeze dates for these affiliates also do not participate in the Pension Plan (employees from these affiliates hired after April 1, 2009 but prior to the affiliate's soft freeze date participate in the Pension Plan).

Employees of ACLU National and affiliates who are not admitted into the Pension Plan instead are enrolled in a new Defined Contribution (DC) 401(k) plan. The DC plan includes an employer contribution of 2% and an employer match of 100% of the first 1% of the employee's contribution and 50% of the next 5% of an employee's contribution, for a total match of 3.5% and a total employer contribution of 5.5%. Employer contributions to the DC plan during the years ended March 31, 2018 and 2017, were \$1,342,901 and \$946,609, respectively.

Eligible ACLU employees who are participants in the Pension Plan may also participate in the ACLU 401(k) plan (the 401(k) Plan), which is a 401(k) salary-reduction plan. Under the 401(k) Plan, employees may voluntarily contribute up to 80% of their pre-tax compensation to the 401(k) Plan subject to IRS dollar limits. There is no employer match or other contributions.

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 12. Net Assets

Net assets comprise the following:

	2018	2017
Unrestricted:		
Undesignated	\$ 186,129,927	\$ 135,809,350
Board-designated:		
Litigation Fund	17,167,517	14,471,526
California Annuity Fund	1,898,202	887,728
Annuity Reserve	9,699,623	5,901,053
Organizational Fund	26,830,629	26,194,025
Jacobs Affiliate Development Fund	17,162,506	16,399,975
Dividend Distribution Fund	89,357,810	80,263,128
John Adams Fund	7,513,578	8,392,512
Total board-designated	169,629,865	152,509,947
Total unrestricted	355,759,792	288,319,297
Temporarily restricted:		
Bill of Rights Trust and other endowments	22,927,016	19,583,752
Trusts	2,869,820	2,833,158
Other time and purpose restrictions	53,794,780	54,572,544
Total temporarily restricted	79,591,616	76,989,454
Permanently restricted:		
Bill of Rights Trust and other endowments	56,371,268	50,538,953
	\$ 491,722,676	\$ 415,847,704

## American Civil Liberties Union, Inc. and Consolidated Entities

### Notes to Consolidated Financial Statements

---

#### Note 13. Net Assets Released From Restrictions

Net assets were released from donor restrictions during the year ended March 31, 2018, by incurring expenses satisfying restricted purposes or by the occurrence of other events specified by donors as follows:

	<u>2018</u>
Special projects:	
Speech, Privacy and Technology and National Security	\$ 1,270,635
Prisoners' Rights and Smart Justice	11,534,495
Immigrants' Rights	4,750,110
Reproductive Freedom	3,767,840
Women's Rights	334,869
Criminal Law Reform	1,695,214
LGBT/Marriage Equality	5,696,610
Voting Rights	1,932,924
Racial Justice	830,586
Other special projects	<u>7,772,952</u>
Total special projects	39,586,235
Bill of Rights Trust and other endowments	2,622,000
Time-restricted gifts	<u>8,718,866</u>
Total released from restrictions	<u><u>\$ 50,927,101</u></u>

**American Civil Liberties Union, Inc. and Consolidated Entities**

**Consolidating Statement of Financial Position**

**March 31, 2018**

	American Civil Liberties Union, Inc.	American Civil Liberties Union Foundation, Inc.	915 15th Street, LLC	Eliminations	Consolidated
<b>Assets</b>					
Cash and cash equivalents	\$ 10,134,915	\$ 8,176,965	\$ 238,589	\$ -	\$ 18,550,469
Pledges and contributions receivable, net	2,535,000	36,694,730	-	-	39,229,730
Investments	131,468,196	362,071,702	-	-	493,539,898
Other assets	1,399,898	4,418,881	-	(600,000)	5,218,779
Due from affiliates	8,106,434	5,869,533	-	-	13,975,967
Due from affiliates – allocated share of pension liability	23,386,720	-	-	-	23,386,720
Due from ACLU Foundation - allocated share of pension liability	11,040,952	-	-	(11,040,952)	-
Due from the ACLU from the ACLU Foundation	17,632,868	-	-	(17,632,868)	-
Due from the ACLU Foundation from the LLC	-	10,107,813	-	(10,107,813)	-
Investment in 915 15th Street, LLC	-	(2,101,533)	-	2,101,533	-
Beneficial interest in trusts	-	1,665,262	-	-	1,665,262
Property and equipment, net of accumulated depreciation and amortization	-	25,497,719	7,833,468	-	33,331,187
<b>Total assets</b>	<b>\$ 205,704,983</b>	<b>\$ 452,401,072</b>	<b>\$ 8,072,057</b>	<b>\$ (37,280,100)</b>	<b>\$ 628,898,012</b>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 5,973,664	\$ 7,826,316	\$ 65,777	\$ (600,000)	\$ 13,265,757
Due to the ACLU Foundation	-	-	10,107,813	(10,107,813)	-
Due to the American Civil Liberties Union, Inc.	-	17,632,868	-	(17,632,868)	-
Due to the American Civil Liberties Union, Inc. - Allocated share of pension liability	-	11,040,952	-	(11,040,952)	-
Due to affiliates	9,850,036	26,937,318	-	-	36,787,354
Liabilities under split-interest agreements	-	13,571,591	-	-	13,571,591
IDA bond	-	-	-	-	-
Bill of Rights Trust held for affiliates	352,131	33,105,485	-	-	33,457,616
Accrued pension liability	40,093,018	-	-	-	40,093,018
<b>Total liabilities</b>	<b>56,268,849</b>	<b>110,114,530</b>	<b>10,173,590</b>	<b>(39,381,633)</b>	<b>137,175,336</b>
Commitments and contingencies					
Net assets:					
Unrestricted:					
Board-designated	17,528,458	152,101,407	-	-	169,629,865
Undesignated	122,661,923	63,468,004	(2,101,533)	2,101,533	186,129,927
<b>Total unrestricted</b>	<b>140,190,381</b>	<b>215,569,411</b>	<b>(2,101,533)</b>	<b>2,101,533</b>	<b>355,759,792</b>
Temporarily restricted:					
Bill of Rights Trust and other endowments	29,194	22,897,822	-	-	22,927,016
Other time and purpose restrictions	8,802,004	47,862,596	-	-	56,664,600
<b>Total temporarily restricted</b>	<b>8,831,198</b>	<b>70,760,418</b>	<b>-</b>	<b>-</b>	<b>79,591,616</b>
Permanently restricted – Bill of Rights Trust and other endowments					
	414,555	55,956,713	-	-	56,371,268
<b>Total net assets</b>	<b>149,436,134</b>	<b>342,286,542</b>	<b>(2,101,533)</b>	<b>2,101,533</b>	<b>491,722,676</b>
<b>Total liabilities and net assets</b>	<b>\$ 205,704,983</b>	<b>\$ 452,401,072</b>	<b>\$ 8,072,057</b>	<b>\$ (37,280,100)</b>	<b>\$ 628,898,012</b>



American Civil Liberties Union, Inc. and Consolidated Entities

Consolidating Statement of Activities  
Year Ended March 31, 2018

	American Civil Liberties Union, Inc.				American Civil Liberties Union Foundation, Inc.				915 15th Street, LLC		Consolidated			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:														
Support:														
Current member contributions	\$ 100,283,304	\$ -	\$ -	\$ 100,283,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,283,304	\$ -	\$ -	\$ 100,283,304
New member contributions	13,946,398	-	-	13,946,398	-	-	-	-	-	-	13,946,398	-	-	13,946,398
Grants and contributions	8,587,160	9,648,015	-	18,235,175	75,201,759	37,959,345	5,033,340	118,194,444	-	(600,000)	83,188,919	47,607,360	5,033,340	135,829,619
Donated legal services	-	-	-	-	9,780,957	-	-	9,780,957	-	-	9,780,957	-	-	9,780,957
Bequests	8,578,705	-	-	8,578,705	14,212,808	561,535	909,346	15,683,689	-	-	22,791,513	561,535	909,346	24,262,394
<b>Total support</b>	<b>131,395,567</b>	<b>9,648,015</b>	<b>-</b>	<b>141,043,582</b>	<b>99,195,524</b>	<b>38,520,880</b>	<b>5,942,686</b>	<b>143,659,090</b>	<b>-</b>	<b>(600,000)</b>	<b>229,991,091</b>	<b>48,168,895</b>	<b>5,942,686</b>	<b>284,102,672</b>
Revenue:														
List rentals	124,317	-	-	124,317	-	-	-	-	-	-	124,317	-	-	124,317
Rental income	-	-	-	-	383,316	-	-	383,316	926,571	(481,503)	828,384	-	-	828,384
Merchandise and book sales	-	-	-	-	581,161	-	-	581,161	-	-	581,161	-	-	581,161
Other income	15,553	-	-	15,553	138,575	-	-	138,575	-	-	154,128	-	-	154,128
<b>Total revenue</b>	<b>139,870</b>	<b>-</b>	<b>-</b>	<b>139,870</b>	<b>1,103,052</b>	<b>-</b>	<b>-</b>	<b>1,103,052</b>	<b>926,571</b>	<b>(481,503)</b>	<b>1,687,990</b>	<b>-</b>	<b>-</b>	<b>1,687,990</b>
Net assets released from restrictions	14,176,555	(14,176,555)	-	-	36,750,546	(36,750,546)	-	-	-	-	50,927,101	(50,927,101)	-	-
<b>Total support and revenue</b>	<b>145,711,992</b>	<b>(4,528,540)</b>	<b>-</b>	<b>141,183,452</b>	<b>137,049,122</b>	<b>1,770,334</b>	<b>5,942,686</b>	<b>144,762,142</b>	<b>926,571</b>	<b>(1,081,503)</b>	<b>282,606,182</b>	<b>(2,758,206)</b>	<b>5,942,686</b>	<b>285,790,662</b>
Expenses:														
Program services:														
Legislative	19,537,152	-	-	19,537,152	385,231	-	-	385,231	-	(3,327)	19,919,056	-	-	19,919,056
Legal	1,635,250	-	-	1,635,250	53,769,544	-	-	53,769,544	-	(464,304)	54,940,490	-	-	54,940,490
Public education	28,124,741	-	-	28,124,741	13,096,065	-	-	13,096,065	-	(113,086)	41,107,720	-	-	41,107,720
Civil liberties policy formulation	560,898	-	-	560,898	473,162	-	-	473,162	-	(4,086)	1,029,974	-	-	1,029,974
Affiliate support	51,856,326	-	-	51,856,326	43,253,923	-	-	43,253,923	-	(373,502)	94,736,747	-	-	94,736,747
<b>Total program services</b>	<b>101,714,367</b>	<b>-</b>	<b>-</b>	<b>101,714,367</b>	<b>110,977,925</b>	<b>-</b>	<b>-</b>	<b>110,977,925</b>	<b>-</b>	<b>(958,305)</b>	<b>211,733,987</b>	<b>-</b>	<b>-</b>	<b>211,733,987</b>
Supporting services:														
Management and general	4,596,860	-	-	4,596,860	3,018,966	-	-	3,018,966	834,541	(33,275)	8,417,092	-	-	8,417,092
Fund-raising	3,316,967	-	-	3,316,967	10,413,689	-	-	10,413,689	-	(89,923)	13,640,733	-	-	13,640,733
<b>Total supporting services</b>	<b>7,913,827</b>	<b>-</b>	<b>-</b>	<b>7,913,827</b>	<b>13,432,655</b>	<b>-</b>	<b>-</b>	<b>13,432,655</b>	<b>834,541</b>	<b>(123,198)</b>	<b>22,057,825</b>	<b>-</b>	<b>-</b>	<b>22,057,825</b>
<b>Total expenses</b>	<b>109,628,194</b>	<b>-</b>	<b>-</b>	<b>109,628,194</b>	<b>124,410,580</b>	<b>-</b>	<b>-</b>	<b>124,410,580</b>	<b>834,541</b>	<b>(1,081,503)</b>	<b>233,791,812</b>	<b>-</b>	<b>-</b>	<b>233,791,812</b>
<b>Change in net assets before other changes</b>	<b>36,083,798</b>	<b>(4,528,540)</b>	<b>-</b>	<b>31,555,258</b>	<b>12,638,542</b>	<b>1,770,334</b>	<b>5,942,686</b>	<b>20,351,562</b>	<b>92,030</b>	<b>-</b>	<b>48,814,370</b>	<b>(2,758,206)</b>	<b>5,942,686</b>	<b>51,998,850</b>
Other changes in net assets:														
Legal expenses awarded, net	-	-	-	-	2,695,991	-	-	2,695,991	-	-	2,695,991	-	-	2,695,991
Net investment income, gains and losses	2,474,667	25,192	-	2,499,859	13,497,147	6,152,348	-	19,649,495	-	-	15,971,814	6,177,540	-	22,149,354
Changes in value of split-interest agreements	-	-	-	-	1,534,882	(275,505)	-	1,259,377	-	-	1,534,882	(275,505)	-	1,259,377
Net loss on investment in 915 15th Street, LLC	-	-	-	-	92,030	-	-	92,030	-	(92,030)	-	-	-	-
Recognition of affiliates' share of minimum pension liability adjustment	519,351	-	-	519,351	1,012,139	-	-	1,012,139	-	-	1,531,490	-	-	1,531,490
Minimum pension liability adjustment	(3,108,052)	-	-	(3,108,052)	-	-	-	-	-	-	(3,108,052)	-	-	(3,108,052)
Other Adjustments	-	(541,667)	(110,371)	(652,038)	-	-	-	-	-	-	-	(541,667)	(110,371)	(652,038)
<b>Total other changes in net assets</b>	<b>(114,034)</b>	<b>(516,475)</b>	<b>(110,371)</b>	<b>(740,880)</b>	<b>18,832,189</b>	<b>5,876,843</b>	<b>-</b>	<b>24,709,032</b>	<b>-</b>	<b>(92,030)</b>	<b>18,626,125</b>	<b>5,360,368</b>	<b>(110,371)</b>	<b>23,876,122</b>
<b>Change in net assets</b>	<b>35,969,764</b>	<b>(5,045,015)</b>	<b>(110,371)</b>	<b>30,814,378</b>	<b>31,470,731</b>	<b>7,647,177</b>	<b>5,942,686</b>	<b>45,060,594</b>	<b>92,030</b>	<b>(92,030)</b>	<b>67,440,495</b>	<b>2,602,162</b>	<b>5,832,315</b>	<b>75,874,972</b>
Net assets:														
Beginning of year	104,220,617	13,876,213	524,926	118,621,756	184,098,680	63,113,241	50,014,027	297,225,948	(2,193,563)	2,193,563	288,319,297	76,989,454	50,538,953	415,847,704
End of year	\$ 140,190,381	\$ 8,831,198	\$ 414,555	\$ 149,436,134	\$ 215,569,411	\$ 70,760,418	\$ 55,956,713	\$ 342,286,542	\$ (2,101,533)	\$ 2,101,533	\$ 355,759,792	\$ 79,591,616	\$ 56,371,268	\$ 491,722,676