

AMERICAN CIVIL LIBERTIES UNION  
OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION  
- NJ FOUNDATION  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2022 AND 2021

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
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YEARS ENDED MARCH 31, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
American Civil Liberties Union of New Jersey  
American Civil Liberties Union - NJ Foundation  
Newark, New Jersey

### Opinion

I have audited the accompanying financial statements of the American Civil Liberties Union of New Jersey and the American Civil Liberties Union - NJ Foundation (collectively referenced as the ACLU) which comprise the statements of financial position as of March 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ACLU as of March 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the ACLU and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

#### **Other Matter**

My audit was conducted for the purpose of forming an opinion on the consolidated 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 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 consolidating 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 my opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Jamuo M. Wood, CPA.*

October 19, 2022  
Hillsborough, NJ

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Cash & cash equivalents	\$ 1,234,252	\$ 1,317,892	\$ 2,552,144	\$ 2,044,566	\$ 280,463	\$ 2,325,029
Investment securities						
Operating	3,857,997	1,756,748	5,614,745	4,156,582	1,525,053	5,681,635
Designated reserve	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Accounts receivable	5,857,997	1,756,748	7,614,745	6,156,582	1,525,053	7,681,635
Pledges receivable	206,655	927,198	1,133,853	1,699,553	-	1,699,553
Total financial assets	1,821,503	-	1,821,503	-	1,666,817	1,666,817
Prepaid expenses	9,120,407	4,001,838	13,122,245	9,900,701	3,472,333	13,373,034
	82,649	-	82,649	17,954	-	17,954
Total current assets	9,203,056	4,001,838	13,204,894	9,918,655	3,472,333	13,390,988
Property & equipment	340,244	-	340,244	252,399	-	252,399
Less accumulated depreciation	201,541	-	201,541	156,391	-	156,391
	138,703	-	138,703	96,008	-	96,008
	\$ 9,341,759	\$ 4,001,838	\$ 13,343,597	\$ 10,014,663	\$ 3,472,333	\$ 13,486,996
<b>Liabilities &amp; Net Assets</b>						
<b>Liabilities</b>						
Accounts payable & accrued expenses	\$ 59,259	-	\$ 59,259	\$ 40,596	-	\$ 40,596
Conditional contribution	-	-	-	250,000	-	250,000
	59,259	-	59,259	290,596	-	290,596
<b>Net assets</b>						
Without donor restrictions						
Undesignated	7,282,500	-	7,282,500	7,724,067	-	7,724,067
Board-designated	2,000,000	-	2,000,000	2,000,000	-	2,000,000
	9,282,500	-	9,282,500	9,724,067	-	9,724,067
With donor restrictions	-	4,001,838	4,001,838	-	3,472,333	3,472,333
	9,282,500	4,001,838	13,284,338	9,724,067	3,472,333	13,196,400
	\$ 9,341,759	\$ 4,001,838	\$ 13,343,597	\$ 10,014,663	\$ 3,472,333	\$ 13,486,996

See accompanying notes to consolidated financial statements.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED MARCH 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support &amp; Revenue</b>						
Public Support						
Dues	\$ 1,506,941	\$ -	\$ 1,506,941	\$ 1,633,818	\$ -	\$ 1,633,818
Contributions	1,498,675	270,817	1,769,492	1,541,171	637,119	2,178,290
Grants	133,334	710,398	843,732	33,333	595,000	628,333
Bequests	83,275	-	83,275	187,175	-	187,175
Special events						
Gross income	59,329	-	59,329	-	-	-
Direct expenses	(10,205)	-	(10,205)	-	-	-
	49,124	-	49,124	-	-	-
	3,271,349	981,215	4,252,564	3,395,497	1,232,119	4,627,616
Revenue						
Legal case awards	35,000	-	35,000	4,500	-	4,500
Interest & dividends	123,267	-	123,267	103,803	-	103,803
Other income	6,930	-	6,930	7,400	-	7,400
	165,197	-	165,197	115,703	-	115,703
Net assets released from restrictions	451,710	(451,710)	-	769,439	(769,439)	-
Total support & revenue	3,888,256	529,505	4,417,761	4,280,639	462,680	4,743,319
<b>Expenses</b>						
Functional expenses						
Program services	3,059,547	-	3,059,547	2,888,841	-	2,888,841
Management & general	1,019,224	-	1,019,224	797,886	-	797,886
Fund raising	405,100	-	405,100	375,785	-	375,785
Total expenses	4,483,871	-	4,483,871	4,062,512	-	4,062,512
Increase (decrease) in net assets before investment securities valuation	(595,615)	529,505	(66,110)	218,127	462,680	680,807
Unrealized gain on investment securities	154,048	-	154,048	2,090,078	-	2,090,078
Increase (decrease) in net assets	(441,567)	529,505	87,938	2,308,205	462,680	2,770,885
Net assets						
Beginning of year	9,724,067	3,472,333	13,196,400	7,415,862	3,009,653	10,425,515
End of year	\$ 9,282,500	\$ 4,001,838	\$ 13,284,338	\$ 9,724,067	\$ 3,472,333	\$ 13,196,400

See accompanying notes to consolidated financial statements.

## 2021

See accompanying notes to consolidated financial statements.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 87,938	\$ 2,770,885
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	45,150	49,722
(Gain) loss on investment securities	(154,048)	(2,009,923)
Pledge received with time-imposed temporary restriction	(155,000)	(500,000)
Change in discount on pledges receivable	(34,686)	(25,543)
(Increase) decrease in:		
Accounts receivable	565,700	(149,096)
Prepaid expenses	(64,695)	47,961
Increase (decrease) in:		
Accounts payable & accrued expenses	18,663	1,978
Deferred revenue	(250,000)	250,000
Cash provided by (used in) operating activities	<u>59,022</u>	<u>435,984</u>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities	(508,513)	(228,111)
Proceeds from sales of investments	729,450	123,860
Acquisition of property and equipment	(87,844)	(2,987)
Cash used in investing activities	<u>133,093</u>	<u>(107,238)</u>
<b>Cash flows from financing activities</b>		
Collections on pledges receivable	<u>35,000</u>	<u>224,772</u>
Cash provided by financing activities	<u>35,000</u>	<u>224,772</u>
Increase (decrease) in cash & cash equivalents	227,115	553,518
Cash & cash equivalents		
Beginning of year	<u>2,325,029</u>	<u>1,771,511</u>
End of year	<u>\$ 2,552,144</u>	<u>\$ 2,325,029</u>

See accompanying notes to consolidated financial statements.



AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2022 AND 2021

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

*Nature of activities*

The American Civil Liberties Union of New Jersey and the American Civil Liberties Union - NJ Foundation (collectively referenced as the ACLU) are two not-for-profit organizations whose mission is to protect and promote civil liberty principles in the State of New Jersey. The executive committee of the American Civil Liberties Union of New Jersey serves as the board of directors for the American Civil Liberties Union - NJ Foundation.

The American Civil Liberties Union of New Jersey is a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. The American Civil Liberties Union - NJ Foundation is a tax-exempt public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the mission and activities of each organization are separate and distinct in order to comply with related laws and tax requirements.

*Basis of accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Financial statement presentation*

The ACLU reports its statements of financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Contributions and foundation grants*

Contributions and foundation grants received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed conditions.

Unconditional promises to give are recorded as pledge contributions and contributions receivable in the period the promise is received. Payments received in subsequent periods, such as payments on multi-year gifts, are recorded as decreases in the corresponding pledges receivable balance. Pledges receivable due in more than one year are recorded at the present value of their net realizable value, using applicable risk-adjusted interest rates at the date of pledge. Allowances for doubtful pledges are provided by management based on past experience with individual donors.

Pledges received with multi-year payment schedules are recorded as with donor restrictions net assets, i.e. pledges with time-imposed restrictions. Payments received in subsequent periods are reflected as a release of the time-imposed restriction.

Certain contributions, pledges and bequests are subject to a revenue sharing agreement with the national organization. The ACLU records its actual or estimated share of income.

Contributions received with donor-imposed conditions are recorded as liabilities until the conditions are substantially met, at which time they are recorded as contributions.

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*Investment securities*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

*Donated services*

Legal services are donated by numerous attorneys as an integral part of the ACLU's services. The estimated value of these professional services is undetermined.

*Functional expenses*

Expenses are charged to programs, management & general, or fund raising based on direct expenses incurred. Any expenses not directly chargeable are allocated to programs based on applicable rates determined by management.

*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash & cash equivalents*

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits in financial institutions, highly liquid money market investments, and time deposits or debt instruments with initial maturities of 90 days or less.

*Property & equipment*

Acquisitions of office furniture and equipment with estimated useful lives in excess of one year are capitalized and depreciated over the estimated useful life of each asset using the straight line method.

*Income taxes*

The American Civil Liberties Union of New Jersey is a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. The American Civil Liberties Union - New Jersey Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes. All applicable returns for the exempt organization are filed in a timely manner. The ACLU is liable for payment of payroll taxes as an employer; all such amounts are paid in a timely manner as required by state and federal regulations.

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*Fair value of financial instruments*

Financial instruments are carried at fair value which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined using three levels of inputs:

- Level 1        Valuations based on quoted prices in active markets for identical assets.
- Level 2        Valuations based on one or more quoted price for investments that are not exchange-traded but for which all significant inputs are observable.
- Level 3        Valuations based on inputs that are unobservable and significant to the overall fair value measurements.

The following valuation techniques are used for assets measured at fair value:

Mutual funds - Investments in mutual funds are measured at fair value using quoted market prices and are classified as Level 1.

ACLU Pooled Fund - The ACLU has an ownership share interest in the investment pool which is revalued on a monthly basis to market. Withdrawals are made based on the ownership interest shares times the per share market value of the pool at every valuation date and are not subject to any significant withdrawal limitations. The investment is classified as Level 2.

*Concentrations of credit and market risk*

Financial instruments that potentially expose the ACLU to concentrations of credit and market risk consist primarily of cash and investments. Cash is maintained at high-quality financial institutions, and credit exposure is limited to any one institution. The ACLU has not experienced any losses on its cash or cash equivalents. The ACLU's investment securities do not represent significant concentrations of market risk.

*Accounting for uncertainty in income taxes*

The ACLU's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows. The ACLU's exempt organization filings for the years ended March 31, 2019 through 2022 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine the ACLU's financial activities for income and unrelated business tax for those years.

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*New accounting pronouncements*

The FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), in February 2016. Under this guidance lessees are required to record most leases on their balance sheets but recognize expenses in the income statement. All entities will classify leases to determine how to recognize lease-related revenue and expense. In applying this guidance, entities must also determine whether an arrangement contains a lease or service agreement. Disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2021. Management is evaluating the impact of this updated guidance on its financial statements.

**(2) Investment Securities**

As of March 31, 2022 and 2021 investment securities consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
March 31, 2022		
ACLU Pooled Fund	\$1,355,700	\$2,177,912
Mutual funds	<u>3,722,260</u>	<u>5,436,833</u>
	<u>\$5,077,960</u>	<u>\$7,614,745</u>
March 31, 2021		
ACLU Pooled Fund	\$1,435,262	\$2,178,948
Mutual funds	<u>4,117,344</u>	<u>5,502,687</u>
	<u>\$5,552,606</u>	<u>\$7,681,635</u>

**(3) Pledges Receivable**

As of March 31, 2022 and 2021, long term pledges receivable are comprised of the following:

	<u>2022</u>	<u>2021</u>
Gross pledges receivable	\$1,895,228	\$1,775,000
Less discount to present value	<u>73,725</u>	<u>108,411</u>
	<u>\$1,821,503</u>	<u>\$1,666,817</u>

As of March 31, 2022 anticipated future payments on pledges receivable are as follows for the years ending March 31:

2023	\$ 835,228
2024	560,000
2025	250,000
2026	<u>250,000</u>
	<u>\$1,895,228</u>

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(4) Pension

Defined Benefit Plan

The ACLU-NJ participates in a defined benefit pension plan sponsored by the American Civil Liberties Union - National which covers substantially all employees who were employed through March 31, 2009. Eligible participants continue in the defined benefit plan through date of separation or retirement. Annual consolidated contributions made to the plan totaled \$96,752 and \$126,578 for the years ended March 31, 2022 and 2021, respectively, representing less than 5% of total Plan contributions each year. The required contributions determined by the American Civil Liberties Union - National approximate the expense computed in accordance with generally accepted accounting principles. Plan information is as follows:

Name of Plan:	The American Civil Liberties Union Retirement Plan
Employer ID:	13-4921750
Plan Number:	001

	March 31,	
	<u>2022</u>	<u>2021</u>
Total Plan assets	\$176,019,163	\$176,015,631
Accumulated benefit obligation	<u>198,372,769</u>	<u>203,896,673</u>
Funded status	<u>\$(22,353,606)</u>	<u>\$(27,881,042)</u>
Funded %	89%	86%

As of March 31, 2022, no funding improvement or rehabilitation plan, as defined by the Employee Retirement Income Security Act of 1974, has been implemented or is pending. There were no employer surcharges paid on the plan for the years ended March 31, 2022 and 2021. The American Civil Liberties Union - National expects to contribute \$8,000,000 to the Plan for the fiscal year ending March 31, 2023.

Defined Contribution Plan

The ACLU-NJ participates in a defined contribution pension plan sponsored by the American Civil Liberties Union - National which covers substantially all employees who become employed on or after April 1, 2009. Participants may contribute to the plan under a salary deferral arrangement; the ACLU-NJ matches those deferrals at a rate of 100% for the first 1% of pay and 50% of the next 5% of pay. Additionally, the ACLU-NJ contributes 2% of compensation for all participants. ACLU-NJ contributions are fully vested after participants attain 2 years of service. For the years ended March 31, 2022 and 2021, consolidated contributions to the plan totaled \$108,733 and \$87,559 respectively.

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(5) **Operating Lease Commitments**

The ACLU leases office space in Newark, NJ. The following is a schedule for future lease commitments as of March 31, 2022:

Year ending March 31,

2023	\$ 315,000
2024	315,000
2025	315,000
2026	315,000
2027	315,000
Thereafter	<u>1,128,750</u>
	<u>\$2,703,750</u>

Rental Expense for office space totaled \$321,000 and \$308,125 for the years ended March 31, 2022 and 2021, respectively.

(6) **Fair Value of Financial Instruments**

The ACLU's assets recorded at fair value have been categorized based upon a fair value hierarchy as described in Note 1. The table below presents the balances of assets measured on a recurring basis as of March 31, 2022 and 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>2022</u>			
Mutual funds	\$5,436,833	\$ -	\$5,436,833
ACLU Pooled Fund	<u>-</u>	<u>2,177,912</u>	<u>2,177,912</u>
	<u>\$5,436,833</u>	<u>\$2,177,912</u>	<u>\$7,614,745</u>
<u>2021</u>			
Mutual funds	\$5,502,687	\$ -	\$5,502,687
ACLU Pooled Fund	<u>-</u>	<u>2,178,948</u>	<u>2,178,948</u>
	<u>\$5,502,687</u>	<u>\$2,178,948</u>	<u>\$7,681,635</u>

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(7) Net Assets

Designated

As of March 31, 2022 and 2021, the Board of Trustees designated \$2,000,000 of nonoperating funds to be used each year for (1) ensuring the stability of the ACLU's mission, programs, employment and ongoing operations; and (2) funding future strategic initiatives including, but not limited to, capital expenditures, development of new or existing programs, and emergency responses in support of the mission.

With Donor Restrictions

The nature of net assets with donor restrictions, subject to expenditure for specified purpose or by the passage of time, is as follows as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Specified purpose		
Transparency and community engagement	\$ -	\$ 5,000
Immigration policy	159,934	-
Reproductive freedom	47,940	108,758
Smart justice	134,400	-
Drug decriminalization	86,901	-
Algorithmic bias	20,000	-
Human resources, finance & technology	<u>196,607</u>	<u>166,705</u>
	645,782	280,463
Subject to the passage of time		
Long term pledges receivable	1,831,003	1,666,817
In perpetuity		
Endowment (Note 8)	<u>1,525,053</u>	<u>1,525,053</u>
	<u>\$4,001,838</u>	<u>\$3,472,333</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose and by collection of long term pledges receivable (passage of time). Those releases are as follows for the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Specified purpose		
Pretrial justice & bail reform	\$ -	\$ 70,000
Reproductive freedom	85,818	6,242
Smart justice	6,600	-
Drug decriminalization	42,497	-
Transgender rights	2,433	-
Campaign for Smart Justice Cannabis	-	35,000
Immigration policy	90,066	208,554
Transparency & community engagement	-	40,000
Racial justice	-	100,000
Human resources, finance & technology	198,796	83,295
Marijuana reform	<u>-</u>	<u>1,576</u>
	426,210	544,667
Subject to the passage of time		
Collection of long term pledges, net of accretion	<u>25,500</u>	<u>224,772</u>
	<u>\$451,710</u>	<u>\$769,439</u>

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 YEARS ENDED MARCH 31, 2022 AND 2021

(8) **Endowment**

Through a bequest from the Estate of Kenneth Dunne, the ACLU established the Kenneth Dunne Memorial Fund. The bequest is held as a permanent endowment fund. The endowment is invested in the Pooled Fund of the ACLU - National and is not commingled with other investments. Investment earnings may be expended to any of the following areas: (a) the rights of legal and unauthorized immigrants; (b) discrimination on the basis of race, color, national origin or religion; (c) the separation of government and religion; (d) national security; (e) free speech; (f) voting rights. Any unexpended investment earnings are reinvested. As these areas are closely aligned with the mission of the ACLU, accumulated earnings are classified as without donor restriction.

The board of trustees of the ACLU has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require standard care that is reasonable and prudent over its endowed funds. The original value of the contributions is maintained in perpetuity. In the event of a market decline, a plan is effectuated to restore the original value through reduced distributions. Accumulated earnings are classified as unrestricted net assets.

Endowment net assets and related activity are as follows as of March 31, 2022 and 2021 and for the years then ended:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Balance March 31, 2020	\$( 32,290)	\$1,525,053	\$1,492,763
Investment earnings	636,806	-	636,806
Distributions	( 69,901)	-	( 69,901)
Balance March 31, 2021	534,615	1,525,053	2,059,668
Investment earnings	74,122	-	74,122
Distributions	( 75,101)	-	( 75,101)
Balance, March 31, 2022	<u>\$ 533,636</u>	<u>\$1,525,053</u>	<u>\$2,058,689</u>

(9) **Insured Deposits**

As of March 31, 2022 and 2021, cash exceeding federally insured limits in one depository institution totaled \$2,084,792 and \$1,193,549 respectively. Management does not consider the solvency of the financial institution a concern as of March 31, 2022.



AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2022 AND 2021

**(10) Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, are comprised of the following as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,552,144	\$ 2,325,029
Investment securities	7,614,745	7,681,635
Accounts receivable	1,133,853	1,699,553
Pledges receivable	<u>1,821,503</u>	<u>1,666,817</u>
Financial assets	13,122,245	13,373,034
Less:		
Board designation	2,000,000	2,000,000
Net assets with donor restrictions	<u>4,001,838</u>	<u>3,472,333</u>
Financial assets available for general expenditures	<u>\$ 7,120,407</u>	<u>\$ 7,900,701</u>

**(11) Risks and Uncertainties**

The COVID-19 pandemic has created and may continue to create significant uncertainty in the United States and global economies which, in addition to other unforeseen effects of this pandemic, may adversely impact the ACLU's operations.

**(12) Subsequent Events**

The ACLU has evaluated the need for adjustments resulting from subsequent events through October 19, 2022, the date the financial statements were available to be issued. Based upon this evaluation, no adjustments or additional disclosures were required to the financial statements as of March 31, 2022.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2022

	2022				2021				2020			
	ACLU - NJ		ACLU - NJ Foundation		ACLU - NJ		ACLU - NJ Foundation		ACLU - NJ		ACLU - NJ Foundation	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>												
Cash & cash equivalents	\$ 1,122,823	\$ 169,241	\$ 1,292,064	\$ 111,429	\$ 1,148,651	\$ 1,260,080	\$ 1,234,252	\$ 1,317,892	\$ 2,552,144			
Investment securities												
Operating	3,857,997	-	3,857,997	-	1,756,748	1,756,748	3,857,997	1,756,748	5,614,745			
Designated reserve	500,000	-	500,000	1,500,000	-	1,500,000	2,000,000	-	2,000,000			
	4,357,997	-	4,357,997	1,500,000	1,756,748	3,256,748	5,857,997	1,756,748	7,614,745			
Accounts receivable	206,655	-	206,655	-	927,198	927,198	206,655	927,198	1,133,853			
Pledges receivable	-	-	-	1,821,503	-	1,821,503	1,821,503	-	1,821,503			
Inter-company funds	(226,055)	-	(226,055)	226,055	-	226,055	-	-	-			
Total financial assets	5,461,420	169,241	5,630,661	3,658,987	3,832,597	7,491,584	9,120,407	4,001,838	13,122,245			
Prepaid expenses	39,404	-	39,404	43,245	-	43,245	82,649	-	82,649			
Total current assets	5,500,824	169,241	5,670,065	3,702,232	3,832,597	7,534,829	9,203,056	4,001,838	13,204,894			
Property & equipment	135,593	-	135,593	204,651	-	204,651	340,244	-	340,244			
Less accumulated depreciation	57,794	-	57,794	143,747	-	143,747	201,541	-	201,541			
	77,799	-	77,799	60,904	-	60,904	138,703	-	138,703			
	\$ 5,578,623	\$ 169,241	\$ 5,747,864	\$ 3,763,136	\$ 3,832,597	\$ 7,595,733	\$ 9,341,759	\$ 4,001,838	\$ 13,343,597			
<b>Liabilities &amp; Net Assets</b>												
<b>Liabilities</b>												
Accounts payable & accrued expenses	\$ 3,500	-	\$ 3,500	\$ 55,759	-	\$ 55,759	\$ 59,259	-	\$ 59,259			
	3,500	-	3,500	55,759	-	55,759	59,259	-	59,259			
<b>Net assets</b>												
Without donor restrictions												
Undesignated	5,075,123	-	5,075,123	2,207,377	-	2,207,377	7,282,500	-	7,282,500			
Board-designated	500,000	-	500,000	1,500,000	-	1,500,000	2,000,000	-	2,000,000			
	5,575,123	-	5,575,123	3,707,377	-	3,707,377	9,282,500	-	9,282,500			
With donor restrictions	-	169,241	169,241	-	3,832,597	3,832,597	-	4,001,838	4,001,838			
	5,575,123	169,241	5,744,364	3,707,377	3,832,597	7,539,974	9,282,500	4,001,838	13,284,338			
	\$ 5,578,623	\$ 169,241	\$ 5,747,864	\$ 3,763,136	\$ 3,832,597	\$ 7,595,733	\$ 9,341,759	\$ 4,001,838	\$ 13,343,597			

See independent auditor's report.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2021

	2021				2021				Consolidated			
	ACLU - NJ		ACLU - NJ Foundation		ACLU - NJ		ACLU - NJ Foundation		Without Donor Restrictions		With Donor Restrictions	
	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total	
<b>Assets</b>												
Cash & cash equivalents	\$ 549,521	\$ 108,758	\$ 658,279	\$ 1,495,045	\$ 171,705	\$ 1,666,750	\$ 2,044,566	\$ 280,463	\$ 2,044,566	\$ 280,463	\$ 2,325,029	
Investment securities												
Operating	4,205,086	-	4,205,086	(48,504)	1,525,053	1,476,549	4,156,582	1,525,053	4,156,582	1,525,053	5,681,635	
Designated reserve	500,000	-	500,000	1,500,000	-	1,500,000	2,000,000	-	2,000,000	-	2,000,000	
Accounts receivable	4,705,086	-	4,705,086	1,451,496	1,525,053	2,976,549	6,156,582	1,525,053	6,156,582	1,525,053	7,681,635	
Pledges receivable	798,341	-	798,341	901,212	-	901,212	1,699,553	-	1,699,553	-	1,699,553	
Inter-company funds	-	-	-	-	1,666,817	1,666,817	-	1,666,817	-	1,666,817	1,666,817	
Total financial assets	(151,074)	-	(151,074)	151,074	-	151,074	-	-	9,900,701	3,472,333	13,373,034	
Prepaid expenses	5,901,874	108,758	6,010,632	3,998,827	3,363,575	7,362,402	17,954	-	17,954	-	17,954	
Total current assets	5,911,402	108,758	6,020,160	4,007,253	3,363,575	7,370,828	9,918,655	3,472,333	9,918,655	3,472,333	13,390,988	
Property & equipment	91,671	-	91,671	160,728	-	160,728	252,399	-	252,399	-	252,399	
Less accumulated depreciation	36,838	-	36,838	119,553	-	119,553	156,391	-	156,391	-	156,391	
	54,833	-	54,833	41,175	-	41,175	96,008	-	96,008	-	96,008	
	\$ 5,966,235	\$ 108,758	\$ 6,074,993	\$ 4,048,428	\$ 3,363,575	\$ 7,412,003	\$ 10,014,663	\$ 3,472,333	\$ 10,014,663	\$ 3,472,333	\$ 13,486,996	
<b>Liabilities &amp; Net Assets</b>												
<b>Liabilities</b>												
Accounts payable & accrued expenses	\$ -	\$ -	\$ -	\$ 40,596	\$ -	\$ 40,596	\$ 40,596	\$ -	\$ 40,596	\$ -	\$ 40,596	
Conditional contribution	-	-	-	250,000	-	250,000	250,000	-	250,000	-	250,000	
	-	-	-	290,596	-	290,596	290,596	-	290,596	-	290,596	
<b>Net assets</b>												
Without donor restrictions												
Undesignated	5,466,235	-	5,466,235	2,257,832	-	2,257,832	7,724,067	-	7,724,067	-	7,724,067	
Board-designated	500,000	-	500,000	1,500,000	-	1,500,000	2,000,000	-	2,000,000	-	2,000,000	
	5,966,235	-	5,966,235	3,757,832	-	3,757,832	9,724,067	-	9,724,067	-	9,724,067	
With donor restrictions	-	108,758	108,758	-	3,363,575	3,363,575	-	3,472,333	-	3,472,333	3,472,333	
	5,966,235	108,758	6,074,993	3,757,832	3,363,575	7,121,407	9,724,067	3,472,333	9,724,067	3,472,333	13,196,400	
	\$ 5,966,235	\$ 108,758	\$ 6,074,993	\$ 4,048,428	\$ 3,363,575	\$ 7,412,003	\$ 10,014,663	\$ 3,472,333	\$ 10,014,663	\$ 3,472,333	\$ 13,486,996	

See independent auditor's report.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2022

	ACLU - NJ			ACLU - NJ Foundation			Consolidated		
	Without	With	Total	Without	With	Total	Without	With	Total
	Donor	Donor		Donor	Donor		Donor	Donor	
	Restrictions	Restrictions		Restrictions	Restrictions		Restrictions	Restrictions	
<b>Support &amp; Revenue</b>									
Public Support									
Dues	\$ 1,506,941	\$ -	\$ 1,506,941	\$ -	\$ -	\$ -	\$ 1,506,941	\$ -	\$ 1,506,941
Contributions	31,642	27,433	59,075	1,467,033	243,384	1,710,417	1,498,675	270,817	1,769,492
Grants	-	165,398	165,398	133,334	545,000	678,334	133,334	710,398	843,732
Bequests	64,762	-	64,762	18,513	-	18,513	83,275	-	83,275
Special events	-	-	-	-	-	-	-	-	-
Gross income	-	-	-	59,329	-	59,329	59,329	-	59,329
Direct expenses	-	-	-	(10,205)	-	(10,205)	(10,205)	-	(10,205)
Revenue	1,603,345	192,831	1,796,176	1,668,004	788,384	2,456,388	3,271,349	981,215	4,252,564
Legal case awards	-	-	-	35,000	-	35,000	35,000	-	35,000
Interest & dividends	93,073	-	93,073	30,194	-	30,194	123,267	-	123,267
Other income	-	-	-	6,930	-	6,930	6,930	-	6,930
Net assets released from	93,073	-	93,073	72,124	-	72,124	165,197	-	165,197
restrictions	132,348	(132,348)	-	319,362	(319,362)	-	451,710	(451,710)	-
Total support & revenue	1,828,766	60,483	1,889,249	2,059,490	469,022	2,528,512	3,888,256	529,505	4,417,761
<b>Expenses</b>									
Functional expenses									
Program services	1,558,175	-	1,558,175	1,501,372	-	1,501,372	3,059,547	-	3,059,547
Management & general	550,958	-	550,958	468,266	-	468,266	1,019,224	-	1,019,224
Fund raising	193,993	-	193,993	211,107	-	211,107	405,100	-	405,100
Total expenses	2,303,126	-	2,303,126	2,180,745	-	2,180,745	4,483,871	-	4,483,871
Increase (decrease) in									
net assets before investment	(474,360)	60,483	(413,877)	(121,255)	469,022	347,767	(595,615)	529,505	(66,110)
securities valuation									
Unrealized gain on	83,248	-	83,248	70,800	-	70,800	154,048	-	154,048
investment securities									
Increase (decrease) in net assets	(391,112)	60,483	(330,629)	(50,455)	469,022	418,567	(441,567)	529,505	87,938
Net assets									
Beginning of year	5,966,235	108,758	6,074,993	3,757,832	3,363,575	7,121,407	9,724,067	3,472,333	13,196,400
End of year	\$ 5,575,123	\$ 169,241	\$ 5,744,364	\$ 3,707,377	\$ 3,832,597	\$ 7,539,974	\$ 9,282,500	\$ 4,001,838	\$ 13,284,338

See independent auditor's report.

## 2021

See independent auditor's report.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY &  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2022

	ACLU - NJ			ACLU - NJ Foundation			Consolidated Total
	Program Services	Management & General	Fund Raising	Program Services	Management & General	Fund Raising	
Personnel							
Salaries	\$ 878,585	\$ 346,138	\$ 126,323	\$ 853,569	\$ 292,604	\$ 136,617	\$ 2,633,836
Payroll taxes	71,549	28,188	10,287	68,589	23,512	10,978	213,103
Pension	61,451	24,210	8,835	73,851	25,316	11,820	205,483
Health insurance	126,984	50,028	18,258	73,080	25,052	11,697	305,099
Other insurance	3,316	1,306	476	2,262	775	362	8,497
Malpractice insurance	5,471	-	-	5,471	-	-	10,942
Travel	7,037	2,772	1,012	14,863	5,095	2,379	33,158
	1,154,393	452,642	165,191	1,091,685	372,354	173,853	3,410,118
Program services							
Litigation	-	-	-	43,054	-	-	43,054
Lobbying	38,498	-	-	-	-	-	38,498
Newsletter	46,270	-	-	46,365	-	-	92,635
Meetings & conferences	12,251	-	-	800	-	-	13,051
Public education	55,862	-	-	53,113	-	-	108,975
	152,881	-	-	143,332	-	-	296,213
Occupancy							
Rent	104,373	41,120	15,007	106,797	36,610	17,093	321,000
Utilities	8,535	3,363	1,227	8,733	2,994	1,398	26,250
Insurance	2,945	1,160	424	2,126	729	340	7,724
	115,853	45,643	16,658	117,656	40,333	18,831	354,974
Office & other							
Professional fees	82,926	32,137	2,807	50,900	22,053	-	190,823
Telecommunications	9,888	3,896	1,422	43,532	14,923	6,967	80,628
Equipment maintenance							
& rental	3,588	1,414	516	4,756	1,630	761	12,665
Equipment purchase	6,203	2,444	892	7,124	2,442	1,140	20,245
Publications & subscriptions	11,734	4,623	1,687	14,067	4,822	2,252	39,185
Postage	1,242	489	179	5,115	1,753	819	9,597
Stationery & supplies	3,615	1,423	520	2,141	734	342	8,775
Donor data management	-	-	1,842	-	-	2,770	4,612
Miscellaneous	2,224	878	320	4,966	1,703	795	10,886
	121,420	47,304	10,185	132,601	50,060	15,846	377,416
Depreciation							
	13,628	5,369	1,959	16,098	5,519	2,577	45,150
Total functional expenses	\$ 1,558,175	\$ 550,958	\$ 193,993	\$ 1,501,372	\$ 468,266	\$ 211,107	\$ 4,483,871

See independent auditor's report.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY &  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2021

	ACLU - NJ			ACLU - NJ Foundation			Consolidated Total
	Program Services	Management & General	Fund Raising	Program Services	Management & General	Fund Raising	
Personnel							
Salaries	\$ 888,228	\$ 304,486	\$ 142,165	\$ 598,739	\$ 205,249	\$ 95,831	\$ 2,234,698
Payroll taxes	67,949	23,293	10,876	52,759	18,086	8,444	79,289
Pension	48,575	16,652	7,775	93,911	32,193	15,031	141,135
Health insurance	100,974	34,614	16,161	43,631	14,957	6,983	217,320
Other insurance	1,906	653	305	3,417	1,171	547	7,999
Malpractice insurance	6,029	-	-	6,029	-	-	12,058
Travel	2,935	1,006	470	5,681	1,947	909	12,948
	1,116,596	380,704	177,752	804,167	273,603	127,745	2,880,567
Program services							
Litigation	-	-	-	20,666	-	-	20,666
Lobbying	41,685	-	-	-	-	-	41,685
Newsletter	46,980	-	-	31,561	-	-	78,541
Meetings & conferences	1,630	-	-	112	-	-	1,742
Public education	54,440	-	-	55,410	-	-	109,850
Cannibais legalization campaign	296,750	-	-	-	-	-	296,750
	441,485	-	-	107,749	-	-	549,234
Occupancy							
Rent	106,963	36,667	17,120	98,063	33,616	15,695	308,124
Utilities	8,293	2,843	1,328	7,822	2,682	1,252	24,220
Moving	890	305	142	2,536	869	406	5,148
Insurance	2,575	883	412	1,833	628	293	6,624
	118,721	40,698	19,002	110,254	37,795	17,646	344,116
Office & other							
Professional fees	13,897	4,764	2,224	45,767	15,689	7,326	89,667
Telecommunications	11,342	3,888	1,815	24,209	8,299	3,875	53,428
Equipment maintenance							
& rental	12,045	4,129	1,928	13,753	4,714	2,201	38,770
Equipment purchase	635	218	101	911	312	146	2,323
Publications & subscriptions	3,979	1,364	637	8,366	2,868	1,339	18,553
Postage	1,283	439	205	8,713	2,987	1,395	15,022
Stationery & supplies	3,055	1,047	489	2,653	910	425	8,579
Donor data management	-	-	1,820	-	-	1,431	3,251
Miscellaneous	1,888	647	301	4,288	1,470	686	9,280
	48,124	16,496	9,520	108,660	37,249	18,824	238,873
Depreciation							
	11,232	3,850	1,798	21,853	7,491	3,498	49,722
Total functional expenses	\$ 1,736,158	\$ 441,748	\$ 208,072	\$ 1,152,683	\$ 356,138	\$ 167,713	\$ 4,062,512

See independent auditor's report.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY  
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION  
CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31, 2022 AND 2021

	2022		2021	
	ACLU - NJ	ACLU - NJ Foundation	ACLU - NJ Foundation	Consolidated
<b>Cash flows from operating activities</b>				
Increase (decrease) in net assets	\$ (330,629)	\$ 418,567	\$ 907,244	\$ 2,770,885
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:				
Depreciation	20,956	24,194	16,880	49,722
(Gain) loss on investment securities	(83,248)	(70,800)	(1,220,341)	(2,009,923)
Pledge received with time-imposed temporary restriction	-	(155,000)	-	(500,000)
Change in discount on pledges receivable		(34,686)	-	(25,543)
(Increase) decrease in:				
Accounts receivable	591,686	(25,986)	(243,388)	(149,096)
Inter-company funds	74,981	(74,981)	37,080	-
Prepaid expenses	(29,876)	(34,819)	34,585	47,961
Increase (decrease) in:				
Accounts payable & accrued expenses	3,500	15,163	-	1,978
Conditional contribution		(250,000)	-	250,000
	247,370	(188,348)	(467,940)	435,984
<b>Cash flows from investing activities</b>				
Acquisition of investment securities	(219,663)	(288,850)	(164,625)	(228,111)
Proceeds from sales of investments	650,000	79,450	49,911	123,860
Acquisition of property and equipment	(43,922)	(43,922)	(1,494)	(2,987)
	386,415	(253,322)	(116,208)	(107,238)
<b>Cash flows from financing activities</b>				
Collections on pledges receivable	-	35,000	-	224,772
Increase (decrease) in cash & cash equivalents	633,785	(406,670)	(584,148)	553,518
Cash & cash equivalents				
Beginning of year	658,279	1,666,750	1,242,427	1,771,511
End of year	\$ 1,292,064	\$ 1,260,080	\$ 658,279	\$ 2,325,029

See independent auditor's report.