

AMERICAN CIVIL LIBERTIES UNION
OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION
- NJ FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2023 AND 2022

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
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YEARS ENDED MARCH 31, 2023 AND 2022

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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 2023 and 2022, 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, 2023 and 2022, 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.

October 18, 2023
Hillsborough, NJ

James M. Wood, CPA

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Cash & cash equivalents	\$ 655,507	\$ 2,002,017	\$ 2,657,524	\$ 1,234,252	\$ 1,317,892	\$ 2,552,144
Investment securities						
Operating	3,687,078	1,517,096	5,204,174	3,857,997	1,756,748	5,614,745
Designated reserve	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Accounts receivable	5,687,078	1,517,096	7,204,174	5,857,997	1,756,748	7,614,745
Pledges receivable	1,575,542	-	1,575,542	206,655	927,198	1,133,853
Total financial assets	1,465,988	-	1,465,988	1,821,503	-	1,821,503
Prepaid expenses	9,384,115	3,519,113	12,903,228	9,120,407	4,001,838	13,122,245
Total current assets	21,122	-	21,122	82,649	-	82,649
Property & equipment	9,405,237	3,519,113	12,924,350	9,203,056	4,001,838	13,204,894
Less accumulated depreciation	372,892	-	372,892	340,244	-	340,244
Right to use leased premises	252,098	-	252,098	201,541	-	201,541
	120,794	-	120,794	138,703	-	138,703
	1,826,393	-	1,826,393	-	-	-
	\$ 11,352,424	\$ 3,519,113	\$ 14,871,537	\$ 9,341,759	\$ 4,001,838	\$ 13,343,597
Liabilities & Net Assets						
Liabilities						
Accounts payable & accrued expenses	\$ 51,995	-	\$ 51,995	\$ 59,259	-	\$ 59,259
Obligation under capital lease	1,826,393	-	1,826,393	-	-	-
	1,878,388	-	1,878,388	59,259	-	59,259
Net assets						
Without donor restrictions						
Undesignated	7,474,036	-	7,474,036	7,282,500	-	7,282,500
Board-designated	2,000,000	-	2,000,000	2,000,000	-	2,000,000
	9,474,036	-	9,474,036	9,282,500	-	9,282,500
With donor restrictions	-	3,519,113	3,519,113	-	4,001,838	4,001,838
	9,474,036	3,519,113	12,993,149	9,282,500	4,001,838	13,284,338
	\$ 11,352,424	\$ 3,519,113	\$ 14,871,537	\$ 9,341,759	\$ 4,001,838	\$ 13,343,597

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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support & Revenue						
Public Support						
Dues	\$ 1,432,071	\$ -	\$ 1,432,071	\$ 1,506,941	\$ -	\$ 1,506,941
Contributions	1,747,198	272,537	2,019,735	1,498,675	270,817	1,769,492
Grants	550,000	599,050	1,149,050	133,334	710,398	843,732
Bequests	1,000	-	1,000	83,275	-	83,275
Special events						
Gross income	43,000	-	43,000	59,329	-	59,329
Direct expenses	(1,067)	-	(1,067)	(10,205)	-	(10,205)
	41,933	-	41,933	49,124	-	49,124
	3,772,202	871,587	4,643,789	3,271,349	981,215	4,252,564
Revenue						
Legal case awards	407,479	-	407,479	35,000	-	35,000
Interest & dividends	152,529	-	152,529	123,267	-	123,267
Other income	12,309	-	12,309	6,930	-	6,930
	572,317	-	572,317	165,197	-	165,197
Net assets released from restrictions	1,354,312	(1,354,312)	-	451,710	(451,710)	-
Total support & revenue	5,698,831	(482,725)	5,216,106	3,888,256	529,505	4,417,761
Expenses						
Functional expenses						
Program services	3,499,312	-	3,499,312	3,059,547	-	3,059,547
Management & general	1,037,547	-	1,037,547	1,019,224	-	1,019,224
Fund raising	489,859	-	489,859	405,100	-	405,100
Total expenses	5,026,718	-	5,026,718	4,483,871	-	4,483,871
Increase (decrease) in net assets before investment securities valuation	672,113	(482,725)	189,388	(595,615)	529,505	(66,110)
Unrealized gain (loss) on investment securities	(480,577)	-	(480,577)	154,048	-	154,048
Increase (decrease) in net assets	191,536	(482,725)	(291,189)	(441,567)	529,505	87,938
Net assets						
Beginning of year	9,282,500	4,001,838	13,284,338	9,724,067	3,472,333	13,196,400
End of year	\$ 9,474,036	\$ 3,519,113	\$ 12,993,149	\$ 9,282,500	\$ 4,001,838	\$ 13,284,338

See accompanying notes to consolidated financial statements.

2022

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (291,189)	\$ 87,938
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	50,557	45,150
(Gain) loss on investment securities	480,577	(154,048)
Pledge received with time-imposed temporary restriction	(150,000)	(155,000)
Change in discount on pledges receivable	(29,485)	(34,686)
(Increase) decrease in:		
Accounts receivable	(441,689)	565,700
Prepaid expenses	61,527	(64,695)
Increase (decrease) in:		
Accounts payable & accrued expenses	(7,264)	18,663
Deferred revenue	-	(250,000)
Cash provided by (used in) operating activities	<u>(326,966)</u>	<u>59,022</u>
Cash flows from investing activities		
Acquisition of investment securities	(152,314)	(508,513)
Proceeds from sales of investments	82,308	729,450
Acquisition of property and equipment	<u>(32,648)</u>	<u>(87,844)</u>
Cash provided by (used in) investing activities	(102,654)	133,093
Cash flows from financing activities		
Collections on pledges receivable	<u>535,000</u>	<u>35,000</u>
Cash provided by financing activities	535,000	35,000
Increase (decrease) in cash & cash equivalents	105,380	227,115
Cash & cash equivalents		
Beginning of year	<u>2,552,144</u>	<u>2,325,029</u>
End of year	<u>\$ 2,657,524</u>	<u>\$ 2,552,144</u>

See accompanying notes to consolidated financial statements.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2023 AND 2022

(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.

Leases

Beginning March 1, 2022, the ACLU recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The ACLU is a lessee in a noncancellable operating lease for office space. The ACLU determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The ACLU recognizes a lease liability and a right to use asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the risk-free rate of return at the lease's inception. The right of use asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability which is the present value of the remaining lease payments. Lease cost for lease payments is recognized on a straight-line basis over the least term.

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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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, 2020 through 2023 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.

Adoption of New Accounting Standards

The ACLU adopted Financial Accounting Standards Update (ASU) No. 2016-20, *Leases*, on March 1, 2022. Under this guidance, lessees recognize a right of use asset and a lease liability on the statement of financial position for all leases with a term longer than 12 months. The ACLU used the modified retrospective transition approach for the adoption.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2023 AND 2022

(2) **Investment Securities**

As of March 31, 2023 and 2022 investment securities consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
March 31, 2023		
ACLU Pooled Fund	\$1,273,504	\$1,984,816
Mutual funds	<u>4,504,363</u>	<u>5,219,358</u>
	<u>\$5,777,867</u>	<u>\$7,204,174</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>

(3) **Pledges Receivable**

As of March 31, 2023 and 2022, long term pledges receivable are comprised of the following:

	<u>2023</u>	<u>2022</u>
Gross pledges receivable	\$1,510,228	\$1,895,228
Less discount to present value	<u>44,240</u>	<u>73,725</u>
	<u>\$1,465,988</u>	<u>\$1,821,503</u>

As of March 31, 2023 anticipated future payments on pledges receivable are as follows for the years ending March 31:

2024	\$ 960,228
2025	300,000
2026	<u>250,000</u>
	<u>\$1,510,228</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, 2023 and 2022, 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,	
	2023	2022
Total Plan assets	\$163,225,695	\$176,019,163
Accumulated benefit obligation	167,771,632	198,372,769
Funded status	\$ (4,545,937)	\$ (22,353,606)
Funded %	97%	89%

As of March 31, 2023, 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, 2023 and 2022. The American Civil Liberties Union - National expects to contribute \$8,000,000 to the Plan for the fiscal year ending March 31, 2024.

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, 2023 and 2022, consolidated contributions to the plan totaled \$137,009 and \$108,733 respectively.

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
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(5) **Lease**

The ACLU has an obligation as a lessee for office space with an initial noncancellable term in excess of one year. This lease is classified as operating.

Lease expense for the years ended March 31, 2023 and 2022 was \$321,150 and \$321,000, respectively.

As of March 31, 2023, amounts reported in the statement of financial position are as follows:

Operating lease right-of-use asset	\$1,826,393
Operating lease liability	1,826,393

Other information related to leases as of March 31, 2023 is as follows:

Supplemental cash flow information:	
Cash paid for operating lease expense	\$321,149

Remaining operating lease term	6.5 years
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Risk-free rate of return	4%
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Maturity of the lease liability under its noncancellable operating lease as of March 31, 2023 is as follows:

2024	\$ 315,000
2025	315,000
2026	315,000
2027	315,000
2028	315,000
2029	315,000
2030	<u>183,750</u>
Total undiscounted lease payments	2,073,750
Less imputed interest	<u>(247,357)</u>
Total lease liability	<u>\$1,826,393</u>

(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, 2023 and 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>2023</u>			
Mutual funds	\$5,219,358	\$ -	\$5,219,358
ACLU Pooled Fund	<u>-</u>	<u>1,984,816</u>	<u>1,984,816</u>
	<u>\$5,219,358</u>	<u>\$1,984,816</u>	<u>\$7,204,174</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>

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2023 AND 2022

(7) **Net Assets**

Designated

As of March 31, 2023 and 2022, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Specified purpose		
Clemency	\$ 224,649	\$ -
Immigration policy	69,869	159,934
Reproductive freedom	75,593	47,940
Smart justice	-	134,400
Drug decriminalization	-	86,901
Algorithmic bias	-	20,000
Human resources, finance & technology	<u>255,113</u>	<u>196,607</u>
	625,224	645,782
Subject to the passage of time		
Long term pledges receivable	1,368,836	1,831,003
In perpetuity		
Endowment (Note 8)	<u>1,525,053</u>	<u>1,525,053</u>
	<u>\$3,519,113</u>	<u>\$4,001,838</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Specified purpose		
Clemency	\$ 72,500	\$ -
Immigration policy	92,066	90,066
Reproductive freedom	95,680	85,818
Smart justice	34,400	6,600
Drug decriminalization	186,901	42,497
Algorithmic bias	20,000	-
Human resources, finance & technology	390,597	198,796
Transgender rights	<u>-</u>	<u>2,433</u>
	892,144	426,210
Subject to the passage of time		
Collection of long term pledges, net of accretion	<u>462,168</u>	<u>25,500</u>
	<u>\$1,354,312</u>	<u>\$451,710</u>

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2023 AND 2022

(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, 2023 and 2022 and for the years then ended:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
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	533,636	1,525,053	2,058,689
Investment earnings	(104,724)	-	(104,724)
Distributions	(77,802)	-	(77,802)
Balance, March 31, 2023	<u>\$351,110</u>	<u>\$1,525,053</u>	<u>\$1,876,163</u>

(9) **Insured Deposits**

As of March 31, 2023 and 2022, cash exceeding federally insured limits in one depository institution totaled \$2,174,136 and \$2,084,792 respectively. Management does not consider the solvency of the financial institution a concern as of March 31, 2023.

(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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,657,524	\$ 2,552,144
Investment securities	7,204,174	7,614,745
Accounts receivable	1,575,542	1,133,853
Pledges receivable	<u>1,465,988</u>	<u>1,821,503</u>
Financial assets	12,903,228	13,122,245
Less:		
Board designation	2,000,000	2,000,000
Net assets with donor restrictions	<u>3,519,113</u>	<u>4,001,838</u>
Financial assets available for general expenditures	<u>\$ 7,384,115</u>	<u>\$ 7,120,407</u>

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2023 AND 2022

(11) **Subsequent Events**

The ACLU has evaluated the need for adjustments resulting from subsequent events through October 18, 2023, 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, 2023.

2023

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, 2022

	2022				2022				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	Without Donor Restrictions	With Donor Restrictions	Total
Assets												
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			
Right to use leased premises	-	-	-	-	-	-	-	-	-			
	\$ 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			
Liabilities & Net Assets												
Liabilities												
Accounts payable & accrued expenses	\$ 3,500	-	\$ 3,500	\$ 55,759	-	\$ 55,759	\$ 59,259	-	\$ 59,259			
Obligation under capital lease	-	-	-	-	-	-	-	-	-			
	3,500	-	3,500	55,759	-	55,759	59,259	-	59,259			
Net assets												
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 ACTIVITIES
YEAR ENDED MARCH 31, 2023

	ACLU - NJ			2023 ACLU - NJ Foundation			Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support & Revenue									
Public Support									
Dues	\$ 1,432,071	\$ -	\$ 1,432,071	\$ -	\$ -	\$ -	\$ 1,432,071	\$ -	\$ 1,432,071
Contributions	463,140	-	463,140	1,284,058	272,537	1,556,595	1,747,198	272,537	2,019,735
Grants	-	50,000	50,000	550,000	549,050	1,099,050	550,000	599,050	1,149,050
Requests	-	-	-	1,000	-	1,000	1,000	-	1,000
Special events									
Gross income	5,000	-	5,000	38,000	-	38,000	43,000	-	43,000
Direct expenses									
	5,000	-	5,000	(1,067)	-	(1,067)	(1,067)	-	(1,067)
	1,900,211	50,000	1,950,211	1,871,991	821,587	2,693,578	41,933	871,587	4,643,789
Revenue									
Legal case awards	-	-	-	407,479	-	407,479	407,479	-	407,479
Interest & dividends	112,653	-	112,653	39,876	-	39,876	152,529	-	152,529
Other income	-	-	-	12,309	-	12,309	12,309	-	12,309
	112,653	-	112,653	459,664	-	459,664	572,317	-	572,317
Net assets released from restrictions	219,241	(219,241)	-	1,135,071	(1,135,071)	-	1,354,312	(1,354,312)	-
Total support & revenue	2,232,105	(169,241)	2,062,864	3,466,726	(313,484)	3,153,242	5,698,831	(482,725)	5,216,106
Expenses									
Functional expenses									
Program services	1,854,834	-	1,854,834	1,644,478	-	1,644,478	3,499,312	-	3,499,312
Management & general	488,784	-	488,784	548,763	-	548,763	1,037,547	-	1,037,547
Fund raising	251,065	-	251,065	238,794	-	238,794	489,859	-	489,859
Total expenses	2,594,683	-	2,594,683	2,432,035	-	2,432,035	5,026,718	-	5,026,718
Increase (decrease) in net assets before investment securities valuation	(362,578)	(169,241)	(531,819)	1,034,691	(313,484)	721,207	672,113	(482,725)	189,388
Unrealized gain (loss) on investment securities	(283,572)	-	(283,572)	(197,005)	-	(197,005)	(480,577)	-	(480,577)
Increase (decrease) in net assets	(646,150)	(169,241)	(815,391)	837,686	(313,484)	524,202	191,536	(482,725)	(291,189)
Net assets									
Beginning 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
End of year	\$ 4,928,973	\$ -	\$ 4,928,973	\$ 4,545,063	\$ 3,519,113	\$ 8,064,176	\$ 9,474,036	\$ 3,519,113	\$ 12,993,149

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	Restrictions	Without	With	Restrictions	Without	With	Restrictions
	Donor	Donor		Donor	Donor		Donor	Donor	
	Restrictions		Total	Restrictions	Total	Restrictions	Restrictions	Total	Total
Support & Revenue									
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
Requests	64,762	-	64,762	18,513	-	18,513	83,275	-	83,275
Special events	-	-	-	-	-	-	-	-	-
Gross income	-	-	-	59,329	59,329	59,329	59,329	-	59,329
Direct expenses	-	-	-	(10,205)	(10,205)	(10,205)	(10,205)	-	(10,205)
	-	-	-	49,124	49,124	49,124	49,124	-	49,124
	1,603,345	192,831	1,796,176	1,668,004	788,384	2,456,388	3,271,349	981,215	4,252,564
Revenue									
Legal case awards	-	-	-	35,000	35,000	35,000	35,000	-	35,000
Interest & dividends	93,073	-	93,073	30,194	30,194	123,267	123,267	-	123,267
Other income	-	-	-	6,930	6,930	6,930	6,930	-	6,930
	93,073	-	93,073	72,124	72,124	72,124	165,197	-	165,197
Net assets released from									
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
Expenses									
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									
securities valuation	(474,360)	60,483	(413,877)	(121,255)	469,022	347,767	(595,615)	529,505	(66,110)
Unrealized gain on									
investment securities	83,248	-	83,248	70,800	-	70,800	154,048	-	154,048
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.

ACLU - NJ
ACLU - NJ Foundation

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	Total	Program Services	Management & General	Fund Raising	Total	
Personnel									
Salaries	\$ 878,585	\$ 346,138	\$ 126,323	\$ 1,351,046	\$ 853,569	\$ 292,604	\$ 136,617	\$ 1,282,790	\$ 2,633,836
Payroll taxes	71,549	28,188	10,287	110,024	68,589	23,512	10,978	103,079	213,103
Pension	61,451	24,210	8,835	94,496	73,851	25,316	11,820	110,987	205,483
Health insurance	126,984	50,028	18,258	195,270	73,080	25,052	11,697	109,829	305,099
Other insurance	3,316	1,306	476	5,098	2,262	775	362	3,399	8,497
Malpractice insurance	5,471	-	-	5,471	5,471	-	-	5,471	10,942
Travel	7,037	2,772	1,012	10,821	14,863	5,095	2,379	22,337	33,158
	<u>1,154,393</u>	<u>452,642</u>	<u>165,191</u>	<u>1,772,226</u>	<u>1,091,685</u>	<u>372,354</u>	<u>173,853</u>	<u>1,637,892</u>	<u>3,410,118</u>
Program services									
Litigation	-	-	-	-	43,054	-	-	43,054	43,054
Lobbying	38,498	-	-	38,498	-	-	-	-	38,498
Newsletter	46,270	-	-	46,270	46,365	-	-	46,365	92,635
Meetings & conferences	12,251	-	-	12,251	800	-	-	800	13,051
Public education	55,862	-	-	55,862	53,113	-	-	53,113	108,975
	<u>152,881</u>	<u>-</u>	<u>-</u>	<u>152,881</u>	<u>143,332</u>	<u>-</u>	<u>-</u>	<u>143,332</u>	<u>296,213</u>
Occupancy									
Rent	104,373	41,120	15,007	160,500	106,797	36,610	17,093	160,500	321,000
Utilities	8,535	3,363	1,227	13,125	8,733	2,994	1,398	13,125	26,250
Insurance	2,945	1,160	424	4,529	2,126	729	340	3,195	7,724
	<u>115,853</u>	<u>45,643</u>	<u>16,658</u>	<u>178,154</u>	<u>117,656</u>	<u>40,333</u>	<u>18,831</u>	<u>176,820</u>	<u>354,974</u>
Office & other									
Professional fees	82,926	32,137	2,807	117,870	50,900	22,053	-	72,953	190,823
Telecommunications	9,888	3,896	1,422	15,206	43,532	14,923	6,967	65,422	80,628
Equipment maintenance & rental	3,588	1,414	516	5,518	4,756	1,630	761	7,147	12,665
Equipment purchase	6,203	2,444	892	9,539	7,124	2,442	1,140	10,706	20,245
Publications & subscriptions	11,734	4,623	1,687	18,044	14,067	4,822	2,252	21,141	39,185
Postage	1,242	489	179	1,910	5,115	1,753	819	7,687	9,597
Stationery & supplies	3,615	1,423	520	5,558	2,141	734	342	3,217	8,775
Donor data management	-	-	1,842	1,842	-	-	2,770	2,770	4,612
Miscellaneous	2,224	878	320	3,422	4,966	1,703	795	7,464	10,886
	<u>121,420</u>	<u>47,304</u>	<u>10,185</u>	<u>178,909</u>	<u>132,601</u>	<u>50,060</u>	<u>15,846</u>	<u>198,507</u>	<u>377,416</u>
Depreciation									
	13,628	5,369	1,959	20,956	16,098	5,519	2,577	24,194	45,150
	<u>\$ 1,558,175</u>	<u>\$ 550,958</u>	<u>\$ 193,993</u>	<u>\$ 2,303,126</u>	<u>\$ 1,501,372</u>	<u>\$ 468,266</u>	<u>\$ 211,107</u>	<u>\$ 2,180,745</u>	<u>\$ 4,483,871</u>

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, 2023 AND 2022

	2023			2022		
	ACLU - NJ	ACLU - NJ	Consolidated	ACLU - NJ	ACLU - NJ	Consolidated
	Foundation	Foundation		Foundation	Foundation	
Cash flows from operating activities						
Increase (decrease) in net assets	\$ (815,391)	\$ 524,202	\$ (291,189)	\$ (330,629)	\$ 418,567	\$ 87,938
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:						
Depreciation	27,439	23,118	50,557	20,956	24,194	45,150
(Gain) loss on investment securities	283,572	197,005	480,577	(83,248)	(70,800)	(154,048)
Pledge received with time-imposed temporary restriction	-	(150,000)	(150,000)	-	(155,000)	(155,000)
Change in discount on pledges receivable	-	(29,485)	(29,485)		(34,686)	(34,686)
(Increase) decrease in:						
Accounts receivable	(300,607)	(141,082)	(441,689)	591,686	(25,986)	565,700
Inter-company funds	(15,681)	15,681	-	74,981	(74,981)	-
Prepaid expenses	28,843	32,684	61,527	(29,876)	(34,819)	(64,695)
Increase (decrease) in:						
Accounts payable & accrued expenses	3,355	(10,619)	(7,264)	3,500	15,163	18,663
Conditional contribution	-		-		(250,000)	(250,000)
	(788,470)	461,504	(326,966)	247,370	(188,348)	59,022
Cash flows from investing activities						
Acquisition of investment securities	(112,653)	(39,661)	(152,314)	(219,663)	(288,850)	(508,513)
Proceeds from sales of investments	-	82,308	82,308	650,000	79,450	729,450
Acquisition of property and equipment	(16,324)	(16,324)	(32,648)	(43,922)	(43,922)	(87,844)
	(128,977)	26,323	(102,654)	386,415	(253,322)	133,093
Cash flows from financing activities						
Collections on pledges receivable	-	535,000	535,000	-	35,000	35,000
Increase (decrease) in cash & cash equivalents	(917,447)	1,022,827	105,380	633,785	(406,670)	227,115
Cash & cash equivalents						
Beginning of year	1,292,064	1,260,080	2,552,144	658,279	1,666,750	2,325,029
End of year	374,617	2,282,907	2,657,524	1,292,064	1,260,080	2,552,144
See independent auditor's report.						