

AMERICAN CIVIL LIBERTIES UNION
OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION
- NJ FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
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YEARS ENDED MARCH 31, 2018 AND 2017

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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

Report on the Financial Statements

I have audited the accompanying consolidated 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 consolidated statements of financial position as of March 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the American Civil Liberties Union of New Jersey and the American Civil Liberties Union - NJ Foundation as of March 31, 2018 and 2017, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Jannet M. Wood, CPA

September 26, 2018
Hillsborough, NJ

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted
Assets						
Cash & cash equivalents	\$ 1,197,887	\$ -	\$ -	\$ 1,197,887	\$ 1,029,123	\$ -
Investment securities						
Operating	1,905,924	-	1,500,000	3,405,924	781,092	719,499
Designated reserve	2,000,000	-	-	2,000,000	2,000,000	-
	3,905,924	-	1,500,000	5,405,924	2,781,092	719,499
Accounts receivable	622,035	-	-	622,035	990,726	30,501
Pledges receivable	-	1,861,764	-	1,861,764	-	1,938,988
Prepaid expenses	32,226	-	-	32,226	32,720	-
	5,758,072	1,861,764	1,500,000	9,119,836	4,833,661	750,000
Property & equipment	434,095	-	-	434,095	248,740	-
Less accumulated depreciation	247,548	-	-	247,548	213,796	-
	186,547	-	-	186,547	34,944	-
	<u>\$ 5,944,619</u>	<u>\$ 1,861,764</u>	<u>\$ 1,500,000</u>	<u>\$ 9,306,383</u>	<u>\$ 4,868,605</u>	<u>\$ 750,000</u>
						<u>\$ 7,557,593</u>
Liabilities & Net Assets						
Liabilities						
Accounts payable & accrued expenses	\$ 37,770	\$ -	\$ -	\$ 37,770	\$ 68,947	\$ -
Fees received in advance	450	-	-	450	-	-
	<u>38,220</u>	<u>-</u>	<u>-</u>	<u>38,220</u>	<u>68,947</u>	<u>-</u>
Net assets						
Unrestricted						
Undesignated	3,906,399	-	-	3,906,399	2,799,658	-
Board-designated	2,000,000	-	-	2,000,000	2,000,000	-
	5,906,399	-	-	5,906,399	4,799,658	-
Temporarily restricted	-	1,861,764	-	1,861,764	1,938,988	-
Permanently restricted	-	-	1,500,000	1,500,000	-	750,000
	5,906,399	1,861,764	1,500,000	9,268,163	4,799,658	750,000
	<u>\$ 5,944,619</u>	<u>\$ 1,861,764</u>	<u>\$ 1,500,000</u>	<u>\$ 9,306,383</u>	<u>\$ 4,868,605</u>	<u>\$ 750,000</u>
						<u>\$ 7,557,593</u>

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, 2018 AND 2017

	2018			2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support & Revenue								
Public Support								
Dues	\$ 1,262,850	\$ -	\$ -	\$ 1,262,850	\$ 475,769	\$ -	\$ -	\$ 475,769
Contributions	1,413,583	-	-	1,413,583	1,387,709	539,657	-	1,927,366
Bequests	91,499	-	750,000	841,499	138,486	-	750,000	888,486
Special events								
Gross income	13,765	-	-	13,765	50,724	-	-	50,724
Direct expenses	(11,035)	-	-	(11,035)	(8,719)	-	-	(8,719)
	2,730	-	-	2,730	42,005	-	-	42,005
Revenue	2,770,662	-	750,000	3,520,662	2,043,969	539,657	750,000	3,333,626
Legal case awards	118,966	-	-	118,966	11,319	-	-	11,319
Interest & dividends	130,073	-	-	130,073	64,835	-	-	64,835
Grants	380,000	-	-	380,000	260,000	-	-	260,000
Other income	921	-	-	921	50	-	-	50
	629,960	-	-	629,960	336,204	-	-	336,204
Net assets released from restrictions	77,224	(77,224)	-	-	375,000	(375,000)	-	-
Total support & revenue	3,477,846	(77,224)	750,000	4,150,622	2,755,173	164,657	750,000	3,669,830
Expenses								
Functional expenses								
Program services	1,963,575	-	-	1,963,575	1,462,761	-	-	1,462,761
Management & general	430,526	-	-	430,526	332,029	-	-	332,029
Fund raising	302,193	-	-	302,193	380,262	-	-	380,262
Total expenses	2,696,294	-	-	2,696,294	2,175,052	-	-	2,175,052
Increase (decrease) in net assets before investment securities valuation	781,552	(77,224)	750,000	1,454,328	580,121	164,657	750,000	1,494,778
Valuation gain on investment securities	325,189	-	-	325,189	255,795	-	-	255,795
Increase (decrease) in net assets	1,106,741	(77,224)	750,000	1,779,517	835,916	164,657	750,000	1,750,573
Net assets								
Beginning of year	4,799,658	1,938,988	750,000	7,488,646	3,963,742	1,774,331	-	5,738,073
End of year	\$ 5,906,399	\$ 1,861,764	\$ 1,500,000	\$ 9,268,163	\$ 4,799,658	\$ 1,938,988	\$ 750,000	\$ 7,488,646

See accompanying notes to consolidated financial statements.

2017

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,779,517	\$ 1,750,573
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	33,752	16,315
(Gain) loss on investment securities	(325,189)	(255,795)
Pledge received with time-imposed temporary restriction	(47,776)	(539,657)
(Increase) decrease in:		
Accounts receivable	399,192	(713,349)
Inter-company funds	-	-
Prepaid expenses	494	(1,423)
Increase (decrease) in:		
Accounts payable & accrued expenses	(31,177)	49,471
Deferred revenue	450	-
Cash provided by operating activities	<u>1,809,263</u>	<u>306,135</u>
Cash flows from investing activities		
Acquisition of investment securities	(1,708,144)	(894,873)
Proceeds from sales of investments	128,000	485,000
Acquisition of property and equipment	(185,355)	(21,683)
Cash used in investing activities	<u>(1,765,499)</u>	<u>(431,556)</u>
Cash flows from financing activities		
Collections on pledges receivable	<u>125,000</u>	<u>375,000</u>
Cash provided by financing activities	<u>125,000</u>	<u>375,000</u>
 Increase in cash & cash equivalents	 168,764	 249,579
 Cash & cash equivalents		
Beginning of year	<u>1,029,123</u>	<u>779,544</u>
 End of year	 <u>\$ 1,197,887</u>	 <u>\$ 1,029,123</u>

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017

(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 §501(c)(4) of the Internal Revenue Code. The American Civil Liberties Union - NJ Foundation is a tax-exempt public charity under §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.

Financial statement presentation

In accordance with generally accepted accounting principles, the ACLU reports its statements of financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The ACLU has unrestricted, temporarily restricted and permanently restricted net assets as of March 31, 2018 and 2017.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

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 to discount the amounts. 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 temporarily restricted 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.

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Grants received in advance

Grant revenue is recorded during the period for which the funds are intended or in which the related activities are performed. Amounts received in advance are recognized as revenue during the intended period.

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.

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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 and index funds - Investments in exchange-traded mutual funds are measured at fair value using quoted market prices and are classified as Level 1. Investments in mutual funds traded over the counter are classified as Level 2.

ACLU Pooled Fund - The investment in the ACLU Pooled Fund is classified as Level 2 due to the nature of the underlying assets.

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, 2015 through 2018 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 Financial Accounting Standards Board (FASB) issued Update 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, 2019 and interim periods within fiscal years beginning after December 15, 2020. Management is evaluating the impact of this updated guidance on its financial statements.

The Financial Accounting Standards Board (FASB) issued Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), in August 2016. Under this guidance, not-for-profit entities will report *net assets with donor restrictions* and *net assets without donor restrictions* instead of the currently-required three classes. Not-for-profit entities will also provide enhanced disclosures regarding board designations, composition of net assets with donor restrictions, management of liquid resources available to meet cash needs, cost allocation among program and support functions, and underwater endowment funds. Further, the guidance requires reporting of investment returns net of investment expenses and clarifies accounting and disclosure for gifts restricted to the acquisition or construction of long-lived assets. The amendments in this Update are effective for years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Management is evaluating the impact of this updated guidance on its financial statements.

(2) **Investment Securities**

As of March 31, 2018 and 2017 investment securities consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
March 31, 2018		
ACLU Pooled Fund	\$1,627,359	\$1,808,108
Mutual funds	<u>3,085,109</u>	<u>3,597,816</u>
	<u>\$4,712,468</u>	<u>\$5,405,924</u>
March 31, 2017		
ACLU Pooled Fund	\$ 809,057	\$ 861,210
Mutual funds	<u>2,276,489</u>	<u>2,639,381</u>
	<u>\$3,085,546</u>	<u>\$3,500,591</u>

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(3) **Pledges Receivable**

Pledges receivable which are expected to be collected after one year have been discounted to net present value at rates ranging from 1.5% to 2.74% and are reflected in the consolidated financial statements at their net realizable value.

As of March 31, 2018 and 2017, long term pledges receivable are comprised of the following:

	<u>2018</u>	<u>2017</u>
Gross pledges receivable	\$2,000,000	\$2,125,000
Less discount to present value	<u>(138,236)</u>	<u>(186,012)</u>
	<u>\$1,861,764</u>	<u>\$1,938,988</u>

Management believes that pledges receivable will be collected in full when due. Accordingly, no provision for uncollectible pledges receivable is recognized in the accompanying consolidated financial statements.

As of March 31, 2018, anticipated future payments on pledges receivable are as follows for the years ending March 31:

2019	\$ 375,000
2020	375,000
2021	375,000
2022	375,000
2023	375,000
Thereafter	<u>125,000</u>
	<u>\$2,000,000</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017

(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 \$91,710 and \$96,914 for the years ended March 31, 2018 and 2017, 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,	
	2018	2017
Total Plan assets	\$113,410,415	\$ 98,668,960
Accumulated benefit obligation	153,503,433	135,453,128
Funded status	\$ (40,093,018)	\$ (36,784,168)
Funded %	74%	73%

As of March 31, 2018 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, 2018 and 2017. The American Civil Liberties Union - National expects to contribute \$6,300,000 to the Plan for the fiscal year ending March 31, 2019.

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, 2018 and 2017, consolidated contributions to the plan totaled \$44,178 and \$43,331 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, 2018:

Year ending March 31,

2019	\$ 87,480
2020	89,404
2021	91,342
2022	93,294
2023	95,262
Thereafter	<u>479,658</u>
	<u>\$936,440</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, 2018 and 2017.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>2018</u>			
Mutual & index funds	\$3,597,816	\$ -	\$3,597,816
ACLU Pooled Fund	<u>-</u>	<u>1,808,108</u>	<u>1,808,108</u>
	<u>\$3,597,816</u>	<u>\$1,808,108</u>	<u>\$5,405,924</u>
<u>2017</u>			
Mutual & index funds	\$2,639,381	\$ -	\$2,639,381
ACLU Pooled Fund	<u>-</u>	<u>861,210</u>	<u>861,210</u>
	<u>\$2,639,381</u>	<u>\$ 861,210</u>	<u>\$3,500,591</u>

(7) **Board Designated Reserve**

As of March 31, 2018 and 2017, 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017

(8) **Net Assets**

Temporarily restricted

As of March 31, 2018 and 2017, the ACLU's temporarily restricted net assets consist of long-term pledges with time-imposed restrictions. Collections on the pledges are released from restriction.

Permanently restricted

During the years ended March 31, 2018 and 2017, the ACLU received annual bequests of \$750,000 to establish the Kenneth Dunne Memorial Fund. The bequest represents a permanent endowment fund, invested in the Pooled Fund of the ACLU - National. Separate identity of the Kenneth Dunne Memorial Fund investments is maintained. 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.

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 ACLU classifies permanently restricted net assets at the original value of the contributions to the permanent endowment. Accumulated earnings are classified as unrestricted net assets.

Endowment net assets by type are as follows as of March 31, 2018 and 2017:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
March 31, 2018	\$207,694	\$1,500,000	\$1,707,694
March 31, 2017	\$ 15,168	\$ 750,000	\$ 765,168

Changes in endowment net assets are as follows for the years ended March 31, 2018 and 2017:

Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Contributions	-	750,000	750,000
Investment earnings	<u>15,168</u>	<u>-</u>	<u>15,168</u>
Balance, March 31, 2017	15,168	750,000	765,168
Contributions	-	750,000	750,000
Investment earnings	257,722	-	257,722
Distributions	<u>(65,196)</u>	<u>-</u>	<u>(65,196)</u>
Balance, March 31, 2018	\$207,694	\$1,500,000	\$1,707,694

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(9) **Insured Deposits**

As of March 31, 2018 and 2017, cash exceeding federally insured limits in one depository institution totaled \$305,086 and \$22,782 respectively. Management does not consider the solvency of the financial institution a concern as of March 31, 2018.

(10) **Evaluation of Subsequent Events**

Management has evaluated subsequent events through September 26, 2018, the date which the financial statements were available to be issued.

2018

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, 2017

2017									
	ACLU - NJ			ACLU - NJ Foundation			Consolidated		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
Assets									
Cash & cash equivalents	\$ 274,005	\$ -	\$ 274,005	\$ 755,118	\$ -	\$ -	\$ 1,029,123	\$ -	\$ -
Investment securities									
Operating	996,291	-	996,291	(215,199)	-	719,499	781,092	-	719,499
Designated reserve	500,000	-	500,000	1,500,000	-	-	2,000,000	-	-
	1,496,291	-	1,496,291	1,284,801	-	719,499	2,781,092	-	719,499
Accounts receivable	65,502	-	65,502	925,224	-	30,501	955,725	-	30,501
Pledges receivable	73,208	-	73,208	-	1,865,780	-	-	1,938,988	-
Inter-company funds	(24,858)	-	(24,858)	24,858	-	-	24,858	-	-
Prepaid expenses	13,560	-	13,560	19,160	-	-	32,720	-	-
	1,824,500	73,208	1,897,708	3,009,161	1,865,780	750,000	4,833,661	1,938,988	750,000
Property & equipment	56,985	-	56,985	191,755	-	-	248,740	-	-
Less accumulated depreciation	53,879	-	53,879	159,917	-	-	213,796	-	-
	3,106	-	3,106	31,838	-	-	34,944	-	-
	1,827,606	73,208	1,900,814	3,040,999	1,865,780	750,000	4,868,605	1,938,988	750,000
	\$ 1,827,606	\$ 73,208	\$ 1,900,814	\$ 3,040,999	\$ 1,865,780	\$ 750,000	\$ 4,868,605	\$ 1,938,988	\$ 750,000
Liabilities & Net Assets									
Liabilities									
Accounts payable & accrued expenses	\$ 27,720	\$ -	\$ 27,720	\$ 41,227	\$ -	\$ -	\$ 68,947	\$ -	\$ -
	\$ 27,720	\$ -	\$ 27,720	\$ 41,227	\$ -	\$ -	\$ 68,947	\$ -	\$ -
Net assets									
Unrestricted	1,299,886	-	1,299,886	1,499,772	-	-	2,799,658	-	-
Undesignated	500,000	-	500,000	1,500,000	-	-	2,000,000	-	-
Board-designated	1,799,886	-	1,799,886	2,999,772	-	-	4,799,658	-	-
Temporarily restricted	-	73,208	73,208	-	1,865,780	-	-	1,938,988	-
Permanently restricted	-	-	-	-	-	750,000	-	-	750,000
	1,799,886	73,208	1,873,094	2,999,772	1,865,780	750,000	4,799,658	1,938,988	750,000
	\$ 1,827,606	\$ 73,208	\$ 1,900,814	\$ 3,040,999	\$ 1,865,780	\$ 750,000	\$ 4,868,605	\$ 1,938,988	\$ 750,000
	\$ 1,827,606	\$ 73,208	\$ 1,900,814	\$ 3,040,999	\$ 1,865,780	\$ 750,000	\$ 4,868,605	\$ 1,938,988	\$ 750,000

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2018

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AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2017

	2017					
	ACLU - NJ		ACLU - NJ Foundation		Consolidated	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Temporarily Restricted	Permanently Restricted
	Total		Total		Unrestricted	Total
Support & Revenue						
Public Support						
Dues	\$ 475,769	\$ -	\$ 475,769	\$ -	\$ 475,769	\$ -
Contributions	65,752	98,208	163,960	441,449	1,387,709	539,657
Bequests	-	-	-	-	138,486	-
Special events	-	-	-	-	-	-
Gross income	-	-	50,724	-	50,724	-
Direct expenses	-	-	(8,719)	-	(8,719)	-
	-	-	42,005	-	42,005	-
	541,521	98,208	639,729	441,449	2,043,969	750,000
Revenue						
Legal case awards	-	-	11,319	-	11,319	-
Interest & dividends	30,836	-	30,836	-	64,835	-
Grants	-	-	-	-	260,000	-
Other income	-	-	50	-	50	-
	30,836	-	305,368	-	336,204	-
Net assets released from restrictions	25,000	(25,000)	350,000	(350,000)	375,000	-
Total support & revenue	597,357	73,208	2,157,816	91,449	2,755,173	164,657
Expenses						
Functional expenses						
Program services	230,102	-	1,232,659	-	1,462,761	-
Management & General	49,594	-	282,435	-	332,029	-
Fund raising	55,893	-	324,369	-	380,262	-
Total expenses	335,589	-	1,839,463	-	2,175,052	-
Increase (decrease) in net assets before investment securities valuation	261,768	73,208	318,353	91,449	580,121	750,000
Valuation gain on investment securities	104,215	-	151,580	-	255,795	-
Increase (decrease) in net assets	365,983	73,208	469,933	91,449	835,916	750,000
Net assets						
Beginning of year	1,433,903	-	1,433,903	1,774,331	3,963,742	-
End of year	\$ 1,799,886	\$ 73,208	\$ 1,873,094	\$ 1,865,780	\$ 4,799,658	\$ 750,000

AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY &
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2018

	ACLU - NJ			ACLU - NJ Foundation			Consolidated
	Program Services	Management & General	Fund Raising	Program Services	Management & General	Fund Raising	Total
Personnel							
Salaries	\$ 115,623	\$ 31,710	\$ 21,067	\$ 898,106	\$ 246,306	\$ 163,637	\$ 1,308,049
Payroll taxes	8,845	2,426	1,612	76,503	20,981	13,939	111,423
Pension	6,800	1,865	1,239	86,501	23,723	15,761	125,889
Health insurance	22,585	6,194	4,115	116,799	32,032	21,281	170,112
Other insurance	609	167	111	3,185	874	580	4,639
Malpractice insurance	4,647	-	-	4,647	-	-	4,647
Travel	11,029	3,025	2,010	27,209	7,462	4,958	39,629
	170,138	45,387	30,154	1,212,950	331,378	220,156	1,764,484
Program services							
Chapter costs	40	-	-	228	-	-	228
Litigation	789	-	-	60,701	-	-	60,701
Newsletter	9,013	-	-	54,946	-	-	54,946
Meetings & conferences	4,488	-	-	10,847	-	-	10,847
Public education	130,219	-	-	113,177	-	-	113,177
	144,549	-	-	239,899	-	-	239,899
Occupancy							
Rent	7,356	2,017	1,340	39,933	10,951	7,276	58,160
Utilities	2,622	719	477	14,854	4,074	2,707	21,635
Insurance	250	68	46	1,415	388	258	2,061
	10,228	2,804	1,863	56,202	15,413	10,241	81,856
Office & other							
Professional fees	9,624	2,639	1,754	11,576	3,175	2,109	16,860
Telecommunications	2,650	727	483	16,144	4,427	2,941	23,512
Equipment maintenance & rental	1,792	492	327	10,618	2,912	1,935	15,465
Equipment purchase	1,364	374	249	10,061	2,759	1,833	14,653
Publications & subscriptions	1,874	514	341	11,111	3,047	2,024	16,182
Postage	795	218	144	5,071	1,391	924	7,386
Stationery & supplies	1,335	366	243	13,661	3,746	2,489	19,896
Donor data management	-	-	866	-	-	15,300	15,300
Miscellaneous	870	238	158	7,889	2,164	1,437	11,490
	20,304	5,568	4,565	86,131	23,621	30,992	140,744
Depreciation							
	2,671	732	487	20,503	5,623	3,735	29,861
Total functional expenses	\$ 347,890	\$ 54,491	\$ 37,069	\$ 1,615,685	\$ 376,035	\$ 265,124	\$ 2,256,844
							\$ 2,696,294

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AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY &
AMERICAN CIVIL LIBERTIES UNION - NJ FOUNDATION
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2017

	ACLU - NJ			ACLU - NJ Foundation			2017 Consolidated Total		
	Program Services	Management & General	Fund Raising	Total	Program Services	Management & General		Fund Raising	Total
Personnel									
Salaries	\$ 129,352	\$ 32,625	\$ 32,566	\$ 194,543	\$ 752,515	\$ 189,798	\$ 189,459	\$ 1,131,772	\$ 1,326,315
Payroll taxes	8,671	2,187	2,183	13,041	62,593	15,787	15,759	94,139	107,180
Pension	11,485	2,897	2,892	17,274	81,764	20,622	20,585	122,971	140,245
Health insurance	15,492	3,907	3,900	23,299	84,652	21,351	21,313	127,316	150,615
Other insurance	542	137	136	815	3,421	863	861	5,145	5,960
Malpractice insurance	3,905	-	-	3,905	3,905	-	-	3,905	7,810
Travel	4,646	1,172	1,170	6,988	26,016	6,562	6,550	39,128	46,116
	174,093	42,925	42,847	259,865	1,014,866	254,983	254,527	1,524,376	1,784,241
Program services									
Membership recruitment	-	-	-	-	-	-	-	-	-
Chapter costs	-	-	-	-	-	-	-	-	-
Litigation	174	-	-	174	7,168	-	-	7,168	7,342
Lobbying	-	-	-	-	-	-	-	-	-
Newsletter	9,828	-	-	9,828	42,311	-	-	42,311	52,139
Meetings & conferences	3,102	-	-	3,102	11,374	-	-	11,374	14,476
Public education	16,467	-	-	16,467	48,097	-	-	48,097	64,564
	29,571	-	-	29,571	108,950	-	-	108,950	138,521
Occupancy									
Rent	5,237	1,321	1,318	7,876	32,147	8,108	8,094	48,349	56,225
Utilities	1,476	373	371	2,220	8,363	2,110	2,105	12,578	14,798
Insurance	149	38	38	225	845	213	213	1,271	1,496
	6,862	1,732	1,727	10,321	41,355	10,431	10,412	62,198	72,519
Office & other									
Professional fees	9,631	2,429	2,425	14,485	11,972	3,019	3,014	18,005	32,490
Telecommunications	2,391	603	602	3,596	14,082	3,552	3,546	21,180	24,776
Equipment maintenance & rental	1,037	261	261	1,559	6,087	1,535	1,532	9,154	10,713
Equipment purchase	232	59	58	349	3,233	815	814	4,862	5,211
Publications & subscriptions	1,166	294	294	1,754	6,362	1,605	1,602	9,569	11,323
Postage	1,573	396	396	2,365	4,094	1,033	1,031	6,158	8,523
Stationery & supplies	1,133	286	285	1,704	6,674	1,683	1,680	10,037	11,741
Donations to other organizations	-	-	-	-	-	-	-	-	-
Donor data management	-	-	6,393	6,393	-	-	42,439	42,439	48,832
Miscellaneous	1,446	365	361	2,172	5,104	1,287	1,284	7,675	9,847
	18,609	4,693	11,075	34,377	57,608	14,529	56,942	129,079	163,456
Depreciation	967	244	244	1,455	9,880	2,492	2,488	14,860	16,315
Total functional expenses	\$ 230,102	\$ 49,594	\$ 55,893	\$ 335,589	\$ 1,232,659	\$ 282,435	\$ 324,369	\$ 1,839,463	\$ 2,175,052

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, 2018 AND 2017

	2018			2017		
	ACLU - NJ	ACLU - NJ Foundation	Consolidated	ACLU - NJ	ACLU - NJ Foundation	Consolidated
Cash flows from operating activities						
Increase in net assets	\$ 1,132,637	\$ 646,880	\$ 1,779,517	\$ 439,191	\$ 1,311,382	\$ 1,750,573
Adjustments to reconcile increase in net assets to cash provided by operating activities:						
Depreciation	3,890	29,862	33,752	1,455	14,860	16,315
(Gain) loss on investment securities	(87,509)	(237,680)	(325,189)	(104,215)	(151,580)	(255,795)
Pledge received with time-imposed temporary restriction	(960)	(46,816)	(47,776)	(98,208)	(441,449)	(539,657)
(Increase) decrease in:						
Accounts receivable	58,824	340,368	399,192	(53,302)	(660,047)	(713,349)
Inter-company funds	13,668	(13,668)	-	(2,819)	2,819	-
Prepaid expenses	(603)	1,097	494	(669)	(754)	(1,423)
Increase (decrease) in:						
Accounts payable & accrued expenses	(27,720)	(3,457)	(31,177)	24,256	25,215	49,471
Deferred revenue	-	450	450	-	-	-
	<u>1,092,227</u>	<u>717,036</u>	<u>1,809,263</u>	<u>205,689</u>	<u>100,446</u>	<u>306,135</u>
Cash flows from investing activities						
Acquisition of investment securities	(881,865)	(826,279)	(1,708,144)	(142,911)	(751,962)	(894,873)
Proceeds from sales of investments	89,000	39,000	128,000	-	485,000	485,000
Acquisition of property and equipment	(21,390)	(163,965)	(185,355)	(3,237)	(18,446)	(21,683)
	<u>(814,255)</u>	<u>(951,244)</u>	<u>(1,765,499)</u>	<u>(146,148)</u>	<u>(285,408)</u>	<u>(431,556)</u>
Cash flows from financing activities						
Collections on pledges receivable	25,000	100,000	125,000	25,000	350,000	375,000
Increase (decrease) in cash & cash equivalents	302,972	(134,208)	168,764	84,541	165,038	249,579
Cash & cash equivalents						
Beginning of year	274,005	755,118	1,029,123	189,464	590,080	779,544
End of year	<u>\$ 576,977</u>	<u>\$ 620,910</u>	<u>\$ 1,197,887</u>	<u>\$ 274,005</u>	<u>\$ 755,118</u>	<u>\$ 1,029,123</u>

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