

**American Civil Liberties Union
of Michigan and American Civil
Liberties Union Fund
of Michigan**

Combining Financial Statements

March 31, 2025

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

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Independent Auditors' Report

To the Board of Directors of
American Civil Liberties Union of Michigan and
American Civil Liberties Union Fund of Michigan

Opinion

We have audited the combining financial statements of American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan (collectively, the Organizations), which comprise the combining statement of financial position as of March 31, 2025, and the related combining statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combining financial statements.

In our opinion, the accompanying combining financial statements present fairly, in all material respects, the combining financial position of the Organizations as of March 31, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combining Financial Statements section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

The summarized comparative information presented herein was derived from the financial statements of the Organization as of March 31, 2024. Those combining financial statements were audited by other auditors whose report dated November 15, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Combining Financial Statements

Management is responsible for the preparation and fair presentation of the combining financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combining financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Combining Financial Statements

Our objectives are to obtain reasonable assurance about whether the combining financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 GAAS 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 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 combining financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combining financial statements, 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 combining financial statements.
- Obtain an understanding of 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 Organizations' 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 combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Baker Tilly US, LLP

Southfield, Michigan
December 19, 2025

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Combining Statement of Financial Position

March 31, 2025

(With Comparative Totals for the Year Ended March 31, 2024)

	2025		Combined Total	
	American Civil Liberties Union of Michigan (Union)	American Civil Liberties Union Fund of Michigan (Fund)	2025	2024
Assets				
Current Assets				
Cash and cash equivalents	\$ 4,742,643	\$ 6,777,121	\$ 11,519,764	\$ 10,357,175
Accounts and pledges receivable, current portion	822,113	2,039,452	2,861,565	1,339,695
Prepaid expenses	<u>34,513</u>	<u>77,985</u>	<u>112,498</u>	<u>58,549</u>
Total current assets	<u>5,599,269</u>	<u>8,894,558</u>	<u>14,493,827</u>	<u>11,755,419</u>
Other Assets				
Accounts and pledges receivable, net of current portion	-	2,500	2,500	2,500
Long-term investments	-	3,212,534	3,212,534	3,100,394
Property and equipment, net	892	922,905	923,797	990,962
Operating lease right-of-use assets	<u>96,581</u>	<u>42,083</u>	<u>138,664</u>	<u>134,972</u>
Total other assets	<u>97,473</u>	<u>4,180,022</u>	<u>4,277,495</u>	<u>4,228,828</u>
Total assets	<u>\$ 5,696,742</u>	<u>\$ 13,074,580</u>	<u>\$ 18,771,322</u>	<u>\$ 15,984,247</u>

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Combining Statement of Financial Position

March 31, 2025

(With Comparative Totals for the Year Ended March 31, 2024)

	2025		Combined Total	
	American Civil Liberties Union of Michigan (Union)	American Civil Liberties Union Fund of Michigan (Fund)	2025	2024
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 102,891	\$ 86,403	\$ 189,294	\$ 434,991
Accrued payroll	66,666	311,290	377,956	368,454
Accrued pension	22,509	196,512	219,021	145,055
Due to national organization	84,459	1,391,286	1,475,745	589,789
Operating lease liabilities, current portion	32,622	29,680	62,302	30,048
Total current liabilities	309,147	2,015,171	2,324,318	1,568,337
Long-Term Liabilities				
Unfunded pension obligation	33,215	289,991	323,206	677,501
Operating lease liabilities, net of current portion	63,959	10,092	74,051	104,924
Total long-term liabilities	97,174	300,083	397,257	782,425
Total liabilities	406,321	2,315,254	2,721,575	2,350,762
Net Assets				
Net assets without donor restrictions:				
Board-designated	-	3,212,534	3,212,534	3,100,394
Undesignated	4,943,308	6,381,255	11,324,563	7,867,133
Total net assets without donor restrictions	4,943,308	9,593,789	14,537,097	10,967,527
Net assets with donor restrictions	347,113	1,165,537	1,512,650	2,665,958
Total net assets	5,290,421	10,759,326	16,049,747	13,633,485
Total liabilities and net assets	\$ 5,696,742	\$ 13,074,580	\$ 18,771,322	\$ 15,984,247

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Combining Statement of Activities

Year Ended March 31, 2025

(With Comparative Totals for the Year Ended March 31, 2024)

	2025		Combined Total	
	Union	Fund	2025	2024
Changes in Net Assets Without Donor Restrictions				
Revenue				
Membership share	\$ 2,133,857	\$ -	\$ 2,133,857	\$ 1,170,417
Contributions and other support	20,078	2,464,879	2,484,957	1,187,782
Intra-organization support (expense)	(31,129)	31,129	-	-
Revenue sharing, net	10,923	303,392	314,315	(276,547)
Attorney fees	-	589,120	589,120	781,251
Literature sales and other	9,910	4,102	14,012	10,419
Investment return, net	201,544	543,444	744,988	791,948
In-kind contributions	-	6,491,351	6,491,351	3,570,072
Total revenue without donor restrictions	2,345,183	10,427,417	12,772,600	7,235,342
Net assets released from restrictions	723,308	3,416,042	4,139,350	2,450,822
Total revenue and other support without donor restrictions	<u>3,068,491</u>	<u>13,843,459</u>	<u>16,911,950</u>	<u>9,686,164</u>
Expenses				
Program services:				
Legislative	748,921	-	748,921	561,859
Advocacy and outreach	730,077	-	730,077	686,786
Member service	85,394	-	85,394	25,848
Litigation	-	8,290,472	8,290,472	5,150,052
Communications and outreach	-	2,209,180	2,209,180	1,368,615
Total program services	<u>1,564,392</u>	<u>10,499,652</u>	<u>12,064,044</u>	<u>7,793,160</u>
Supporting services:				
Management and general	210,887	960,025	1,170,912	1,203,640
Fundraising	-	461,719	461,719	504,589
Total supporting services	<u>210,887</u>	<u>1,421,744</u>	<u>1,632,631</u>	<u>1,708,229</u>
Total expenses	<u>1,775,279</u>	<u>11,921,396</u>	<u>13,696,675</u>	<u>9,501,389</u>
Changes in net assets without donor restrictions before nonoperating activities	<u>1,293,212</u>	<u>1,922,063</u>	<u>3,215,275</u>	<u>184,775</u>

See notes to combining financial statements

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Combining Statement of Activities

Year Ended March 31, 2025

(With Comparative Totals for the Year Ended March 31, 2024)

	2025		Combined Total	
	Union	Fund	2025	2024
Nonoperating activities:				
Nonperiodic pension provision	\$ 34,976	\$ 319,319	\$ 354,295	\$ (383,515)
Changes in net assets without donor restrictions	1,328,188	2,241,382	3,569,570	(198,740)
Changes in Net Assets With Donor Restrictions				
Contributions	660,980	2,325,062	2,986,042	3,260,145
Net assets released from restrictions	(723,308)	(3,416,042)	(4,139,350)	(2,450,822)
Change in net assets with donor restrictions	(62,328)	(1,090,980)	(1,153,308)	809,323
Change in net assets	1,265,860	1,150,402	2,416,262	610,583
Net Assets, Beginning	4,024,561	9,608,924	13,633,485	13,022,902
Net Assets, Ending	\$ 5,290,421	\$ 10,759,326	\$ 16,049,747	\$ 13,633,485

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Combining Statement of Functional Expenses - Combined

Year Ended March 31, 2025

(With Comparative Totals for the Year Ended March 31, 2024)

2025													
	Program Services						Supporting Services			Total Expenses			
	Advocacy and Outreach		Member Service		Litigation		Communications and Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	2025	2024
	Legislative	Outreach	Service		Litigation							2025	2024
Personnel costs	\$ 292,663	\$ 283,492	\$ 28,881	\$ 1,372,726	\$ 828,210	\$ 2,805,972	\$ 828,382	\$ 344,554	\$ 1,172,936	\$ 3,978,908	\$ 3,831,866		
Pension	16,110	15,605	1,590	75,562	45,589	154,456	45,848	18,966	64,814	219,270	145,055		
Professional and contractual fees	134,774	121,928	18,981	70,556	996,978	1,343,217	122,067	37,248	159,315	1,502,532	764,134		
Occupancy	69,521	10,138	648	44,375	28,730	153,412	19,734	10,203	29,937	183,349	177,720		
Office expenses	54,595	56,223	29,725	123,974	99,465	363,982	114,409	31,240	145,649	509,631	306,488		
Program activities and materials	165,488	2,628	2,628	38,690	20,094	229,528	7,425	797	8,222	237,750	258,046		
Printing and publications	-	223,331	1,872	-	142,696	367,899	-	1,872	1,872	369,771	170,236		
Conferences, conventions and meetings	9,815	10,414	665	45,584	29,513	95,991	19,963	10,481	30,444	126,435	192,582		
Bad debt expense	-	-	-	-	-	-	973	-	973	973	973	133	
Donated services	-	-	-	6,491,351	-	6,491,351	-	-	-	6,491,351	3,570,072		
Total expenses before depreciation	742,966	723,759	84,990	8,262,818	2,191,275	12,005,808	1,158,801	455,361	1,614,162	13,619,970	9,416,332		
Depreciation	5,955	6,318	404	27,654	17,905	58,236	12,111	6,358	18,469	76,705	85,057		
Total expenses	\$ 748,921	\$ 730,077	\$ 85,394	\$ 8,290,472	\$ 2,209,180	\$ 12,064,044	\$ 1,170,912	\$ 461,719	\$ 1,632,631	\$ 13,696,675	\$ 9,501,389		

See notes to combining financial statements

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Combining Statement of Functional Expenses

American Civil Liberties Union of Michigan

Year Ended March 31, 2025

(With Comparative Totals for the Year Ended March 31, 2024)

	2025						Supporting Services		Total Expenses	
	Program Services									
	Advocacy and Outreach		Member Service		Total Program Services		Management and General		2025	2024
	Legislative	Advocacy and Outreach	Member Service	Total Program Services	Management and General				2025	2024
Personnel costs	\$ 292,663	\$ 283,492	\$ 28,881	\$ 605,036	\$ 124,555	\$ 729,591	\$ 723,885			
Pension	16,110	15,605	1,590	33,305	6,856	40,161	27,403			
Professional and contractual fees	134,774	121,928	18,981	275,683	22,888	298,571	358,664			
Occupancy	69,521	10,138	648	80,307	3,012	83,319	83,858			
Office expenses	54,595	56,223	29,725	140,543	45,977	186,520	54,620			
Program activities and materials	165,488	2,628	2,628	170,744	2,628	173,372	189,706			
Printing and publications	-	223,331	1,872	225,203	-	225,203	143,331			
Conferences, conventions and meetings	9,815	10,414	665	20,894	3,094	23,988	38,566			
Total expenses before depreciation	742,966	723,759	84,990	1,551,715	209,010	1,760,725	1,620,033			
Depreciation	5,955	6,318	404	12,677	1,877	14,554	17,033			
Total expenses	<u>\$ 748,921</u>	<u>\$ 730,077</u>	<u>\$ 85,394</u>	<u>\$ 1,564,392</u>	<u>\$ 210,887</u>	<u>\$ 1,775,279</u>	<u>\$ 1,637,066</u>			

See notes to combining financial statements

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Combining Statement of Functional Expenses

American Civil Liberties Union Fund of Michigan

Year Ended March 31, 2025

(With Comparative Totals for the Year Ended March 31, 2024)

	2025								Total Expenses			
	Program Services			Supporting Services								
	Litigation	Communications and Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	2025	2024				
Personnel costs	\$ 1,372,726	\$ 828,210	\$ 2,200,936	\$ 703,827	\$ 344,554	\$ 1,048,381	\$ 3,249,317	\$ 3,107,981				
Pension	75,562	45,589	121,151	38,992	18,966	57,958	179,109	117,652				
Professional and contractual fees	70,556	996,978	1,067,534	99,179	37,248	136,427	1,203,961	405,470				
Occupancy	44,375	28,730	73,105	16,722	10,203	26,925	100,030	93,862				
Office expenses	123,974	99,465	223,439	68,432	31,240	99,672	323,111	251,868				
Program activities and materials	38,690	20,094	58,784	4,797	797	5,594	64,378	68,340				
Printing and publications	-	142,696	142,696	-	1,872	1,872	144,568	26,905				
Conferences, conventions and meetings	45,584	29,513	75,097	16,869	10,481	27,350	102,447	154,016				
Bad debt expense	-	-	-	973	-	973	973	133				
Donated services	6,491,351	-	6,491,351	-	-	-	6,491,351	3,570,072				
Total expenses before depreciation	8,262,818	2,191,275	10,454,093	949,791	455,361	1,405,152	11,859,245	7,796,299				
Depreciation	27,654	17,905	45,559	10,234	6,358	16,592	62,151	68,024				
Total expenses	<u>\$ 8,290,472</u>	<u>\$ 2,209,180</u>	<u>\$ 10,499,652</u>	<u>\$ 960,025</u>	<u>\$ 461,719</u>	<u>\$ 1,421,744</u>	<u>\$ 11,921,396</u>	<u>\$ 7,864,323</u>				

See notes to combining financial statements

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Combining Statement of Cash Flows

Year Ended March 31, 2025

(With Comparative Totals for the Year Ended March 31, 2024)

	2025		Combined Total	
	Union	Fund	2025	2024
Cash Flows From Operating Activities				
Cash received from members	\$ 1,592,403	\$ -	\$ 1,592,403	\$ 2,010,004
Cash received from contributors and revenue sharing	634,011	4,169,914	4,803,925	3,602,035
Cash received from attorney fees	-	589,120	589,120	781,251
Cash received from other sources	9,910	4,102	14,012	10,119
Cash received from investment income	201,544	336,789	538,333	465,137
Cash paid for personnel costs	(730,002)	(3,315,270)	(4,045,272)	(4,100,707)
Cash paid to suppliers and vendors	(1,298,378)	(1,022,013)	(2,320,391)	(1,569,505)
Net cash flows from operating activities	409,488	762,642	1,172,130	1,198,334
Cash Flows From Investing Activities				
Acquisition of property and equipment	-	(9,541)	(9,541)	-
Proceeds received from disposition of investments	-	-	-	990,292
Acquisition of investments	-	-	-	(148,882)
Net cash flows from investing activities	-	(9,541)	(9,541)	841,410
Net change in cash and cash equivalents	409,488	753,101	1,162,589	2,039,744
Cash and Cash Equivalents, Beginning	4,333,155	6,024,020	10,357,175	8,317,431
Cash and Cash Equivalents, Ending	\$ 4,742,643	\$ 6,777,121	\$ 11,519,764	\$ 10,357,175

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Notes to Combining Financial Statements
March 31, 2025

1. Summary of Significant Accounting Policies

Nature of Activities and Purpose

The American Civil Liberties Union of Michigan (the Union) and the American Civil Liberties Union Fund of Michigan (the Fund) are Michigan nonprofit corporations organized to preserve, protect and advance for all persons the provisions of the Bill of Rights and other civil rights and civil liberties. The Union and the Fund are affiliates, respectively, of American Civil Liberties Union, Inc. and American Civil Liberties Union Foundation, Inc. (collectively, the National ACLU).

The Union and the Fund are affiliated as a result of having a common Board of Directors and management team. Neither Union or Fund has a controlling financial interest nor an economic interest in each other as defined by authoritative accounting guidance. The accompanying combining financial statements include the accounts of the Union and the Fund (collectively, the Organizations) because combined financial statements are more meaningful than separate statements to the users. All material interorganization balances and transactions have been eliminated in the accompanying combining financial statements.

The Organizations' program and supporting services are as follows:

Program Services

The Union's primary method of accomplishing its mission is through legislative advocacy, which includes support for proposals that would advance or preserve civil liberties and opposition against proposals that would harm civil liberties, advocacy and outreach to the public on civil rights issues and member service, which provides activities meant to attract new members and to keep current members active in the Union.

The Fund's primary method of accomplishing its mission is through litigation, used as a method to advance a civil liberties concern and through communications and outreach to the public on civil rights issues.

Management and General

This service includes the functions necessary to maintain an adequate working environment, to provide the proper administrative support of the Organizations' programs and to manage the financial and budgeting responsibilities of the Organizations. Management and general activities relate to the overall direction of the Organizations. They are not identifiable with a particular program or fundraising activity, but they are indispensable to the conduct of those activities and are essential to the Organizations.

Fundraising

This service provides the structure necessary to encourage and secure support from individuals, foundations, corporations and others for the Organizations.

Basis of Accounting

The accompanying combining financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Notes to Combining Financial Statements
March 31, 2025

Financial Statement Presentation

The Organizations report information regarding their financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organizations and/or the passage of time or are required to be held in perpetuity. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organizations did not have any net assets with donor restrictions that are required to be maintained in perpetuity as of March 31, 2025 and 2024.

Board Designated Net Assets

The Organizations' Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. The Union's Board of Directors has designated \$3,212,534 as of March 31, 2025. The Fund's Board of Directors has not designated any amounts as this time.

Cash Equivalents

The Organizations consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents do not include money market funds and sweep accounts held at brokerage accounts pending investment, but do include other money market funds and sweep accounts.

Accounts Receivable

See Note 4 for further information on accounts receivable.

Pledges Receivable

Unconditional pledges receivable are recorded when received, net of an allowance for bad debts. Pledges receivable expected to be collected beyond one year are recorded at their present values, discounted at a risk free rate based on the duration until the date the pledge is received. No discount was deemed necessary as of March 31, 2025. All pledges receivable at March 31, 2025 are expected to be collected in the subsequent fiscal year. Conditional pledges, that is, those with a measurable performance or other barrier and right of return are not recognized until the conditions on which they depend are met.

An allowance for uncollectible pledges receivable has not been recorded as of March 31, 2025 since management believes all pledges receivable are fully collectible. If certain pledges receivable become uncollectible, the balances will be charged to operations when that determination is made.

Investments

The Organizations' investments are stated at fair value. Fair value 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 (an exit price).

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Notes to Combining Financial Statements
March 31, 2025

The Organizations' investments are valued as follows:

- Money market funds and U.S. government securities are carried at cost and are therefore excluded from the fair value hierarchy.
- Registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Organizations at the end of the year.
- The interest in pooled investments (see Note 5) is based upon valuations provided by the National ACLU in conjunction with the value of the underlying securities maintained and valued by an investment custodian. The Fund's interest in the pooled investments is calculated by the National ACLU based on the percentage of total units in the portfolio held by the Fund applied to the total net asset value of the portfolio. Investment management and custodial fees allocable to the Fund's investments are deducted from the Fund's share of investment return of the portfolio.

Purchases and sales of securities are recorded on a trade-date basis. Gains and losses on sales of securities are based on average costs. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation and depreciation include the Organizations' gains and losses on investments bought and sold, as well as held, during the year. All investment activity is recorded net of any investment fees.

Property and Equipment

Property and equipment are recorded at cost when purchased, or at fair value at the date of donation and are being depreciated on a straight-line over their estimated useful lives, which range from 3 to 39 years. The Organizations' policy is to capitalize acquisitions of \$5,000 or more. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The cost of repairs and maintenance is charged to expense when incurred.

Capitalized website development costs are carried at cost or, if donated, at fair value at the time of the donation. Amortization is calculated over five years.

Impairment of Long-Lived Assets

The Organizations review long-lived assets, including property and equipment and right-of-use assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Leases

The Organizations recognize right-of-use assets and lease liabilities for all leases. Leases are categorized as either finance leases or operating leases.

At contract inception, the Organizations determine whether a contract is or contains a lease, based on whether the Organizations have the right to control the asset during the contract period, and whether the lease should be classified as a finance lease or an operating lease. The Organizations' leasing arrangements do not contain any nonlease components. The Organizations do not enter into any leases with a defined borrowing rate, so the Organizations use the incremental borrowing rate to measure their right-of-use assets and lease liabilities. The incremental borrowing rate is the rate that the Organizations would have to pay to borrow, on a collateralized basis over a similar term, amounts equal to the lease payments in a comparable economic environment.

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Notes to Combining Financial Statements
March 31, 2025

The Organizations have elected not to recognize right-of-use assets or lease liabilities for leases that have an initial term of 12 months or less; the Organizations recognize lease expense for these leases on a straight-line basis over the lease term.

Membership Share Revenue

Membership share revenue is the amount shared by National ACLU for memberships to support the operations of the Union.

Recognition of Contributions

Unconditional contributions are recognized when cash, securities, or other assets or pledges are received. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Unconditional contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. This includes grants and gifts that may or may not be shared with the National ACLU, as well as the Union's share of membership revenue from the National ACLU (see Note 4).

The Organizations report contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is when a purpose restriction is accomplished or a stipulated time restriction ends), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the combining statements of activities as net assets released from restrictions. This applies when the restrictions are met within the same year.

The Organizations report gifts of equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor restrictions about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. There are no conditional contributions at March 31, 2025.

Donated Services

The Organizations receive donated services from various organizations and individuals in order to accomplish their program objectives. Contributions of donated services that create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair values and are reflected in the combining financial statements as support.

Revenue Recognition

Revenue is measured based upon the consideration specified in a contract with a customer at the time when the related performance obligation is satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to the customer. The Organizations recognize revenue when a performance obligation is satisfied by transferring control over a product or service to a customer. For literature sales and other revenue, the Organizations have determined control to be transferred at a point in time when the goods are provided to the customer.

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Notes to Combining Financial Statements
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Attorney Fees

Pursuant to the Civil Rights Attorneys Fee Awards Act of 1976 and similar laws, attorney fees and expenses may be awarded in certain legal actions. The amounts of these awards are the result of court determinations and/or negotiations between the parties to the matters.

Management anticipates that the Fund will be the recipient of legal awards of a substantial amount, but is unable to determine the amounts receivable with any degree of accuracy. Accordingly, the Organizations' policy is to record an award only when, in management's judgment, the amount appears relatively certain of collection.

Functional Allocation of Expenses

The Organizations allocate their expenses on a functional basis among their program and supporting services. Costs directly attributable to a program or supporting service are recorded in the appropriate function. Certain costs not directly attributable to a function are allocated to functions based primarily on the proportion of total employee time dedicated to functional categories.

Tax-Exempt Status

The Union has been classified by the Internal Revenue Service (IRS) as an organization exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code (IRC) as a participant in a group exemption obtained by the National ACLU. The Fund has been classified by the IRS as an organization exempt from federal income tax under section 501(c)(3) of the IRC and has also been classified by the IRS as an organization that is not a private foundation.

The Organizations' management is not aware of any uncertain tax positions or unrecognized tax benefits as of March 31, 2025.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combining financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the Organizations to concentrations of credit risk consist principally of cash, cash equivalents, accounts and pledges receivable and investments.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed the federally insured limit of \$250,000 per depositor at each financial institution. Pledges receivable are due from various organizations, located primarily in southeastern Michigan. As discussed in Note 5, investments consist of an interest in pooled investments.

Comparative Financial Information

The combining financial statements include prior-year summarized comparative information in total but not by organization. Accordingly, such information should be read in conjunction with the Organizations' combining financial statements as of, and for the year ended, March 31, 2024, from which the summarized information was derived.

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Notes to Combining Financial Statements
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Measure of Operations

The statement of activities include change in net assets related to operations that represents the results of operations. Other activities which are excluded from change in net assets related to operations include activities related to nonperiodic pension provision.

Subsequent Events

The Organizations has evaluated events through December 19, 2025, which is the date the financial statements were approved and available to be issued.

2. Net Assets With Donor Restrictions

Net assets with donor restrictions are available as of March 31 for the following purposes or periods:

	2025		Combined Total	
	Union	Fund	2025	2024
Restricted for specific purposes:				
Voting rights	\$ 165,000	\$ 274,397	\$ 439,397	\$ 940,699
Reproductive rights	19,826	346,745	366,571	463,727
National criminal legal reform	112,287	-	112,287	181,387
Fellow funding	-	111,750	111,750	84,305
Immigrant rights	-	158,909	158,909	77,403
Prosecutor transparency	-	14,153	14,153	61,270
LGBTQ+ rights	-	22,500	22,500	-
Engagement strategist	-	94,166	94,166	17,000
	<u>297,113</u>	<u>1,022,620</u>	<u>1,319,733</u>	<u>1,825,791</u>
Restricted for use in future periods:				
Pledges receivable	-	2,500	2,500	273,500
Future operations	<u>50,000</u>	<u>140,417</u>	<u>190,417</u>	<u>566,667</u>
	<u>50,000</u>	<u>142,917</u>	<u>192,917</u>	<u>840,167</u>
	<u>\$ 347,113</u>	<u>\$ 1,165,537</u>	<u>\$ 1,512,650</u>	<u>\$ 2,665,958</u>

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

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

	2025			2024	
	Union	Fund	Total		Total
Purpose restrictions accomplished for the following purposes:					
Voting rights	\$ 315,443	\$ 1,637,842	\$ 1,953,285	\$ 496,019	
Reproductive rights	31,765	567,127	598,892	402,352	
National criminal legal reform	129,100	-	129,100	27,239	
Michigan justice Fund Panel	-	13,800	13,800	-	
Prosecutor transparency	-	47,116	47,116	126,903	
Fellow funding	-	120,055	120,055	112,384	
Immigrant rights	-	78,494	78,494	52,883	
Engagement strategist	-	35,833	35,833	34,000	
LGBTQ+ rights	-	93,275	93,275	-	
Strategic plan	-	-	-	15,000	
	476,308	2,593,542	3,069,850	1,266,780	
Time restrictions expired by passage of specified time					
	247,000	822,500	1,069,500	1,184,042	
	<u>\$ 723,308</u>	<u>\$ 3,416,042</u>	<u>\$ 4,139,350</u>	<u>\$ 2,450,822</u>	

3. Pledges Receivable

Pledges receivable as of March 31 consist of the following:

	2025			2024	
	Union	Fund	Total		Total
Amounts due in:					
Less than one year	\$ 210,000	\$ 322,130	\$ 532,130	\$ 698,550	
One to five years	-	2,500	2,500	2,500	
	<u>\$ 210,000</u>	<u>\$ 324,630</u>	<u>\$ 534,630</u>	<u>\$ 701,050</u>	

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

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4. Related-Party Transactions

Due From and To National Organization

The Union shares in membership revenue earned by the National ACLU and receives advances on a bi-monthly basis.

The Organizations also share in contributions received by the National ACLU and conversely share a portion of their support with the National ACLU.

Revenue Sharing

Under a revenue sharing agreement, the Organizations share contributions with the National ACLU for amounts over a calculated base threshold. This revenue sharing agreement helps to stabilize revenue that may fluctuate from year to year by allowing all affiliates to share amounts raised nationally.

For the year ended March 31, net revenue sharing in the combining statement of activities consists of gross revenue shared by the National ACLU, netted against revenue shared by the Organizations to the National ACLU, as follows:

	2025		
	Union	Fund	Total
Gross revenue shared by National ACLU	\$ 95,382	\$ 1,693,428	\$ 1,788,810
Less revenue shared by Organizations	<u>(84,459)</u>	<u>(1,390,036)</u>	<u>(1,474,495)</u>
	<u><u>\$ 10,923</u></u>	<u><u>\$ 303,392</u></u>	<u><u>\$ 314,315</u></u>

Shared Expenses

The Union and the Fund allocate between each other certain overhead expenses, including personnel costs and occupancy, based upon estimates of actual usage. Those shared expenses are as follows for the years ended March 31:

	2025		2024	
	Union	Fund	Union	Fund
Personnel costs	\$ (52,563)	\$ 52,563	\$ 83,082	\$ (83,082)
Pension	17,652	(17,652)	12,803	(12,803)
Professional and contractual fees	1,684	(1,684)	126,400	(126,400)
Occupancy	13,681	(13,681)	12,056	(12,056)
Office expenses	(34,544)	34,544	(17,008)	17,008
Printing and publications	8,312	(8,312)	6,306	(6,306)
Conferences, conventions and meetings	1,020	(1,020)	3,935	(3,935)
Depreciation	<u>13,629</u>	<u>(13,629)</u>	<u>15,052</u>	<u>(15,052)</u>
	<u><u>\$ (31,129)</u></u>	<u><u>\$ 31,129</u></u>	<u><u>\$ 242,626</u></u>	<u><u>\$ (242,626)</u></u>

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

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5. Investments and Fair Value

The Fund is party to an agreement with American Civil Liberties Union Foundation, Inc. (the National ACLU Foundation), effective in June 2023, whereby amounts deposited by the Fund with the National ACLU Foundation are invested and held for the benefit of the Fund. These balances are reported as an interest in the pooled investments of the National ACLU Foundation's Screened Fund.

The Screened Fund is an example of socially responsible investing or investing using environmental, social and governance goals. The Screened Fund uses a "social screen" by the investment managers to remove investments in corporations known for egregious civil liberties violations.

The Organizations use fair value measurements in the preparation of their combining financial statements, which utilize various inputs, including those that can be readily observable, corroborated or are generally unobservable. The Organizations utilize market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Additionally, the Organizations apply assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Organizations have the ability to access

Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Notes to Combining Financial Statements
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The Organizations' fair value hierarchy for those assets measured at fair value on a recurring basis as of March 31 is summarized as follows:

2025						
Fair Value Measurements						
Quoted Prices in Markets for Identical Assets (Level 1)	Active Other Inputs (Level 2)	Significant Observable Inputs (Level 3)	Significant Unobservab le Inputs (Level 3)	Total	Union	Fund

Assets:

Investments at fair value:

Interest in pooled
investments held by
National ACLU
Foundation:

Benchmark equity	\$ -	\$ -	\$ 2,126,697	\$ 2,126,697	\$ -	\$ 2,126,697
Fixed income	\$ -	\$ -	\$ 1,085,837	\$ 1,085,837	\$ -	\$ 1,085,837
Total investments	\$ -	\$ -	\$ 3,212,534	\$ 3,212,534	\$ -	\$ 3,212,534

2024						
Fair Value Measurements						
Quoted Prices in Markets for Identical Assets (Level 1)	Active Other Inputs (Level 2)	Significant Observable Inputs (Level 3)	Significant Unobservab le Inputs (Level 3)	Total	Union	Fund

Assets:

Investments at fair value:

Interest in pooled
investments held by
National ACLU

Foundation:

Benchmark equity	\$ -	\$ -	\$ 2,071,063	\$ 2,071,063	\$ -	\$ 2,071,063
Fixed income	\$ -	\$ -	740,994	740,994	\$ -	740,994
Multi-asset blend	\$ -	\$ -	288,337	288,337	\$ -	288,337
Total investments	\$ -	\$ -	\$ 3,100,394	\$ 3,100,394	\$ -	\$ 3,100,394

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Notes to Combining Financial Statements
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The cost, fair value and unrealized appreciation or depreciation of the Organizations' investments as of March 31 are as follows:

	2025			2024		
	Fair Value	Cost	Unrealized Appreciation	Fair Value	Cost	Unrealized Appreciation
Interest in pooled investments held by National ACLU Foundation	\$ 3,212,534	\$ 3,017,076	\$ 195,458	\$ 3,100,394	\$ 2,747,658	\$ 352,736

The following schedule details the investment return, including gains and losses in the investment reserves, as well as interest and dividend income earned in the investment reserves and the cash reserves held with the Organizations' investment custodian, in the combining statement of activities for the years ended March 31, 2025 and 2024:

	2025			2024	
	Union	Fund	Total	Total	
Interest and dividend income	\$ 201,544	\$ 543,444	\$ 744,988	\$ 465,137	
Unrealized gain	-	-	-	-	344,602
Realized loss	-	-	-	-	(17,791)
	<u>\$ 201,544</u>	<u>\$ 543,444</u>	<u>\$ 744,988</u>	<u>\$ 791,948</u>	

The Fund made purchases of the interest in pooled investments totaling \$0 and \$2,864,349 during the years ended March 31, 2025 and 2024, respectively. There were no sales of the interest in pooled investments or transfers of the interest in pooled investments into or out of Level 3 during the year ended March 31, 2025.

6. Property and Equipment

Property and equipment consist of the following as of March 31:

	2025			2024	
	Union	Fund	Total	Total	
Buildings and land	\$ -	\$ 954,545	\$ 954,545	\$ 954,545	
Building improvements	-	543,817	543,817	534,277	
Leasehold improvements	-	-	-	-	62,678
Furniture and fixtures	-	88,100	88,100	88,100	126,039
Technology equipment	5,457	144,461	149,918	307,338	
	5,457	1,730,923	1,736,380	1,984,877	
Less accumulated depreciation	(4,565)	(808,018)	(812,583)	(993,915)	
	<u>\$ 892</u>	<u>\$ 922,905</u>	<u>\$ 923,797</u>	<u>\$ 990,962</u>	

American Civil Liberties Union of Michigan and American Civil Liberties Union Fund of Michigan

Notes to Combining Financial Statements
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7. Leases

The Union and the Fund lease office facilities located in Lansing and Grand Rapids, Michigan, respectively, under operating leases that expire in December 2027 and July 2026, respectively.

Amounts recognized in the combining statement of financial position as of March 31, 2025 and 2024 are as follows:

	2025			2024	
	Union	Fund	Total		Total
Right-of-use assets:					
Under operating leases	\$ 96,581	\$ 42,083	\$ 42,083	\$ 134,972	
Operating lease liabilities:					
Current portion	\$ 32,622	\$ 29,680	\$ 29,680	\$ 30,048	
Long-term portion	63,959	10,092	10,092	104,924	
	\$ 96,581	\$ 39,772	\$ 39,772	\$ 134,972	

Maturities of the lease liabilities are as follows as of March 31, 2025:

	Operating Leases		
	Union	Fund	Total
Years ending March 31:			
2026	\$ 39,375	\$ 30,106	\$ 69,481
2027	39,375	12,544	51,919
2028	29,531	-	29,531
Total lease payments	108,281	42,650	150,931
Less imputed interest	(11,700)	(2,878)	(14,578)
Present value of lease liabilities	\$ 96,581	\$ 39,772	\$ 136,353

Lease costs are as follows for the years ended March 31, 2025 and 2024:

	2025			2024	
	Union	Fund	Total		Total
Operating lease cost	\$ 39,375	\$ 19,872	\$ 59,247	\$ 57,116	

Cash paid for amounts included in the measurement of lease liabilities during the years ended March 31, 2025 and 2024 are as follows:

	2025			2024	
	Union	Fund	Total		Total
For operating lease from operating cash flows	\$ 39,375	\$ 19,872	\$ 59,247	\$ 57,207	

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Acquisitions of right-of-use assets in exchange for new lease liabilities during the years ended March 31, 2025 and 2024, all of which relate to the Union, are as follows:

	2025	2024
Under operating leases	\$ 59,068	\$ 147,597

The weighted average remaining lease terms and the weighted average discount rates of the Organizations' leases as of March 31, 2025 and 2024 are as follows:

	2025		2024	
	Union	Fund	Total	Total
Weighted average remaining lease term for operating leases (years)	2.67	1.25	3.92	3.75
Weighted average discount rate for operating leases	8.3%	2.0%	10.3%	8.1%

8. In-Kind Contributions

In-kind contributions, including the usage of those contributions, all of which were provided to the Fund, are summarized as follows for the years ended March 31:

	Amount		Usage
	2025	2024	
Legal services	\$ 6,463,351	\$ 3,542,072	Litigation
Legal volunteer stipends	28,000	28,000	Litigation
	<u>\$ 6,491,351</u>	<u>\$ 3,570,072</u>	

In-kind contributions were valued using estimated average prices of identical or similar services using pricing data of similar services under a "like-kind" methodology, considering the utility of the services at the time of the contribution. No in-kind contributions were received with donor restrictions. The Organizations do not sell donated gifts and only use donated services for their own program or supporting service activities.

The value of donated legal services utilized for litigation in the above schedule is based on 7,450 and 5,400 hours of contributed services by attorneys for the years ended March 31, 2025 and 2024, respectively. The cases all involve civil liberties issues. Attorney fees were valued between \$95 and \$1,347 per hour for the year ended March 31, 2025 and \$92 to \$1,705 per hour for the year ended March 31, 2024. The average hourly rate was approximately \$868 and \$656, respectively.

9. National Pension Plan

The Organizations, through the National ACLU, participate in a defined benefit pension plan covering all eligible employees.

Recognized pension expense for the years ended March 31, 2025 and 2024 was \$22,509 and \$14,600 for the Union and \$196,512 and \$130,455 for the Fund, respectively.

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The pension cost for the years ended March 31, 2025 and 2024, and the pension obligations as of March 31, 2025 and 2024, were determined assuming the following:

	2025		2024	
	Pension Cost	Pension Obligations	Pension Cost	Pension Obligations
Discount rate	5.28 %	5.59 %	5.06 %	5.28 %
Rate of compensation increase	4.00	4.00	4.00	4.00
Long-term rate of return	8.00	N/A	8.25	N/A

The net periodic benefit cost, changes in benefit obligations, plan assets and funded status were all calculated for the plan in aggregate (all affiliates and national employees) but not by affiliate. Affiliate net periodic pension cost and additional minimum liability are an allocation of the aggregate totals based on the affiliate's proportional share of contributions.

As of March 31, 2025 and 2024, the net periodic pension cost and additional minimum liability were as follows:

	2025		2024	
	Union and Fund	National Total	Union and Fund	National Total
Net periodic pension income	\$ 26,458	\$ 1,319,144	\$ (16,312)	\$ (467,737)
Additional minimum liability	542,227	27,034,146	822,556	23,586,518

Expected future minimum pension benefit payments from the plan for the Organizations' employees have not been calculated. The expected future minimum pension benefit payments to all affiliates and national employees are as follows:

Years ending March 31:

2026	\$ 7,515,805
2027	7,949,332
2028	8,335,144
2029	8,817,864
2030	9,155,239
2031-3035	51,277,976

For the years ended March 31, 2025 and 2024, the aggregate total benefits paid by the plan are as follows:

	2025	2024
Benefits paid and actual expenses paid	\$ 7,437,570	\$ 12,892,352

As of March 31, 2025 and 2024, the aggregate benefit obligations and the fair value of the aggregated plan assets are as follows:

	2025	2024
Projected benefit obligation	\$ 166,419,971	\$ 163,368,146
Accumulated benefit obligation	158,598,918	153,954,577
Fair value of plan assets	167,740,947	162,455,894

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As of March 31, 2025 and 2024, the aggregate funded status of the plan is as follows:

	2025	2024
Funded status, ending	\$ 1,320,976	\$ (912,252)
Changes in funded status:		
Unrecognized loss	<u>27,034,146</u>	<u>23,586,518</u>
Net amount recognized before net periodic pension cost	28,355,122	22,674,266
Net periodic pension income:		
Minimum asset	<u>1,319,144</u>	<u>467,737</u>
Unfunded accumulated benefit obligation	<u>\$ 29,674,266</u>	<u>\$ 23,142,003</u>

The change in the aggregate prepaid pension cost consists of the following:

	2025	2024
Prepaid pension cost, beginning	\$ 22,674,266	\$ 14,206,529
Net periodic pension income for the year	1,319,144	467,737
Contributions made during the year	<u>4,361,712</u>	<u>8,000,000</u>
Prepaid pension cost, ending	<u>\$ 28,355,122</u>	<u>\$ 22,674,266</u>

10. Other Retirement Plans

The Organizations participate in a voluntary 401(k) tax-deferred savings plan sponsored by the National ACLU. This plan is frozen to new participants. Eligible employees may contribute between 1% and 80% of their annual earnings, up to limits allowed by tax regulations. There is no employer match.

The Organizations also participate in a defined contribution 401(k) plan sponsored by the National ACLU. This plan covers employees who are at least age 21 and who are not covered by the tax deferred savings plan or the pension plan. Employees may contribute between 1% and 100% of their annual earnings, up to limits allowed by tax regulations. The employer makes contributions that will match 100% of the first 1% of compensation contributed by each employee, plus 50% of the next 5% of compensation contributed by each employee. In addition, the employer makes an additional contribution in the amount of 2% of employee pay each pay period. Employer contributions to this plan for the years ended March 31, 2025 and 2024 were \$27,329 and \$22,987 for the Union and \$114,630 and \$127,893 for the Fund, respectively.

11. Charitable Endowment Funds

Bill of Rights Trust

The National ACLU Foundation established the Bill of Rights Trust (the Trust), which is an endowment designed to conduct the work of the National ACLU Foundation and the affiliates of the National ACLU (the affiliates), including the Union and the Fund. The Trust is an asset of the National ACLU Foundation, which designates unit shares to the affiliates. The National ACLU Foundation may make periodic discretionary distributions to the affiliates based on their units of the Trust held. There were no distributions to the Organizations from the Trust for the years ended March 31, 2025 and 2024.

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Since the Trust accounts of the Union and the Fund, as well as the Endowment Fund, have been funded entirely by contributions from outside donors, these accounts are not recorded on the combining statements of financial position of the Organizations. The fair value of these accounts as of March 31, 2025 and 2024 is as follows:

	2025	2024
Trust:		
Union	\$ 276,925	\$ 257,059
Fund	7,719	29,720
Endowment Fund	12,596	12,512

Fayette and Donald Loria Equality Endowment Fund

The Organizations established the Fayette and Donald Loria Equality Endowment Fund (the Endowment Fund) as a component fund of the Community Foundation for Southeast Michigan (CFSEM). The Endowment Fund is an asset of CFSEM intended solely for the use of the Organizations to support their work with racial justice and LGBT issues. CFSEM transfers earnings on the Endowment Fund to the Organizations periodically in the form of grants so long as the Organizations continue to meet their tax-exempt purpose. Grants paid to the Organizations from CFSEM for the years ended March 31, 2025 and 2024 totaled \$542. The fair value of the entire trust fund was \$12,596 as of March 31, 2025.

The Organizations' policy is to spend assets from the Endowment Fund as they are distributed by CFSEM. CFSEM invests the assets of the Endowment Fund as part of a pooled endowment with similar funds held on behalf of other nonprofit organizations. The assets of CFSEM's pooled endowment are invested in a manner intended to maximize investment returns over a diversified portfolio in order to achieve a moderate level of investment risk.

12. Liquidity and Availability of Resources

The Organizations have the following financial assets available for general expenditures within one year as of March 31:

	2025			2024	
	Union	Fund	Total	Total	
Financial assets:					
Cash and cash equivalents	\$ 4,742,643	\$ 6,777,121	\$ 11,519,764	\$ 10,357,175	
Pledges receivable, current portion	822,113	2,039,452	2,861,565	1,339,695	
Total financial assets	5,564,756	8,816,573	14,381,329	11,696,870	
Less assets with donor restrictions for specific purposes	(297,113)	(1,022,620)	(1,319,733)	(1,825,791)	
Financial assets available to meet general expenditures within one year	<u>\$ 5,267,643</u>	<u>\$ 7,793,953</u>	<u>\$ 13,061,596</u>	<u>\$ 9,871,079</u>	

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The Organizations have certain donor-restricted assets that are to be used for specified purposes. In addition, the Organizations also have funds designated by the Board of Directors for long-term investment. Therefore, these assets are not considered to be available for general expenditures within the next year. The Organizations have a policy to manage their liquidity following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.