

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**COMBINING FINANCIAL STATEMENTS**

**March 31, 2024**  
**(With Comparative Totals for March 31, 2023)**



AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

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## **INDEPENDENT AUDITOR'S REPORT**

November 15, 2024

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

### **Opinion**

We have audited the combining financial statements of the American Civil Liberties Union of Michigan (the "Union") and the American Civil Liberties Union Fund of Michigan (the "Fund") (collectively, the "Organizations", Michigan non-profit Corporations), which comprise the combining statement of financial position as of March 31, 2024, the related combining statements of activities, functional expenses, and cash flows for the year then ended, and the related statements of functional expenses for the Union and for the Fund for the year then ended, as well as the related notes to the combining financial statements.

In our opinion, the accompanying combining financial statements present fairly, in all material respects, the separate and combining financial positions of the Union and the Fund as of March 31, 2024, 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 ("U.S. GAAP").

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the "Auditor's 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.

### **Other Matter — Report on Summarized Comparative Information**

We have previously audited the Organizations' combining financial statements as of, and for the year ended, March 31, 2023, and we expressed an unmodified opinion on those audited combining financial statements in our report dated February 26, 2024.

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## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Other Matter — Report on Summarized Comparative Information (continued)**

In our opinion, the summarized comparative information presented herein as of, and for the year ended, March 31, 2023 is consistent, in all material respects, with the audited combining financial statements from which it has been derived.

### **Responsibilities of Management for the Combining Financial Statements**

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

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

### **Auditor's 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 auditor's 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 U.S. 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 U.S. GAAS:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the combining financial statements, whether due to fraud or error, and we 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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Combining Financial Statements (continued)**

- We 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the combining financial statements.
- We 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 findings, and certain internal control-related matters that we identified during the audit.

*GJC CPAs & Advisors*

Detroit, Michigan

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**COMBINING STATEMENTS OF FINANCIAL POSITION**

**March 31, 2024**  
**(With Comparative Totals as of March 31, 2023)**

	<u>2024</u>		<u>Combined Totals</u>	
	<u>American Civil Liberties Union of Michigan ("Union")</u>	<u>American Civil Liberties Union Fund of Michigan ("Fund")</u>	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 4,333,155	\$ 6,024,020	\$ 10,357,175	\$ 8,317,431
Pledges receivable – current portion (Note C)	222,689	1,117,006	1,339,695	809,456
Operating investments (Note E)	-	-	-	759,127
Prepaid expenses	13,310	45,239	58,549	90,227
Due from National organization (Note D)	-	-	-	623,298
<b>Total Current Assets</b>	<b><u>4,569,154</u></b>	<b><u>7,186,265</u></b>	<b><u>11,755,419</u></b>	<b><u>10,599,539</u></b>
<b>Other Assets:</b>				
Pledges receivable (net of current portion) (Note C)	-	2,500	2,500	250,285
Funds designated for long-term investment (Note E)	-	3,100,394	3,100,394	2,855,866
Property and equipment (net of accumulated depreciation) (Note F)	1,817	989,145	990,962	1,076,019
Right-of-use assets under operating leases (Note G)	126,629	8,343	134,972	34,133
<b>Total Other Assets</b>	<b><u>128,446</u></b>	<b><u>4,100,382</u></b>	<b><u>4,228,828</u></b>	<b><u>4,216,303</u></b>
<b>Total Assets</b>	<b><u>\$ 4,697,600</u></b>	<b><u>\$ 11,286,647</u></b>	<b><u>\$ 15,984,247</u></b>	<b><u>\$ 14,815,842</u></b>

See notes to combining financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**COMBINING STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

**March 31, 2024**  
**(With Comparative Totals as of March 31, 2023)**

	<u>2024</u>		<u>Combined Totals</u>	
	<u>Union</u>	<u>Fund</u>	<u>2024</u>	<u>2023</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 179,849	\$ 255,142	\$ 434,991	\$ 26,946
Accrued payroll	67,480	300,974	368,454	350,001
Deferred revenue	-	-	-	300
Accrued pension	14,600	130,455	145,055	287,294
Fiduciary funds held for others	-	-	-	140,022
Due to National organization (Note D)	216,289	373,500	589,789	660,258
Operating lease liabilities – current portion (Note G)	30,048	8,343	38,391	24,847
<b>Total Current Liabilities</b>	<b>508,266</b>	<b>1,068,414</b>	<b>1,576,680</b>	<b>1,489,668</b>
<b>Long-Term Liabilities:</b>				
Unfunded pension obligation (Note K)	68,192	609,309	677,501	293,986
Operating lease liabilities (net of current portion (Note G))	96,581	-	96,581	9,286
<b>Total Long-Term Liabilities</b>	<b>164,773</b>	<b>609,309</b>	<b>774,082</b>	<b>303,272</b>
<b>Total Liabilities</b>	<b>673,039</b>	<b>1,677,723</b>	<b>2,350,762</b>	<b>1,792,940</b>
<b>Net Assets:</b>				
Net assets without donor restrictions:				
Board-designated for long-term investment (Note E)	-	3,100,394	3,100,394	2,855,866
Undesignated	3,615,120	4,252,013	7,867,133	8,310,401
<b>Total Net Assets without Donor Restrictions</b>	<b>3,615,120</b>	<b>7,352,407</b>	<b>10,967,527</b>	<b>11,166,267</b>
Net assets with donor restrictions (Note B)	409,441	2,256,517	2,665,958	1,856,635
<b>Total Net Assets</b>	<b>4,024,561</b>	<b>9,608,924</b>	<b>13,633,485</b>	<b>13,022,902</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,697,600</b>	<b>\$ 11,286,647</b>	<b>\$ 15,984,247</b>	<b>\$ 14,815,842</b>

See notes to combining financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**COMBINING STATEMENTS OF ACTIVITIES**

**For the Year Ended March 31, 2024**  
**(With Comparative Totals for the Year Ended March 31, 2023)**

	<b>2024</b>		<b>Combined Totals</b>	
	<b>Union</b>	<b>Fund</b>	<b>2024</b>	<b>2023</b>
<b>Changes in Net Assets without Donor Restrictions:</b>				
<b>Revenue:</b>				
Membership share	\$ 1,170,417	\$ -	\$ 1,170,417	\$ 1,590,965
Contributions and other support	33,469	1,154,313	1,187,782	1,755,105
Intra-organization support (Note H)	242,626	(242,626)	-	-
Revenue sharing, net (Note I)	(98,047)	(178,500)	(276,547)	(196,426)
Attorney fees	-	781,251	781,251	1,175,448
Literature sales and other revenue	1,501	8,918	10,419	12,527
Investment return, net (Note E)	178,759	613,189	791,948	(8,629)
In-kind contributions (Note J)	-	3,570,072	3,570,072	4,939,853
Total Revenue without Donor Restrictions	1,528,725	5,706,617	7,235,342	9,268,843
Net assets released from restrictions (Note B)	374,780	2,076,042	2,450,822	2,396,152
<b>Total Revenue and Other Support without Donor Restrictions</b>	<b>1,903,505</b>	<b>7,782,659</b>	<b>9,686,164</b>	<b>11,664,995</b>
<b>Expenses:</b>				
Program services:				
Legislative	561,859	-	561,859	2,546,310
Advocacy and outreach	686,786	-	686,786	461,063
Member service	25,848	-	25,848	115,338
Litigation	-	5,150,052	5,150,052	6,440,433
Communications and outreach	-	1,368,615	1,368,615	1,438,903
Total Program Services	1,274,493	6,518,667	7,793,160	11,002,047
Supporting services:				
Management and general	362,573	841,067	1,203,640	942,335
Fundraising	-	504,589	504,589	520,057
Total Supporting Services	362,573	1,345,656	1,708,229	1,462,392
<b>Total Expenses</b>	<b>1,637,066</b>	<b>7,864,323</b>	<b>9,501,389</b>	<b>12,464,439</b>
<b>Change in Net Assets without Donor Restrictions from Operations</b>	<b>\$ 266,439</b>	<b>\$ (81,664)</b>	<b>\$ 184,775</b>	<b>\$ (799,444)</b>

See notes to combining financial statements.



AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**COMBINING STATEMENTS OF ACTIVITIES (CONTINUED)**

**For the Year Ended March 31, 2024**

**(With Comparative Totals for the Year Ended March 31, 2023)**

	<b>2024</b>		<b>Combined Totals</b>	
	<b>Union</b>	<b>Fund</b>	<b>2024</b>	<b>2023</b>
<b>Changes in Net Assets without Donor Restrictions (continued):</b>				
<b>Other changes:</b>				
Nonperiodic pension provision (Note K)	\$ 23,929	\$ (407,444)	\$ (383,515)	\$ 206,047
<b>Change in Net Assets without Donor Restrictions</b>	<b>290,368</b>	<b>(489,108)</b>	<b>(198,740)</b>	<b>(593,397)</b>
<b>Changes in Net Assets with Donor Restrictions:</b>				
Contributions	622,000	2,638,145	3,260,145	1,650,086
Net assets released from restrictions (Note B)	(374,780)	(2,076,042)	(2,450,822)	(2,396,152)
<b>Change in Net Assets with Donor Restrictions</b>	<b>247,220</b>	<b>562,103</b>	<b>809,323</b>	<b>(746,066)</b>
<b>Change in Net Assets</b>	<b>537,588</b>	<b>72,995</b>	<b>610,583</b>	<b>(1,339,463)</b>
Net Assets, Beginning of Year	3,486,973	9,535,929	13,022,902	14,362,365
<b>Net Assets, End of Year</b>	<b>\$ 4,024,561</b>	<b>\$ 9,608,924</b>	<b>\$ 13,633,485</b>	<b>\$ 13,022,902</b>

See notes to combining financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**COMBINING STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Year Ended March 31, 2024**  
**(With Comparative Totals for the Year Ended March 31, 2023)**

	2024									Total Expenses	
	Program Services						Supporting Services			2024	2023
	Legislative	Advocacy and Outreach	Member Service	Litigation	Communications and Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Personnel costs	\$ 179,333	\$ 357,653	\$ 15,914	\$ 1,211,677	\$ 968,625	\$ 2,733,202	\$ 705,274	\$ 393,390	\$ 1,098,664	\$ 3,831,866	\$ 3,640,860
Pension (Note K)	6,789	13,539	602	45,868	36,667	103,465	26,698	14,892	41,590	145,055	287,294
Professional and contractual fees	93,978	105,376	2,347	53,211	125,583	380,495	348,475	35,164	383,639	764,134	666,283
Occupancy	66,133	12,429	602	37,918	34,066	151,148	16,822	9,750	26,572	177,720	164,557
Office expenses	13,069	28,102	1,369	85,709	93,637	221,886	60,186	24,416	84,602	306,488	257,446
Program activities and materials	188,889	273	272	55,898	4,206	249,538	6,390	2,118	8,508	258,046	2,143,311
Printing and publications	-	140,013	3,318	-	25,245	168,576	-	1,660	1,660	170,236	209,191
Conferences, conventions, and meetings	9,481	20,394	988	62,218	55,898	148,979	27,603	16,000	43,603	192,582	57,331
Bad debt expense	-	-	-	-	-	-	-	133	133	133	2,142
Donated services (Note J)	-	-	-	3,570,072	-	3,570,072	-	-	-	3,570,072	4,939,853
<b>Total Expenses Before Depreciation</b>	<b>557,672</b>	<b>677,779</b>	<b>25,412</b>	<b>5,122,571</b>	<b>1,343,927</b>	<b>7,727,361</b>	<b>1,191,448</b>	<b>497,523</b>	<b>1,688,971</b>	<b>9,416,332</b>	<b>12,368,268</b>
Depreciation (Note A)	4,187	9,007	436	27,481	24,688	65,799	12,192	7,066	19,258	85,057	96,171
<b>Total Expenses</b>	<b>\$ 561,859</b>	<b>\$ 686,786</b>	<b>\$ 25,848</b>	<b>\$ 5,150,052</b>	<b>\$ 1,368,615</b>	<b>\$ 7,793,160</b>	<b>\$ 1,203,640</b>	<b>\$ 504,589</b>	<b>\$ 1,708,229</b>	<b>\$ 9,501,389</b>	<b>\$ 12,464,439</b>

See notes to combining financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**STATEMENTS OF FUNCTIONAL EXPENSES —**  
**AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN**

**For the Year Ended March 31, 2024**  
**(With Comparative Totals for the Year Ended March 31, 2023)**

	<b>2024</b>				<b>Total Expenses</b>	
	<b>Program Services</b>				<b>Supporting Services</b>	
	<b>Legislative</b>	<b>Advocacy and Outreach</b>	<b>Member Service</b>	<b>Total Program Services</b>	<b>Management and General</b>	
						<b>2024      2023</b>
Personnel costs	\$ 179,333	\$ 357,653	\$ 15,914	\$ 552,900	\$ 170,985	\$ 723,885    \$ 866,310
Pension (Note K)	6,789	13,539	602	20,930	6,473	27,403      68,359
Professional and contractual fees	93,978	105,376	2,347	201,701	156,963	358,664      159,066
Occupancy	66,133	12,429	602	79,164	4,694	83,858      36,751
Office expenses	13,069	28,102	1,369	42,540	12,080	54,620      48,164
Program activities and materials	188,889	273	272	189,434	272	189,706      2,097,116
Printing and publications	-	140,013	3,318	143,331	-	143,331      11,253
Conferences, conventions, and meetings	9,481	20,394	988	30,863	7,703	38,566      12,803
<b>Total Expenses Before Depreciation</b>	<b>557,672</b>	<b>677,779</b>	<b>25,412</b>	<b>1,260,863</b>	<b>359,170</b>	<b>1,620,033    3,299,822</b>
Depreciation (Note A)	4,187	9,007	436	13,630	3,403	17,033      21,479
<b>Total Expenses</b>	<b>\$ 561,859</b>	<b>\$ 686,786</b>	<b>\$ 25,848</b>	<b>\$ 1,274,493</b>	<b>\$ 362,573</b>	<b>\$ 1,637,066    \$ 3,321,301</b>

See notes to combining financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**STATEMENTS OF FUNCTIONAL EXPENSES —**  
**AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN**

**For the Year Ended March 31, 2024**  
**(With Comparative Totals for the Year Ended March 31, 2023)**

	2024						Total Expenses	
	Program Services			Supporting Services				
	Litigation	Communications and Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	2024	2023
Personnel costs	\$ 1,211,677	\$ 968,625	\$ 2,180,302	\$ 534,289	\$ 393,390	\$ 927,679	\$ 3,107,981	\$ 2,774,550
Pension (Note K)	45,868	36,667	82,535	20,225	14,892	35,117	117,652	218,935
Professional and contractual fees	53,211	125,583	178,794	191,512	35,164	226,676	405,470	507,217
Occupancy	37,918	34,066	71,984	12,128	9,750	21,878	93,862	127,806
Office expenses	85,709	93,637	179,346	48,106	24,416	72,522	251,868	209,282
Program activities and materials	55,898	4,206	60,104	6,118	2,118	8,236	68,340	46,195
Printing and publications	-	25,245	25,245	-	1,660	1,660	26,905	197,938
Conferences, conventions, and meetings	62,218	55,898	118,116	19,900	16,000	35,900	154,016	44,528
Bad debt expense	-	-	-	-	133	133	133	2,142
Donated services (Note J)	3,570,072	-	3,570,072	-	-	-	3,570,072	4,939,853
<b>Total Expenses Before Depreciation</b>	<b>5,122,571</b>	<b>1,343,927</b>	<b>6,466,498</b>	<b>832,278</b>	<b>497,523</b>	<b>1,329,801</b>	<b>7,796,299</b>	<b>9,068,446</b>
Depreciation (Note A)	27,481	24,688	52,169	8,789	7,066	15,855	68,024	74,692
<b>Total Expenses</b>	<b>\$ 5,150,052</b>	<b>\$ 1,368,615</b>	<b>\$ 6,518,667</b>	<b>\$ 841,067</b>	<b>\$ 504,589</b>	<b>\$ 1,345,656</b>	<b>\$ 7,864,323</b>	<b>\$ 9,143,138</b>

See notes to combining financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
AMERICAN CIVIL LIBERTIES UNION FUND OF MICHIGAN  
(Michigan Non-Profit Corporations)

**COMBINING STATEMENTS OF CASH FLOWS**

**For the Year Ended March 31, 2024  
(With Comparative Totals for the Year Ended March 31, 2023)**

	<b>2024</b>		<b>Combined Totals</b>	
	<b>Union</b>	<b>Fund</b>	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from members	\$ 2,010,004	\$ -	\$ 2,010,004	\$ 1,079,607
Cash received from contributors and revenue sharing	339,617	3,262,418	3,602,035	5,292,989
Cash received from attorney fees	-	781,251	781,251	1,175,448
Cash received from other sources	1,201	8,918	10,119	6,827
Cash received from investment income	178,759	286,378	465,137	252,466
Cash paid for personnel costs	(734,021)	(3,366,686)	(4,100,707)	(3,812,147)
Cash paid to suppliers and vendors	(559,293)	(1,010,212)	(1,569,505)	(3,544,127)
<b>Net Cash Flows from Operating Activities</b>	<b>1,236,267</b>	<b>(37,933)</b>	<b>1,198,334</b>	<b>451,063</b>
<b>Cash Flows from Investing Activities:</b>				
Acquisition of property and equipment	-	-	-	(13,685)
Proceeds received from disposition of investments	-	990,292	990,292	207,427
Acquisition of investments	-	(148,882)	(148,882)	(361,783)
<b>Net Cash Flows from Investing Activities</b>	<b>-</b>	<b>841,410</b>	<b>841,410</b>	<b>(168,041)</b>
<b>Change in Cash and Cash Equivalents</b>	<b>1,236,267</b>	<b>803,477</b>	<b>2,039,744</b>	<b>283,022</b>
Cash and Cash Equivalents, Beginning of Year	3,096,888	5,220,543	8,317,431	8,034,409
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 4,333,155</b>	<b>\$ 6,024,020</b>	<b>\$ 10,357,175</b>	<b>\$ 8,317,431</b>

See notes to combining financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS**

**March 31, 2024**

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**NOTE A — NATURE OF ACTIVITIES AND 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 non-profit 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. The accompanying combining financial statements include the accounts of the Union and the Fund (collectively, the “Organizations”). All material intercompany 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.

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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONTINUED)**

**Nature of Organizations (continued)**

**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.

**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.

**Cash Equivalents**

For purposes of the combining statements of cash flows, 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.

**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 or double-declining basis over their estimated useful lives, which range from five 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.

**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONTINUED)**

**Recognition of Contributions**

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 (see Note I), as well as the Union's share of membership revenue from the National ACLU (see Note D).

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.

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.

**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.

**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.



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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONTINUED)**

**Attorney Fees (continued)**

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.

**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 non-financial 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.

**Pledges Receivable**

An allowance for uncollectible pledges receivable has not been recorded as of March 31, 2024 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).

The Organizations' investments are valued as follows:

- Stocks, money market funds, and U.S. government securities are valued at quoted market prices.
- 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.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (continued)**

- The interest in pooled investments (see Note E) 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.

**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.

**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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**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.

**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax-Exempt Status (continued)**

The Organizations' management is not aware of any uncertain tax positions or unrecognized tax benefits as of March 31, 2024.

**Fair Value Measurements**

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  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Organizations recognize right-of-use assets and lease liabilities for virtually 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 non-lease 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.

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.

**Concentration of Credit Risk**

Financial instruments which potentially subject the Organizations to concentrations of credit risk consist principally of cash, cash equivalents, 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. Cash and cash equivalents on deposit in excess of the federally insured limit as of March 31, 2024 approximated \$27,000 for the Union and \$147,000 for the Fund. Pledges receivable are due from various organizations, located primarily in southeastern Michigan. As discussed in Note E, 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, 2023, from which the summarized information was derived.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

**NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

The Organizations have evaluated subsequent events through November 15, 2024, the date that the accompanying combining financial statements were available to be issued.

**NOTE B — NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available as of March 31, 2024 and 2023 for the following purposes or periods:

	<b><u>2024</u></b>		<b><u>Combined Totals</u></b>	
	<b><u>Union</u></b>	<b><u>Fund</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Restricted for specific purposes:				
Voting Rights	\$ 52,963	\$ 887,736	\$ 940,699	\$ 700,638
Reproductive Rights	51,591	412,136	463,727	214,167
National Criminal Legal Reform	125,000	-	125,000	-
Fellow funding	-	84,305	84,305	77,689
Immigrant Rights	-	77,403	77,403	72,286
Prosecutor Transparency	-	61,270	61,270	188,173
Smart Justice	56,387	-	56,387	33,626
Engagement Strategist	-	17,000	17,000	51,000
	<b><u>285,941</u></b>	<b><u>1,539,850</u></b>	<b><u>1,825,791</u></b>	<b><u>1,337,579</u></b>
Restricted for use in future periods:				
Pledges receivable	73,500	200,000	273,500	228,722
Future operations	50,000	516,667	566,667	290,334
	<b><u>123,500</u></b>	<b><u>716,667</u></b>	<b><u>840,167</u></b>	<b><u>519,056</u></b>
	<b><u>\$ 409,441</u></b>	<b><u>\$ 2,256,517</u></b>	<b><u>\$ 2,665,958</u></b>	<b><u>\$ 1,856,635</u></b>

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

**NOTE B — NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions during the year ended March 31, 2024 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
Purpose restrictions accomplished for the following purposes:			
Voting Rights	\$ 47,037	\$ 448,982	\$ 496,019
Reproductive Rights	120,076	282,276	402,352
Prosecutor Transparency	-	126,903	126,903
Fellow funding	-	112,384	112,384
Immigrant Rights	-	52,883	52,883
Engagement Strategist	-	34,000	34,000
Smart Justice	-	27,239	27,239
Strategic Plan	-	15,000	15,000
	<u>167,113</u>	<u>1,099,667</u>	<u>1,266,780</u>
Time restrictions expired by passage of specified time	<u>207,667</u>	<u>976,375</u>	<u>1,184,042</u>
	<u><b>\$ 374,780</b></u>	<u><b>\$ 2,076,042</b></u>	<u><b>\$ 2,450,822</b></u>

**NOTE C — PLEDGES RECEIVABLE**

Unconditional promises to receive are recognized as receivable and as revenue in the period in which the Organizations are notified by the donor of the commitment to make a contribution. Conditional promises to receive are recognized when the conditions on which they depend are substantially met.

Pledges receivable as of March 31, 2024 consist of the following:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
Amounts due in:			
Less than one year	\$ 222,689	\$ 1,117,006	\$ 1,339,695
One to five years	-	2,500	2,500
	<u><b>\$ 222,689</b></u>	<u><b>\$ 1,119,506</b></u>	<u><b>\$ 1,342,195</b></u>

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE C — PLEDGES RECEIVABLE (CONTINUED)**

No discount has been recorded for pledges receivable that are due in more than one year as of March 31, 2024, as management does not consider the discount to be material to the combining financial statements.

**NOTE D — 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.

**NOTE E — 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.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

**NOTE E — INVESTMENTS AND FAIR VALUE (CONTINUED)**

The Organizations' fair value hierarchy for those assets measured at fair value on a recurring basis as of March 31, 2024 is summarized as follows:

	<b>Fair Value Measurements</b>					
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>	<b>Union</b>	<b>Fund</b>
<b>Assets:</b>						
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
<b>Total Investments</b>	<b>-</b>	<b>-</b>	<b>3,100,394</b>	<b>3,100,394</b>	<b>-</b>	<b>3,100,394</b>
Cash and cash equivalents	10,357,175	-	-	10,357,175	4,333,155	6,024,020
Pledges receivable	-	-	1,342,195	1,342,195	222,689	1,119,506
	<b>\$ 10,357,175</b>	<b>\$ -</b>	<b>\$ 4,442,589</b>	<b>\$ 14,799,764</b>	<b>\$ 4,555,844</b>	<b>\$ 10,243,920</b>



AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

**NOTE E — INVESTMENTS AND FAIR VALUE (CONTINUED)**

Investments as of March 31, 2024, all of which are held by the Fund, are reported in the combining statement of financial position as follows:

Funds designated for long-term investment	<u><u>\$ 3,100,394</u></u>
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The cost, fair value, and unrealized appreciation or depreciation of the Organizations' investments as of March 31, 2024 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
Interest in pooled investments held by National ACLU Foundation	<u><u>\$ 3,100,394</u></u>	<u><u>\$ 2,747,658</u></u>	<u><u>\$ 352,736</u></u>

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 year ended March 31, 2024:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
Interest and dividend income	\$ 178,759	\$ 286,378	\$ 465,137
Unrealized gain	-	344,602	344,602
Realized loss	-	(17,791)	(17,791)
	<u><u>\$ 178,759</u></u>	<u><u>\$ 613,189</u></u>	<u><u>\$ 791,948</u></u>

The Fund made purchases of the interest in pooled investments totaling \$2,864,349 during the year ended March 31, 2024. 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, 2024.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

**NOTE E — INVESTMENTS AND FAIR VALUE (CONTINUED)**

The fair value reconciliation of the Organizations' Level 3 pledges receivable for the year ended March 31, 2024 is as follows:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
<b>Changes in Level 3 Assets:</b>			
Increase in pledges receivable	\$ 359,689	\$ 999,506	\$ 1,359,195
Payments received	(141,884)	(934,857)	(1,076,741)
<b>Change in Level 3 Assets</b>	<b>217,805</b>	<b>64,649</b>	<b>282,454</b>
Balance, Beginning of Year	4,884	1,054,857	1,059,741
<b>Balance, End of Year</b>	<b>\$ 222,689</b>	<b>\$ 1,119,506</b>	<b>\$ 1,342,195</b>

**NOTE F — PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of March 31, 2024:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
Buildings and land	\$ -	\$ 954,545	\$ 954,545
Building improvements	-	534,277	534,277
Leasehold improvements	46,283	16,395	62,678
Furniture and fixtures	3,378	122,661	126,039
Technology equipment	15,766	291,572	307,338
	65,427	1,919,450	1,984,877
Less: Accumulated depreciation	(63,610)	(930,305)	(993,915)
	<b>\$ 1,817</b>	<b>\$ 989,145</b>	<b>\$ 990,962</b>

**NOTE G — 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 2024, respectively.

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

**NOTE G — LEASES (CONTINUED)**

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

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
<b>Right-of-Use Assets:</b>			
Under operating leases	<u>\$ 126,629</u>	<u>\$ 8,343</u>	<u>\$ 134,972</u>
<b>Operating Lease Liabilities:</b>			
Current portion	\$ 30,048	\$ 8,343	\$ 38,391
Long-term portion	<u>96,581</u>	<u>-</u>	<u>96,581</u>
	<u><b>\$ 126,629</b></u>	<u><b>\$ 8,343</b></u>	<u><b>\$ 134,972</b></u>

Maturities of the lease liabilities are as follows as of March 31, 2024:

	<u>Operating Leases</u>		
	<u>Union</u>	<u>Fund</u>	<u>Total</u>
<b>For the Years Ending March 31:</b>			
2025	\$ 39,375	\$ 9,286	\$ 48,661
2026	39,375	-	39,375
2027	39,375	-	39,375
2028	<u>29,531</u>	<u>-</u>	<u>29,531</u>
<b>Total Lease Payments</b>	<b>147,656</b>	<b>9,286</b>	<b>156,942</b>
Less: Imputed interest	<u>(21,027)</u>	<u>(943)</u>	<u>(21,970)</u>
<b>Present Value of Lease Liabilities</b>	<u><b>\$ 126,629</b></u>	<u><b>\$ 8,343</b></u>	<u><b>\$ 134,972</b></u>

Lease costs are as follows for the year ended March 31, 2024:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
Operating lease cost	<u>\$ 29,531</u>	<u>\$ 27,585</u>	<u>\$ 57,116</u>

AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN AND  
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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE G — LEASES (CONTINUED)**

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

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
For operating leases from operating cash flows	<u>\$ 29,531</u>	<u>\$ 27,676</u>	<u>\$ 57,207</u>

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

Under operating leases	<u>\$ 147,597</u>
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The weighted average remaining lease terms and the weighted average discount rates of the Organizations' leases as of March 31, 2024 are as follows:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
Weighted average remaining lease term for operating leases	3.75 years	0.33 years	4.08 years
Weighted average discount rate for operating leases	8.3 %	5.5 %	8.1 %

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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE H — RELATED-PARTY TRANSACTIONS**

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 year ended March 31, 2024:

	<u>Union</u>	<u>Fund</u>
Personnel costs	\$ 83,082	\$ (83,082)
Pension	12,803	(12,803)
Professional and contractual fees	126,400	(126,400)
Occupancy	12,056	(12,056)
Office expenses	(17,008)	17,008
Printing and publications	6,306	(6,306)
Conferences, conventions, and meetings	3,935	(3,935)
Depreciation	15,052	(15,052)
	<u><u>\$ 242,626</u></u>	<u><u>\$ (242,626)</u></u>

**NOTE I — 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.

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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE I — REVENUE SHARING (CONTINUED)**

For the year ended March 31, 2024, 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:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
Gross revenue shared by National ACLU	\$ 42,385	\$ 578,498	\$ 620,883
Less:			
Revenue shared by Organizations	<u>(140,432)</u>	<u>(756,998)</u>	<u>(897,430)</u>
	<u><b>\$ (98,047)</b></u>	<u><b>\$ (178,500)</b></u>	<u><b>\$ (276,547)</b></u>

**NOTE J — 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 year ended March 31, 2024:

	<u>Amount</u>	<u>Usage</u>
Legal services	\$ 3,542,072	Litigation
Legal volunteer stipends	<u>28,000</u>	Litigation
	<u><b>\$ 3,570,072</b></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 5,400 hours of contributed services by attorneys for the year ended March 31, 2024. The cases all involve civil liberties issues. Attorney fees were valued at \$92 to \$1,705 per hour. The average hourly rate was approximately \$656.

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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE K — 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 year ended March 31, 2024 was \$14,600 for the Union and \$130,455 for the Fund.

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

	<b><u>Pension Cost</u></b>	<b><u>Pension Obligations</u></b>
Discount rate	5.06 %	5.28 %
Rate of compensation increase	4.00	4.00
Long-term rate of return	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, 2024, the net periodic pension cost and additional minimum liability were as follows:

	<b><u>Union and Fund</u></b>	<b><u>National Total</u></b>
Net periodic pension income	\$ (16,312)	\$ (467,737)
Additional minimum liability	822,556	23,586,518

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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE K — NATIONAL PENSION PLAN (CONTINUED)**

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:

**For the Years Ending March 31:**

2025	\$ 6,883,362
2026	7,436,428
2027	7,819,584
2028	8,138,288
2029	8,538,246
2030-2034	47,854,513

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

Benefits paid and actual expenses paid	\$ 12,892,352
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As of March 31, 2024, the aggregate benefit obligations and the fair value of the aggregated plan assets are as follows:

Projected benefit obligation	\$ 163,368,146
Accumulated benefit obligation	153,954,577
Fair value of plan assets	162,455,894

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

<b>Funded Status, End of Year</b>	<b>\$ (912,252)</b>
<b>Changes in Funded Status:</b>	
Unrecognized loss	<u>23,586,518</u>
<b>Net Amount Recognized Before Net Periodic Pension Cost</b>	<b>22,674,266</b>
<b>Net Periodic Pension Income:</b>	
Minimum asset	<u>467,737</u>
<b>Unfunded Accumulated Benefit Obligation</b>	<b><u>\$ 23,142,003</u></b>



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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE K — NATIONAL PENSION PLAN (CONTINUED)**

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

Prepaid pension cost, beginning of year	\$ 14,206,529
Net periodic pension income for the year	467,737
Contributions made during the year	<u>8,000,000</u>
<b>Prepaid Pension Cost, End of Year</b>	<b><u>\$ 22,674,266</u></b>

**NOTE L — 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 one percent and 80 percent 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 one percent and 100 percent of their annual earnings, up to limits allowed by tax regulations. The employer makes contributions that will match 100 percent of the first one percent of compensation contributed by each employee, plus 50 percent of the next five percent of compensation contributed by each employee. In addition, the employer makes an additional contribution in the amount of two percent of employee pay each pay period. Employer contributions to this plan for the year ended March 31, 2024 were \$22,987 for the Union and \$127,893 for the Fund.

**NOTE M — CHARITABLE ENDOWMENT FUNDS**

The Organizations have established the following 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 year ended March 31, 2024.

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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

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**NOTE M — CHARITABLE ENDOWMENT FUNDS (CONTINUED)**

**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 year ended March 31, 2024 totaled \$533.

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 non-profit 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.

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, 2024 is as follows:

Trust:	
Union	\$ 257,059
Fund	29,720
Endowment Fund	12,512

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**NOTES TO COMBINING FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2024**

**NOTE N — LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organizations have the following financial assets available for general expenditures within one year as of March 31, 2024:

	<u>Union</u>	<u>Fund</u>	<u>Total</u>
<b>Financial Assets:</b>			
Cash and cash equivalents	\$ 4,333,155	\$ 6,024,020	\$ 10,357,175
Pledges receivable – current portion	<u>222,689</u>	<u>1,117,006</u>	<u>1,339,695</u>
<b>Total Financial Assets</b>	<b>4,555,844</b>	<b>7,141,026</b>	<b>11,696,870</b>
<b>Less:</b>			
Assets with donor restrictions for specific purposes	<u>(285,941)</u>	<u>(1,539,850)</u>	<u>(1,825,791)</u>
<b>Financial Assets Available to Meet General Expenditures within One Year</b>	<b><u>\$ 4,269,903</u></b>	<b><u>\$ 5,601,176</u></b>	<b><u>\$ 9,871,079</u></b>

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.