

**AMERICAN CIVIL LIBERTIES
UNION OF MARYLAND, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
MARCH 31, 2020**

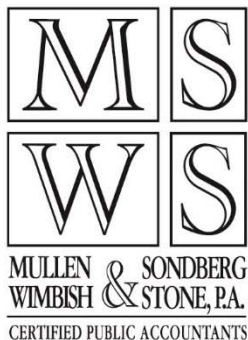


MULLEN SONDBERG WIMBISH & STONE, PA

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
American Civil Liberties Union
of Maryland, Inc.
Baltimore, Maryland

We have audited the accompanying consolidated financial statements of American Civil Liberties Union of Maryland, Inc. and American Civil Liberties Union Foundation of Maryland, Inc. (non-profit organizations) which comprise the consolidated statement of financial position as of March 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

American Civil Liberties Union
of Maryland, Inc.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Civil Liberties Union of Maryland, Inc. and American Civil Liberties Union Foundation of Maryland, Inc., as of March 31, 2020, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules on pages 19 - 24 are presented for purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited American Civil Liberties Union of Maryland, Inc. and American Civil Liberties Union Foundation of Maryland, Inc.'s 2019 consolidated financial statements, and our report dated September 10, 2019, expressed an unmodified audit opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland
November 5, 2020

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2020

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,520,674	\$ 306,884
Investments	7,350,634	8,621,432
Contributions receivable	152,500	95,667
Due from National Affiliate	1,715,639	1,747,123
Prepaid expenses	48,900	52,194
Total current assets	10,788,347	10,823,300
PROPERTY AND EQUIPMENT		
Net of accumulated depreciation	32,746	25,111
OTHER ASSETS		
Deposits	15,849	15,849
Total assets	\$ 10,836,942	\$ 10,864,260

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 41,480	\$ 63,736
Accrued expenses	137,741	132,398
Accrued pension expense	187,562	238,966
Total current liabilities	366,783	435,100
NET ASSETS		
Without donor restrictions	10,438,358	10,101,381
With donor restrictions	31,801	327,779
Total net assets	10,470,159	10,429,160
Total liabilities and net assets	\$ 10,836,942	\$ 10,864,260

The accompanying notes are an integral part of these financial statements.

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended March 31, 2020
With Summarized Financial Information for the Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
REVENUES, GAINS AND OTHER SUPPORT				
Received directly:				
Donations	\$ 1,548,304	\$ -	\$ 1,548,304	\$ 1,806,893
Grants	225,000	545,000	770,000	871,500
Bequests	433,580	-	433,580	152,396
	2,206,884	545,000	2,751,884	2,830,789
Donated legal services	487,475	-	487,475	2,816,285
Total direct support	2,694,359	545,000	3,239,359	5,647,074
Other revenue:				
Membership dues	1,481,837	-	1,481,837	1,568,245
Attorney fees	257,708	-	257,708	175,928
Net investment return	190,709	-	190,709	128,716
Other revenue	1,051	-	1,051	-
Realized and unrealized gain/(loss) on investments	(522,351)	-	(522,351)	179,259
Total other revenue	1,408,954	-	1,408,954	2,052,148
Net assets released from restrictions	840,978	(840,978)	-	-
Total revenues, gains, and other support	4,944,291	(295,978)	4,648,313	7,699,222
EXPENSES				
Program services	3,825,581	-	3,825,581	5,685,583
Supporting services:				
Management and general	596,572	-	596,572	399,300
Fundraising	185,161	-	185,161	126,667
Total supporting services	781,733	-	781,733	525,967
Total expenses	4,607,314	-	4,607,314	6,211,550
Change in net assets	336,977	(295,978)	40,999	1,487,672
Net assets, beginning of the year	10,101,381	327,779	10,429,160	8,941,488
Net assets, end of the year	\$10,438,358	\$ 31,801	\$10,470,159	\$10,429,160

The accompanying notes are an integral part of these financial statements.

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2020
With Summarized Financial Information for the Year Ended March 31, 2019

	Supporting Services			Total		
	Program Services	Management and General	Fundraising	Total Supporting Services	2020	2019
Payroll and related expenses	\$ 2,350,571	\$ 449,220	\$ 129,891	\$ 579,111	\$ 2,929,682	\$ 2,379,569
Donated legal services	487,475	-	-	-	487,475	2,816,285
Professional fees	301,490	57,618	16,659	74,277	375,767	265,964
Occupancy	203,659	38,921	11,254	50,175	253,834	221,915
Office expense	132,970	25,412	7,348	32,760	165,730	92,299
Legislative	120,050	-	-	-	120,050	155,407
Travel and meetings	96,693	10,461	3,024	13,485	110,178	113,801
Printing and publications	54,233	1,806	522	2,328	56,561	59,663
Telephone and communications	44,058	8,421	2,435	10,856	54,914	45,779
Depreciation	20,403	3,899	1,127	5,026	25,429	19,149
Fundraising and membership events	-	-	11,136	11,136	11,136	10,229
Library and dues	8,470	39	11	50	8,520	9,677
Miscellaneous	2,498	477	138	615	3,113	3,567
Postage	1,556	298	87	385	1,941	14,958
Bank service charges	-	-	1,529	1,529	1,529	2,531
Litigation	1,455	-	-	-	1,455	757
Total expenses	\$ 3,825,581	\$ 596,572	\$ 185,161	\$ 781,733	\$ 4,607,314	\$ 6,211,550

The accompanying notes are an integral part of these financial statements.

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended March 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 40,999	\$ 1,487,672
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	25,429	19,149
Realized and unrealized (gain)/loss on investments	531,825	(176,463)
(Increase) decrease in operating assets:		
Contributions receivable	(56,833)	119,333
Due from National Affiliate	31,484	(917,809)
Prepaid expenses	3,294	(16,055)
Deposits	-	(6,092)
Increase (decrease) in operating liabilities:		
Accounts payable	(22,256)	12,252
Accrued expenses	5,343	14,734
Accrued pension expense	(51,404)	83,317
	<u>507,881</u>	<u>620,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments and reinvested dividends	(768,659)	(1,920,116)
Proceeds from sale of investments	1,507,632	1,014,584
Purchase of equipment	(33,064)	(3,178)
	<u>705,909</u>	<u>(908,710)</u>
Net cash provided/(used) by investing activities		
	<u>1,213,790</u>	<u>(288,672)</u>
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of year	<u>306,884</u>	<u>595,556</u>
Cash and cash equivalents at end of year	<u>\$ 1,520,674</u>	<u>\$ 306,884</u>

The accompanying notes are an integral part of these financial statements.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

Note 1 - Summary of Significant Accounting Policies

Nature of Organization

The American Civil Liberties Union of Maryland, Inc. (the ACLU) is a non-profit organization that provides education and lobbies regarding civil rights and liberties. The ACLU is funded by membership dues and public support. Membership dues are forwarded to the National ACLU office and allocations are made to the various affiliates in accordance with revenue sharing policies.

The American Civil Liberties Union Foundation of Maryland, Inc. (the ACLU Foundation) is a non-profit organization that provides legal services for persons threatened with, or involved in civil or criminal litigation in which questions of civil liberties or civil rights have arisen, as well as provides public education and advocacy regarding civil rights and liberties. The ACLU Foundation is funded by public support and attorney fees.

Consolidation of Related Entity

The ACLU has adopted the provision of *FASB ASC 958-810 Not-for-Profit Entities – Consolidation*. The ACLU has included its related entity, the ACLU Foundation, in its financial statements for the years ended March 31, 2020 and 2019. *FASB ASC 958-810* states that a not-for-profit organization should consolidate another not-for-profit organization if the reported not-for-profit organization has both control of the other not-for-profit organization, as evidenced by either majority ownership or a majority voting interest in the Board of the other not-for-profit organization, and an economic interest in the other not-for-profit organization.

The ACLU Foundation is a tax-exempt not-for-profit entity incorporated in the State of Maryland. The ACLU Foundation qualifies as a related entity of the ACLU under *FASB ASC 958-810* and, accordingly, the accompanying financial statements present the financial information of both entities.

The Organization is also required to comply with the provisions of *FASB ASC 850 Related Party Disclosure*. Under this provision, all material related party transactions have been eliminated in the consolidating process and substantive disclosure of these amounts is not required.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S Generally Accepted Accounting Principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2019, from which the summarized information was derived.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Nonoperating activities are limited to resources from other activities considered to be of a more unusual or nonrecurring nature.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Revenue Recognition

Grants are reported as revenue based on the terms and conditions of each specific grant agreement with the grantor. Grants that are earned based on the expenditure of specific expenses are recorded as revenue when the expenses are incurred and the Organization has an unconditional right to the grant funds. Unexpended grant awards under these arrangements are classified as refundable advances in the statement of financial position until they are earned. Grants that are received with grantor restrictions or stipulations regarding the use of the grant funds are classified as grants with donor restrictions. When a donor restriction expires, that is, when the restriction is met, 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. Donor-restricted grants whose restrictions are met in the same year are reported as support without donor restrictions.

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 contingencies at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

The costs of providing various program and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents except those held in an investment portfolio.

Classification of Net Assets

Net assets without donor restrictions represent the portion of expendable net assets that are available for support of operations.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Concentration of Cash Balances

At March 31, 2020 and 2019, and at various times during the fiscal years then ended, the Organization maintained cash balances in excess of the federally insured limit. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amounts held in excess of FDIC insurance coverage as of March 31, 2020 and 2019 were approximately \$1,040,000 and \$-0-, respectively.

Investments

Investments are presented in the financial statements at quoted fair value. The net realized and unrealized appreciation (depreciation) in market value of investments is reflected in the statement of activities. Investments consist of cash and cash equivalents, certificates of deposit, and mutual funds held by a broker.

Contributions Receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the rate and circumstances applicable to each of the contributions receivable. Amortization of the discounts is included in contribution revenue. Conditional contributions receivable are not included as support until the conditions are substantially met.

Property and Equipment

Property and equipment acquisitions over \$3,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Income Tax Status

The ACLU is exempt from income tax under Section 501(c)(4) of the Internal Revenue Code. The ACLU Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. It is exempt from paying federal income tax on any income except unrelated business income.

Reclassifications of Prior Year Balances

Certain reclassifications of the prior year balances have been made to conform to current year presentation.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Income Tax Position

The Organization follows the guidance of *ASC 740-10, "Accounting for Uncertainty in Income Taxes"* which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than not in order for the benefit of those tax positions to be recognized in the Organization's financial statements.

The Organization analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c) to qualify as a tax-exempt Organization, activities performed by volunteers and Board members, the reporting of unrelated business income, and its status as a tax-exempt Organization under Maryland State statute. The Organization does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Organization's financial position or changes in net assets as a result of analyzing its tax positions. Fiscal years ending on or after March 31, 2017 remain subject to examination by federal and state authorities.

Donated Services

The ACLU and the ACLU Foundation recognize donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Allocation of Functional Expenses

Accounting principles generally accepted in the United States of America require all non-profit organizations to present their expenses on a functional basis, separating program services from management and general expenses and fundraising expenses. Functional expenses are either charged directly to program services as incurred or allocated based on usage for items such as depreciation and administrative salaries.

New Accounting Pronouncement

On June 1, 2019, the Organization adopted *ASU 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made"*. The new standard provides guidance to be used to determine the appropriate revenue recognition for grants and contributions, including whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange transaction. The adoption of *ASU 2018-08* did not have any impact on the Organization's financial position, result of operations, or cash flows.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 2 - Availability and Liquidity

The following represents the Organization's financial assets at March 31:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,520,674	\$ 306,884
Investments	7,350,634	8,621,432
Contributions receivable	152,500	95,667
Due from National Affiliate	1,715,639	1,747,123
Prepaid expenses	<u>48,900</u>	<u>52,194</u>
Total financial assets	10,788,347	10,823,300
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>31,801</u>	<u>327,779</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 10,756,546</u></u>	<u><u>\$ 10,495,521</u></u>

The Organization's goal is generally to maintain financial assets to meet 180 days of operating expenses (approximately \$1.1 million). As part of its liquidity plan, excess cash is invested in short term investments, including money market accounts and certificates of deposit as well as longer term investments in the wider markets.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 3 - Investments

Investments, carried at fair market value are summarized as follows:

	March 31, 2020		
	Cost	Fair Market Value	Gross Unrealized Gain
Cash and cash equivalents	\$ 163,304	\$ 163,304	\$ -
Certificates of deposit	282,781	282,781	-
Mutual funds	6,354,959	6,904,549	549,590
	\$ 6,801,044	\$ 7,350,634	\$ 549,590

	March 31, 2019		
	Cost	Fair Market Value	Gross Unrealized Gain
Cash and cash equivalents	\$ 470,215	\$ 470,215	\$ -
Certificates of deposit	327,344	327,344	-
Mutual funds	6,722,571	7,823,873	594,020
	\$ 7,520,130	\$ 8,621,432	\$ 594,020

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 4 - Fair Value Measurement

ASC 820-10 Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under *FASB ASC820* are as described as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are, therefore classified as Level 1, include cash and cash equivalents and active listed mutual funds.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 4 - Fair Value Measurement (Cont.)

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified with Level 2. These include certificates of deposit. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information.

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be activity traded.

There have been no changes in valuation technique or inputs. The table below presents the fair value of financial instruments carried on the statement of financial position and by level within the hierarchy as of year-end:

	March 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 163,304	\$ -	\$ -	\$ 163,304
Certificates of deposit	-	282,781	-	282,781
Mutual funds	6,904,549	-	-	6,904,549
Total investments	\$ 7,067,853	\$ 282,781	\$ -	\$ 7,350,634
	March 31, 2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 470,215	\$ -	\$ -	\$ 470,215
Certificates of deposit	-	327,344	-	327,344
Mutual funds	7,823,873	-	-	7,823,873
Total investments	\$ 8,294,088	\$ 327,344	\$ -	\$ 8,621,432

Note 5 - Contributions Receivable

Contributions receivable consist of unconditional promises to give for \$152,500 and \$95,667 for the years ended March 31, 2020 and 2019, respectively. All contributions receivable are due in one year or less.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 6 - Property and Equipment

The carrying values of each class of property and equipment were as follows at March 31:

	Estimated Lives	2020	2019
Furniture and equipment	3-7 years	\$ 111,751	\$ 108,187
Leasehold improvements	2.5 years	29,500	-
		141,251	108,187
Less accumulated depreciation		(108,505)	(83,076)
Net property and equipment		\$ 32,746	\$ 25,111

Depreciation expense for the years ended March 31, 2020 and 2019 was \$25,429 and \$19,149, respectively.

Note 7 - Donated Legal Services

The ACLU Foundation received the following donated legal services benefiting all aspects of the mission for the years ended March 31:

	2020	2019
Donated hours	802	4,284
Total	\$ 487,475	\$ 2,816,285

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions consists of amounts received for a specific purpose but as of the fiscal year end have not been spent. Net assets with donor restrictions consisted of the following at March 31:

	2020	2019
Equity, Diversity, & Inclusion	\$ 31,801	\$ -
Education	-	273,290
Criminal Justice	-	54,489
	\$ 31,801	\$ 327,779

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 9 - Operating Lease

The ACLU Foundation entered into a lease agreement starting September 2018 to lease office space under an agreement expiring October 2021. The monthly rent is \$16,007 and increases by approximately 3% every year.

The ACLU Foundation entered into a lease agreement in February 2016 to lease office space under an agreement expiring January 2020. The monthly rent is \$963. The lease was renewed in January 2020. The monthly rent is \$991.

Total rent expense was \$210,786 and \$183,101 for the years ended March 31, 2020 and 2019, respectively. Future minimum lease payments are as follows for years ended March 31:

2021	\$ 207,222
2022	195,164
	<u>\$ 402,386</u>

Note 10 - Affiliated Organizations

The ACLU and the ACLU Foundation are local affiliates of the national American Civil Liberties Union, Inc. and the national American Civil Liberties Union Foundation, Inc., respectively. Contributions are allocated between the ACLU national headquarters and affiliates in accordance with revenue sharing policies determined by the national office. The amount due from the national ACLU Foundation, Inc. was \$1,348,603 and \$1,471,267 at March 31, 2020 and 2019, respectively. The amount due from the national ACLU, Inc. was \$273,430 and \$101,554 at March 31, 2020 and 2019, respectively.

The ACLU forwards membership dues to the national ACLU office and allocations are made to the various affiliates in accordance with revenue sharing policies. The amount due from the national ACLU for membership dues was \$93,606 and \$174,302 at March 31, 2020 and 2019, respectively.

Note 11 - Related Party Transactions

The ACLU paid for transactions on behalf of the ACLU Foundation. Intercompany receivables and payables totaled \$64,202 and \$121,424 as of March 31, 2020 and 2019, respectively. The intercompany accounts and transactions have been eliminated in consolidation.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2020

Note 12 - Retirement Plan

A defined benefit pension plan was provided through the national ACLU for all employees hired on or before March 31, 2010 who were 21 years of age and had one year and 1,000 hours of service. The related pension expense was \$191,560 and \$241,920 for the years ended March 31, 2020 and 2019, respectively.

Effective April 1, 2009, new employees are no longer eligible to participate in the defined benefit pension plan. A new defined contribution plan was started in which all employees 21 year and older are eligible to participate. The ACLU will match 100% of contributions up to 1% of salary plus 50% of contributions from 1% to 6% of salary. Pension expense for the match was \$63,539 and \$49,374 for the years ended March 31, 2020 and 2019, respectively.

Note 13 - Subsequent Events

The Organization has evaluated the impact of significant subsequent events. There have been no subsequent events through November 5, 2020, the date the Organization's consolidated financial statements were available to be issued, that require recognition or disclosure.

SUPPLEMENTARY INFORMATION

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF STATEMENT OF FINANCIAL POSITION
March 31, 2020

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Eliminations	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,089,043	\$ 431,631	\$ -	\$ 1,520,674
Investments	6,879,254	471,380	-	7,350,634
Contributions receivable	-	5,152,500	(5,000,000)	152,500
Due from National Affiliate	367,036	1,348,603	-	1,715,639
Due from ACLU of Maryland, Inc.	-	64,202	(64,202)	-
Prepaid expenses	-	48,900	-	48,900
Total current assets	<u>8,335,333</u>	<u>7,517,216</u>	<u>(5,064,202)</u>	<u>10,788,347</u>
PROPERTY AND EQUIPMENT				
Net of accumulated depreciation	-	32,746	-	32,746
OTHER ASSETS				
Deposits	<u>247</u>	<u>15,602</u>	<u>-</u>	<u>15,849</u>
Total assets	<u><u>\$ 8,335,580</u></u>	<u><u>\$ 7,565,564</u></u>	<u><u>\$(5,064,202)</u></u>	<u><u>\$10,836,942</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 5,000,000	\$ 41,480	\$(5,000,000)	\$ 41,480
Accrued expenses	8,568	129,173	-	137,741
Accrued pension expense	10,629	176,933	-	187,562
Due from ACLU of Maryland, Inc.	<u>64,202</u>	<u>-</u>	<u>(64,202)</u>	<u>-</u>
Total current liabilities	<u>5,083,399</u>	<u>347,586</u>	<u>(5,064,202)</u>	<u>366,783</u>
NET ASSETS				
Without donor restrictions	3,252,181	7,186,177	-	10,438,358
With donor restrictions	<u>-</u>	<u>31,801</u>	<u>-</u>	<u>31,801</u>
Total net assets	<u>3,252,181</u>	<u>7,217,978</u>	<u>-</u>	<u>10,470,159</u>
Total liabilities and net assets	<u><u>\$ 8,335,580</u></u>	<u><u>\$ 7,565,564</u></u>	<u><u>\$(5,064,202)</u></u>	<u><u>\$10,836,942</u></u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF STATEMENT OF FINANCIAL POSITION (Cont.)
March 31, 2019

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Eliminations	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 117,782	\$ 189,102	\$ -	\$ 306,884
Investments	6,802,644	1,818,788	-	8,621,432
Contributions receivable	-	95,667	-	95,667
Due from National Affiliate	275,667	1,471,456	-	1,747,123
Due from ACLU of Maryland, Inc.	121,424	-	(121,424)	-
Prepaid expenses	16,500	35,694	-	52,194
Total current assets	7,334,017	3,610,707	(121,424)	10,823,300
PROPERTY AND EQUIPMENT				
Net of accumulated depreciation	-	25,111	-	25,111
OTHER ASSETS				
Deposits	247	15,602	-	15,849
Total assets	<u>\$ 7,334,264</u>	<u>\$ 3,651,420</u>	<u>\$ (121,424)</u>	<u>\$ 10,864,260</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 11,712	\$ 52,024	\$ -	\$ 63,736
Accrued expenses	4,928	127,470	-	132,398
Accrued pension expense	11,559	227,407	-	238,966
Due to ACLU Foundation of Maryland, Inc.	-	121,424	(121,424)	-
Total current liabilities	28,199	528,325	(121,424)	435,100
NET ASSETS				
Without donor restrictions	7,306,065	2,795,316	-	10,101,381
With donor restrictions	-	327,779	-	327,779
Total net assets	7,306,065	3,123,095	-	10,429,160
Total liabilities and net assets	<u>\$ 7,334,264</u>	<u>\$ 3,651,420</u>	<u>\$ (121,424)</u>	<u>\$ 10,864,260</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF STATEMENT OF ACTIVITIES
March 31, 2020

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Eliminations	Consolidated Total
REVENUES, GAINS AND OTHER SUPPORT				
Received directly:				
Donations	\$ 26,732	\$ 1,521,572	\$ -	\$ 1,548,304
Grants	-	5,770,000	(5,000,000)	770,000
Bequests	246,698	186,882	-	433,580
	<u>273,430</u>	<u>7,478,454</u>	<u>(5,000,000)</u>	<u>2,751,884</u>
Donated legal services	-	487,475	-	487,475
Total direct support	273,430	7,965,929	(5,000,000)	3,239,359
Other revenue:				
Membership dues	1,481,837	-	-	1,481,837
Attorney fees	-	257,708	-	257,708
Investment return, net	169,519	21,190	-	190,709
Other revenue	-	1,051	-	1,051
Realized and unrealized gain/(loss) on investments	(570,727)	48,376	-	(522,351)
Total revenues, gains, and other support	<u>1,354,059</u>	<u>8,294,254</u>	<u>(5,000,000)</u>	<u>4,648,313</u>
EXPENSES				
Program services	5,348,832	3,476,749	(5,000,000)	3,825,581
Supporting services:				
Management and general	45,853	550,719	-	596,572
Fundraising	13,258	171,903	-	185,161
Total supporting services	<u>59,111</u>	<u>722,622</u>	<u>-</u>	<u>781,733</u>
Total expenses	<u>5,407,943</u>	<u>4,199,371</u>	<u>(5,000,000)</u>	<u>4,607,314</u>
Change in net assets	<u>(4,053,884)</u>	<u>4,094,883</u>	<u>-</u>	<u>40,999</u>
NET ASSETS AT BEGINNING OF YEAR	<u>7,306,065</u>	<u>3,123,095</u>	<u>-</u>	<u>10,429,160</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,252,181</u>	<u>\$ 7,217,978</u>	<u>\$ -</u>	<u>\$ 10,470,159</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF STATEMENT OF ACTIVITIES (Cont.)
March 31, 2019

	<u>American Civil Liberties Union of Maryland, Inc.</u>	<u>American Civil Liberties Union Foundation of Maryland, Inc.</u>	<u>Consolidated Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Received directly:			
Donations	\$ 60,494	\$ 1,746,399	\$ 1,806,893
Grants	-	871,500	871,500
Bequests	41,060	111,336	152,396
	<u>101,554</u>	<u>2,729,235</u>	<u>2,830,789</u>
 Donated legal services	 -	 <u>2,816,285</u>	 <u>2,816,285</u>
 Total direct support	 101,554	 5,545,520	 5,647,074
Other revenue:			
Membership dues	1,568,245	-	1,568,245
Realized and unrealized gain on investments	143,367	35,892	179,259
Investment return, net	140,898	35,030	175,928
Attorney fees	-	128,716	128,716
	<u>1,954,064</u>	<u>5,745,158</u>	<u>7,699,222</u>
EXPENSES			
Program services	332,869	5,352,714	5,685,583
Supporting services:			
Management and general	29,848	369,452	399,300
Fundraising	8,515	118,152	126,667
Total supporting services	<u>38,363</u>	<u>487,604</u>	<u>525,967</u>
 Total expenses	 <u>371,232</u>	 <u>5,840,318</u>	 <u>6,211,550</u>
 Change in net assets	 <u>1,582,832</u>	 <u>(95,160)</u>	 <u>1,487,672</u>
 NET ASSETS AT BEGINNING OF YEAR	 <u>5,723,233</u>	 <u>3,218,255</u>	 <u>8,941,488</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 7,306,065</u>	 <u>\$ 3,123,095</u>	 <u>\$ 10,429,160</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF EXPENSES
March 31, 2020

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Eliminations	Consolidated Total
Payroll and payroll related expenses	\$ 156,798	\$ 2,772,884	\$ -	\$ 2,929,682
Donated legal services	-	487,475	-	487,475
Professional fees	56,398	319,369	-	375,767
Occupancy	15,236	238,598	-	253,834
Office expense	58,568	107,162	-	165,730
Legislative	108,909	11,141	-	120,050
Travel and meetings	5,210	104,968	-	110,178
Printing and publications	430	56,131	-	56,561
Telephone and communications	6,062	48,852	-	54,914
Depreciation	-	25,429	-	25,429
Fundraising and membership events	-	11,136	-	11,136
Library and dues	253	8,267	-	8,520
Miscellaneous	-	3,113	-	3,113
Postage	79	1,862	-	1,941
Bank service charges	-	1,529	-	1,529
Litigation	-	1,455	-	1,455
Grant expense	5,000,000	-	(5,000,000)	-
Total expenses	<u>\$ 5,407,943</u>	<u>\$ 4,199,371</u>	<u>\$ (5,000,000)</u>	<u>\$ 4,607,314</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF EXPENSES (Cont.)
March 31, 2019

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Consolidated Total
Donated legal services	\$ -	\$ 2,816,285	\$ 2,816,285
Payroll and payroll related expenses	105,851	2,273,720	2,379,571
Professional fees	16,442	249,522	265,964
Occupancy	13,329	208,586	221,915
Legislative	136,016	19,391	155,407
Travel and meetings	16,562	97,239	113,801
Office expense	35,634	56,664	92,298
Printing and publications	30,431	29,231	59,662
Telephone and communications	4,653	41,127	45,780
Depreciation	-	19,149	19,149
Postage	12,117	2,840	14,957
Fundraising and membership events	-	10,229	10,229
Library and dues	197	9,480	9,677
Miscellaneous	-	3,567	3,567
Bank service charges	-	2,531	2,531
Litigation	-	757	757
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 371,232</u>	<u>\$ 5,840,318</u>	<u>\$ 6,211,550</u>