

**AMERICAN CIVIL LIBERTIES
UNION OF MARYLAND, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
MARCH 31, 2018**

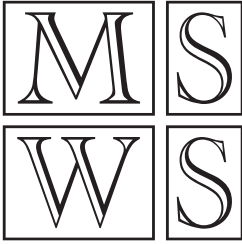


MULLEN SONDBERG WIMBISH & STONE, PA

CERTIFIED PUBLIC ACCOUNTANTS

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MULLEN & SONDBERG
WIMBISH & STONE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

2553 Housley Road • Suite 200 • Annapolis, Maryland 21401

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, 2018, 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, 2018, 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 17 - 22 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 2017 consolidated financial statements, and our report dated August 25, 2017, 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, 2017 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
September 18, 2018

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2018

ASSETS		
	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 595,556	\$ 1,044,789
Investments	7,539,437	5,751,544
Contributions receivable	215,000	460,000
Due from National Affiliate	829,314	929,289
Prepaid expenses	36,139	14,620
Total current assets	9,215,446	8,200,242
PROPERTY AND EQUIPMENT		
Net of accumulated depreciation	41,082	40,668
OTHER ASSETS		
Deposits	9,757	9,757
Total assets	\$ 9,266,285	\$ 8,250,667
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 51,484	\$ 67,223
Accrued expenses	117,664	110,986
Accrued pension expense	155,649	199,979
Total current liabilities	324,797	378,188
NET ASSETS		
Unrestricted - available for general activities	8,300,008	6,921,191
Temporarily restricted	641,480	951,288
Total net assets	8,941,488	7,872,479
Total liabilities and net assets	\$ 9,266,285	\$ 8,250,667

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, 2018
With Summarized Financial Information for the Year Ended March 31, 2017

	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
REVENUES, GAINS AND OTHER SUPPORT				
Received directly:				
Grants	\$ 480,500	\$ 290,000	\$ 770,500	\$ 650,000
Donations	1,134,312	-	1,134,312	1,180,077
Bequests	93,825	-	93,825	50,300
	<u>1,708,637</u>	<u>290,000</u>	<u>1,998,637</u>	<u>1,880,377</u>
Donated legal services	<u>2,531,061</u>	<u>-</u>	<u>2,531,061</u>	<u>1,138,325</u>
Total direct support	<u>4,239,698</u>	<u>290,000</u>	<u>4,529,698</u>	<u>3,018,702</u>
Other revenue:				
Membership dues	1,179,628	-	1,179,628	643,351
Realized and unrealized gain on investments	342,664	-	342,664	409,070
Attorney fees	196,299	-	196,299	75,600
Investment income	130,146	-	130,146	103,729
Other revenue	46	-	46	4,401
Total other revenue	<u>1,848,783</u>	<u>-</u>	<u>1,848,783</u>	<u>1,236,151</u>
Net assets released from restrictions	<u>599,808</u>	<u>(599,808)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>6,688,289</u>	<u>(309,808)</u>	<u>6,378,481</u>	<u>4,254,853</u>
EXPENSES				
Program services	4,832,528	-	4,832,528	3,041,475
Supporting services:				
Management and general	270,083	-	270,083	223,676
Fundraising	206,861	-	206,861	249,473
Total supporting services	<u>476,944</u>	<u>-</u>	<u>476,944</u>	<u>473,149</u>
Total expenses	<u>5,309,472</u>	<u>-</u>	<u>5,309,472</u>	<u>3,514,624</u>
Change in net assets	1,378,817	(309,808)	1,069,009	740,229
Net assets - beginning of the year	<u>6,921,191</u>	<u>951,288</u>	<u>7,872,479</u>	<u>7,132,250</u>
Net assets - end of the year	<u>\$ 8,300,008</u>	<u>\$ 641,480</u>	<u>\$8,941,488</u>	<u>\$ 7,872,479</u>

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, 2018
With Summarized Financial Information for the Year Ended March 31, 2017

	Supporting Services			Total		
	Program Services	Management and General	Fundraising	Total Supporting Services	2018	2017
Donated legal services	\$ 2,531,061	\$ -	\$ -	\$ -	\$ 2,531,061	\$ 1,138,325
Payroll and related expenses	1,627,623	211,770	152,801	364,571	1,992,194	1,800,826
Occupancy	171,368	22,296	16,088	38,384	209,752	211,966
Professional fees	136,447	17,753	12,809	30,562	167,009	135,540
Legislative	113,393	-	-	-	113,393	16,792
Travel and meetings	95,241	4,823	3,480	8,303	103,544	63,798
Office expense	40,905	5,323	3,841	9,164	50,069	38,813
Printing and publications	46,103	1,276	921	2,197	48,300	17,068
Telephone and communications	31,934	4,155	2,997	7,152	39,086	45,053
Depreciation	15,584	2,028	1,463	3,491	19,075	12,955
Library and dues	16,281	16	12	28	16,309	8,905
Fundraising and membership events	-	-	8,908	8,908	8,908	7,742
Miscellaneous	3,106	404	292	696	3,802	2,762
Bank service charges	-	-	3,077	3,077	3,077	4,244
Postage	1,836	239	172	411	2,247	7,039
Litigation	1,646	-	-	-	1,646	2,796
Total expenses	\$ 4,832,528	\$ 270,083	\$ 206,861	\$ 476,944	\$ 5,309,472	\$ 3,514,624

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, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,069,009	\$ 740,229
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	19,075	12,955
Realized and unrealized gain on investments	(342,664)	(409,070)
(Increase) decrease in operating assets:		
Contributions receivable	245,000	90,000
Due from National Affiliate	99,975	(906,896)
Prepaid expenses	(21,519)	(5,782)
Increase (decrease) in operating liabilities:		
Accounts payable	(15,739)	46,087
Accrued expenses	6,678	(7,607)
Accrued pension expense	(44,330)	32,900
Due to National Affiliate	-	(63,456)
	1,015,485	(470,640)
Net cash provided (used) by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments and reinvested dividends	(3,322,191)	(843,082)
Proceeds from sale of investments	1,876,962	1,391,305
Purchase of equipment	(19,489)	-
	(1,464,718)	548,223
Net cash provided (used) by investing activities		
Net change in cash and cash equivalents	(449,233)	77,583
Cash and cash equivalents at beginning of year	1,044,789	967,206
Cash and cash equivalents at end of year	\$ 595,556	\$ 1,044,789

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, 2018

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, 2018 and 2017. 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, 2018

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

Basis of Presentation

The financial statements include certain prior years 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 years ended March 31, 2017, from which the summarized information was derived.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Unexpended grant awards are classified as refundable advances until expended for the purposes of the grants since they are considered conditional promises to give.

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.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2018

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

Concentration of Cash Balances

At March 31, 2018 and 2017, 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, 2018 and 2017 were approximately \$90,000 and \$541,000, 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.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2018

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, 2015 remain subject to examination by federal and State authorities.

Donated Services

The ACLU and the ACLU Foundation recognize donated services that create or enhance nonfinancial 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.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2018

Note 2 - Investments

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

	March 31, 2018		
	Cost	Fair Market Value	Gross Unrealized Gain
Cash and cash equivalents	\$ 262,500	\$ 262,500	\$ -
Certificates of deposit	444,980	444,980	-
Mutual funds	5,991,513	6,831,957	840,444
	\$ 6,698,993	\$ 7,539,437	\$ 840,444

	March 31, 2017		
	Cost	Fair Market Value	Gross Unrealized Gain
Cash and cash equivalents	\$ 215,143	\$ 215,143	\$ -
Certificates of deposit	442,433	442,433	-
Mutual funds	4,499,948	5,093,968	594,020
	\$ 5,157,524	\$ 5,751,544	\$ 594,020

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2018

Note 3 - Fair Value Measurement

ASC 820-10 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- 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.

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.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2018

Note 3 - Fair Value Measurement (Cont.)

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, 2018			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 262,500	\$ -	\$ -	\$ 262,500
Certificates of deposit	-	444,980	-	444,980
Mutual funds	6,831,957	-	-	6,831,957
Total investments	\$ 7,094,457	\$ 444,980	\$ -	\$ 7,539,437

	March 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 215,143	\$ -	\$ -	\$ 215,143
Certificates of deposit	-	442,433	-	442,433
Mutual funds	5,093,968	-	-	5,093,968
Total investments	\$ 5,309,111	\$ 442,433	\$ -	\$ 5,751,544

Note 4 - Contributions Receivable

Contributions receivable consist of unconditional promises to give for \$215,000 and \$460,000 for the years ended March 31, 2018 and 2017, 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, 2018

Note 5 - Property and Equipment

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

	Estimated Lives	2018	2017
Furniture and equipment	3-7 years	\$ 105,009	\$ 85,520
Less accumulated depreciation		(63,927)	(44,852)
Net property and equipment		\$ 41,082	\$ 40,668

Depreciation expense for the years ended March 31, 2018 and 2017 was \$19,075 and \$12,955, respectively.

Note 6 - Donated Legal Services

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

	2018	2017
Donated hours	4,492	2,229
Total	\$ 2,531,061	\$ 1,138,325

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets consists of amounts received for a specific purpose but as of the fiscal year end have not been spent. Amounts received are restricted for education, immigration and criminal justice. Total temporarily restricted net assets at March 31, 2018 and 2017 was \$641,480 and \$951,288, respectively.

American Civil Liberties Union of Maryland, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
March 31, 2018

Note 8 - 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 2019. The monthly rent is \$963.

Total rent expense was \$178,409 and \$182,613 for the years ended March 31, 2018 and 2017, respectively. Future minimum lease payments are as follows for years ended March 31:

2019	\$ 121,679
2020	195,446
2021	201,310
2022	<u>84,909</u>
	<u>\$ 603,344</u>

Note 9 - 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 \$694,318 and \$699,532 at March 31, 2018 and 2017, respectively. The amount due from the national ACLU, Inc. was \$5,000 and \$23,937 at March 31, 2018 and 2017, 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 \$130,887 and \$205,820 at March 31, 2018 and 2017, respectively.

Note 10 - Related Party Transactions

The ACLU paid for transactions on behalf of the ACLU Foundation. Intercompany receivable and payable totaled \$36,960 and \$32,303 as of March 31, 2018 and 2017, 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, 2018

Note 11 - 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 \$156,807 and \$200,014 for the years ended March 31, 2018 and 2017, 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 \$42,738 and \$23,377 for the years ended March 31, 2018 and 2017, respectively.

Note 12 - Subsequent Events

The Organization has evaluated the impact of significant subsequent events. Except for the following, there have been no subsequent events through September 18, 2018, the date the Organization's consolidated financial statements were available to be issued, that require recognition or disclosure.

The ACLU Foundation entered into a lease agreement starting September 2018 to lease office space under an agreement expiring October 2021. See Note 8 for additional details.

SUPPLEMENTARY INFORMATION

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF STATEMENT OF FINANCIAL POSITION
March 31, 2018

	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	\$ 251,779	\$ 343,777	\$ -	\$ 595,556
Investments	5,375,436	2,164,001	-	7,539,437
Contributions receivable	-	215,000	-	215,000
Due from National Affiliate	135,887	693,427	-	829,314
Due from ACLU of Maryland, Inc.	-	36,930	(36,930)	-
Prepaid expenses	-	36,139	-	36,139
Total current assets	5,763,102	3,489,274	(36,930)	9,215,446
PROPERTY AND EQUIPMENT				
Net of accumulated depreciation	-	41,082	-	41,082
OTHER ASSETS				
Deposits	247	9,510	-	9,757
Total assets	<u>\$ 5,763,349</u>	<u>\$ 3,539,866</u>	<u>\$ (36,930)</u>	<u>\$ 9,266,285</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ 51,484	\$ -	\$ 51,484
Accrued expenses	3,186	114,478	-	117,664
Accrued pension expense	-	155,649	-	155,649
Due to ACLU Foundation of Maryland, Inc.	36,930	-	(36,930)	-
Total current liabilities	40,116	321,611	(36,930)	324,797
NET ASSETS				
Unrestricted - available for general activities	5,723,233	2,576,775	-	8,300,008
Temporarily restricted	-	641,480	-	641,480
Total net assets	5,723,233	3,218,255	-	8,941,488
Total liabilities and net assets	<u>\$ 5,763,349</u>	<u>\$ 3,539,866</u>	<u>\$ (36,930)</u>	<u>\$ 9,266,285</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF STATEMENT OF FINANCIAL POSITION
March 31, 2017

	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	\$ 794,035	\$ 250,754	\$ -	\$ 1,044,789
Investments	3,349,841	2,401,703	-	5,751,544
Contributions receivable	-	460,000	-	460,000
Due from National Affiliate	227,257	702,032	-	929,289
Due from ACLU Foundation of Maryland, Inc.	32,303	-	(32,303)	-
Prepaid expenses	-	14,620	-	14,620
Total current assets	4,403,436	3,829,109	(32,303)	8,200,242
PROPERTY AND EQUIPMENT				
Net of accumulated depreciation	-	40,668	-	40,668
OTHER ASSETS				
Deposits	247	9,510	-	9,757
Total assets	<u>\$ 4,403,683</u>	<u>\$ 3,879,287</u>	<u>\$ (32,303)</u>	<u>\$ 8,250,667</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ 67,223	\$ -	\$ 67,223
Accrued expenses	898	110,088	-	110,986
Accrued pension expense	-	199,979	-	199,979
Due to ACLU of Maryland, Inc.	-	32,303	(32,303)	-
Total current liabilities	898	409,593	(32,303)	378,188
NET ASSETS				
Unrestricted - available for general activities	4,402,785	2,518,406	-	6,921,191
Temporarily restricted	-	951,288	-	951,288
Total net assets	4,402,785	3,469,694	-	7,872,479
Total liabilities and net assets	<u>\$ 4,403,683</u>	<u>\$ 3,879,287</u>	<u>\$ (32,303)</u>	<u>\$ 8,250,667</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF STATEMENT OF ACTIVITIES
March 31, 2018

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Consolidated Total
REVENUES, GAINS AND OTHER SUPPORT			
Received directly:			
Grants	\$ -	\$ 770,500	\$ 770,500
Donations	5,000	1,129,312	1,134,312
Bequests	-	93,825	93,825
	<u>5,000</u>	<u>1,993,637</u>	<u>1,998,637</u>
Donated legal services	-	2,531,061	2,531,061
Total direct support	5,000	4,524,698	4,529,698
Other revenue:			
Membership dues	1,179,628	-	1,179,628
Realized and unrealized gain on investments	236,737	105,927	342,664
Attorney fees	-	196,299	196,299
Investment income	94,155	35,991	130,146
Other revenue	-	46	46
Total revenues, gains, and other support	<u>1,515,520</u>	<u>4,862,961</u>	<u>6,378,481</u>
EXPENSES			
Program services	177,986	4,654,542	4,832,528
Supporting services:			
Management and general	9,924	260,159	270,083
Fundraising	7,162	199,699	206,861
Total supporting services	<u>17,086</u>	<u>459,858</u>	<u>476,944</u>
Total expenses	<u>195,072</u>	<u>5,114,400</u>	<u>5,309,472</u>
Change in net assets	<u>1,320,448</u>	<u>(251,439)</u>	<u>1,069,009</u>
NET ASSETS AT BEGINNING OF YEAR	<u>4,402,785</u>	<u>3,469,694</u>	<u>7,872,479</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,723,233</u>	<u>\$ 3,218,255</u>	<u>\$ 8,941,488</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF STATEMENT OF ACTIVITIES
March 31, 2017

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Consolidated Total
REVENUES, GAINS AND OTHER SUPPORT			
Received directly:			
Grants	\$ -	\$ 650,000	\$ 650,000
Donations	21,437	1,158,640	1,180,077
Bequests	-	50,300	50,300
	<u>21,437</u>	<u>1,858,940</u>	<u>1,880,377</u>
Donated legal services	-	1,138,325	1,138,325
Total direct support	21,437	2,997,265	3,018,702
Other revenue:			
Membership dues	643,351	-	643,351
Realized and unrealized gain on investments	239,445	169,625	409,070
Investment income	58,808	44,921	103,729
Attorney fees	-	75,600	75,600
Other revenue	-	4,401	4,401
Total revenues, gains, and other support	<u>963,041</u>	<u>3,291,812</u>	<u>4,254,853</u>
EXPENSES			
Program services	13,490	3,027,985	3,041,475
Supporting services:			
Management and general	1,587	222,089	223,676
Fundraising	1,686	247,787	249,473
Total supporting services	<u>3,273</u>	<u>469,876</u>	<u>473,149</u>
Total expenses	<u>16,763</u>	<u>3,497,861</u>	<u>3,514,624</u>
Change in net assets	<u>946,278</u>	<u>(206,049)</u>	<u>740,229</u>
NET ASSETS AT BEGINNING OF YEAR	<u>3,456,507</u>	<u>3,675,743</u>	<u>7,132,250</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,402,785</u>	<u>\$ 3,469,694</u>	<u>\$ 7,872,479</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF EXPENSES
March 31, 2018

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Consolidated Total
Donated legal services	\$ -	\$ 2,531,061	\$ 2,531,061
Payroll and payroll related expenses	74,512	1,917,682	1,992,194
Occupancy	8,590	201,162	209,752
Professional fees	3,707	163,302	167,009
Legislative	101,700	11,693	113,393
Travel and meetings	13	103,531	103,544
Office expense	5,227	44,842	50,069
Printing and publications	-	48,300	48,300
Telephone and communications	1,140	37,946	39,086
Depreciation	-	19,075	19,075
Library and dues	152	16,157	16,309
Fundraising and membership events	-	8,908	8,908
Miscellaneous	-	3,802	3,802
Bank service charges	-	3,077	3,077
Postage	31	2,216	2,247
Litigation	-	1,646	1,646
Total expenses	<u>\$ 195,072</u>	<u>\$ 5,114,400</u>	<u>\$ 5,309,472</u>

American Civil Liberties Union of Maryland, Inc.
CONSOLIDATING SCHEDULE OF EXPENSES
March 31, 2017

	American Civil Liberties Union of Maryland, Inc.	American Civil Liberties Union Foundation of Maryland, Inc.	Consolidated Total
Payroll and payroll related expenses	\$ 12,705	\$ 1,788,121	\$ 1,800,826
Donated legal services	-	1,138,325	1,138,325
Occupancy	2,021	209,945	211,966
Professional fees	726	134,814	135,540
Travel and meetings	105	63,693	63,798
Telephone and communications	261	44,792	45,053
Office expense	339	38,474	38,813
Printing and publications	-	17,068	17,068
Legislative	500	16,292	16,792
Depreciation	-	12,955	12,955
Library and dues	48	8,857	8,905
Fundraising and membership events	-	7,742	7,742
Postage	58	6,981	7,039
Bank service charges	-	4,244	4,244
Litigation	-	2,796	2,796
Miscellaneous	-	2,762	2,762
Total expenses	<u>\$ 16,763</u>	<u>\$ 3,497,861</u>	<u>\$ 3,514,624</u>