

American Civil Liberties Union, Inc. and Consolidated Entities

Consolidated Financial Report

March 31, 2014

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Independent Auditor's Report

To the Board of Directors
American Civil Liberties Union, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Civil Liberties Union, Inc. (the "Union") and consolidated entities (collectively, the "American Civil Liberties Union" or the "ACLU"), which comprise the consolidated statement of financial position as of March 31, 2014, 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 consolidated 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.

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 financial position of the American Civil Liberties Union, Inc. and consolidated entities as of March 31, 2014, 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 Summarized Comparative Information

We have previously audited the American Civil Liberties Union's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

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



New York, New York
September 29, 2014

American Civil Liberties Union, Inc. and Consolidated Entities

**Consolidated Statements of Financial Position
March 31, 2014 and 2013**

Assets	2014	2013
Cash and Cash Equivalents	\$ 15,456,502	\$ 13,161,526
Pledges and Contributions Receivable, net	14,613,797	13,964,153
Investments	266,107,275	280,829,207
Other Assets	2,204,261	1,967,621
Due From Affiliates	12,696,766	11,978,798
Beneficial Interest in Trusts	1,318,418	536,563
Land, Office Buildings, Furniture, Fixtures and Office Equipment, net of accumulated depreciation	<u>29,715,549</u>	<u>30,628,076</u>
Total assets	<u>\$ 342,112,568</u>	<u>\$ 353,065,944</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 6,453,498	\$ 5,669,166
Due to affiliates	9,009,462	7,404,954
Liabilities under split-interest agreements	12,280,815	12,350,901
IDA bond	15,230,000	15,710,000
Bill of Rights Trust held for affiliates	27,432,839	25,396,610
Accrued pension liability	<u>34,055,796</u>	<u>46,810,528</u>
Total liabilities	<u>104,462,410</u>	<u>113,342,159</u>
Commitments and Contingency		
Net Assets		
Unrestricted:		
Board-designated	133,760,122	140,020,349
Cumulative minimum pension liability adjustment	(27,042,673)	(43,527,089)
Undesignated	<u>39,978,615</u>	<u>47,503,777</u>
Total unrestricted	<u>146,696,064</u>	<u>143,997,037</u>
Temporarily restricted:		
Bill of Rights Trust and other endowments	17,090,961	15,226,487
Other time and purpose restrictions	<u>33,101,418</u>	<u>39,935,006</u>
Total temporarily restricted	<u>50,192,379</u>	<u>55,161,493</u>
Permanently restricted - Bill of Rights Trust and other endowments	<u>40,761,715</u>	<u>40,565,255</u>
Total net assets	<u>237,650,158</u>	<u>239,723,785</u>
Total liabilities and net assets	<u>\$ 342,112,568</u>	<u>\$ 353,065,944</u>

See Notes to Consolidated Financial Statements.

American Civil Liberties Union, Inc. and Consolidated Entities

Consolidated Statement of Activities

Year Ended March 31, 2014

(with summarized comparative information for the year ended March 31, 2013)

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and Revenue					
Support:					
Current member contributions	\$ 21,432,755	\$ -	\$ -	\$ 21,432,755	\$ 21,810,293
New member contributions	4,109,954	-	-	4,109,954	3,820,581
Grants and contributions	26,001,010	23,960,894	196,460	50,158,364	42,840,243
Donated legal services	7,590,429	-	-	7,590,429	16,135,081
Bequests	15,187,850	1,045,583	-	16,233,433	18,187,513
Total support	74,321,998	25,006,477	196,460	99,524,935	102,793,711
Revenue:					
List rentals	95,490	-	-	95,490	103,031
Rental income	706,373	-	-	706,373	597,144
Pamphlet and book sales	2,923	-	-	2,923	28,490
Other income	94,337	-	-	94,337	71,410
Total revenue	899,123	-	-	899,123	800,075
Net Assets Released From Restrictions	33,649,746	(33,649,746)	-	-	-
Total support and revenue	108,870,867	(8,643,269)	196,460	100,424,058	103,593,786
Expenses					
Program services:					
Legislative	4,914,841	-	-	4,914,841	6,168,737
Legal	42,447,151	-	-	42,447,151	45,513,722
Public education	27,355,361	-	-	27,355,361	20,460,833
Civil liberties policy formulation	937,926	-	-	937,926	758,363
Affiliate support	39,365,362	-	-	39,365,362	38,259,369
Total program services	115,020,641	-	-	115,020,641	111,161,024
Supporting services:					
Management and general	7,433,277	-	-	7,433,277	5,614,109
Fund-raising	10,970,315	-	-	10,970,315	9,475,093
Total supporting services	18,403,592	-	-	18,403,592	15,089,202
Total expenses	133,424,233	-	-	133,424,233	126,250,226
Change in net assets before other changes	(24,553,366)	(8,643,269)	196,460	(33,000,175)	(22,656,440)
Other Changes in Net Assets					
Legal expenses awarded, net	2,504,624	-	-	2,504,624	2,333,073
Net investment income, gains and losses	8,992,226	3,811,191	-	12,803,417	13,343,963
Changes in value of split-interest agreements	(728,873)	(137,036)	-	(865,909)	(875,385)
Minimum pension liability adjustment	16,484,416	-	-	16,484,416	(4,809,457)
Total other changes in net assets	27,252,393	3,674,155	-	30,926,548	9,992,194
Change in net assets	2,699,027	(4,969,114)	196,460	(2,073,627)	(12,664,246)
Net Assets					
Beginning	143,997,037	55,161,493	40,565,255	239,723,785	252,388,031
Ending	\$ 146,696,064	\$ 50,192,379	\$ 40,761,715	\$ 237,650,158	\$ 239,723,785

See Notes to Consolidated Financial Statements.

American Civil Liberties Union, Inc. and Consolidated Entities

Consolidated Statement of Functional Expenses

Year Ended March 31, 2014

(with summarized comparative information for the year ended March 31, 2013)

	2014									2013	
	Program Services					Supporting Services				Total Expenses	Summarized Comparative Information
	Legislative	Legal	Public Education	Civil Liberties Policy Formulation	Affiliate Support	Total Program Services	Management and General	Fund-Raising	Total Supporting Services		
Salaries	\$ 1,399,661	\$ 14,135,637	\$ 6,038,232	\$ 389,166	\$ 3,404,723	\$ 25,367,419	\$ 2,429,048	\$ 4,388,665	\$ 6,817,713	\$ 32,185,132	\$ 30,310,846
Employee benefits	491,536	5,341,036	2,452,585	167,742	1,017,641	9,470,540	1,083,586	1,736,764	2,820,350	12,290,890	9,984,788
Rent and occupancy	88,446	1,375,275	557,525	24,615	183,267	2,229,128	651,062	304,152	955,214	3,184,342	3,078,466
Books	50,885	215,873	140,122	2,046	17,545	426,471	9,528	43,868	53,396	479,867	381,861
Building depreciation	51,896	1,030,533	394,527	23,265	418,356	1,918,577	479,384	417,183	896,567	2,815,144	2,777,976
Equipment depreciation	17,481	521,355	104,869	5,536	108,458	757,699	41,476	95,818	137,294	894,993	634,606
Equipment rental and maintenance	27,228	337,629	101,992	3,953	37,436	508,238	31,759	54,484	86,243	594,481	630,972
Grants to affiliates	1,409,241	1,425,491	-	-	3,829,137	6,663,869	-	-	-	6,663,869	5,682,000
Shared portion of contributions	80,740	1,744,616	-	-	16,218,840	18,044,196	-	-	-	18,044,196	16,844,927
Shared portion of bequest	2,250	70,389	-	-	5,504,193	5,576,832	-	-	-	5,576,832	5,889,801
Meetings/conferences	7,643	89,894	26,659	5,584	117,860	247,640	32,289	40,676	72,965	320,605	516,277
Legal fees	1,938	1,410	24,625	37,989	94,637	160,599	226,588	60,087	286,675	447,274	406,306
Donated legal services	-	7,590,429	-	-	-	7,590,429	-	-	-	7,590,429	16,135,081
Accounting fees	-	-	-	-	-	-	272,446	-	272,446	272,446	448,989
Professional fund-raising services	-	-	-	-	-	-	-	1,558,081	1,558,081	1,558,081	984,316
Other professional services	821,982	5,793,692	7,920,267	180,881	1,867,992	16,584,814	1,703,548	943,036	2,646,584	19,231,398	10,750,966
Interest expense	1,164	141,319	37,099	2,467	24,196	206,245	18,521	35,643	54,164	260,409	234,594
Postage and supplies	12,272	138,267	3,035,165	6,476	31,113	3,223,293	46,252	482,409	528,661	3,751,954	3,494,336
Publishing, printing and outreach	2,809	54,118	4,072,440	126	126	4,129,619	376	277,749	278,125	4,407,744	4,362,218
Special affiliate subsidies	-	-	-	-	6,025,028	6,025,028	-	-	-	6,025,028	6,210,000
Telephone	159,393	466,834	107,070	4,693	46,232	784,222	35,394	67,140	102,534	886,756	894,220
Telemarketing	-	-	1,370,614	-	-	1,370,614	-	65,823	65,823	1,436,437	1,832,338
Travel	63,598	1,187,969	276,953	65,701	207,516	1,801,737	216,298	205,272	421,570	2,223,307	2,064,431
Other expenses	224,678	785,385	694,617	17,686	211,066	1,933,432	155,722	193,465	349,187	2,282,619	1,699,911
Total - 2014	\$ 4,914,841	\$ 42,447,151	\$ 27,355,361	\$ 937,926	\$ 39,365,362	\$ 115,020,641	\$ 7,433,277	\$ 10,970,315	\$ 18,403,592	\$ 133,424,233	
Total - 2013	\$ 6,168,737	\$ 45,513,722	\$ 20,460,833	\$ 758,363	\$ 38,259,369	\$ 111,161,024	\$ 5,614,109	\$ 9,475,093	\$ 15,089,202		\$ 126,250,226

See Notes to Consolidated Financial Statements.

American Civil Liberties Union, Inc. and Consolidated Entities

Consolidated Statements of Cash Flows
Years Ended March 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	\$ (2,073,627)	\$ (12,664,246)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,710,137	3,412,582
Donated securities	(5,518,587)	-
Discount on pledges receivable	(105,033)	(39,670)
Beneficial interests in trusts	(781,855)	-
Changes in value of split-interest agreements	865,909	875,385
Net realized and unrealized gains on investments, net of adjustments for affiliate holdings	(6,586,864)	(8,243,600)
Contributions restricted for endowment	(196,460)	(211,920)
Contributions subject to split-interest agreements	(615,749)	(1,089,264)
Changes in operating assets and liabilities:		
Due from/to affiliates	886,540	(3,329,906)
Pledges and contributions receivable	(544,611)	3,648,228
Other assets	(236,640)	414,301
Accounts payable and accrued expenses	784,332	1,570,481
Accrued pension liability	(12,754,732)	4,544,015
Bill of Rights Trust held for affiliates	880,345	29,062
Net cash used in operating activities	(22,286,895)	(11,084,552)
Cash Flows From Investing Activities		
Proceeds from sale of investments	277,698,628	126,488,284
Purchase of investments	(249,715,361)	(133,630,149)
Purchase of office buildings, furniture, fixtures and office equipment	(2,797,610)	(1,463,948)
Net cash provided by (used in) investing activities	25,185,657	(8,605,813)
Cash Flows From Financing Activities		
Contributions restricted for endowment	196,460	211,920
Contributions subject to split-interest agreements	615,749	1,089,264
Payments on split-interest agreements	(1,688,734)	(1,574,587)
New annuities	752,739	1,163,714
Principal payments on IDA bonds	(480,000)	(460,000)
Net cash (used in) provided by financing activities	(603,786)	430,311
Net change in cash and cash equivalents	2,294,976	(19,260,054)
Cash and Cash Equivalents:		
Beginning	13,161,526	32,421,580
Ending	\$ 15,456,502	\$ 13,161,526
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 260,409	\$ 234,594
Change in investments for Bill of Rights Trust held for affiliates	\$ 1,155,884	\$ 1,257,719

See Notes to Consolidated Financial Statements.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 1. Organization

The American Civil Liberties Union, Inc. (the "Union") and the American Civil Liberties Union Foundation, Inc. (the "Foundation"), collectively, the "American Civil Liberties Union" or the "ACLU," were established as nonprofit corporations to preserve and promote individual civil rights and civil liberties as guaranteed by the United States Constitution and the nation's civil rights laws. The Union and the Foundation are exempt from federal income tax under Section 501(c)(4) and Section 501(c)(3), respectively, of the Internal Revenue Code.

The ACLU is affiliated with 50 nonprofit, tax-exempt organizations in every state in the United States and in the District of Columbia and Puerto Rico. All affiliates include reference to the "American Civil Liberties Union" or some variation thereof in their names (the "affiliates"). The affiliates also operate through related Section 501(c)(3) and Section 501(c)(4) organizations. The affiliates share the same overall mission and purpose as the ACLU, but their programs focus more on local or regional issues, while the ACLU's program activities are focused on overarching civil liberties issues and initiatives. Although the ACLU plays no direct role in the governance of and, except in very limited instances, does not share employees with, the affiliates, the organizations jointly fund-raise and work together on certain programs and the ACLU, through either the Union or Foundation, as appropriate, at its sole discretion provides targeted financial and other support to the affiliates.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Principles of consolidation: The accompanying consolidated financial statements include the accounts and activities of the Union, the Foundation and 915 15th Street, LLC (the "LLC"). Certain members of the board of directors of the Union comprise the board of directors of the Foundation. The LLC is a single-member limited liability company of which the Foundation is the sole member. All significant inter-organizational accounts and transactions have been eliminated in consolidation.

The accounts and activities of the affiliates are not included in these consolidated financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: The ACLU considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held temporarily in the investments portfolio are included in investments.

Investments and related income, gains and losses: Investments are reported at fair value in the consolidated statement of financial position. The consolidated statement of activities include net investment income consisting of interest and dividend income, realized and unrealized gains and losses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses on sale of investments are calculated on the basis of specific identification of the securities sold. Purchases and sales of securities are recognized on a trade-date basis.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fair value measurements: Assets and liabilities recorded at fair value in the consolidated statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Pursuant to Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, level inputs are defined as follows:

- Level 1 Inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities that the ACLU has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The types of investments in Level 1 generally include listed equities, mutual funds and exchange-funds.
- Level 2 Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted market prices for similar assets or liabilities in markets that are not active, markets in which there are few transactions, prices are not current, or prices vary substantially over time. Investments in this category generally include corporate debt, U.S. government debt, and less liquid securities such as securities traded on certain foreign exchanges, as well as alternative investments that can be redeemed in the near term. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
- Level 3 Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimates. Investments in this category generally include equity and debt positions in private companies and real estate and ownership interests in alternative investments that cannot be redeemed in the near term.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

Fair value of financial instruments: The following methods and assumptions were used in estimating the fair values of significant financial instruments:

Cash and cash equivalents - The carrying amount approximates fair value because the instruments are liquid in nature and have short-term maturities.

Investments - The fair value is determined as described in Note 5.

Pledges and contributions receivable - The carrying amount is based on estimated present value of the anticipated cash inflows and approximates fair value.

Other assets, due to/from affiliates, and accounts payable and accrued expenses - The carrying amounts approximate fair values because of the short-term nature of the instruments.

Beneficial interest in trusts - The carrying amount is based on estimated present value of the anticipated cash inflows and approximates fair value.

Liabilities under split-interest agreements - The carrying amount is based on estimated present value of the expected payments to beneficiaries and approximates fair value.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Industrial Development Agency (“IDA”) bond - The carrying amount approximates fair value because the interest rate is variable and reflect market conditions.

There have been no changes in the methodologies used for estimating fair values of significant financial instruments as of March 31, 2014 and 2013.

Concentration of market and credit risk: The ACLU's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments.

Exposure to credit risk is reduced by the placement of such funds in high credit quality financial institutions and financial instruments. At March 31, 2014, the majority of the ACLU's money market accounts were in funds that invest in short-term direct government obligations, such as U.S. Treasury Bills, that are backed by the full faith and credit of the U.S. government.

In order to control market risk, the ACLU has an investment committee that reviews and updates investment policy statements for the organization's various investment portfolios, oversees its investment portfolio and engages the services of investment advisors and managers to invest and manage the assets within the guidelines of the respective investment policy statements and perform ongoing due diligence and reporting. The ACLU monitors the market risk of its investment portfolio via ongoing review of asset allocation formulas and analysis of investment values as reported by investment custodians and managers.

The clearing and depository operations for the ACLU's portfolio of investments held in managed accounts are provided principally by two financial institutions that held approximately 99% of the total portfolio at March 31, 2014.

Office buildings, furniture, fixtures and office equipment: Office buildings, furniture, fixtures and office equipment are carried at cost, less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets.

Impairment of long-lived assets: The ACLU reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of any asset may not be recoverable and, if so, the carrying value is reduced to the estimated fair value.

Net assets: The ACLU reports information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets consist of amounts that can be spent at the discretion of the ACLU and have no donor restrictions associated with them. A portion of unrestricted net assets has been designated by the board of directors for certain purposes. Temporarily restricted net assets consist of contributions that are restricted by donors for a specific time period and/or purpose. Permanently restricted net assets consist of endowment funds.

Endowment: When the Foundation receives a contribution and the donor restricts the Foundation from spending the principal, the contribution is classified as an endowment, with the amount of the gift recorded as permanently restricted. The majority of the ACLU's endowment funds are held pursuant to the terms of the agreement for the establishment of the Bill of Rights Trust.

The ACLU is subject to the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), and has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the endowment fund that is not classified as permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the ACLU in a manner consistent with the standard of prudence prescribed by NYPMIFA.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions and related receivables: The ACLU reports contributions as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give are recorded as pledges and contributions receivable in the period the promise is received. Payments received in subsequent periods on unconditional promises to give, such as payments on multi-year gifts, are not recognized as revenue; rather, these are recorded as decreases in the corresponding pledges receivable balance. Pledges and contributions receivable due within one year are recorded at their net realizable value. Pledges and contributions receivable due in more than one year are recorded at the present value of their net realizable value, using applicable risk-adjusted interest rates to discount the amounts. Allowances for doubtful pledges and contributions receivable are provided by management based on the ACLU's experience with the donors and their ability to pay.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions that are to be maintained in perpetuity by the Foundation are recorded as permanently restricted support.

Contributions of noncash assets are recorded at fair value in the period received.

Certain contributions and bequests revenue are subject to revenue sharing agreements with affiliates. The ACLU's sharing rules specify the circumstances under which revenue shall be shared and the methodology for determining the specific portion of various categories of revenue that will be shared among the ACLU and the affiliates. Shared revenues are reported at gross amounts and the affiliates' share of the revenues as affiliate support expense in the consolidated statement of activities.

Donated services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

Due to the nature of the ACLU's operations, in-kind professional services are from time to time provided on a pro bono basis by outside attorneys. These services are recorded as revenue and expenses at fair value based on the attorneys' records of time spent and applicable billing rates.

A number of individuals have made a contribution of their time to serve on the ACLU's board. The value of their contributed time is not reflected in these consolidated financial statements inasmuch as those services would not typically be purchased had they not been provided by donation.

Bequests: The ACLU is a beneficiary under various wills and trust agreements, the total realizable amounts of which are not determinable at present. The ACLU's share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

Donor concentration: Approximately 19% of the total grants, contributions and bequests revenue for the year ended March 31, 2014 were provided by five donors. In addition, approximately 27% of the gross pledges and contributions receivable at March 31, 2014 were due from three donors.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Functional expenses: The cost of providing the various program and supporting services of the ACLU have been summarized on a functional basis in the accompanying consolidated financial statements. Certain costs and expenses have been allocated between program services and supporting services on a reasonable basis as determined by management.

In addition, certain expenses, predominantly salaries and employee benefits, are shared between the Union and the Foundation. Expenses paid by the Union and allocated to the Foundation during the years ended March 31, 2014 and 2013 amounted to \$11,025,881 and \$10,704,362, respectively.

Grants to affiliates: The ACLU recognizes grants to affiliates as expenses when a formal agreement has been signed by both the ACLU and the affiliate.

Legal awards: Pursuant to the Civil Rights Attorneys Fee Awards Act of 1976, legal fees and expenses may be awarded in certain legal actions. The amounts of these awards are the result of court determinations and/or negotiations between the parties to the matters. Management anticipates that the ACLU 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 ACLU's accounting policy is to accrue an award only when, in management's judgment, the amount appears relatively certain of collection.

Defined benefit pension plan: The ACLU reports the funded status of, and discloses other information about, its sponsored defined benefit pension plan in accordance with FASB ASC 715, *Compensation - Retirement Benefits*.

Income taxes: The Union and the Foundation are not-for-profit organizations exempt from income taxes under Section 501(c)(4) and Section 501(c)(3), respectively, of the U.S. Internal Revenue Code. Both the Union and the Foundation are subject to taxes on unrelated business income. The LLC is treated as a disregarded (tax) entity.

The Union and the Foundation file tax and information returns with the Internal Revenue Service (the "IRS") and with various states.

Management evaluated the Union's and the Foundation's tax positions and concluded that each organization had taken no uncertain tax positions that require additional adjustment or disclosure to the accompanying consolidated financial statements. Generally, the Union and the Foundation are no longer subject to income tax examinations by U.S. federal, state or local tax authorities for tax years before 2010, which is the standard statute of limitations look-back period.

Prior-year summarized comparative information: The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset or by functional expense classifications. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the ACLU's consolidated financial statements as of and for the year ended March 31, 2013, from which the summarized information was derived.

Evaluation of subsequent events: The ACLU evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the consolidated financial statements are issued, which is September 29, 2014.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Reclassifications: In 2014, the ACLU considered as investments all cash and cash equivalents held in its long-term investments portfolio, and accordingly, reclassified \$5,682,207 of 2013 reported cash and cash equivalents to investments. Certain other 2013 amounts have been reclassified to conform with the 2014 consolidated financial statement presentation. The reclassifications have no impact on the reported 2013 total consolidated assets, liabilities, net assets, revenues, expenses and changes in net assets of the ACLU.

Recently issued accounting pronouncements: In October 2012, the FASB issued Accounting Standards Update ("ASU") 2012-04, *Technical Corrections and Improvements*. The amendments in this update cover a wide range of topics including technical corrections and improvements to the ASC and conforming amendments related to fair value measurements. The amendments in this update will generally be effective for fiscal periods beginning after December 15, 2013 for nonpublic entities, except for amendments in this update where there was no transition guidance and which were immediately effective upon issuance. The impact of adopting ASU 2012-04 on the ACLU consolidated financial statements for subsequent periods has not yet been determined.

In April 2013, the FASB issued ASU 2013-06, *Services Received from Personnel of an Affiliate*. The amendments in this update require a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. The amendments in this update will generally be effective for fiscal periods beginning after June 15, 2014. The impact of adopting ASU 2013-06 on the ACLU's consolidated financial statements for subsequent periods has not yet been determined.

Note 3. Related Party Transactions

Amounts due from and to affiliates represent receivables and payables related to affiliate support and revenue sharing.

Amounts due to affiliates include the portion of contributions that are shared in accordance with the ACLU sharing rules and payments related to certain affiliate subsidy programs.

Amounts due from affiliates include income generated by the affiliates that is subject to the application of the ACLU sharing rules, and reimbursement to the ACLU for expenses paid by the ACLU on behalf of the affiliates, including contributions payable to the employee pension plan totaling \$7,727,144 and \$4,354,037 for the years ended March 31, 2014 and 2013, respectively. In fiscal year 2014, the ACLU made an additional contribution of \$4,200,000 to the employee pension plan and the plan purchased annuities on behalf of certain retirees. The balance owed by the affiliates for this contribution is \$1,621,389 as of March 31, 2014.

Also included in the amounts due from affiliates are notes receivable and accrued interest of \$302,404 at March 31, 2014 and \$1,989,674 at March 31, 2013 due from certain affiliates. The remaining note matures on March 31, 2016 and accrues interest at the prime rate.

During the years ended March 31, 2014 and 2013, the Foundation received approximately \$252,000 and \$193,000, respectively, from the New York Civil Liberties Union, Inc. and the New York Civil Liberties Union Foundation, Inc. in payments for the use of space occupied at the Foundation's offices at 125 Broad Street; these payments include charges for the use of certain building services, such as issuance of one-time visitor passes and acceptance of deliveries.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 4. Pledges and Contributions Receivable

Pledges and contributions receivable which are expected to be collected after one year have been discounted to net present value at rates ranging from 2.7% to 4.4% and are reflected in the consolidated financial statements at their net realizable value.

Pledges and contributions receivable are comprised of the following at March 31:

	2014	2013
Receivable within one year or less	\$ 13,031,917	\$ 8,689,651
years	1,779,100	5,576,755
	14,811,017	14,266,406
Less discount to present value	(197,220)	(302,253)
	<u>\$ 14,613,797</u>	<u>\$ 13,964,153</u>

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

In addition to the contributions receivable noted above, a certain ACLU donor confirmed, in fiscal year 2011, his intentions to recommend annual contributions aggregating approximately \$10,000,000 over a period of two to eight years from donor-advised funds. These anticipated contributions have not been recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition of contributions revenue under accounting principles generally accepted in the United States of America. Through March 31, 2014, the ACLU has received \$5,000,000 in contributions (from donor-advised funds) towards this intention to support, of which \$1,000,000 was recognized as revenue for the year ended March 31, 2014.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 5. Investments

The following tables present the ACLU's investments and cash equivalents that are measured at fair value on a recurring basis.

	Fair Value Measurements at March 31, 2014 Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 19,350,533	\$ 19,350,533	\$ -	\$ -
Equities	16,777,295	16,777,295	-	-
Corporate Bonds (by S&P rating):				
AAA - A-	14,307,824	-	14,307,824	-
BBB+ - B-	9,135,432	-	9,135,432	-
Total corporate bonds	23,443,256	-	23,443,256	-
U.S. Treasury Notes, agency and related	7,803,095	-	7,803,095	-
Mutual Funds				
Large-cap U.S. equity	25,321,844	25,321,844	-	-
Small-/mid-cap U.S. equity	6,679,833	6,679,833	-	-
International equity	31,280,182	31,280,182	-	-
Short-term bond	37,847,750	37,847,750	-	-
Intermediate-term bond	13,095,745	13,095,745	-	-
High-yield bond	22,204,116	22,204,116	-	-
International fixed income	3,927,396	3,927,396	-	-
Other bond	824,786	824,786	-	-
Real estate and commodities	5,245,675	5,245,675	-	-
Total mutual funds	146,427,327	146,427,327	-	-
Common Trust Funds				
Large-cap U.S. equity	4,158,598	-	4,158,598	-
Small-/mid-cap U.S. equity	1,780,796	-	1,780,796	-
International equity	4,101,042	-	4,101,042	-
Intermediate-term bond	2,212,494	-	2,212,494	-
High-yield and other bonds	1,294,275	-	1,294,275	-
Real estate and hard assets (commodities)	873,537	-	873,537	-
Total common trust funds	14,420,742	-	14,420,742	-
Exchange-Traded Funds				
Large-cap U.S. equity	582,723	582,723	-	-
Small-/mid-cap U.S. equity	6,692,529	6,692,529	-	-
International equity	2,489,062	2,489,062	-	-
Short-term, long-term and intermediate-term bonds	5,215,355	5,215,355	-	-
Real estate and hard assets (commodities)	5,376,070	5,376,070	-	-
Total exchange-traded funds	20,355,739	20,355,739	-	-
Structured Notes				
International fixed income	1,480,088	-	1,480,088	-
Hard assets (commodities)	1,049,200	-	1,049,200	-
Total structured notes	2,529,288	-	2,529,288	-
Hedge Funds	15,000,000	-	-	15,000,000
	<u>\$ 266,107,275</u>	<u>\$ 202,910,894</u>	<u>\$ 48,196,381</u>	<u>\$ 15,000,000</u>

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

	Fair Value Measurements at March 31, 2013 Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 5,682,207	\$ 5,682,207	\$ -	\$ -
Equities	14,615,733	14,615,733	-	-
Corporate Bonds (by S&P rating):				
AAA - A-	22,864,816	-	22,864,816	-
BBB+ - B-	10,852,501	-	10,852,501	-
Total corporate bonds	33,717,317	-	33,717,317	-
U.S. Treasury Notes, agency and related	9,551,270	-	9,551,270	-
Mutual Funds				
Large-cap U.S. equity	23,168,735	23,168,735	-	-
Small-/mid-cap U.S. equity	8,278,169	8,278,169	-	-
International equity	16,603,435	16,603,435	-	-
Short-term bond	55,215,678	55,215,678	-	-
Intermediate-term bond	17,497,118	17,497,118	-	-
High-yield bond	11,777,173	11,777,173	-	-
International fixed income	24,979,170	24,979,170	-	-
Other bond	15,672,503	15,672,503	-	-
Real estate and commodities	2,049,819	2,049,819	-	-
Total mutual funds	175,241,800	175,241,800	-	-
Common Trust Funds				
Large-cap U.S. equity	3,625,173	-	3,625,173	-
Small-/mid-cap U.S. equity	2,033,353	-	2,033,353	-
International equity	4,007,236	-	4,007,236	-
Intermediate-term bond	1,849,916	-	1,849,916	-
High-yield and other bonds	1,214,791	-	1,214,791	-
Real estate and hard assets (commodities)	824,673	-	824,673	-
Total common trust funds	13,555,142	-	13,555,142	-
Exchange-Traded Funds				
Large-cap U.S. equity	536,908	536,908	-	-
Small-/mid-cap U.S. equity	5,744,545	5,744,545	-	-
International equity	3,859,067	3,859,067	-	-
Short-term bond, long-term and intermediate-term bonds	5,366,434	5,366,434	-	-
Real estate and hard assets (commodities)	5,881,924	5,881,924	-	-
Total exchange-traded funds	21,388,878	21,388,878	-	-
Structured Notes				
Large-cap U.S. equity	2,286,400	-	2,286,400	-
International equity	2,764,182	-	2,764,182	-
International fixed income	1,471,028	-	1,471,028	-
Hard assets (commodities)	555,250	-	555,250	-
Total structured notes	7,076,860	-	7,076,860	-
	\$ 280,829,207	\$ 216,928,618	\$ 63,900,589	\$ -

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The ACLU's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The ACLU assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. There were no significant transfers among Levels 1, 2 and 3 during fiscal 2014 or 2013.

Below are the valuation techniques used by the ACLU to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

Equities, money market funds, and exchange-traded funds listed on a national securities exchange or reported on the Nasdaq global market are stated at the last reported sales or trade price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

U.S. government debt, corporate bonds and structured notes are valued based on the last reported bid price provided by broker-dealers, and are reported as Level 2 in the fair value hierarchy.

Investments in mutual funds are stated at fair value based on the last quoted evaluation price or net asset value. To the extent these securities are actively traded and valuation adjustments are not applied, they are classified as Level 1 in the fair value hierarchy.

Investments in common trust funds and hedge funds are valued at fair value based on the applicable percentage ownership of the underlying net assets on the measurement date. In determining fair value, the ACLU utilizes, as a practical expedient, the net asset value (or equivalent) provided by the fund managers ("NAV of Funds"). The underlying common trust funds and hedge funds value securities and other financial instruments on a fair value. The estimated fair values of certain investments of the underlying common trust funds or hedge funds, which may include private placements and other securities for which prices are not readily available, are determined by the trustee of the common trust funds or sponsor of the hedge funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The ACLU categorizes its investments in common trust funds as a Level 2 fair value measurement because the ACLU had the ability to redeem the investments daily or monthly.

The objectives of the investments in common trust funds are to approximate as closely as practicable or to provide total investment returns that are in excess of the performance of the following benchmarks over time with certain risk parameters:

	Benchmark
Large-cap U.S. Equity	S&P500 Index
Small-/mid-cap U.S. equity	Russell 2000 Index, S&P MidCap 400 Index
International equity	MSCI EAFE Index, MSCI Emerging Markets
Intermediate-term bond	Barclays U.S. Aggregate Bond Index, Barclays U.S. Intermediate Bond-Index
High-yield and other bonds	Barclays U.S. Treasury Inflation Protected Securities Index, Barclays Corporate High Yield 2% Issuer Cap Index
Real estate and hard assets (commodities)	Dow Jones U.S. Select REIT Index, Dow Jones-UBS Commodity Total Return Index

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

The investment in hedge funds, which the ACLU purchased in January 2014, is an investment in a multi-strategy hedge fund, and is categorized as a Level 3 fair value instrument as the ACLU does not have the ability to redeem the investments on March 31, 2014 or in the near term, which is defined as 90 days or less from March 31, 2014. The investment objective of the hedge fund is to generate consistent capital appreciation over the long term, with relatively low volatility and a low correlation with traditional equity and fixed income markets. The ACLU has no unfunded commitments on this investment as of March 31, 2014.

The investments and cash equivalents are held for the following purposes:

	<u>2014</u>	<u>2013</u>
Bill of Rights Trust, inclusive of endowments held in perpetuity of \$39,396,715 and \$39,295,255 at March 31, 2014 and 2013, respectively (Note 9)	\$ 82,921,652	\$ 79,118,632
Split-interest agreements (Note 7)	21,530,028	20,613,505
Other endowment, special projects, program support and operating reserves	161,655,595	181,097,070
	<u>\$ 266,107,275</u>	<u>\$ 280,829,207</u>

Net investment income, gains and losses reported in the accompanying consolidated statements of activities consist of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 7,143,587	\$ 5,736,698
Net realized and unrealized gains on investments	7,742,748	9,501,319
Total	14,886,335	15,238,017
Adjustment for allocation to affiliates holding units in the Trust for the Bill of Rights	(2,082,918)	(1,894,054)
Net investment income, gains and losses	<u>\$ 12,803,417</u>	<u>\$ 13,343,963</u>

Investment management and custodial fees amounted to approximately \$763,400 for 2014 and \$398,800 for 2013, and are included as other professional services in the consolidated statement of functional expenses.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 6. Land, Office Buildings, Furniture, Fixtures and Office Equipment

Land, office buildings, furniture, fixtures and office equipment consist of the following:

	2014	2013	Range of Estimated Useful Life
Land, office buildings and office condominium	\$ 48,958,001	\$ 48,442,645	10 to 50 years
Furniture, fixtures and office equipment	6,379,978	4,097,724	3 to 15 years
	55,337,979	52,540,369	
Less accumulated depreciation	(25,622,430)	(21,912,293)	
	<u>\$ 29,715,549</u>	<u>\$ 30,628,076</u>	

Note 7. Split-Interest Agreements

The Foundation receives contributions through its charitable gift annuity program whereby in exchange for gifts of cash or securities, the Foundation promises to pay a fixed annual amount for life to the annuitant.

The difference between the fair value of the assets received and the present value of the future distributions to the annuitant is recognized as contribution revenue.

Upon the death of the annuitant, the balance of the amount in the split-interest account reverts to the Foundation.

The Foundation has received gifts under this program on which it is obligated to make annual annuity payments of approximately \$1,582,000 in accordance with the agreements.

In addition, the Foundation has 8 unitrust agreements, on which the income is paid to the donor for life. Upon the death of the donor, the balance in the trust account shall be distributed to the Foundation for its general purposes.

Assets and liabilities related to the Foundation's split-interest agreements are as follows:

	2014	2013
Assets - investments	\$ 21,530,028	\$ 20,613,505
Liabilities under split-interest agreements	12,280,815	12,350,901
	<u>\$ 9,249,213</u>	<u>\$ 8,262,604</u>

Asset balances at March 31, 2014 and 2013 exceeded the reserve requirements of the New York State Insurance Commission as well as the reserve requirements of the relevant regulatory bodies in all other states that require a reserve fund and in which the Foundation issues gift annuities. Reserves are included in liabilities under split-interest agreements on the accompanying consolidated statements of financial position.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 7. Split-Interest Agreements (Continued)

The present value of obligations under split-interest agreements was calculated using interest rates ranging from 2.5% to 9.50% and the 1983A and 2000 Annuity Mortality Tables.

Beneficial interests in trusts ("BITs") are recorded based on the present value of the estimated future receipts from the trust discounted at 5%. This rate approximates the rates of return on U.S. government securities of similar duration and is commensurate with the risk that management associates with the ultimate collection of the trust. The initial gift and any subsequent adjustments to the non-perpetual BITs' carrying value are recognized as temporarily restricted contributions. The temporary restriction relates to the extended time period over which the gift is expected to be received and may also include purpose restrictions to benefit specific Foundation programs.

Adjustments to reflect revaluations of the present value of estimated future payments and changes in actuarial assumptions are recognized in the consolidated statement of activities as changes in value of split-interest agreements.

Note 8. IDA Bond Financing

In June 1997, the Foundation received financing of \$6,000,000 as a result of the New York City Industrial Development Agency's ("IDA") issuance of bonds in that amount, which money was used to finance a portion of the cost of the acquisition, renovation, improvement, equipping and furnishing of its office building condominium units constituting the 17th and 18th floors of 125 Broad Street, New York, New York which units are collateral for the debt (the "1997 IDA bonds"). On January 5, 2005, the 1997 IDA bonds were redeemed and new bonds in the amount of \$20,000,000 were issued by the IDA, the proceeds of which were delivered to the Foundation in order for the Foundation to pay for the redemption of the 1997 bonds, to purchase the 19th floor condominium unit and a proportional common interest in the land associated with the 17th, 18th and 19th floor condominium units at 125 Broad Street, New York, New York (together with the 17th and 18th floor condominium units, the "Realty") and to finance renovation, improvements, equipping and furnishing of the 19th floor condominium unit (the Realty and all property financed with the 2005 IDA bonds are referred to herein as the "Premises"). The 2005 IDA bonds mature on June 1, 2035.

Pursuant to the 2005 IDA bond agreements, an irrevocable direct pay letter of credit was established with a bank in order to secure payments of principal and interest on the 2005 IDA bonds on the scheduled due dates and on redemption, and to provide a facility for payment of the purchase price of the bonds upon the mandatory or optional tender thereof. Among other agreements, the Foundation also entered into a remarketing agreement with a certain financial institution to act as exclusive remarketing agent in connection with the offering and sale from time to time of the bonds in the secondary market after the initial offering, issuance and sale of the bonds.

Interest on the bonds is variable, is computed based on predetermined factors set forth in the 2005 IDA bond agreements, and may not exceed a maximum rate of 10% per annum. The letter of credit was amended March 1, 2010 to terminate on the earlier of January 4, 2013 or upon the occurrence of certain events set forth in the letter of credit agreement, including redemption of the 2005 IDA bonds. On July 1, 2013, the letter of credit was amended and restated to terminate on the earlier of July 4, 2016 or upon the occurrence of certain events set forth in the letter of credit agreement, including the redemption of the 2005 IDA bonds. On December 1, 2013, the letter of credit was amended for certain financial reporting requirements and covenants. Interest and other charges related to the 2005 IDA bonds were approximately \$222,000 and \$235,000 for the years ended March 31, 2014 and 2013, respectively.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 8. IDA Bond Financing (Continued)

The letter of credit agreement, as amended and restated, includes various covenants which, among other matters, require the Foundation to maintain a specified level of unrestricted net assets, maintain a specified ratio of cash and cash equivalents to total commitment, and not incur any new indebtedness except as defined. The Foundation has agreed to various additional covenants and entered into various guarantees and pledges in connection with the issuance of the 2005 IDA bonds and the letter of credit. The Foundation is currently in compliance with these covenants.

In connection with the issuance of the 2005 IDA bonds, the Foundation entered into a lease agreement to lease the Premises to the IDA. Concurrently with the execution of the lease agreement, the IDA agreed to sell and assign its leasehold interest in the Premises to the Foundation on an installment basis as the Foundation makes payments due on the bonds. A failure by the Foundation to pay principal and interest as due under the terms of the 2005 IDA bonds and to pay amounts due under the letter of credit could lead to the Foundation being required to surrender the Premises.

In November 2011, the Foundation redeemed \$1,250,000 of IDA bonds outstanding to implement a settlement with the IRS and to ensure that the portion of the premises used to conduct Section 501(c)(4) activities, including spaces occupied by the Union and the New York Civil Liberties Union, that are in excess of permissible limits are not financed by tax-exempt bond proceeds. The settlement also involved the payment of a penalty in the amount of approximately \$19,000, the estimated value of taxes that the IRS would have collected from bondholders over a three-year period in connection with the impermissible use of the premises for non-tax exempt purposes. The value of the IDA bonds redeemed exceed the minimum amount required to address the current use of space in support of Section 501(c)(4) activities and was intended to ensure that the Foundation would remain in full compliance with rules and bond covenants in the event that the use of space in connection with Section 501(c)(4) activities were to increase.

Principal payments under the above obligation in each of the five years subsequent to March 31, 2014 and thereafter are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2015	\$ 495,000
2016	515,000
2017	530,000
2018	555,000
2019	575,000
Thereafter	<u>12,560,000</u>
	<u>\$ 15,230,000</u>

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 9. The Bill of Rights Trust and Other Endowments

In 1997, the Foundation and the Section 501(c)(3) arms of the affiliates (the "Affiliate Foundations") established the Bill of Rights Trust (the "Trust"). The purpose of the Trust, a portion of which is an endowment fund of the Foundation, is to build an enduring endowment to carry out the work of the ACLU and its affiliates in protecting, preserving and expanding the civil liberties of all persons in the United States of America. The Trust has 100,000,000 authorized units, which are issued to or among the Foundation and Affiliate Foundations based upon their respective interests in the Trust. Unit shares have a unit value based upon the fair value of the net assets of the Trust divided by the total number of unit shares outstanding. The Trust provides for annual distributions to the Foundation and Affiliate Foundations in accordance with the Foundation's approved spending policy, prorated in accordance with the percentage of the fair value of each unit share. For the years ended March 31, 2014 and 2013, the Trust allows for a potential distribution amount equal to 4% of the average month-end value of total funds over the preceding 36 months through December 31, 2013 and 2012, respectively. Each unit holder, including the Foundation and the participating Affiliate Foundations, must certify that it has determined the appropriation to be prudent before the distribution is disbursed.

The investment goal of the endowment fund is to invest assets in a prudent manner that will balance reasonable annual distributions to the Foundation and Affiliate Foundations with long-term growth in the value of the assets of the Trust.

At March 31, 2014 and 2013, the Trust comprised the following accounts and amounts that are included in the consolidated statements of financial position:

	2014	2013
Assets		
Investments	\$ 82,921,652	\$ 79,118,632
Other assets	137,443	178,836
	<u>\$ 83,059,095</u>	<u>\$ 79,297,468</u>
Liabilities and Net Assets		
Held for Affiliate Foundations	\$ 27,432,839	\$ 25,396,610
Temporarily restricted net assets	16,229,541	14,605,603
Permanently restricted net assets	39,396,715	39,295,255
	<u>\$ 83,059,095</u>	<u>\$ 79,297,468</u>

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 9. The Bill of Rights Trust and Other Endowments (Continued)

The endowment-related activities of the Foundation, which comprised principally the endowment-related activities of the Trust, are summarized below.

	2014			2013		
	Temporarily Restricted	Permanently Restricted	Total	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 15,226,487	\$ 40,565,255	\$ 55,791,742	\$ 12,667,820	\$ 40,353,335	\$ 53,021,155
Investment return						
Interest and dividends	2,024,850	-	2,024,850	1,607,205	-	1,607,205
Net realized and unrealized gains on investments	1,992,603	-	1,992,603	2,709,240	-	2,709,240
Investment fees and expenses	(155,596)	-	(155,596)	(109,691)	-	(109,691)
Net investment return	3,861,857	-	3,861,857	4,206,754	-	4,206,754
Other changes during the year						
Contributions	-	196,460	196,460	-	211,920	211,920
Appropriation of endowment assets for expenditures	(1,997,383)	-	(1,997,383)	(1,648,087)	-	(1,648,087)
Total	(1,997,383)	196,460	(1,800,923)	(1,648,087)	211,920	(1,436,167)
Endowment net assets, end of year	\$ 17,090,961	\$ 40,761,715	\$ 57,852,676	\$ 15,226,487	\$ 40,565,255	\$ 55,791,742

Note 10. Commitments and Contingency

The Foundation leases office space in various locations under various short-term operating leases.

The ACLU either itself or by the condominium board on its behalf is currently in discussions with the insurers, building management and other condominium owners at its 125 Broad Street offices in connection with the damages caused to the building by Hurricane Sandy in October 2012. The amounts recoverable from insurance cannot be determined at present. The amounts that are not covered by the insurance and will have to be paid by the ACLU are not expected to have a material effect on the ACLU's consolidated financial statements.

The ACLU is involved in legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters would not have a material adverse impact on the consolidated financial position of the ACLU or the consolidated results of its activities.

Note 11. Retirement Plans

American Civil Liberties Union Retirement Plan: The ACLU sponsors the American Civil Liberties Union Retirement Plan (the "Pension Plan") which it accounted for as a single-employer plan. The Pension Plan covers eligible employees of the ACLU and its affiliates.

The Pension Plan is a defined benefit plan covering those employees who have at least one year of service, or at least 1,000 hours worked per year, and are at least 21 years of age. Benefits are based on service to date on an average of career earnings. The ACLU's policy is to fund pension costs by contributing at least the minimum amount required by the Employee Retirement Income Security Act of 1974 ("ERISA").

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 11. Retirement Plans (Continued)

All funds of the Pension Plan were held by Principal Financial Group Life Insurance Company ("Principal") under a flexible pension investment contract administered by Principal. The Plan pays the monthly payments from the Plan assets rather than purchase annuity contracts.

The following table sets forth the funded status of the ACLU Pension Plan, the change in funded status and amounts recognized in the accompanying consolidated financial statements:

	2014	2013
Change in Benefit Obligation		
Obligation, beginning of year	\$ 122,443,776	\$ 106,179,354
Service cost	5,580,909	5,350,174
Interest cost	5,220,837	5,026,802
Actuarial (gain) loss	(6,382,325)	8,195,390
Benefit payments and expected expenses	(2,355,764)	(2,307,944)
Settlements	(20,402,872)	-
Obligation, end of year	<u>104,104,561</u>	<u>122,443,776</u>
Change in Plan Assets		
Fair value of Plan assets, beginning of year	75,633,248	63,912,841
Actual return on Plan assets	10,012,194	6,814,828
Employer contributions	8,773,803	7,311,867
Benefit payments and actual expenses	(2,319,094)	(2,406,288)
Settlements	(22,051,386)	-
Fair value of Plan assets, end of year	<u>70,048,765</u>	<u>75,633,248</u>
Funded status, end of year	<u>\$ (34,055,796)</u>	<u>\$ (46,810,528)</u>
Amounts Recognized as Liabilities in the Consolidated Statements of Financial Position	<u>\$ (34,055,796)</u>	<u>\$ (46,810,528)</u>
Amounts Recognized as Cumulative Changes in Pension Other than Net Periodic Costs		
Net loss	<u>\$ (27,042,673)</u>	<u>\$ (43,527,089)</u>

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 11. Retirement Plans (Continued)

	2014	2013
Components of Net Benefit Cost		
Components of net periodic pension cost:		
Service cost	\$ 5,580,909	\$ 5,350,174
Interest cost	5,220,837	5,026,802
Expected return on Plan assets	(5,899,108)	(5,034,521)
Amortization of net loss	1,872,681	1,703,970
Net periodic pension cost	<u>6,775,319</u>	<u>7,046,425</u>
Settlement loss	5,728,168	-
Net periodic pension cost after settlements	<u>12,503,487</u>	<u>7,046,425</u>
Changes in Pension Costs Other than Net Periodic Cost		
Net (gain) loss	(8,883,567)	6,513,427
Amortization of net loss	(7,600,849)	(1,703,970)
Other than net periodic cost	(16,484,416)	4,809,457
Net benefit cost	<u>\$ (3,980,929)</u>	<u>\$ 11,855,882</u>

The net periodic pension costs of \$12,503,487 and \$7,046,425 for the years ended March 31, 2014 and 2013, respectively, comprises \$4,776,343 and \$2,687,780 which are recognized as expenses by the ACLU and \$7,727,144 and \$4,358,695 which are charged to the affiliates for net periodic pension costs associated with affiliates' employees participating in the Plan during 2014 and 2013, respectively (see Note 3).

The following table provides the weighted-average assumptions and certain other information:

	2014	2013
Weighted-average assumptions to determine benefit obligation as of March 31		
Discount rate	4.63%	4.39%
Expected return on plan assets	7.75%	7.75%
Rate of compensation increase	5.00%	5.00%
Weighted-average assumptions to determine net benefit cost for the year ended March 31		
Discount rate	4.39%	4.84%
Expected return on Plan assets	7.75%	7.75%
Rate of compensation increase	5.00%	5.00%

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 11. Retirement Plans (Continued)

As of March 31, 2014 and 2013, the accumulated benefit obligation of the Pension Plan was \$87,936,659 and \$105,414,478, respectively.

In fiscal year 2014, the ACLU made an additional contribution of \$4,200,000 to the Plan. The Plan purchased annuities amounting to approximately \$22,051,000 to fund the retirement benefits of certain retirees. This purchase is treated as a settlement of a pension benefit obligation which relieves the ACLU and the Plan of primary responsibility for that benefit obligation and eliminates significant risk with respect to both the benefit obligation and the assets used to make the settlement.

The ACLU expects to contribute approximately \$6,000,000 to the Pension Plan during the fiscal year ending March 31, 2015 and may consider further contributions as well.

Estimated future benefit payments attributable to estimated future employee service in each of the five years subsequent to March 31, 2014 and in the aggregate subsequent to 2019 are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2015	\$ 2,102,986
2016	2,402,436
2017	2,780,749
2018	3,309,910
2019	3,781,203
Thereafter	24,962,355

An investment policy has been established to consider both the current and projected financial requirements of the Plan. On March 31, 2014, the responsibility for the management of the assets was under delegation to an Investment Manager, Principal Financial Advisors. The plan relied on a total return strategy in which investment returns are to be achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Plan used a diversified and balanced asset allocation including large U.S. equity, small/mid U.S. equity, international equity, real estate and fixed income to achieve its long-term objectives of providing for long-term growth while maintaining an acceptable level of risk and sufficient liquidity to meet benefit payment obligations on a timely basis. All investments are chosen with prudence and due diligence by investment managers to ensure that results over time meet the goals and objectives of the Plan.

In fiscal year 2015, the investment management of Plan assets was transitioned from Principal Financial Advisors to JP Morgan Investment Management to pursue a dynamic liability driven investment strategy. The ACLU is continuing to undertake a thorough review of the Plan with a focus on its overall economic health.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 11. Retirement Plans (Continued)

The fair value of the Plan's investments at March 31, 2014 and 2013 by asset category is as follows:

	% Allocation	Total	Fair Value Measurements at March 31, 2014 Using		
			Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled Commingled Funds - Separate Accounts					
Equities:					
Large-cap U.S. equity ^(b)	35%	\$ 24,471,345	\$ -	\$ 24,471,345	\$ -
Small-/mid-cap U.S. equities ^(b)	9%	6,141,911	-	6,141,911	-
International equity ^(b)	15%	10,191,394	-	10,191,394	-
Real Estate:					
Real estate securities ^(b)	2%	1,601,132	-	1,601,132	-
Direct-owned U.S. commercial properties ^(a)	6%	4,214,678	-	-	4,214,678
Fixed Income:					
High-yield bonds ^(b)	3%	2,414,681	-	2,414,681	-
Intermediate-term bonds ^(b)	25%	17,393,263	-	17,393,263	-
Inflation-protected bonds ^(b)	5%	3,620,361	-	3,620,361	-
	100%	\$ 70,048,765	\$ -	\$ 65,834,087	\$ 4,214,678

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 11. Retirement Plans (Continued)

	% Allocation	Total	Fair Value Measurements at March 31, 2013		
			Using Quoted Prices in Active Markets (Level 1)	Using Significant Other Observable Inputs (Level 2)	Using Significant Unobservable Inputs (Level 3)
Pooled Commingled Funds - Separate Accounts					
Equities:					
Large-cap U.S. equity ^(b)	39%	\$ 29,385,460	\$ -	\$ 29,385,460	\$ -
Small-/mid-cap U.S. equities ^(b)	9%	7,246,959	-	7,246,959	-
International equity ^(b)	14%	10,601,825	-	10,601,825	-
Real Estate:					
Real estate securities ^(b)	2%	1,783,684	-	1,783,684	-
Direct-owned U.S. commercial properties ^(a)	7%	4,952,236	-	-	4,952,236
Fixed Income:					
High-yield bonds ^(b)	4%	2,732,231	-	2,732,231	-
Intermediate-term bonds ^(b)	20%	15,001,610	-	15,001,610	-
Inflation-protected bonds ^(b)	5%	3,929,243	-	3,929,243	-
	100%	\$ 75,633,248	\$ -	\$ 70,681,012	\$ 4,952,236

(a) This category consists of real estate investment options that seek favorable long-term returns primarily through rental income and appreciation of real estate investments owned by the account. The account purchases direct ownership interests in income-producing real estate, such as office, industrial, retail and multi-family residential properties. It may also hold other real estate or real estate related investments through joint ventures, real estate partnerships or real estate investment trusts. Redemption or withdrawal of funds is determined based on whether the account has sufficient liquidity available to make distributions. There are no known or anticipated redemptions, no unfunded commitments and no notice is required to sell the shares/units at any given time. The fair value is based on reported net asset value.

(b) There are no known or anticipated redemptions, no unfunded commitments and no notice is required to sell the shares/units at any given time.

The pooled commingled funds - separate accounts are valued at the net asset value of the underlying investments as provided by the investment manager. The pooled separate accounts invest in domestic and foreign stocks, bonds, mutual funds and real estate. The fair values of the majority of these stocks, bonds and mutual funds are publicly quoted and are used in determining the net asset value of the pooled separate accounts, which are not publicly quoted. The fair value of the real estate fund is based on the value of the underlying real estate using discounted cash flow models that utilize public real estate market data inputs such as transaction prices, market rents, vacancy levels, leasing absorption, market cap rates and discount rates.

There have been no changes in the methodologies used at March 31, 2014 and 2013.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 11. Retirement Plans (Continued)

The table below sets forth a summary of changes in the fair value of the plan's Level 3 assets for the years ended March 31, 2014 and 2013.

	2014	2013
Balance, beginning of year	\$ 4,952,236	\$ 4,014,228
Additions during the year	613,397	438,712
Sales/redemptions during the year	(1,820,349)	-
Net investment gain	469,394	499,296
Balance, end of year	<u>\$ 4,214,678</u>	<u>\$ 4,952,236</u>

The ACLU implemented a "soft freeze" of the Pension Plan effective March 31, 2009. Employees hired on or after April 1, 2009 by the National Office and the 47 affiliates that elected to participate in the soft freeze enrolled in a new Defined Contribution ("DC") 401(k) plan. The new DC plan includes an employer contribution of 2% and an employer match of 100% of the first 1% of the employee's contribution and 50% of the next 5% of an employee's contribution, for a total match of 3.5% and a total employer contribution of 5.5%. The soft freeze applies only to employees hired on or after April 1, 2009, or those who do not work for the Illinois, Louisiana, or New York affiliates, and does not affect current plan participants, or employees hired before March 31, 2009 but not yet in the plan. Employer contributions to the DC plan during the years ended March 31, 2014 and 2013 were \$608,154 and \$511,249 respectively.

Eligible ACLU employees may also participate in the ACLU 401(k) plan (the "401(k) Plan"), which is a 401(k) salary-reduction plan covering substantially all employees of the Union, the Foundation, and their affiliates, hired on or before March 31, 2009. Under the 401(k) Plan, employees may voluntarily contribute up to 80% of their pre-tax compensation to the 401(k) Plan subject to IRS dollar limits. There is no employer match or other contributions.

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 12. Net Assets

Net assets comprise of the following:

	2014	2013
Unrestricted		
Undesignated	\$ 39,978,615	\$ 47,503,777
Cumulative Pension Liability Adjustment	(27,042,673)	(43,527,089)
Board-designated:		
Litigation Fund	8,923,181	10,953,439
California Annuity Fund	891,760	653,821
Annuity Reserve	7,252,404	6,482,279
Development Fund	22,886,963	28,157,215
Jacobs Affiliate Development Fund	14,727,379	15,743,190
Dividend Distribution Fund	68,894,869	66,754,755
John Adams Fund	10,183,566	11,275,650
Total board-designated	133,760,122	140,020,349
Total unrestricted	146,696,064	143,997,037
Temporarily Restricted		
Bill of Rights Trust and other endowments	17,090,961	15,226,487
Trusts	2,423,554	1,661,959
Other time and purpose restrictions	30,677,864	38,273,047
Total temporarily restricted	50,192,379	55,161,493
Permanently Restricted - Bill of Rights Trust and other endowments	40,761,715	40,565,255
	\$237,650,158	\$239,723,785

American Civil Liberties Union, Inc. and Consolidated Entities

Notes to Consolidated Financial Statements

Note 13. Net Assets Released From Restrictions

Net assets were released from donor restrictions during the year ended March 31, 2014 by incurring expenses satisfying restricted purposes or by the occurrence of other events specified by donors as follows:

Special Projects	
Speech, Privacy and Technology and National Security	\$ 3,484,617
Prisoners' Rights	741,220
Immigrants' Rights	3,763,020
Reproductive Freedom	2,833,364
Women's Rights	1,042,396
Criminal Law Reform	463,953
LGBT/Marriage Equality	4,938,266
Voting Rights	158,183
Racial Justice	592,778
Other special projects	<u>6,319,911</u>
Total special projects	24,337,708
Bill of Rights Trust and other endowments	2,152,979
Time-Restricted Gifts	<u>7,159,059</u>
Total released from restrictions	<u><u>\$ 33,649,746</u></u>

American Civil Liberties Union, Inc. and Consolidated Entities

Consolidating Statement of Financial Position

March 31, 2014

Assets	American Civil Liberties Union, Inc.	American Civil Liberties Union Foundation, Inc.	915 15th Street, LLC	Eliminations	Consolidated
Cash and Cash Equivalents	\$ 7,147,009	\$ 8,195,607	\$ 113,886	\$ -	\$ 15,456,502
Pledges and Contributions Receivable, net	1,882,410	12,731,387	-	-	14,613,797
Investments	580,709	265,526,566	-	-	266,107,275
Other Assets	494,973	1,676,615	32,673	-	2,204,261
Due From Affiliates	8,090,165	4,606,601	-	-	12,696,766
Due to the ACLU from the ACLU Foundation	9,293,006	-	-	(9,293,006)	-
Due to the ACLU Foundation from the LLC	-	9,237,682	-	(9,237,682)	-
Investment in 915 15th Street, LLC	-	(1,034,985)	-	1,034,985	-
Beneficial Interest in Trusts	-	1,318,418	-	-	1,318,418
Land, Office Buildings, Furniture, Fixtures and Office Equipment, net of accumulated depreciation	-	21,585,302	8,130,247	-	29,715,549
Total assets	\$ 27,488,272	\$ 323,843,193	\$ 8,276,806	\$ (17,495,703)	\$ 342,112,568
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 2,315,276	\$ 4,064,113	\$ 74,109	\$ -	\$ 6,453,498
Due from the LLC to the ACLU Foundation	-	-	9,237,682	(9,237,682)	-
Due to the American Civil Liberties Union, Inc.	-	9,293,006	-	(9,293,006)	-
Due to affiliates	2,095,452	6,914,010	-	-	9,009,462
Liabilities under split-interest agreements	-	12,280,815	-	-	12,280,815
IDA bond	-	15,230,000	-	-	15,230,000
Bill of Rights Trust held for affiliates	-	27,432,839	-	-	27,432,839
Accrued pension liability	34,055,796	-	-	-	34,055,796
Total liabilities	38,466,524	75,214,783	9,311,791	(18,530,688)	104,462,410
Commitments and Contingency					
Net Assets					
Unrestricted:					
Board-designated	11,069,230	122,690,892	-	-	133,760,122
Cumulative minimum pension liability adjustment	(27,042,673)	-	-	-	(27,042,673)
Undesignated	1,632,281	38,346,334	(1,034,985)	1,034,985	39,978,615
Total unrestricted	(14,341,162)	161,037,226	(1,034,985)	1,034,985	146,696,064
Temporarily restricted:					
Bill of Rights Trust and other endowments	-	17,090,961	-	-	17,090,961
Other time and purpose restrictions	3,362,910	29,738,508	-	-	33,101,418
Total temporarily restricted	3,362,910	46,829,469	-	-	50,192,379
Permanently restricted - Bill of Rights Trust and other endowments					
	-	40,761,715	-	-	40,761,715
Total net assets	(10,978,252)	248,628,410	(1,034,985)	1,034,985	237,650,158
Total liabilities and net assets	\$ 27,488,272	\$ 323,843,193	\$ 8,276,806	\$ (17,495,703)	\$ 342,112,568

American Civil Liberties Union, Inc. and Consolidated Entities

Consolidating Statement of Activities
Year Ended March 31, 2014
See Independent Auditor's Report

	American Civil Liberties Union, Inc.			American Civil Liberties Union Foundation, Inc.				915 15th Street, LLC		Consolidated			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue													
Support:													
Current member contributions	\$ 21,432,755	\$ -	\$ 21,432,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,432,755	\$ -	\$ -	\$ 21,432,755
New member contributions	4,109,954	-	4,109,954	-	-	-	-	-	-	4,109,954	-	-	4,109,954
Grants and contributions	4,764,928	3,924,350	8,689,278	21,236,082	20,036,544	196,460	41,469,086	-	-	26,001,010	23,960,894	196,460	50,158,364
Donated legal services	-	-	-	7,590,429	-	-	7,590,429	-	-	7,590,429	-	-	7,590,429
Bequests	2,344,595	247,593	2,592,188	12,843,255	797,990	-	13,641,245	-	-	15,187,850	1,045,583	-	16,233,433
Total support	32,652,232	4,171,943	36,824,175	41,669,766	20,834,534	196,460	62,700,760	-	-	74,321,998	25,006,477	196,460	99,524,935
Revenue:													
List rentals	95,490	-	95,490	-	-	-	-	-	-	95,490	-	-	95,490
Rental income	-	-	-	707,426	-	-	707,426	833,659	(834,712)	706,373	-	-	706,373
Pamphlet and book sales	-	-	-	2,923	-	-	2,923	-	-	2,923	-	-	2,923
Other income	50	-	50	94,287	-	-	94,287	-	-	94,337	-	-	94,337
Total revenue	95,540	-	95,540	804,636	-	-	804,636	833,659	(834,712)	899,123	-	-	899,123
Net Assets Released From Restrictions	3,972,369	(3,972,369)	-	29,677,377	(29,677,377)	-	-	-	-	33,649,746	(33,649,746)	-	-
Total support and revenue	36,720,141	199,574	36,919,715	72,151,779	(8,842,843)	196,460	63,505,396	833,659	(834,712)	108,870,867	(8,643,269)	196,460	100,424,058
Expenses													
Program services:													
Legislative	4,641,201	-	4,641,201	295,631	-	-	295,631	-	(21,991)	4,914,841	-	-	4,914,841
Legal	-	-	-	42,783,896	-	-	42,783,896	-	(336,745)	42,447,151	-	-	42,447,151
Public education	13,874,565	-	13,874,565	13,612,259	-	-	13,612,259	-	(131,463)	27,355,361	-	-	27,355,361
Civil liberties policy formulation	323,291	-	323,291	621,314	-	-	621,314	-	(6,679)	937,926	-	-	937,926
Affiliate support	12,616,189	-	12,616,189	26,810,556	-	-	26,810,556	-	(61,383)	39,365,362	-	-	39,365,362
Total program services	31,455,246	-	31,455,246	84,123,656	-	-	84,123,656	-	(558,261)	115,020,641	-	-	115,020,641
Supporting services:													
Management and general	2,417,122	-	2,417,122	4,291,469	-	-	4,291,469	921,105	(196,419)	7,433,277	-	-	7,433,277
Fund-raising	3,158,092	-	3,158,092	7,892,255	-	-	7,892,255	-	(80,032)	10,970,315	-	-	10,970,315
Total supporting services	5,575,214	-	5,575,214	12,183,724	-	-	12,183,724	921,105	(276,451)	18,403,592	-	-	18,403,592
Total expenses	37,030,460	-	37,030,460	96,307,380	-	-	96,307,380	921,105	(834,712)	133,424,233	-	-	133,424,233
Change in net assets before other changes	(310,319)	199,574	(110,745)	(24,155,601)	(8,842,843)	196,460	(32,801,984)	(87,446)	-	(24,553,366)	(8,643,269)	196,460	(33,000,175)
Other Changes in Net Assets													
Legal expenses awarded, net	-	-	-	2,504,624	-	-	2,504,624	-	-	2,504,624	-	-	2,504,624
Net investment income, gains and losses	71,182	-	71,182	8,921,044	3,811,191	-	12,732,235	-	-	8,992,226	3,811,191	-	12,803,417
Changes in value of split-interest agreements	-	-	-	(728,873)	(137,036)	-	(865,909)	-	-	(728,873)	(137,036)	-	(865,909)
Net loss on investment in 915 15th Street, LLC	-	-	-	(87,446)	-	-	(87,446)	-	87,446	-	-	-	-
Minimum pension liability adjustment	16,484,416	-	16,484,416	-	-	-	-	-	-	16,484,416	-	-	16,484,416
Total other changes in net assets	16,555,598	-	16,555,598	10,609,349	3,674,155	-	14,283,504	-	87,446	27,252,393	3,674,155	-	30,926,548
Change in net assets	16,245,279	199,574	16,444,853	(13,546,252)	(5,168,688)	196,460	(18,518,480)	(87,446)	87,446	2,699,027	(4,969,114)	196,460	(2,073,627)
Net Assets													
Beginning	(30,586,441)	3,163,336	(27,423,105)	174,583,478	51,998,157	40,565,255	267,146,890	(947,539)	947,539	143,997,037	55,161,493	40,565,255	239,723,785
Ending	\$ (14,341,162)	\$ 3,362,910	\$ (10,978,252)	\$ 161,037,226	\$ 46,829,469	\$ 40,761,715	\$ 248,628,410	\$ (1,034,985)	\$ 1,034,985	\$ 146,696,064	\$ 50,192,379	\$ 40,761,715	\$ 237,650,158