

**AMERICAN CIVIL LIBERTIES UNION OF  
OHIO FOUNDATION, INC.  
AND AMERICAN CIVIL LIBERTIES  
UNION OF OHIO, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**TABLE OF CONTENTS**

	<b>Page No.</b>
Independent Auditor's Report.....	1-2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4-5
Consolidated Statements of Functional Expenses .....	6-7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9-28

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
**American Civil Liberties Union of Ohio  
Foundation, Inc. and American Civil Liberties Union of Ohio, Inc.**  
Cleveland, Ohio

### **Opinion**

We have audited the accompanying consolidated financial statements of **American Civil Liberties Union of Ohio Foundation, Inc. and American Civil Liberties Union of Ohio, Inc.** (nonprofit organizations) which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, and the related consolidated statements of activities and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **American Civil Liberties Union of Ohio Foundation, Inc. and American Civil Liberties Union of Ohio, Inc.** as of March 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of **American Civil Liberties Union of Ohio Foundation, Inc. and American Civil Liberties Union of Ohio, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **American Civil Liberties Union of Ohio Foundation, Inc. and American Civil Liberties Union of Ohio, Inc.**'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **American Civil Liberties Union of Ohio Foundation, Inc. and American Civil Liberties Union of Ohio, Inc.**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **American Civil Liberties Union of Ohio Foundation, Inc. and American Civil Liberties Union of Ohio, Inc.**'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Zinner & Co. LLP*

Beachwood, Ohio

September 17, 2022

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**MARCH 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,050,347	\$ 1,723,106
Investments	2,382,169	2,141,597
Unconditional promises to give		
Without donor restrictions	0	42,500
With donor restrictions	927,902	993,768
Accounts receivable - ACLU National	703,821	1,236,689
Accounts receivable	8,468	0
Investments - Board designated	5,788,130	2,458,697
Prepaid expenses	79,333	47,829
Land	205,400	205,400
Building	1,086,377	1,086,377
Building improvements	160,831	160,831
Furniture and equipment	203,735	203,735
Accumulated depreciation	(789,931)	(754,864)
Restricted cash - IOLTA account	21	21
Investments restricted for endowment	5,224,168	5,220,960
	<b>\$19,030,771</b>	<b>\$14,766,646</b>
<b>Liabilities</b>		
Accounts payable	\$ 154,775	\$ 32,621
Accounts payable - ACLU National	381,927	3,757
Accrued payroll	68,974	57,638
Accrued expenses	154,082	194,014
	<b>759,758</b>	<b>288,030</b>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	6,161,894	5,630,291
Designated by Board for building & facilities expenses	1,042,996	1,047,840
Designated by Board for litigation	869,149	657,156
Designated by Board for reserves	3,875,984	753,702
	<b>11,950,023</b>	<b>8,088,989</b>
With donor restrictions	<b>6,320,990</b>	<b>6,389,627</b>
Total Net Assets	<b>18,271,013</b>	<b>14,478,616</b>
Total Liabilities and Net Assets	<b>\$19,030,771</b>	<b>\$14,766,646</b>

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

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED MARCH 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Support			
Contributions to Foundation	\$ 3,074,554	\$ 256,030	\$ 3,330,584
Contributions to Affiliate	492,096	49,504	541,600
Bequests	1,217,641	0	1,217,641
Grants	484,124	89,420	573,544
Total Support	5,268,415	394,954	5,663,369
Revenues			
Legal fees	211,993	0	211,993
Membership shares	1,120,804	0	1,120,804
National reconciliation income	421,906	0	421,906
Donated services	256,028	0	256,028
Total Revenues	2,010,731	0	2,010,731
Net Assets Released from Restrictions			
Satisfaction of purpose restrictions	464,904	(464,904)	0
Total Reclassifications	464,904	(464,904)	0
Total Support and Revenues	7,744,050	(69,950)	7,674,100
<b>Expenses</b>			
Program Services:			
Education & Advocacy	1,815,860	0	1,815,860
Litigation	1,102,797	0	1,102,797
Supporting Services:			
Fundraising	486,952	0	486,952
Administration	543,914	0	543,914
Total Expenses	3,949,523	0	3,949,523
<b>Changes in Net Assets from Operations</b>	3,794,527	(69,950)	3,724,577
<b>Investment Activity</b>			
Interest and dividend income	253,134	0	253,134
Investment fees	(21,737)	0	(21,737)
Endowment fund loss and allocation	0	(164,132)	(164,132)
Realized gain on investments	884,671	123,090	1,007,761
Unrealized gain (loss) on investments	(1,049,561)	42,355	(1,007,206)
Total Investment Activity	66,507	1,313	67,820
<b>Changes in Net Assets</b>	3,861,034	(68,637)	3,792,397
<b>Net Assets, Beginning of Year</b>	8,088,989	6,389,627	14,478,616
<b>Net Assets, End of Year</b>	<u>\$ 11,950,023</u>	<u>\$ 6,320,990</u>	<u>\$ 18,271,013</u>

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

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED MARCH 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Support			
Contributions to Foundation	\$ 1,433,915	\$ 1,277,576	\$ 2,711,491
Contributions to Affiliate	288,290	15,752	304,042
Grants	651,105	0	651,105
	2,373,310	1,293,328	3,666,638
Revenues			
Legal fees	145,837	0	145,837
Membership shares	1,205,297	0	1,205,297
National reconciliation income	874,798	0	874,798
Donated services	565,716	0	565,716
	2,791,648	0	2,791,648
Net Assets Released from Restrictions			
Satisfaction of purpose restrictions	712,500	(712,500)	0
	712,500	(712,500)	0
	5,877,458	580,828	6,458,286
<b>Expenses</b>			
Program Services:			
Education & Advocacy	1,896,336	0	1,896,336
Litigation	1,173,901	0	1,173,901
Supporting Services:			
Fundraising	497,976	0	497,976
Administration	467,110	0	467,110
	4,035,323	0	4,035,323
<b>Changes in Net Assets from Operations</b>	1,842,135	580,828	2,422,963
<b>Investment Activity</b>			
Interest and dividend income	226,002	0	226,002
Investment fees	(15,822)	0	(15,822)
Endowment fund loss and allocation	0	(147,844)	(147,844)
Realized gain on investments	164,608	73,893	238,501
Unrealized gain on investments	221,008	1,461,855	1,682,863
	595,796	1,387,904	1,983,700
<b>Changes in Net Assets</b>	2,437,931	1,968,732	4,406,663
<b>Net Assets, Beginning of Year</b>	5,651,058	4,420,895	10,071,953
<b>Net Assets, End of Year</b>	\$ 8,088,989	\$ 6,389,627	\$ 14,478,616

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

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED MARCH 31, 2022**

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total All Funds</u>
	<u>Education &amp; Advocacy</u>	<u>Litigation</u>	<u>Total</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>	
Salaries and wages	\$ 915,943	\$ 384,696	\$ 1,300,639	\$ 238,145	\$ 293,102	\$ 531,247	\$ 1,831,886
Employee benefits	151,267	63,532	214,799	39,329	48,405	87,734	302,533
Payroll taxes	70,650	29,673	100,323	18,369	22,608	40,977	141,300
Retirement	57,850	24,297	82,147	15,041	18,512	33,553	115,700
Donated services	0	256,028	256,028	0	0	0	256,028
Professional services	104,835	192,761	297,596	3,382	37,200	40,582	338,178
Subscriptions, dues and fees	19,360	13,181	32,541	1,236	7,414	8,650	41,191
Postage	6,766	1,015	7,781	25,372	677	26,049	33,830
Printing	183,935	0	183,935	16,721	8,361	25,082	209,017
Conferences and meetings	4,641	379	5,020	1,799	2,652	4,451	9,471
Travel	5,055	2,345	7,400	1,517	3,349	4,866	12,266
Office expense	44,950	18,879	63,829	11,687	14,384	26,071	89,900
Information technology	17,372	7,296	24,668	4,517	5,559	10,076	34,744
Insurance	10,240	4,301	14,541	2,662	3,277	5,939	20,480
Occupancy	73,203	30,745	103,948	19,033	23,425	42,458	146,406
Depreciation and amortization	17,182	7,364	24,546	5,260	5,260	10,520	35,066
National reconciliation expense	132,611	66,305	198,916	82,882	49,729	132,611	331,527
Total Expenses	<u>\$ 1,815,860</u>	<u>\$ 1,102,797</u>	<u>\$ 2,918,657</u>	<u>\$ 486,952</u>	<u>\$ 543,914</u>	<u>\$ 1,030,866</u>	<u>\$ 3,949,523</u>
Percent of Total	46%	28%	74%	12%	14%	26%	100%

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



**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED MARCH 31, 2021**

	Program Services			Supporting Services			Total All Funds
	Education & Advocacy	Litigation	Total	Fundraising	Administration	Total	
Salaries and wages	\$ 902,076	\$ 386,602	\$ 1,288,678	\$ 276,145	\$ 276,145	\$ 552,290	\$ 1,840,968
Employee benefits	140,584	60,250	200,834	43,036	43,036	86,072	286,906
Payroll taxes	72,252	30,965	103,217	22,118	22,118	44,236	147,453
Retirement	65,852	28,222	94,074	20,159	20,159	40,318	134,392
Donated services	0	565,716	565,716	0	0	0	565,716
Professional services	160,531	12,674	173,205	0	38,021	38,021	211,226
Subscriptions, dues and fees	15,516	17,193	32,709	1,258	7,968	9,226	41,935
Postage	1,487	850	2,337	18,696	212	18,908	21,245
Printing	362,913	0	362,913	36,291	4,032	40,323	403,236
Conferences and meetings	4,619	0	4,619	3,312	784	4,096	8,715
Travel	8,694	2,081	10,775	2,427	5,101	7,528	18,303
Office expense	48,827	20,926	69,753	14,947	14,947	29,894	99,647
Information technology	17,087	7,323	24,410	5,231	5,231	10,462	34,872
Insurance	9,209	3,947	13,156	2,819	2,819	5,638	18,794
Occupancy	69,335	29,715	99,050	21,225	21,225	42,450	141,500
Depreciation and amortization	17,354	7,437	24,791	5,312	5,312	10,624	35,415
Uncollectible pledges	0	0	0	25,000	0	25,000	25,000
<b>Total Expenses</b>	<b>\$ 1,896,336</b>	<b>\$ 1,173,901</b>	<b>\$ 3,070,237</b>	<b>\$ 497,976</b>	<b>\$ 467,110</b>	<b>\$ 965,086</b>	<b>\$ 4,035,323</b>
Percent of Total	47%	29%	76%	12%	12%	24%	100%

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

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 3,792,397	\$ 4,406,663
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	35,066	35,415
Unrealized loss (gain) on investments	1,007,206	(1,682,863)
Realized loss (gain) on investments	(1,007,761)	(238,501)
Uncollectible pledges	0	25,000
(Increase) decrease in:		
Unconditional promises to give		
Without donor restrictions	42,500	(34,706)
With donor restrictions	65,866	(575,853)
Accounts receivable - ACLU National	532,868	(598,854)
Accounts receivable	(8,468)	884
Prepaid expenses	(31,504)	(886)
Increase (decrease) in:		
Accounts payable	122,154	(11,370)
Accounts payable - ACLU National	378,170	233
Accrued payroll	11,336	13,074
Accrued expenses	(39,931)	16,872
Grant advance	0	(61,281)
Net Cash Provided by Operating Activities	4,899,899	1,293,827
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	2,394,963	771,802
Purchase of investments	(5,967,621)	(1,796,449)
Net Cash Used by Investing Activities	(3,572,658)	(1,024,647)
<b>Net Increase in Cash, Cash Equivalents and Restricted Cash</b>	1,327,241	269,180
<b>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</b>	1,723,127	1,453,947
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	\$ 3,050,368	\$ 1,723,127

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

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING  
POLICIES**

Nature of the Organizations

The accompanying consolidated financial statements include the accounts of American Civil Liberties Union of Ohio Foundation, Inc. (ACLU of Ohio Foundation), which is a 501(c)(3) organization and American Civil Liberties Union of Ohio, Inc. (ACLU of Ohio), which is a 501(c)(4) organization (the Organizations). Intercompany transactions and balances have been eliminated in consolidation. The Organizations were incorporated as nonprofit corporations in July 1971.

The mission of the organizations is to champion and expand constitutional and other fundamental rights and to pursue racial, economic, gender, and social equity for all Ohioans using all the tools of integrated advocacy without political partisanship; to fight in both principle and practice for the best ideals of fairness, freedom, and justice; and to advance our mission through an anti-racist, intersectional lens with determination, agility, practicality, and hope. The Organizations are affiliates of the national American Civil Liberties Union Foundation and American Civil Liberties Union. Revenue is shared between the national organizations and their affiliates according to rules and formulas established to benefit the organizations involved.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, the Organizations are required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

ASC 958-205 requires board-designated funds to be reported as part of net assets without donor restrictions; accordingly, the Organizations report designations of voluntary board-approved segregations of net assets without donor restrictions for specific purposes as a classification of net assets without donor restrictions.

Basis of Accounting

The financial statements of the Organizations have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, the Organizations consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the Consolidated Statement of Cash Flows.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

Cash and Cash Equivalents (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Statements of Financial Position to the Consolidated Statements of Cash Flows as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$3,050,347	\$1,723,106
Restricted cash - IOLTA account	<u>21</u>	<u>21</u>
	<u>\$3,050,368</u>	<u>\$1,723,127</u>

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organizations use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

Investments are valued at market. Donated investments are reflected as contributions at their market values at date of receipt. Dividend and interest income and gains and losses on investments are reflected in current activities without donor restrictions unless restricted, either by law or explicit donor stipulation, in which case they would be reported as activities with donor restriction.

Valuation of Long-Lived Assets

The Organizations review for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated future net cash flows are less than the carrying amount of the asset. No impairment losses were recognized in fiscal 2022 and 2021.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

Donated Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. It is the Organizations' policy to imply a time restriction, based on the estimated useful lives of the assets, on donations of property and equipment that are not accompanied by a donor restriction. Accordingly, those donations are recorded as support increasing net assets with donor restriction. The Organizations reclassify net assets with donor restriction to net assets without donor restriction each year for the amount of the donated property and equipment's depreciation expense. There was no donated equipment during the years ended March 31, 2022 and 2021.

Revenue and Support With and Without Donor Restrictions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Funds received related to conditional grants are classified as refundable advances until expended for the purposes of the grants.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets without donor restrictions for use for building and facilities expenses, for litigation purposes, and to establish reserves for the purpose of helping to secure the Organizations' long-term financial viability.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organizations report gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

Board Designated Funds

Board designated funds contain funds categorized by the Board of Directors as follows: Foundation Fund, established as a reserve account; Litigation Fund, created to support significant litigation; and Building Fund, designated for selected building and facilities expenses.

Revenue Recognition for Contracts with Customers

The Organizations' revenue streams under contracts with customers consists primarily of revenues under the following categories:

**Legal fees** - At times ACLU of Ohio Foundation receives proceeds from legal settlements. Revenue is recognized at the point in time that both a legal judgement is awarded and ACLU of Ohio Foundation's collectible portion is known.

**Events and sales of materials** – ACLU of Ohio Foundation at times will charge fees for events, programmatic materials or other resources, designed to cover the approximate cost to ACLU of Ohio Foundation. Revenues are recognized at the point in time that an event occurs or the material/resource is transferred/made available to the customer.

**Membership shares** – Individuals can pay an annual fee to be a member of ACLU of Ohio, which entitles them to certain resources, information, communications and events. All revenues are recognized over time on a monthly basis as membership benefits are made available to members.

Revenue recognition for each of the revenue streams identified above are subject to the satisfaction of performance obligations. Revenue is recognized when performance obligations are satisfied over a period of time or at a point in time. Revenue is measured as the amount of consideration the Organizations expect to receive in exchange for providing services. Any payments received in advance of satisfaction of performance obligations are recorded as deferred revenue until the obligation is met.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition for Contracts with Customers (Continued)

Revenues subject to ASC Topic 606 were recognized as follows:

	<u>2022</u>	<u>2021</u>
Revenues recognized at a point time:		
Legal fees	\$ 211,993	\$ 145,837
	211,993	145,837
Revenues recognized over time:		
Membership shares	1,120,804	1,205,297
	1,120,804	1,205,297
Total revenue recognized subject to ASC Topic 606	<u>\$1,332,797</u>	<u>\$1,351,134</u>

Advertising

Advertising costs are expensed when incurred.

Functional Allocation of Expenses

Costs of providing various programs and supporting services are allocated based on specific identification, if practical. Certain categories of expenses are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, employee benefits, payroll taxes, and retirement are allocated based on estimates of time and effort. Expenses such as occupancy, insurance, information technology, and depreciation and amortization are allocated based on management's estimate of usage.

Pervasiveness of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist primarily of cash and cash equivalents. The Organizations maintain their cash and cash equivalents with financial institutions and although they have invested amounts in excess of the federal insurance limits, the Board of Directors does not feel that the Organizations are exposed to any substantial credit risk. As of March 31, 2022 and 2021, the Organizations had no other significant concentrations of credit risk.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). This update addresses presentation and disclosure of contributed nonfinancial assets. This update will require a not-for-profit to present contributed nonfinancial assets as a separate line item in the Statements of Activities, apart from contributions of cash and other financial assets, disclose contributed nonfinancial assets recognized within the Statements of Activities disaggregated by category that depicts the type of contributed nonfinancial assets, and for each category of contributed nonfinancial assets recognized include the following qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period (if utilized, to disclose a description of the programs or other activities in which those assets were used), the Organization's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, a description of any donor imposed restrictions associated with the contributed nonfinancial assets, a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition, and the principal market used to arrive at a fair value measure if it is a market in which the recipient Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The ASU is to be applied on a retrospective basis and effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organizations adopted ASU 2020-07 effective April 1, 2021 using the retrospective method. The adoption of the ASU had no impact on the Consolidated Financial Statements.

In November 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230: Restricted Cash). ASU 2016-18 clarifies certain existing principals in ASC 230, including guidance related to transfers between cash and restricted cash, and presentation in the Consolidated Statements of Cash Flows of the cash receipts and cash payments that directly affect the restricted cash accounts. The Organizations adopted the updated standard effective April 1, 2020. The adoption of the standard modified the Organization's presentation of the restricted cash within the Consolidated Statements of Cash Flows and related disclosures.



**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE A - NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (“ASU 2016-02”). The objective of ASU 2016-02 is to recognize lease assets and lease liabilities for those leases classified as operating leases under previous generally accepted accounting principles (GAAP). In June 2020, the FASB issued ASU 2020-05 as a limited deferral of the effective dates of two Updates, one of which is ASU 2016-02. Lease rules will now be applied to fiscal years beginning after December 15, 2021 for private companies and not-for-profit organizations, excluding public not-for-profit entities, who have not yet issued their financial statements reflecting the adoption of Leases. Management will be evaluating the potential impact of adopting this guidance on its consolidated financial statements.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a public health emergency and on March 11, 2020 declared COVID-19 a pandemic. COVID-19 continues to cause business disruption through mandated and voluntary closings for many of the Organizations’ donors, employees, vendors and other business partners. The extent of the impact of COVID-19 on the Organizations’ operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Organizations’ donors, employees, vendors and other business partners, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organizations’ financial condition or results of operations is uncertain.

Subsequent Events

The Organizations evaluated their March 31, 2022 financial statements for subsequent events through September 17, 2022, the date the consolidated financial statements were available to be issued, and all relevant subsequent information is included within the applicable notes to the consolidated financial statements.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE B - INVESTMENTS**

The following is a summary of aggregate costs and market values of investments and certificates of deposit at March 31, 2022 and 2021.

Balances below include amounts held and maintained by National ACLU in the Trust for the Bill of Rights Endowment Fund (See Note G):

	2022		
	Cost	Market Value	Unrealized Gain
Cash and cash equivalents	\$ 564,980	\$ 564,980	\$ 0
Mutual funds	966,694	1,065,181	98,487
Equities	1,137,308	2,729,837	1,592,529
Exchange traded funds	114,110	517,649	403,539
US treasury notes	0	4,103	4,103
Certificates of deposit	5,007,000	4,882,181	(124,819)
Corporate bonds	59,126	272,236	213,110
Private equity - Multi strategy	159,265	720,320	561,055
Proprietary equity funds - Multi strategy	588,055	2,637,980	2,049,925
	<u>\$ 8,596,538</u>	<u>\$ 13,394,467</u>	<u>\$ 4,797,929</u>
	2021		
	Cost	Market Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 453,079	\$ 453,079	\$ 0
Mutual funds	805,443	940,727	135,284
Equities	1,152,343	2,775,962	1,623,619
Exchange traded funds	34,785	157,353	122,568
US treasury notes	344	12,877	12,533
Certificates of deposit	2,120,000	2,117,708	(2,292)
Corporate bonds	65,091	236,332	171,241
Private equity - Multi strategy	90,210	348,610	258,400
Proprietary equity funds - Multi strategy	683,022	2,778,606	2,095,584
	<u>\$ 5,404,317</u>	<u>\$ 9,821,254</u>	<u>\$ 4,416,937</u>

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE C - PROMISES TO GIVE**

Promises to give extending beyond one year have been discounted at 3.25%, which approximates the Prime Rate in effect at the time the gift was made by the donor.

Unconditional promises to give at March 31, 2022 and 2021 consist of:

	2022	2021
Promises without donor restrictions	\$ 0	\$ 42,500
Restricted for Ohio legal issues	750,000	1,000,000
Restricted for capacity building	120,000	40,000
Restricted for criminal justice issues	15,000	0
Restricted for subsequent years' operations	70,000	0
Gross unconditional promises to give	955,000	1,082,500
Less: Unamortized discount	27,098	46,232
Net unconditional promises to give	\$ 927,902	\$ 1,036,268
Amounts due in:		
Less than one year	\$ 375,000	\$ 332,500
One to five years	580,000	750,000
Total Amounts Due	\$ 955,000	\$ 1,082,500

**NOTE D - FAIR VALUE OF FINANCIAL ASSETS**

The Organizations use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with ASC 820-10, the Organizations have categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

**Level 1** – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organizations have the ability to access. These include investments that are recorded at fair value on a recurring basis and fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange and other exchange trade securities.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE D - FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)**

**Level 2** – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for subsequently the full term of the asset or liability.

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

In accordance with the guidance provided by FASB ASU 2015-07, Subtopic 820-10, investments in hedge funds, private equity funds and proprietary equity 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, ACLU utilizes, as a practical expedient, the NAV (or equivalent) provided by the fund managers (NAV of funds). The underlying hedge funds, private equity fund and proprietary equity funds value securities and other financial instruments on a fair value.

The estimated fair values of certain investments of the underlying hedge funds, private equity fund and proprietary equity funds, which may include private placements and other securities for which prices are not readily available, are determined by the sponsor of the hedge funds, private equity fund and proprietary equity funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that may ultimately be realized. Accordingly, the estimated fair value may differ significantly from the values that would have been used had a readily available market existed for these investments. These include private equity funds in the amount of \$720,320 and \$348,610 as of March 31, 2022 and 2021 and proprietary equity funds in the amount of \$2,637,980 and \$2,778,606, which are only reflected in the fair value column below. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE D - FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)**

The following tables present the Organizations' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2022 and 2021.

Balances include amounts held and maintained by National ACLU in the Trust for the Bill of Rights Endowment Fund (See Note G):

	2022				Funds Valued at NAV
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Cash and cash equivalents	\$ 564,980	\$ 564,980	\$ 0	\$ 0	\$ 0
Certificates of Deposit	4,882,181	4,882,181	0	0	0
Equities					
Consumer discretionary	117,377	117,377	0	0	0
Consumer services	79,241	79,241	0	0	0
Energy	46,346	46,346	0	0	0
Finance	168,850	168,850	0	0	0
Health care	134,538	134,538	0	0	0
Industrials	115,491	115,491	0	0	0
Materials	53,036	53,036	0	0	0
Real estate	38,895	38,895	0	0	0
Staples	81,855	81,855	0	0	0
Technology	200,767	200,767	0	0	0
Utilities	32,662	32,662	0	0	0
Exchange traded funds	517,649	517,649	0	0	0
Private equity - Multi strategy	720,320	0	0	0	720,320
Proprietary equity funds -					
Multi strategy	2,637,980	0	0	0	2,637,980
Equity securities	1,660,777	1,660,777	0	0	0
US Treasury Notes	4,103	0	4,103	0	0
Mutual funds	196,915	196,915	0	0	0
Fixed Income					
Corporate bonds	272,236	55,892	216,344	0	0
Mutual funds	868,266	868,266	0	0	0
	<u>\$ 13,394,466</u>	<u>\$ 9,815,719</u>	<u>\$ 220,447</u>	<u>\$ 0</u>	<u>\$ 3,358,300</u>

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE D - FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)**

	2021				
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Funds Valued at NAV
Cash and cash equivalents	\$ 453,079	\$ 453,079	\$ 0	\$ 0	\$ 0
Certificates of Deposit	2,117,708	2,117,708	0	0	0
Equities					
Consumer discretionary	116,308	116,308	0	0	0
Consumer services	86,939	86,939	0	0	0
Energy	32,088	32,088	0	0	0
Finance	154,383	154,383	0	0	0
Health care	116,175	116,175	0	0	0
Industrials	107,672	107,672	0	0	0
Materials	48,183	48,183	0	0	0
Real estate	32,752	32,752	0	0	0
Staples	72,271	72,271	0	0	0
Technology	173,956	173,956	0	0	0
Utilities	28,548	28,548	0	0	0
Exchange traded funds	157,353	157,353	0	0	0
Private equity - Multi strategy	348,610	0	0	0	348,610
Proprietary equity funds -					
Multi strategy	2,778,606	0	0	0	2,778,606
Equity securities	1,806,687	1,806,687	0	0	0
US Treasury Notes	12,877	1,143	11,734	0	0
Mutual funds	177,997	177,997	0	0	0
Fixed Income					
Corporate bonds	236,332	44,940	191,392	0	0
Mutual funds	762,730	762,730	0	0	0
	<u>\$ 9,821,254</u>	<u>\$ 6,490,912</u>	<u>\$ 203,126</u>	<u>\$ 0</u>	<u>\$3,127,216</u>

ACLU assesses the fair value hierarchy 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 2022 and 2021. The investments in private equity funds are funds which ACLU does not have the ability to redeem the investments on March 31, 2022 and 2021, or in the near term, which is defined as 90 days or less from March 31, 2022 and 2021. The investment objective of the private equity funds 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.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE D - FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)**

The following table summarizes the investment strategies and liquidity provisions of investments in the private equity and proprietary funds valued at the NAV as provided by the fund managers as of March 31, 2022 and 2021:

	2022				
	NAV Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Remaining Lock Up Period
Private equity - Multi strategy					
Summit Rock Private Equity III	\$ 310,096	\$ 71,783	None	N/A	N/A
Summit Rock Private Equity IV	310,518	121,550	None	N/A	N/A
Summit Rock Private Equity V	99,706	466,215	None	N/A	N/A
Proprietary equity funds - Multi strategy	2,637,980	0	Monthly	7 Business Days	None
	<u>\$ 3,358,300</u>	<u>\$ 659,548</u>			
	2021				
	NAV Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Remaining Lock Up Period
Private equity - Multi strategy					
Summit Rock Private Equity III	\$ 215,326	\$ 104,369	None	N/A	N/A
Summit Rock Private Equity IV	133,284	252,344	None	N/A	N/A
Summit Rock Private Equity V	0	0	None	N/A	N/A
Proprietary equity funds - Multi strategy	2,778,606	0	Monthly	7 Business Days	None

**NOTE E - INVESTMENTS RESTRICTED FOR PERMANENT ENDOWMENT**

The American Civil Liberties Union (National ACLU) and its separately incorporated affiliates are cooperatively raising and sharing in a *Trust for the Bill of Rights* Endowment Fund. Endowment gifts are generally shared equally between National ACLU and the affiliate of the area in which the donor resides unless otherwise restricted by the donor. Each affiliate holds unit shares commensurate with its ownership of endowment fund gifts received. These endowment gifts are held by an outside firm that is charged with management of the endowment funds. At March 31, 2022 and 2021, \$5,224,168 and \$5,220,961, respectively, was held through National ACLU on behalf of the ACLU of Ohio Foundation as its proportional interest in the Endowment Fund.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE F - RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions at March 31, 2022 and 2021 are available for the following purposes or periods:

	2022	2021
Ohio legal program	\$ 726,639	\$ 953,768
Criminal justice	15,000	101,647
Capacity building	146,259	109,718
Systemic equality campaign	14,420	0
Voting rights	75,000	0
Bail reform	49,504	0
Subsequent fiscal years	70,000	0
Temporarily restricted endowment	0	3,533
Permanent endowment	5,224,168	5,220,961
	\$ 6,320,990	\$ 6,389,627

**NOTE G - ENDOWMENT NET ASSETS**

National ACLU and its separately incorporated affiliates cooperatively established a Trust for the Bill of Rights Endowment Fund. Gifts to the Fund are generally shared equally between National ACLU and the affiliate of the state in which the donor resides unless otherwise restricted by the donor. Each affiliate holds unit shares commensurate with its ownership of endowment funds received. While these endowment gifts are held by National ACLU in a single independent account, financial data on each affiliate's shares is tracked separately.

The Fund is governed according to the guidelines outlined in two documents:

- Agreement for the Establishment, Management and Operation of the Trust for the Bill of Rights (approved by the National ACLU Board of the ACLU on October 25, 1997 and amended on November 1, 2002)
- American Civil Liberties Union (ACLU) Investment Policy Statement (adopted by ACLU Executive Committee/Foundation Board on January 24, 2020 and again on September 30, 2021)



**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE G - ENDOWMENT NET ASSETS (CONTINUED)**

Any contribution, bequest, planned gift or other transfer of property is deemed a gift of endowment if: (1) the donor states that the gift is for endowment, (2) the gift is given to provide permanent support by restricting its use to income derived from principal or (3) the gift is given to provide long-term support by restricting its use to income derived from principal and to a limited portion of the principal in any one year.

The Trust for the Bill of Rights is subject to an investment policy created by a National ACLU Investment Committee. Affiliate foundations may not make independent decisions on how their unit shares are invested, though a screened fund option has been made available.

The investment objective for the endowment is to preserve or enhance the real value of the endowment while providing funds to support designated organizational activities on an annual basis in accordance with agreed-upon spending rules. Investment guidelines will seek to maximize long-term total returns consistent with prudent levels of risk, and in consideration of liquidity needs. The endowment assets invested for the long term are expected to generate a total annualized return over a rolling five-year period, net of fees, equal to 5% plus the rate of inflation as measured by the Consumer Price Index.

The investment guidelines provide for allowable and prohibited assets and transactions. Target allocations for the endowment are established as follows:

<u>Asset Class</u>	<u>Minimum Allocation</u>	<u>Strategic Allocation</u>	<u>Maximum Allocation</u>
Traditional equities	5.0%	60.0%	50.0%
Marketable alternative investments	0.0%	30.0%	15.0%
Fixed income & Cash	0.0%	10.0%	14.0%

The Agreement provides for the expenditure of 4% of the average of the fair market value of each unit share of the Fund as of December 31 of the three immediately preceding calendar years. Affiliate foundations cannot exceed this distribution. The Agreement does provide for the withdrawal of unit shares in certain crisis situations.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE G - ENDOWMENT NET ASSETS (CONTINUED)**

Interpretation of Relevant Law

Each foundation unit holder is responsible for determining the laws governing endowment funds in its state and whether such expenditures are in keeping with those laws. The state of Ohio passed the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) legislation in January 2009 as HB-522, and the legislation became effective on June 1, 2009. As such, as of March 31, 2010, UPMIFA applied to the ACLU of Ohio Foundation's endowment funds. The Board of Directors of the ACLU of Ohio Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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.

As a result of this interpretation, the ACLU of Ohio Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the ACLU of Ohio Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA the ACLU of Ohio Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment funds, (2) purposes of the institution and the endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the ACLU of Ohio Foundation, and (7) the ACLU of Ohio Foundation's investment policies.

Funds with Deficiencies

From time to time, the fair market value of assets associated with individual donor restricted funds may fall below the level that the donor requires the Fund to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are to be reported in net assets without donor restrictions as of year-end.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE G - ENDOWMENT NET ASSETS (CONTINUED)**

Funds with Deficiencies (continued)

Endowment net asset composition by type of fund as of March 31, 2022 and 2021 is as follows:

	2022		
	With Donor Restrictions		Total Net
	Donor- Restricted	Donor-Restricted In Perpetuity	Endowment Assets
Donor-restricted endowment funds	\$ 0	\$ 5,224,168	\$5,224,168
	2021		
	With Donor Restrictions		Total Net
	Donor- Restricted	Donor-Restricted In Perpetuity	Endowment Assets
Donor-restricted endowment funds	\$ 3,533	\$ 5,220,961	\$5,224,494

Changes in endowment net assets as of March 31, 2022 and 2021 are as follows:

	2022		
	With Donor Restrictions		Total Net
	Donor- Restricted	Donor-Restricted In Perpetuity	Endowment Assets
Endowment net assets, beginning of year	\$ 3,533	\$ 5,220,961	\$5,224,494
Contributions	0	1,896	1,896
Investment activity	0	123,090	123,090
Net appreciation	0	42,353	42,353
Amounts appropriated and allocated	(3,533)	(164,132)	(167,665)
Endowment net assets, end of year	\$ 0	\$ 5,224,168	\$5,224,168
	2021		
	With Donor Restrictions		Total Net
	Donor- Restricted	Donor-Restricted In Perpetuity	Endowment Assets
Endowment net assets, beginning of year	\$ 0	\$ 3,630,485	\$3,630,485
Contributions	0	206,104	206,104
Investment activity	0	73,893	73,893
Net depreciation	0	1,461,856	1,461,856
Amounts appropriated and allocated	3,533	(151,377)	(147,844)
Endowment net assets, end of year	\$ 3,533	\$ 5,220,961	\$5,224,494

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE H - DONATED SERVICES**

The value of donated services included in the financial statements and the corresponding expenses for the year ended March 31, 2022 and 2021 are as follows:

	2022	2021
Donated professional services	\$ 256,028	\$ 565,716
Total	\$ 256,028	\$ 565,716

These services are provided by attorneys and other professionals with specialized expertise. If such services are provided beyond ACLU of Ohio's normal operational capacity those service are not recorded and not included in the disclosure table above. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organizations with specific programs, development, and administration. These services do not meet the criteria for recognition under ASC 958-605.

**NOTE I - OPERATING LEASES**

The Organizations lease equipment, office space, and a vehicle. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of March 31, 2022:

2023	\$ 130,372
2024	127,881
2025	124,466
2026	120,120
2027	120,120
Thereafter	30,030
Total minimum payments required	\$ 652,989

Total rental expense amounted to \$126,293 and \$124,454 for the years ended March 31, 2022 and 2021, respectively.

**NOTE J - PENSION PLAN**

The ACLU of Ohio participates in a defined benefit plan as required by the National ACLU office. The National ACLU office instructed all American Civil Liberties Unions to be included in the ACLU defined benefit plan in which eligible employees participate. Employees became vested at three years of service and fully vested at seven years. No contributions are required from plan participants. The ACLU of Ohio Foundation makes annual contributions to the plan, as instructed by National ACLU, based on census information supplied to an actuary.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE J - PENSION PLAN (CONTINUED)**

In January 2009, the National ACLU Board of Directors voted to adopt a soft freeze of the defined benefit plan. Employees hired on April 1, 2009 or after are eligible to be enrolled in a new defined contribution 401K plan with automatic enrollment and an employer match. No future employees will be enrolled in the defined benefit plan, however the liability for the employees currently in the plan will continue, along with the liability for future employees enrolling in the defined contribution plan. Pension expense for the years ended March 31, 2022 and 2021 was \$89,036 and \$126,779, respectively.

**NOTE K - INCOME TAXES**

The ACLU of Ohio Foundation qualifies as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and the ACLU of Ohio qualifies as a charitable organization under Section 501(c)(4) of the Internal Revenue Code. Accordingly, both Organizations are exempt from income taxes.

For the years ended March 31, 2022 and 2021, there was no tax interest or penalties reflected in the consolidated statement of activities or in the consolidated statement of financial position.

**NOTE L - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

The following program and supporting services are included in the accompanying consolidated financial statements:

Education and Advocacy

Educate the public about their constitutional rights through education programs and forums, speakers bureau, website, resource materials, and internships. Promote systemic change to advance civil liberties through policy research, legislative advocacy, communications and community organizing.

Legal Program

Through legal challenges and litigation, protect citizens' constitutional rights, including fair application of the rule of law, freedom of speech, equal access to participation in our democracy, and personal autonomy and dignity.

**AMERICAN CIVIL LIBERTIES UNION OF OHIO FOUNDATION, INC. AND  
AMERICAN CIVIL LIBERTIES UNION OF OHIO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

**NOTE L - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (CONTINUED)**

Administration

Includes the functions necessary to maintain an equitable employment program; ensure a healthy, safe and supportive working environment; provide coordination and articulation of the Organizations' program strategy; secure proper administrative functioning of the Board of Directors; maintain competent professional services for the program administration of the Organizations and manage the financial and budgetary responsibilities of the Organizations.

Fund Raising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

**NOTE M - LIQUIDTY**

The Organizations' financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

	2022	2021
Cash	\$ 3,050,347	\$1,723,106
Investments	2,382,169	2,141,597
Unconditional promises to give - Unrestricted	0	42,500
Accounts receivable - ACLU National	703,821	1,236,689
Accounts receivable	8,468	0
Investments - Board designated	5,788,130	2,458,697
	\$ 11,932,935	\$7,602,589

The Organizations have set a minimum target of \$1.5 million to be maintained in reserve funds. The reserve funds provide a stable source of liquidity and financial support to preserve the Organizations' ability to continuously carry out their mission. Board designated investments can be undesignated by the Board at any time and made available for operating expenses, though the Board does not intend to undesignate any investments in the near future. The Organizations do not include net assets with donor restrictions as available for operating expenses, though donor restrictions closely align with the typical operating expenses of the Organizations.

ACLU of Ohio Foundation has endowment funds (Note G) that consist of donor-restricted endowments. The endowment annually provides funds for expenditure on general operations in an amount equal to 4% of the average fair market value of each unit share of the endowment fund as of December 31 of the three immediately preceding calendar years.