ACLU FOUNDATION OF SOUTHERN CALIFORNIA AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

KALLMAN+THOMPSON+LOGAN, LLP

ACLU FOUNDATION OF
SOUTHERN CALIFORNIA AND SUBSIDIARY

MARCH 31, 2019

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KALLMAN+THOMPSON+LOGAN, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
ACLU Foundation of
Southern California and Subsidiary
Los Angeles, California

We have audited the accompanying consolidated financial statements of the ACLU Foundation of Southern California and Subsidiary (the "Foundation"), which comprise the consolidated statement of financial position as of March 31, 2019, 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 Consolidated 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.

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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 of 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 Foundation'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 Foundation'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.

(Continued)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 ACLU Foundation of Southern California and Subsidiary as of March 31, 2019, 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.

Kallman, Thompson, Logan, LLP

KALLMAN+THOMPSON+LOGAN, LLP

November 27, 2019

ACLU FOUNDATION OF
SOUTHERN CALIFORNIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019

ASSETS

Cash and equivalents	$ 2,426,200
Receivables, net	4,507,972
Investments, at fair value	28,591,184
Property and equipment, net	9,290,295
Right-of-use assets under operating leases	241,089
Other assets	214,471
Total assets	$ 45,271,211

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	$ 1,198,355
Due to affiliates	4,372,174
Operating lease liabilities	245,680
Finance lease liabilities	158,800
Obligations under split-interest agreements	784,580
Deferred revenue	253,826
Total liabilities	7,013,415
Net assets:	
Without donor restrictions:	
Board designated	3,687,844
Undesignated	23,808,640
Total net assets without donor restrictions	27,496,484
With donor restrictions	10,761,312
Total net assets	38,257,796
Total liabilities and net assets	$ 45,271,211

**ACLU FOUNDATION OF
SOUTHERN CALIFORNIA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Support:			
Contributions	$ 4,366,330	$ 426,070	$ 4,792,400
Contributed professional services	241,604	-	241,604
Special events, net of expenses of $470,546	366,207	-	366,207
Bequests	1,854,451	54,532	1,908,983
Grants	15,000	2,021,233	2,036,233
Total support	6,843,592	2,501,835	9,345,427
Revenue:			
Litigation fees	344,944	-	344,944
Investment income, net	453,683	180,808	634,491
Other income	188,555	-	188,555
Total revenue	987,182	180,808	1,167,990
Net assets released from restrictions	7,291,056	(7,291,056)	-
Total revenue and support	15,121,830	(4,608,413)	10,513,417
Expenses:			
Program services	7,548,182	-	7,548,182
Supporting services:			
Development	1,222,767	-	1,222,767
Administrative	1,685,101	-	1,685,101
Total supporting services	2,907,868	-	2,907,868
Total expenses	10,456,050	-	10,456,050
Changes in net assets before other changes	4,665,780	(4,608,413)	57,367
Other changes in net assets:			
Change in split-interest agreements	-	(112,034)	(112,034)
Change in net assets	4,665,780	(4,720,447)	(54,667)
Net assets, beginning of year	22,830,704	15,481,759	38,312,463
Net assets, end of year	$ 27,496,484	$ 10,761,312	$ 38,257,796

ACLU FOUNDATION OF SOUTHERN CALIFORNIA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2019

	Program Services											Supporting Services			
	First Amend-ment	Criminal Justice	Police Practices	Economic Justice	Educational Equity	Jails	LGBT / Gender Repro-ductive Rights	Immigrant Rights	Fiscal Sponsor-ship	Public Education	Total Program Services	Development	Admini-strative	Total Supporting Services	**Total**
Salaries	$ 317,108	$ 298,396	$ 743,395	$ 495,351	$ 810,535	$ 256,338	$ 507,442	$ 932,547	$ -	$ 69,400	$ 4,430,512	$ 811,651	$ 618,968	$ 1,430,619	**$ 5,861,131**
Employee Benefits	127,796	84,283	242,867	141,523	210,817	60,927	134,825	303,013	-	28,371	1,334,422	204,108	239,732	443,840	**1,778,262**
Contracted Services	10,724	16,523	29,068	28,216	37,183	12,394	18,476	47,286	11,339	430	211,639	3,008	163,923	166,931	**378,570**
Cultivation Expenses	-	-	-	-	-	-	-	-	-	-	-	5,623	-	5,623	**5,623**
Equipment & Software	389	554	1,055	924	1,272	423	675	1,534	-	858	7,684	24,585	18,253	42,838	**50,522**
Facilities, Occupancy, net of											-				
rental income of $534,001	48,442	52,652	117,220	87,614	136,843	42,173	75,734	162,834	-	25,595	749,107	102,806	141,680	244,486	**993,593**
Grants	-	-	-	-	137,000	-	-	-	-	-	137,000	-	-	-	**137,000**
Information Technology	815	1,298	2,274	2,262	2,916	974	1,593	3,597	-	-	15,729	-	1,913	1,913	**17,642**
Insurance	2,519	3,692	6,629	6,279	8,437	2,799	4,629	10,118	-	196	45,298	1,453	37,680	39,133	**84,431**
Litigation	21,302	4,261	13,595	5,497	12,706	2,026	6,360	49,348	-	-	115,095	-	-	-	**115,095**
Meetings and Conferences	1,272	1,955	5,928	6,088	6,591	4,671	11,629	8,067	-	3,304	49,505	4,950	18,577	23,527	**73,032**
Other Expenses	5,371	7,278	16,798	16,133	19,698	7,979	11,471	23,674	216	16,060	124,678	52,014	68,435	120,449	**245,127**
Other Program Expenses	3,939	8,140	12,319	18,151	13,359	9,185	15,643	18,010	-	18,233	116,979	-	-	-	**116,979**
Parking	1,262	1,946	3,438	3,362	4,400	1,908	2,282	5,494	-	1,874	25,966	3,003	3,947	6,950	**32,916**
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	191,986	191,986	**191,986**
Professional Services											-				
- Donated	4,087	6,510	11,410	11,347	14,629	4,884	6,952	19,087	-	-	78,906	-	162,699	162,699	**241,605**
Travel	2,247	4,413	14,620	9,165	17,312	8,684	20,638	20,145	6,780	1,658	105,662	9,566	17,308	26,874	**132,536**
Total	$ 547,273	$ 491,901	$ 1,220,616	$ 831,912	$ 1,433,698	$ 415,365	$ 818,349	$ 1,604,754	$ 18,335	$ 165,979	$ 7,548,182	$ 1,222,767	$ 1,685,101	$ 2,907,868	**$ 10,456,050**

ACLU FOUNDATION OF
SOUTHERN CALIFORNIA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2019

Cash flows from operating activities:	
Change in net assets	($ 54,667)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	485,408
Noncash lease expense	40,745
Net deferred revenue	21,138
Discount on pledges	130,301
Reinvested net interest and dividend income	(980,593)
Net realized and unrealized loss on investments	332,707
Cash contributions restricted for endowment	(5,000)
Contributions of securities and other investments	(301,919)
Changes in operating assets and liabilities:	
Receivables	5,490,596
Other assets	(5,362)
Accounts payable and accrued liabilities	429,151
Operating lease liabilities	(36,154)
Due to affiliates	(5,389,540)
Obligations under split-interest agreements	65,131
Net cash provided by operating activities	221,942
Cash flows from investing activities:	
Purchases of investments	(4,405,000)
Withdrawals from investments	4,651,471
Purchases of property and equipment	(194,535)
Net cash provided by investing activities	51,936
Cash flows from financing activities:	
Cash contributions restricted for endowment	5,000
Repayments of finance lease liabilities	(57,976)
Net cash used in financing activities	(52,976)
Net increase in cash and equivalents	220,902
Cash and equivalents, beginning of the year	2,205,298
Cash and equivalents, end of the year	$ 2,426,200

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The ACLU Foundation of Southern California (the "Organization") is a non-profit organization located in Los Angeles, California. The Organization is affiliated with the American Civil Liberties Union of Southern California (the "Union") and with the American Civil Liberties Union, Inc. and the American Civil Liberties Union Foundation, Inc. (collectively, the "National Office"). The Organization shares the same general mission and purpose as the National Office, which is to defend and preserve the individual rights and liberties guaranteed by the Constitution and laws of the United States. As regional affiliates, the Union and the Foundation focus on civil liberties issues and initiatives in Southern California, through the Union's legislative lobbying, community education and engagement and media advocacy, and the Foundation's community education and engagement, media advocacy, policy research and advocacy and litigation efforts.

The ACLU Foundation of Southern California is a tax-exempt organization for both federal and state purposes.

Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the ACLU Foundation of Southern California and its wholly owned subsidiaries, ACLU Foundation of Southern California, LLC (“Foundation LLC”) and ACLU HI Park LLC (“HI Park LLC”) (collectively hereafter, the "Foundation"). The subsidiaries are single member limited liability companies and the Organization is their sole member. All significant inter-organizational accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The 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 (“U.S. GAAP”) as applicable to non-profit organizations. Net assets, support, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”). The Foundation has adopted ASU 2016-14 effective April 1, 2018. Accordingly, net assets and the changes therein have been classified and reported as follows:

- Without donor restrictions – These consist of amounts that have no donor-imposed stipulations and can be spent or utilized at the discretion of the Foundation. These include resources that the Board of Directors has designated to be used for building and information technology repairs and improvements as well as unexpected emergency situations and one-time extraordinary and exigent nonrecurring expenses.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

- With donor restrictions – These include contributions that are restricted by the donor for a specific purpose or time period. These restrictions may expire with time or may be satisfied and removed by actions of the Foundation's Board of Directors according to the intentions of the donor.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and equivalents held temporarily in the investment portfolio are included in investments.

Receivables

Unconditional promises to give are recorded as contributions receivable at their net realizable value in the year received. Contributions receivable that are expected to be collected in future years are discounted to their estimated present values using a risk-free interest rate. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promises are recognized when the conditions on which they depend are substantially met.

Receivables are written off when they are determined to be uncollectable. Management believes that all receivables are fully collectable. Accordingly, there is no allowance for doubtful accounts.

Investments

Investments are carried at fair value as determined by quoted market prices, or based on quotations of similar securities, or other estimates where market quotes are not available. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Gains and losses on investments resulting from market fluctuations are recorded in the statement of activities in the period that such fluctuations occur. Realized gains or losses on sales of investments are calculated on an adjusted cost basis. Dividend and interest income are accrued when earned.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The Foundation's financial instruments include cash and equivalents, receivables, investments, due to affiliates, accounts payable and accrued liabilities, lease liabilities, and deferred revenues. The carrying values of cash and equivalents, due to affiliates, accounts payable, accrued liabilities and deferred special event revenues approximate their fair values because of the short-term nature of the instruments. The carrying amount of receivables approximates fair value as receivables are recorded at estimated net present value by discounting cash flows using a risk-free interest rate. The recorded value of deferred revenues from split interest agreements approximate fair value because the liability is recorded at present value using a risk-free interest rate and annuity mortality tables. The fair values of the lease liabilities are discounted to present value using the Foundation's incremental borrowing rate. The fair value of the obligations under split-interest agreements is based on the estimated present value of the expected payments to beneficiaries and approximates fair value. The fair value of investments is determined as described in Note 3.

Property and Equipment

Property and equipment are stated at cost for purchased property and at market value at contribution date for contributed property. Right-of-use assets acquired through finance leases are recorded at market value at lease inception. Assets are depreciated or amortized over the estimated useful lives of the property using the straight-line method as follows:

	Estimated Useful Life in Years
Building and improvements	12 to 25
Tenant improvements	10
Office equipment and furniture	3 to 5
Right of use assets under finance leases	Shorter of useful life or remaining lease period

Replacements, maintenance and repairs are charged to expense when incurred. Major additions and improvements that extend the useful lives of property and equipment are capitalized. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are reduced, and any gain or loss is included in income.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

The Foundation 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. There were no impairment losses recognized during the year ended March 31, 2019.

Split-interest Agreements

The Organization is a remainder beneficiary, and in certain cases the trustee, of various charitable remainder trusts and other life-income arrangements, referred to as Split-Interest Agreements ("Agreements"). The Agreements typically provide for the periodic payment, over the remaining life of the donor, to the donor or named beneficiaries of amounts either fixed or based upon the income earned by the trust assets or a percentage of the market value of those assets.

At the date of death of the life-income beneficiary, the balance held in the trust is distributed to the charitable remainder beneficiary or beneficiaries. Interests in irrevocable split-interest agreements are recognized at the time a gift to a trust is made, in cases where the Organization is the trustee, or at the time the Organization is notified by the trustee that a gift has been made. Assets received are recorded at their estimated fair value and liabilities are recognized based upon the present value of payments expected to be made to other beneficiaries using discount rates commensurate with the risks involved. Bequest revenue is recognized based upon the present value of the estimated future distributions expected to be received by the Organization. During the term of the Agreements, the amortization of the discount associated with the contribution and revaluations of expected future payments to beneficiaries based upon changes in life expectancies are recognized in the statement of activities as changes in split-interest agreements.

Deferred Revenue

As discussed in Note 6, interests in split-interest agreements for which the Organization is the trustee but for which the donor has retained the right to change the remainder beneficiary from the Organization to another organization are deferred and included in income at the date of death of the donor and/or the designated income beneficiary.

Deferred revenue also includes $7,000 of payments received for future Foundation special events and $31,161 of rental income received for future periods, which will be included in income when the special event and rental period occurs, respectively.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Revenue recognition

Contributions are recognized as revenues when they are received or unconditionally pledged. The Foundation reports gifts of cash and other assets as contributions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Revenue sharing

As discussed in Note 11, certain revenues are subject to a revenue sharing agreement with the National Office. The National Office'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 with the Foundation. Shared revenues are reported at net of the National Office's share in the Statement of Activities.

Bequests

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

Contributed Services

Contributed 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.

During the year ended March 31, 2019, the Foundation received contributions of professional services with a fair value of $241,604, which are reflected in contribution revenue and program and supporting services expenses.

In connection with the Foundation's civil liberties litigation, the Foundation received contributed legal services valued at approximately $12 million that would not typically be purchased had they not been provided by donation. In addition, a number of individuals have made a contribution of their time to serve on the Foundation's board. The value of these contributed services is not reflected in these financial statements as those services would not typically be purchased had they not been provided by donation.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Functional Expenditures

The cost of providing the various program and supporting services of the Foundation have been summarized on a functional basis in the accompanying consolidated financial statements. Expenses have been charged directly to program and supporting services based on direct expenses incurred. Any expenses not directly chargeable are allocated to program and supporting services based on management's analysis of which program or supporting service was benefited by the expense. Management's analysis primarily includes estimates of employee time incurred.

In addition, certain expenses, predominantly salaries and employee benefits, are shared between the Foundation and the Union.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is subject to taxes on unrelated business income. The Foundation LLC and HI Park LLC are treated as disregarded entities for tax reporting purposes. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Foundation believes that it has appropriate support for the tax positions taken and, as such does not have any uncertain tax positions that result in a material impact on the Foundation's financial position or statement of activities.

Concentration of Credit Risk

The Foundation maintains cash in bank and brokerage accounts located in Los Angeles.

The Federal Deposit Insurance Corporation ("FDIC") insures cash in checking, money market and savings accounts up to $250,000. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The sum of balances in excess of the FDIC limit at various institutions at March 31, 2019 is approximately $3 million.

Investments are exposed to various risks, such as interest rate, credit and overall market volatility. To address these risks, the Foundation maintains an investment policy that sets out performance criteria, investment and asset allocation guidelines. The Foundation monitors its investments and has not experienced any credit losses.

Substantially all of the Foundation's receivables are from individuals, businesses, or nonprofit organizations in Los Angeles, California and surrounding areas. Collectability of these receivables may be affected by changes in the economic or other conditions of the geographical area.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Legal Awards

Pursuant to the Civil Rights Attorneys Fee Awards Act of 1976, legal fees and expenses may be awarded in certain court cases. The amounts of these awards are the result of court determinations and appellate decisions, or negotiations between the parties to the actions. Management anticipates that the Foundation will be the recipient of legal awards of a substantial amount, but is unable to determine the amounts receivable with a reasonable degree of accuracy. Accordingly, the Foundation's accounting policy is to accrue an award only when, in management's judgment, the amount appears relatively certain of collection.

Adoption of new accounting standards

Financial statement presentation and disclosure

As discussed in the Significant Accounting Policies - Financial Statement Presentation section above, the Foundation adopted ASU 2016-14 effective April 1, 2018. ASU 2016-14 improves reporting requirements including:

- Reducing the classes of net assets from three (unrestricted, temporarily restricted, and permanently restricted) to two (with donor restrictions and without donor restrictions);
- Reporting investment return at net of investment expenses
- Enhancing disclosures about:
  - Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor restrictions;
  - Composition of net assets with donor restrictions and how the restrictions affect the use of resources;
  - Qualitative and quantitative information about how the Foundation manages its liquid resources to meet cash needs for general expenditures within one year from the date of the statement of financial position;
  - Amounts of expenses by functional and natural classifications;
  - Methods used to allocate costs among functions.

As a result of the adoption of ASU 2016-14, unrestricted net assets amounting to $22,830,704 as of March 31, 2018 was reclassified as net assets without donor restrictions on April 1, 2018. In addition, temporarily restricted net assets of $13,191,245 and permanently restricted net assets of $2,290,514 as of March 31, 2018 were reclassified as net assets with donor restrictions on April 1, 2018.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Adoption of new accounting standards (Continued)

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)* [“ASU 2016-02”]. The new guidance supersedes the leasing guidance in Topic 840, Leases. The requirements of ASU 2016-02 are as follows:

- Lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months (for leases with terms of less than 12 months, recognition is optional). Leases will be classified as either finance or operating based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. The lease classification will affect the pattern of expense recognition in the statement of activities.
- Lessors are required to account for leases as operating, direct financing, or sales-type leases based on the transfer of all of the risks and rewards as well as control of the underlying asset to the lessee.
- Lessees and lessors are required to provide new and expanded quantitative and qualitative disclosures regarding key information about leasing arrangements.

ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Foundation elected to adopt ASU 2016-02 effective April 1, 2018, using the modified retrospective transition approach that allowed the application of the new guidance at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets, although there was no such adjustment.

Upon adoption of ASU 2016-02, the Foundation elected to apply the following practical expedients:

- For office space and equipment leases where the Foundation is the lessee:
  - To not apply ASU 2016-02 to leases with terms of 12 months or less.
  - To not separate non-lease components such as common-area maintenance from the related lease component, and accordingly, elects to account for both components as a single lease.
- For office space leases where the Foundation is the lessor:
  - The package of practical expedients that allow the Foundation to not reassess as of adoption date (a) whether any expired or existing contracts are or contain leases, (b) the lease classification for expired or existing leases, and (c) the initial direct costs for any existing leases.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Adoption of new accounting standards (Continued)

Leases (Continued)

- If the criteria under ASU 2016-02 are met, to not separate non-lease components such as common-area maintenance from the related lease component and accordingly, elects to account for both components as a single lease accounted for under ASU 2016-02.

As a result of the adoption of ASU 2016-02, the Foundation recognized operating lease liabilities and right-of-use assets amounting to $106,959 as of April 1, 2018, based on the remaining lease term and a discount rate of 3% (the Foundation's estimated incremental borrowing rate).

2. RECEIVABLES

Receivables have been recorded at the present value of expected future cash flows, utilizing an imputed rate of 3%. Receivables at March 31, 2019 consists of:

Contributions receivable	$ 2,316,482
Bequests receivable	705,080
Grants receivable	847,500
Litigation fees receivable	253,948
Other receivables	450,952
Total receivables	4,573,962
Unamortized discount	(65,990)
Receivables, net	$ 4,507,972

2. RECEIVABLES (CONTINUED)

The following table summarizes the expected collection of receivables at March 31, 2019:

Due within one year	$ 3,617,295
Due in one to five years	956,667
Total receivables	$ 4,573,962

Contributions receivable include an interest in a remainder trust for which the Organization is not the trustee include the following:

Amounts due in one to five years	$ 77,988
Unamortized discount	(16,214)
	$ 61,774

3. INVESTMENTS

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

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 - Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Foundation 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 the year.

3. INVESTMENTS (CONTINUED)

The NAV may be used as a practical expedient to determine the fair value of investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. Investments using the NAV as a practical expedient are not categorized in the fair value hierarchy, pursuant to ASU 2015-07, *Fair Value Measurement*.

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

- U.S. equities, U.S. Treasuries, and mutual funds are priced using active market prices of identical securities and are reported as Level 1 in the fair value hierarchy.
- Corporate bonds, including bonds issued by U.S. Government agencies, are valued based on the last reported bid price provided by broker-dealers, and are reported as Level 2 in the fair value hierarchy.
- The fair value of the investment in a general partnership was estimated by management based primarily upon recent appraisals and is reported as Level 3 in the fair value hierarchy.
- Investment in the Bill of Rights Trust are valued at fair value based on the applicable percentage of ownership of the underlying assets on the measurement date. In determining fair value, the Foundation uses the Net Asset Value ("NAV") or equivalent, as provided by the underlying trust. The trust values securities and other financial instruments on the fair value basis of accounting. The estimated fair values of certain investments of the underlying trust, which may include private placements and other securities for which prices are not readily available, are determined by the trustee of the trust and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. The fair value of the Foundation's investment in the Bill of Rights Trust generally represents the amount the Foundation would expect to receive if it were to liquidate its investment excluding any redemption charges that may apply. As discussed above, investments valued using the NAV are not included in the fair value hierarchy.

3. INVESTMENTS (CONTINUED)

The table below presents investments measured at fair value on a recurring basis by level within the fair value hierarchy at March 31, 2019:

	Level 1	Level 2	Level 3	NAV [1]	Total
Cash and money funds	$ 11,559,955	$ -	$ -	$ -	$ 11,559,955
U.S. equities	20,951	-	-	-	20,951
U.S. Treasuries	213,128	-	-	-	213,128
U.S. Government Agency Securities	-	55,514	-	-	55,514
Mutual funds					
U.S. equity funds	5,127,689	-	-	-	5,127,689
International equity funds	3,267,342	-	-	-	3,267,342
U.S. bond funds	3,129,677	-	-	-	3,129,677
International bond funds	550,107	-	-	-	550,107
REITs	2,258,412	-	-	-	2,258,412
General partnership	-	-	1,307,803	-	1,307,803
The Bill of Rights Trust	-	-	-	1,100,606	1,100,606
Total	$ 26,127,261	$ 55,514	$ 1,307,803	$ 1,100,606	$ 28,591,184

[1] Investments measured using the NAV as a practical expedient are not included in the fair value hierarchy. These amounts are presented here to facilitate reconciliation of the fair value hierarchy to the Statement of Financial Position.

Quantitative information regarding unobservable inputs used in determining the fair value of the Foundation's Level 3 investment is as follows:

Asset	Fair Value	Valuation Technique	Unobservable Input
Investment in general partnership	$1,307,803	2018 real estate appraisal and the investee's most recent financial reports	2018 real estate appraisal and the investee's most recent financial reports

3. INVESTMENTS (CONTINUED)

A summary of the changes in the fair value of the Foundation's Level 3 investment for the year ended March 31, 2019 is as follows:

Level 3 investment, beginning of year	$ -
Acquisition through conversion of bequest receivable into an interest in a general partnership	1,307,803
Level 3 investment, end of year	$ 1,307,803

The following table summarizes investments measured at fair value based on the NAV per unit as of March 31, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
The Bill of Rights Trust	$ 1,100,606	N/A	monthly	30 days

The Foundation's investments are held for the following purposes:

The Bill of Rights Trust (Note 7)	$ 1,100,606
Split-interest agreements (Note 6)	1,524,533
General partnership	1,307,803
Special projects, program support and general operating reserves	24,658,242
Total	$ 28,591,184

Approximately 92% of the Foundation's investments at March 31, 2019 are held by two financial institutions.

Net investment income reported in the accompanying consolidated statement of activities for the year ended March 31, 2019 consisted of the following:

Interest and dividends	$ 1,066,554
Investment custodial fees	(103,628)
Interest and dividend income, net	962,926
Net realized and unrealized loss on investments	(332,706)
Other	4,271
Investment income, net	$ 634,491

4. ENDOWMENT FUNDS

The Foundation's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to provide a permanent endowment which is to provide a permanent source of income to the Foundation. Beneficial interests in split-interest agreements are not considered part of the Foundation's endowments. Endowment pledges receivable are not considered part of the Foundation's endowments until collected.

The Foundation is subject to the California Uniform Prudent Management of Institutional Funds Act (“UPMIFA“), and therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Foundation’s Board appropriates amounts for expenditure and any purpose restrictions have been met. The Foundation has interpreted the UPMIFA 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 Foundation classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts, if any, 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 held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation’s Board of Directors in a manner consistent with donor instructions and the standard of prudence prescribed by the UPMIFA.

The primary long-term financial objective for the Foundation's endowments is to preserve the real purchasing power of the endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. The endowments are managed to optimize the long run total rate of return on invested funds, assuming a prudent level of risk. The goal for this rate of return is one that funds the Foundation's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donor requires the Foundation to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuation. At March 31, 2019, there were no such deficiencies reported.

The Foundation's Board of Directors has developed a spending policy that distributes a specific payout rate of the endowment base to support the Foundation's programs. Such a policy allows for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy minimizes the probability of invading the principal over the long term. The Foundation's Board of Directors periodically approves the spending rate and for the year ended March 31, 2019, the spending rate was 4.5% of the market value of the related endowment.

4. ENDOWMENT FUNDS (CONTINUED)

At March 31, 2019, the Foundation's endowment funds include the following:

Unspent appreciation of endowment funds which must be appropriated before use	$ 1,001,582
Original donor-restricted gifts and amounts required to be maintained in perpetuity by donors	2,295,514
Total donor-restricted endowments	$ 3,297,096

Changes during the year ended March 31, 2019 are as follows:

Endowment net assets, beginning of year	$ 3,333,794
Investment return:	
Interest and dividends, net of fees	159,148
Realized and unrealized loss	(62,886)
Total investment return	96,262
Contributions and transfers	5,000
Appropriation for expenditure	(137,960)
Endowment net assets, end of year	$ 3,297,096

At March 31, 2019, all of the above net assets were held with donor restrictions.

5. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2019 include the following:

Land	$ 3,358,057
Building and improvements	9,898,212
Tenant improvements	636,939
Office equipment and furniture	89,485
Right-of-use assets under finance leases	567,278
Total	14,549,971
Accumulated depreciation and amortization	(5,259,676)
Property and equipment, net	$ 9,290,295

6. SPLIT-INTEREST AGREEMENTS

Investments and obligations related to remainder trusts, pooled income funds, and annuities for which the Organization is the trustee are reported at fair value and include the following at March 31, 2019:

Cash and money funds	$ 28,368
U.S. Treasuries	213,128
U.S. Government agency securities	55,514
Mutual funds	
U.S. equity funds	419,317
International equity funds	245,864
U.S. bond funds	285,643
International bond funds	64,626
REITs	212,073
Total assets relating to split-interest agreements, at fair value	1,524,533
National Office's share of split-interest agreements	(287,003)
Obligations under split-interest agreements	(784,580)
Deferred revenues from split-interest agreements	(215,665)
Net assets, split-interest agreements	$ 237,285

Asset balances at March 31, 2019 exceeded the reserve requirements of the California State Insurance Commission.

Obligations under split-interest agreements representing the amounts expected to be paid to third party beneficiaries of split-interest agreements for which the Organization is the trustee as of March 31, 2019, are as follows:

Years ending March 31	Amount
2020	$ 110,200
2021	110,200
2022	107,209
2023	99,869
2024	85,379
Thereafter	325,232
Total	838,089
Unamortized discount	(53,509)
Obligations under split-interest agreements	$ 784,580

The present value of obligations under split-interest agreements was calculated using the 2000CM Annuity Mortality Tables and an interest rate of 6%.

7. THE BILL OF RIGHTS TRUST

In 1997, the National Office and the 501(c)(3) arms of affiliated nonprofit tax-exempt organizations in several states in the United States (the “Affiliate Foundations”) established the Bill of Rights Trust (the “Trust”). The purpose of the Trust is to build an enduring endowment to carry out the work of the National Office and its affiliates in protecting, preserving and expanding the civil liberties of all persons in the United States. The Trust has 100,000,000 authorized units which are issued to or among the Foundation and other 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 other Affiliate Foundations in accordance with the respective Foundation’s and other Affiliate Foundation’s approved spending policy, prorated in accordance with the percentage of the fair value of each unit share.

The investment goals of the Trust are to invest assets in a prudent manner that will balance a reasonable distribution to the Foundation and other Affiliate Foundations and a long-term growth in the value of the assets of the Trust. The Foundation’s share of the net assets in the Trust is included in the net assets with donor restrictions in the consolidated statement of financial position.

8. LEASES

Foundation as lessee

The Foundation leases office space as lessee under two non-cancelable operating leases which expire in June 2022 and October 2023. These operating leases have renewal options that do not create a significant economic incentive for the Foundation to extend the lease term. Therefore, payments during the renewal option periods are excluded in the right-of-use assets under operating leases and operating lease liabilities.

The Foundation also leases computers, a telephone system and printers under various finance leases which expire at various dates through 2022. Property and equipment include the following right-of-use assets under finance leases at March 31, 2019:

Right-of-use assets under finance leases	$ 567,278
Accumulated amortization	(385,949)
Right-of-use assets under finance leases, net	$ 181,329

8. LEASES (CONTINUED)

Foundation as lessee (Continued)

The components of lease costs and additional lease information are as follows:

Lease costs:	
Operating leases, including short-term leases and common area maintenance	$ 109,481
Finance leases:	
Amortization of right-to-use assets under finance leases	64,315
Interest on finance lease liabiities	4,695
Total lease costs	$ 178,491
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	37,329
Operating cash flows from finance leases	4,695
Financing cash flows from finance leases	57,976
Weighted-average remaining lease term:	
Operating leases	4 years
Finance leases	3 years

Maturities of lease liabilities as of March 31, 2019 are as follows:

	Operating Leases	Finance Leases
Years ending March 31		
2020	$ 62,075	$ 51,431
2021	63,312	46,677
2022	65,209	35,966
2023	45,583	33,281
2024	22,894	-
Total remaining lease payments	259,073	167,355
Discount	(13,393)	(8,555)
Present value of lease liabilities	$ 245,680	$ 158,800

Supplemental noncash information and noncash activities related to the Foundation's operating and finance leases are discussed in Note 15.

8. LEASES (CONTINUED)

Foundation as lessor

During the year ended March 31, 2019, the Foundation leased a portion of its building as office space under two month-to-month and three non-cancelable operating leases which expire between 2019 and 2023. The non-cancelable operating leases also require the payment of common area operating expenses. One of these operating leases has a renewal option to extend the lease term at the option of the lessee. The extended lease term was not considered in determining the lease term as management is not reasonably certain that the option to extend the lease term will be exercised by the tenant.

Income from leases of $534,001 was reported as a reduction of facilities expense for the year ended March 31, 2019. Income from leases consisted of the following:

Rental income	$ 463,791
Common area maintenance charges and tenant reimbursements	70,210
Total	$ 534,001

The aggregate future minimum lease income receivable under non-cancelable operating leases are as follows:

Years ending March 31	Amount
2020	$ 337,202
2021	347,318
2022	336,870
2023	342,803
2024	28,636
Total minimum lease income receivable	$ 1,392,829

9. LONG-TERM DEBT

On August 1, 2016, the Foundation LLC entered into a business loan agreement with Community Bank, now Citizens Business Bank (“CBB loan”), which provided for borrowings of up to $1.3 million. The Organization is the sole guarantor with unlimited guarantees with respect to the CBB loan. The CBB loan is collateralized by a deed of trust on real property belonging to the Foundation LLC plus an assignment of rents and is guaranteed by the Organization. Borrowings bear interest at the Wall Street Journal Prime Rate plus 0.5%. Interest is payable monthly until August 15, 2019, at which time any remaining principal plus accrued but unpaid interest are due and payable. The CBB loan requires the Organization to maintain, on a quarterly basis, liquid assets of not less than $2.6 million.

There are no amounts outstanding under the CBB loan as of March 31, 2019. Subsequent to year-end, the CBB loan maturity date was extended to November 15, 2022.

10. RETIREMENT BENEFITS

The Foundation participates in the American Civil Liberties Union Retirement Plan (the "Pension Plan"), a retirement plan covering eligible employees of the National Office and its affiliates, including the Union and the Foundation. The Pension Plan is a defined benefit plan covering 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 Foundation’s policy is to fund pension costs by contribution of at least the minimum amount required by the Employee Retirement Income Security Act of 1974 (“ERISA”).

The Pension Plan, as amended and restated on January 1, 2015, provides that in the event an employer ceases to be an employer or, with the consent of the National Office (the “Primary Employer”), freezes additional accruals with respect to its employees, an additional, “Withdrawal Contribution” will be due from such employer or former employer. The additional Withdrawal Contribution will be determined based upon the sum of the present value of the accrued benefits for each of the participants associated with the employer or former employer determined as of the last day of the plan year preceding the date on which the withdrawal is calculated. Disclosures regarding the funded status of the Pension Plan are included in the consolidated financial statements of the Primary Employer. As management of the Foundation has no intention of ceasing to be an employer or, with the consent of the National Office, freezing additional accruals with respect to its employees, no accrual for an additional Withdrawal Contribution has been calculated or provided for in the accompanying financial statements.

10. RETIREMENT BENEFITS (CONTINUED)

Effective March 31, 2009, a “soft freeze” was implemented. Employees hired on or after April 1, 2009 may participate in the ACLU Defined Contribution Plan (the “DC Plan”), which is a defined contribution 401(k) salary reduction plan covering substantially all employees of the Union, the Foundation and their affiliates. The DC Plan provides for 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%.

For the year ended March 31, 2019, total Pension Plan contributions and employer matching contributions (collectively, “retirement benefits expense”) amounted to $656,961. The amounts reported in the Statement of Functional expenses are net of retirement benefits of $19,118, which reduced special event revenue, and $28,593, which is included in Facilities Expense.

11. RELATED PARTY TRANSACTIONS

National Office

The Foundation has entered into an agreement with the National Office whereby certain revenues are shared according to set formulas. Revenues subject to this agreement include unrestricted contributions, multi-year pledges, net event revenues, net bequests and certain restricted contributions. During the year ended March 31, 2019, the National Office's share of such revenues was $2,582,450. As of March 31, 2019, the amount due to the National Office in relation to the revenue sharing agreement was $4,085,171 of which $2,116,041 was related to collected shared revenues, and $1,969,130 was related to shared revenue receivables. Subsequent to year end, the Foundation repaid $2,116,041 to the National Office, reducing the balance to $1,969,130.

In addition, the Foundation's interests in remainder trusts are subject to sharing upon receipt of distributions from the trusts. Included in due to affiliates at March 31, 2019 is $287,003 representing management's estimate of the amount that will become due to the National Office based upon bequest revenue recognized.

During the year, the Foundation received one grant of $156,304 from the National Office, as well as rental income of $1,050 under a month-to-month lease for space occupied by an employee of the National Office at the Foundation’s office.

11. RELATED PARTY TRANSACTIONS (CONTINUED)

Union

The Foundation shares the cost of common workspace, personnel and other operating expenses with the Union. These expenses are apportioned between the Foundation and the Union based on management's estimates. Shared expenses which were apportioned to the Union totaled $1,788,901 for the year ended March 31, 2019.

During the year, the Foundation received one grant amounting to $78,929 from the Union. The Foundation also recognized rental income of $119,268 under a month-to-month lease for space occupied by the Union at the Foundation’s office during the year ended March 31, 2019. Monthly rent as of March 31, 2019 was $9,939.

During the year ended March 31, 2019, the Foundation sold the rights and ownership of social media assets valued at $30,370 to the Union.

As of March 31, 2019, receivables include $161,555 from the Union, which consists of the following:

Due from Union	$ 371,555
Advance pursuant to Resource Sharing Agreement (Note 16)	(210,000)
Total	$ 161,555

Subsequent to year-end, the amount receivable from Union of $161,555 was collected in full.

ACLU of Northern California (“ACLU NC”)

The Foundation received several grants totaling $279,000 from ACLU NC (“ACLU NC”). Grants receivable from ACLU NC, which includes grants awarded in prior years, amounted to $300,000 at March 31, 2019.

During the year, grants awarded by the Foundation to ACLU NC under a sub-grant agreement amounted to $125,000, of which $62,500 remained outstanding and accordingly, included in accounts payable and accrued liabilities at March 31, 2019.

The Foundation shares the lobbying expenses of the Sacramento legislative office with ACLU-NC and other affiliates. Expenses of the Sacramento legislative office are paid by ACLU-NC and reimbursed by the Foundation. Other program expenses include the Foundation’s share of Sacramento legislative expenses of $6,525 and an outstanding grant of $50,000 (included in accounts payable and accrued liabilities) to support the legislative work of the Sacramento office.

11. RELATED PARTY TRANSACTIONS (CONTINUED)

ACLU of San Diego ("ACLU SD")

During the year, the Foundation received two grants totaling of $50,000 from ACLU SD, $10,000 of which is included in grants receivable as of March 31, 2019.

In addition, grants awarded by the Foundation to ACLU SD under a sub-grant agreement amounted to $12,000 during the year ended March 31, 2019. The outstanding amount under this agreement of $6,000 is included in accounts payable and accrued liabilities as of March 31, 2019.

12. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors established policies to set aside certain funds for repairs and maintenance and emergency cash needs ("Board Designated Funds"). The activities in these Board Designated Funds are as follows:

	Building Repairs and Maintenance Fund	Operating Reserve Fund	IT Reserve Fund	Total
Balances, beginning of year	$ 340,658	$ 716,232	$225,000	$ 1,281,890
Additions	-	866,686	-	866,686
Transfers	-	1,534,140	-	1,534,140
Interest and dividends, net	5,128	-	-	5,128
Balances, end of year	$ 345,786	$ 3,117,058	$225,000	$ 3,687,844

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at March 31, 2019 are available for the following purposes or periods:

Endowment funds to be retained in perpetuity:	
Lesbian and gay rights matters	$ 970,236
Protection of civil liberties	1,325,278
Total net assets to be retained in perpetuity	2,295,514
Purpose restrictions, available for spending:	
Protection of civil liberties and special projects	965,779
Total purpose restricted net assets	965,779
Time restrictions:	
Net investments subject to split interest agreements	237,286
Contributions and grants received for future periods, some of which are also subject to purpose retrictions	4,630,632
Receivables which are unavailable for spending until received, some of which are also subject to purpose restrictions	1,630,519
Total time restricted net assets	6,498,437
Unspent appreciation of Endowment Funds, which must be appropriated before use:	
Lesbian and gay rights matters	281,258
Protection of civil liberties	720,324
Total unspent appreciation	1,001,582
Total net assets with donor restrictions	$ 10,761,312

14. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended March 31, 2019, cash payments for interest and income taxes amounted to $4,694 and $4,000, respectively.

Noncash investing and financing activities during the year ended March 31, 2019 include:

Bequest receivable collected as an interest in a general partnership	$ 1,026,837
Liquidation of investments for beneficiary payments relating to obligations under split-interest agreements	$ 121,056
Right-of-use assets and lease liabilities under operating leases recognized upon the adoption of ASU 2016-02	$ 106,959
Right of use assets obtained in exchange for:	
New operating lease liabilities	$ 171,877
New finance lease liabilities	$ 126,344

15. LIQUIDITY

The Foundation's financial assets available within one year of March 31, 2019 to meet general expenditures include:

Cash and equivalents	$ 2,426,200
Receivables due to be received within one year	3,617,295
Investments (excluding endowments, split-interest agreements and general partnership, and Board Designated and Purpose Restricted Funds)	12,834,426
Total	$ 18,877,921

As part of the Foundation's liquidity management, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Foundation could draw $1.3 million upon the CBB loan, as discussed in Note 9. In addition, the Foundation has Purpose Restricted Funds of $5,939,481 and Board Designated Funds, as described in Note 13. The Foundation does not intend to spend from the Purpose Restricted and Board Designated Funds until appropriated for general expenditure as part of its annual budget approval and appropriation process. Therefore, these Funds are excluded from financial assets available to meet general expenditures within one year.

16. SUBSEQUENT EVENTS

Management of the Foundation has performed an evaluation of subsequent events through November 27, 2019, which is the date the consolidated financial statements were available to be issued, and has concluded that there are no other recognized or non-recognized subsequent events relevant for financial statement adjustment or disclosure, except as described below.

New office lease

In May 2019, the Foundation entered into an agreement to lease additional office space. The new lease provides for a 66-month term which begins in June 2019 and expires in November 2024, with an option to extend for an additional 60-month period. In addition, the new lease provides for base rent of $8,392 per month for the first year of the lease term, with 3% annual increases.

Resource Sharing Agreement

As discussed in Note 11, the Foundation shares common workspace, personnel and other operating expenses with the Union. To address the financial and other issues arising from this arrangement, the Foundation entered into a Resource Sharing Agreement (the “Agreement”) with the Union, effective April 1, 2019. The Agreement shall remain in force until terminated by mutual written consent of the Foundation and Union, by 90 days’ written notice to the other party with or without cause, or in the event of a material and continuing breach of the Agreement. In addition, the Agreement provides, among other things, for the following:

- The Foundation shall act as the common paymaster and payroll agent for the Union with respect to the Union’s employees (“Exclusive Employees”) and employees that are employed by both the Union and Foundation (“Dual Employees”).
- The Union shall reimburse the Foundation for the salaries, wages, and benefits of Union’s Exclusive Employees, as well as the Union’s allocable share of the salaries, wages, and benefits of Dual Employees, as calculated based on defined methodologies.
- The Union shall reimburse the Foundation for office space and overhead costs paid by the Foundation that are attributable to Exclusive Employees of the Union, as well as the Union’s allocable share of office space and overhead costs that are used by Dual Employees, as calculated based on defined methodologies.
- The Union shall advance $210,000 to the Foundation, which shall be retained by the Foundation until the Agreement is terminated. The monthly advance shall increase when the actual amount of reimbursement is more than the advance for three consecutive months.
- The Foundation shall charge the Union for staff time spent tracking, computing, allocating, and billing all amounts charged to the Union under the agreement.

The Union paid the $210,000 advance required by the Agreement to the Foundation on March 28, 2019. As of March 31, 2019, the advance is included as a reduction in the receivable due from the Union, which is included in receivables, as described in Note 11.