



**American Civil Liberties Union of Massachusetts, Inc.  
Financial Statements  
For the Years Ended  
March 31, 2018 and 2017**

**American Civil Liberties Union of Massachusetts, Inc.**

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**Independent Auditor's Report**

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## Independent Auditor's Report

To the Board of Directors of  
American Civil Liberties Union of Massachusetts, Inc.  
Boston, MA

I have audited the accompanying financial statements of American Civil Liberties Union of Massachusetts, Inc. (a nonprofit "Union"), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Civil Liberties Union of Massachusetts, Inc. as of March 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Melissa Gilroy". The signature is written in a cursive, flowing style.

Melissa Gilroy, Certified Public Accountant  
Westwood, Massachusetts  
October 25, 2018

## American Civil Liberties Union of Massachusetts, Inc.

### Statements of Financial Position

As of March 31, 2018 and 2017

#### Assets

	<u>2018</u>	<u>2017</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 712,334	\$ 217,926
Investments	3,734,572	1,633,876
Due from ACLU National	312,101	679,209
Due from ACLU Foundation	81,283	-
Prepaid expenses and other current assets	26,604	11,745
Total current assets	<u>4,866,894</u>	<u>2,542,756</u>
<b>Leasehold improvements</b>		
Leasehold improvements, net	<u>12,107</u>	<u>1,771</u>
<b>Total Assets</b>	<u>\$ 4,879,001</u>	<u>\$ 2,544,527</u>

#### Liabilities and Net Assets

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 59,697	\$ 27,714
Deferred revenue	-	100,000
Due to ACLU Foundation	-	44,017
Total current liabilities	<u>59,697</u>	<u>171,731</u>
<b>Long-term Liabilities</b>		
Deferred rent	<u>132,844</u>	<u>64,182</u>
<b>Total Liabilities</b>	<u>192,541</u>	<u>235,913</u>
<b>Net Assets</b>		
Without donor restrictions	4,622,354	2,267,940
With donor restrictions	<u>64,106</u>	<u>40,674</u>
<b>Total net assets</b>	<u>4,686,460</u>	<u>2,308,614</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,879,001</u>	<u>\$ 2,544,527</u>

## American Civil Liberties Union of Massachusetts, Inc.

### Statements of Activities and Changes in Net Assets

For the years ended March 31, 2018 and 2017

	Without Donor Restrictions	With Donor Restriction	2018	Without Donor Restrictions	With Donor Restriction	2017
<b>Operating</b>						
<b>Revenue and Support</b>						
Membership fees	\$ 2,486,098	-	<b>2,486,098</b>	\$ 1,269,745	-	1,269,745
Contributions	67,250	-	<b>67,250</b>	142,735	-	142,735
Bequests	35,078	-	<b>35,078</b>	450,134	-	450,134
Grants	15,000	250,000	<b>265,000</b>	-	-	-
Donated services	6,487	-	<b>6,487</b>	6,185	-	6,185
Dividends and interest	55,666	-	<b>55,666</b>	20,328	-	20,328
Net assets released from restriction	226,568	(226,568)	-	9,326	(9,326)	-
Total revenue and support	<u>2,892,147</u>	<u>23,432</u>	<b><u>2,915,579</u></b>	<u>1,898,453</u>	<u>(9,326)</u>	<u>1,889,127</u>
<b>Expenses</b>						
Program services	636,578	-	<b>636,578</b>	341,026	-	341,026
Management, general and administrative	96,186	-	<b>96,186</b>	74,667	-	74,667
Total expenses	<u>732,764</u>	<u>-</u>	<b><u>732,764</u></b>	<u>415,693</u>	<u>-</u>	<u>415,693</u>
<b>Changes in net assets from operations</b>	2,159,383	23,432	<b>2,182,815</b>	1,482,760	(9,326)	1,473,434
<b>Non-operating</b>						
Net realized and unrealized gains / (losses)	195,031	-	<b>195,031</b>	89,771	-	89,771
Total	<u>195,031</u>	<u>-</u>	<b><u>195,031</u></b>	<u>89,771</u>	<u>-</u>	<u>89,771</u>
<b>Changes in Net Assets</b>	2,354,414	23,432	<b>2,377,846</b>	1,572,531	(9,326)	1,563,205
<b>Net Assets at Beginning of Year</b>	<u>2,267,940</u>	<u>40,674</u>	<b><u>2,308,614</u></b>	<u>695,409</u>	<u>50,000</u>	<u>745,409</u>
<b>Net Assets at End of Year</b>	<u>\$ 4,622,354</u>	<u>64,106</u>	<b><u>4,686,460</u></b>	<u>\$ 2,267,940</u>	<u>40,674</u>	<u>2,308,614</u>

## American Civil Liberties Union of Massachusetts, Inc.

### Statement of Functional Expenses

For the years ended March 31, 2018 and 2017

	2018		2017	
	Program	Management and General	Program	Management and General
	Total		Total	
Salaries	\$ 225,942	45,428	\$ 140,587	40,626
Employee benefits	49,882	14,437	41,641	8,808
Payroll taxes	16,357	3,318	9,793	3,039
Subtotal	292,181	63,183	192,021	52,473
Professional fees	151,508	13,739	105,780	10,700
Focus groups	59,125	-	-	-
Occupancy	20,993	6,471	14,725	4,238
Technology	4,227	1,057	5,048	930
Printing and publishing	17,478	5	11,783	931
Travel	3,237	4,992	658	1,669
Books, subscriptions	5,190	94	2,929	153
Due and fees	53,785	2,800	1,660	312
Miscellaneous	-	-	74	112
Telephone	2,548	472	812	345
Office expenses and supplies	1,360	409	700	220
Insurance	735	208	1,097	236
Event expenses	10,648	2,112	2,157	2,067
Equipment lease and maintenance	389	97	325	99
Postage	11,778	154	976	89
Depreciation	1,396	393	281	93
<b>Total Functional Expenses</b>	<b>\$ 636,578</b>	<b>96,186</b>	<b>\$ 341,026</b>	<b>74,667</b>
		<b>\$ 732,764</b>		<b>\$ 415,693</b>

## American Civil Liberties Union of Massachusetts, Inc.

### Statements of Cash Flows

For the years ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
<b>Changes in Net Assets</b>	\$ 2,377,846	\$ 1,563,205
<b>Adjustments to reconcile change in net assets     to cash provided by operations</b>		
Depreciation	1,789	374
Net realized and unrealized (gain) / loss on investments	(195,031)	(89,771)
Dividends	(55,666)	(20,147)
Increase (decrease) in cash resulting from a change in:		
Due from ACLU National	367,108	(636,262)
Due to ACLU Foundation	(44,017)	(119,659)
Due to ACLU National	-	-
Due from ACLU Foundation	(81,283)	-
Prepaid expenses and other current assets	(14,859)	6,684
Accounts payable and accrued expenses	31,983	2,672
Deferred revenue	(100,000)	100,000
Deferred rent	68,662	(2,593)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>2,356,532</u>	<u>804,503</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(3,921,188)	(958,395)
Proceeds from the sale of investments	2,071,189	248,214
Purchases of property and equipment	(12,125)	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(1,862,124)</u>	<u>(710,181)</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<u>494,408</u>	<u>94,322</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>217,926</u>	<u>123,604</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 712,334</u>	<u>\$ 217,926</u>

# American Civil Liberties Union of Massachusetts, Inc.

## Notes to Financial Statements

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### 1. Nature of the Business

American Civil Liberties Union of Massachusetts, Inc. (the “Union”) is a non-profit Union whose mission is to defend freedoms guaranteed in the Constitution and Bill of Rights and to educate the population about civil liberties through its legislative and education programs. The Union’s main source of revenue is derived from membership dues paid by members throughout Massachusetts. The Union is affiliated with the American Civil Liberties Union, Inc. (“the National Union”), the American Civil Liberties Foundation, Inc. (the “National Foundation”) and the American Civil Liberties Union Foundation of Massachusetts (“The Foundation”).

The Union is exempt from Federal income taxes under section 501(c) (4) of the Internal Revenue Code. The Union is also exempt from state income taxes under the general laws of Massachusetts.

### 2. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in three categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Union’s ongoing efforts. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. The net assets of the Union are classified and defined as follows:

#### ***Net Assets without Donor Restrictions***

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

#### ***Net Assets with Donor Restrictions***

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Union or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### **Use of Estimates**

The financial statements are prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”) which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## American Civil Liberties Union of Massachusetts, Inc.

### Notes to the Financial Statements

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#### 2. Summary of Significant Accounting Policies (continued)

##### **Cash and Cash Equivalents**

The Union considers all highly liquid investments with an original maturity of three months or less, when acquired, to be cash equivalents.

##### **Accounts Receivable**

The Union carries its accounts receivable at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. On a periodic basis, the Union evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions.

##### **Property and Leasehold Improvements**

Property and leasehold improvements are stated at cost at the time of acquisition or fair market value at the time of donation. Donated assets are considered unrestricted support unless the donor has restricted the donated asset for a specific purpose. Expenditures for maintenance and repairs are charged to expenses as incurred; major renewals, additions and betterments are capitalized. When assets are sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to operations. Depreciation is recorded on a straight-line basis over the asset's estimated useful lives.

##### **Functional Allocation of Expenses**

The Union allocates its expenses on a functional basis amongst its various programs and other activities. All of the Union's allocated expenditures have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. "Management, general and administrative expenses" include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Union and include those costs related to the internal management and accounting for program services.

##### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

## American Civil Liberties Union of Massachusetts, Inc.

### Notes to the Financial Statements

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#### 2. Summary of Significant Accounting Policies (continued)

##### **Beneficial Interests**

The Union is a beneficiary under the terms of various wills and trusts agreements, the total realizable amounts of which are not determinable at present. The Union's share of such interests is recorded when the proceeds are measurable. Accordingly, the Union has not recorded the value of these interests in the accompanying financial statements.

##### **Donated Services**

Donated services are recorded at the estimated fair value of services provided to the Union. Contributed services are recognized for services that require specialized skills and are provided by persons possessing those skills in the period in which they are received in accordance with GAAP. Donated services amounted to \$6,487 and \$6,185 and consisted primarily of donated legal services for the years ended March 31, 2018 and 2017, respectively.

##### **Revenue Recognition**

Membership revenue, consulting fees and other income is recognized as earned. Revenue received in advance of service delivery is considered deferred revenue.

##### **Income Taxes**

The Union follows the provisions in GAAP, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, and disclosure requirements for uncertain tax positions. The Union has determined that there are no material unrecognized tax effects as of March 31, 2018 and 2017.

##### **Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentation.

##### **New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Union has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

##### **Investments**

The Union values its investments at fair value in the statement of financial position. The statement of activities includes net investment income including, unrealized gains or losses, interest and dividend income. Realized gains and losses are calculated on the basis of specific identification of the securities sold. Purchases and sales of securities are recognized on a trade-date basis.

**American Civil Liberties Union of Massachusetts, Inc.**  
**Notes to the Financial Statements**

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**2. Summary of Significant Accounting Policies (continued)**

**Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

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

*Level 2:* Inputs other than quoted prices in active markets that are observable for the asset or liability either directly or indirectly, including inputs in markets that are considered active.

*Level 3:* Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimates.

**3. Leasehold Improvements**

Leasehold improvements as of March 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Leasehold Improvements	\$ 15,866	\$ 3,741
Less: accumulated depreciation	<u>(3,759)</u>	<u>(1,970)</u>
	<u>\$ 12,107</u>	<u>\$ 1,771</u>

Depreciation expense for the years ended March 31, 2018 and 2017 was \$1,789 and \$374, respectively.

**American Civil Liberties Union of Massachusetts, Inc.**  
**Notes to the Financial Statements**

**4. Fair Value Measurements**

The following fair value hierarchy table presents information about the Union's assets measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations at March 31, 2018 and 2017. There were no other recurring or non-recurring assets or liabilities requiring disclosure in accordance with GAAP.

Type	As of March 31, 2018			
	Level I	Level II	Level III	Total
Money Market Fund	\$ 571,087	\$ -	\$ -	\$ 571,087
<i>Mutual Funds:</i>				
Real Estate Fund	185,455	-	-	185,455
International Fund	788,573	-	-	788,573
Emerging Market Fund	201,077	-	-	201,077
Extended Market Fund	199,674	-	-	199,674
Growth Fund	803,180	-	-	803,180
Pacific Fund	399,361	-	-	399,361
Value Index Fund	586,165	-	-	586,166
	<u>\$3,734,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,734,572</u>

Type	As of March 31, 2017			
	Level I	Level II	Level III	Total
Money Market Fund	\$ 205,010	\$ -	\$ -	\$ 205,010
<i>Mutual Funds:</i>				
Real Estate Fund	93,957	-	-	93,957
International Fund	357,821	-	-	357,821
Emerging Market Fund	85,991	-	-	85,991
Extended Market Fund	254,442	-	-	254,442
Growth Fund	248,179	-	-	248,179
Pacific Fund	120,493	-	-	120,493
Value Index Fund	267,983	-	-	267,983
	<u>\$1,633,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,633,876</u>

**American Civil Liberties Union of Massachusetts, Inc.**  
**Notes to the Financial Statements**

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**5. Related Party Transactions**

*The Foundation*

The Union is affiliated with the Foundation through shared management and administrative costs. The Foundation charged the Union \$355,364 and \$244,494, respectively, for salaries, benefits and related payroll taxes for the years ended March 31, 2018 and 2017. Related to the transactions described above, as of March 31, 2018, the Union has a receivable due from the Foundation amounting to \$81,283. As of March 31, 2017, the Union had a liability due to the Foundation of \$44,017 for the transactions described above.

The Union shares its facilities with Foundation staff. As a result, a portion of the rent expense is charged to the Foundation for its proportional share of the rent based on the amount of space utilized by Foundation employees. The Union charged the Foundation \$297,911 and \$198,401 for its share of the rent expense for the years ended March 31, 2018 and 2017, respectively.

*The National Union*

The Union is a chapter of the National Union. The Union receives funds from the National Union for allocated membership contributions made directly to the National Union. The total funds allocated to the Union for members located in Massachusetts was \$2,486,098 and \$1,269,745 for the years ended March 31, 2018 and 2017, respectively.

In addition, in accordance with the affiliation agreement, the Union receives certain contributions and bequests as defined in that agreement. Below is a summary of amounts due the Union from the National Union as of March 31:

	<u>2018</u>	<u>2017</u>
Shared revenue from the National Union	67,328	\$ 454,635
Membership income from the National Union	<u>244,773</u>	<u>224,574</u>
	<u>\$ 312,101</u>	<u>\$ 679,209</u>

*Related Party Donations*

During fiscal 2017, related parties donated approximately \$85,000 to the Union of which is subject to revenue sharing allocations in accordance with the affiliate agreement with the National Union.

## American Civil Liberties Union of Massachusetts, Inc.

### Notes to the Financial Statements

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#### 6. Availability and Liquidity

The following represents the Union's financial assets at March 31, 2018 and 2017:

Financial assets at year end:	2018	2017
Cash and cash equivalents	\$ 712,334	\$ 217,926
Investments	3,734,572	1,633,876
Due from ACLU National	312,101	679,209
Due from ACLU Foundation	81,283	-
Total financial assets	4,840,290	2,531,011
Less amounts not available to be used within one year:		
Net assets with donor restrictions	64,106	40,674
Financial assets available to meet general expenditures over the next twelve months:	<u>\$4,776,184</u>	<u>\$2,490,337</u>

The Union's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments. Additionally, the Union has a \$100,000 line of credit available to meet cash flow needs.

#### 7. Retirement Plans

##### Pension Plan

The Union participates in a non-contributory defined benefit plan, the American Civil Liberties Union Retirement Plan, through the National Union. The plan covers all employees hired before April 1, 2009 who satisfied minimum age and service requirements. Benefits are paid to eligible employees at retirement based on years of service and average career compensation.

The total pension expense is allocated to the Union based on the number of participating employees. Pension expense amounted to \$15,510 and \$20,908 for the years ended March 31, 2018 and 2017, respectively and is included with employee benefits on the accompanying statement of functional expenses.

As of April 1, 2009, the National Union instituted a "soft freeze" on the plan. Employees hired on or after April 1, 2009 are enrolled in the National Union's 401k plan.

The National Union's defined benefit plan is currently underfunded according to actuarial projections. A portion of the National Union's unfunded liability is for the employees of the Union. Accumulated plan benefits information provided by consulting actuaries has not been distinguished from the benefits of this affiliated organization that is participating in the pension plan and accordingly, such information is not presented herein. As of March 31, 2018 and 2017, the financial statements of the pension plan reflected the fair value of plan assets of \$113,410,415 and \$98,668,960 available for benefit obligations of \$153,503,433 and \$135,453,128 in accumulated plan benefits, respectively. As the liability directly related to the Union is not known, no liability has been recorded.

**American Civil Liberties Union of Massachusetts, Inc.**  
**Notes to the Financial Statements**

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**7. Retirement Plans - continued**

401k Plan

The Union participates in the National Union's 401k plan which covers substantially all of its employees who meet certain eligibility requirements. Under the plan employees may voluntarily contribute pre-tax compensation subject to IRS regulations related to dollar limits. The Union will match 100% of the first 1% of employee contributions plus 50% of the next 5% of employee contributions. Additionally, the Foundation makes an automatic employer contribution of 2% each pay period. The Foundation's employer contributions vest after two years of employment. Total contributions for the years ended March 31, 2018 and 2017 were \$4,832 and \$3,108, respectively, and are included in employee benefits in the accompanying statement of functional expenses.

**8. Lease Commitments**

The Union has a non-cancelable lease for facility space which expires in December 2022 with an option to extend the term through December 2026. The lease payments are \$32,081 per month with required escalation increases as defined in the agreement. The Union is also responsible for operating costs as defined in the lease agreement.

As required by GAAP, the Union records rent expense on a straight-line basis, accordingly, the Union has recorded deferred rent amounting to \$132,844 and \$64,182 as of March 31, 2018 and 2017, respectively. The Union shares space with the Foundation and as such has allocated its proportional share of the rent expense. Total rent expense amounted to \$23,769 and \$16,986 for the years ended March 31, 2018 and 2017, respectively, which is net of amounts received from the Foundation.

Future minimum cash payments under the lease are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2019	\$ 386,792
2020	\$ 393,672
2021	\$ 407,036
2022	\$ 307,551
2023	\$ -

**9. Line of Credit**

The Union has a \$100,000 line of credit that bears interest at the prime rate as published in the Wall Street Journal, 4.75% at March 31, 2018 and 4.00% as of March 31, 2017, with a minimum rate of 4.5%. As of March 31, 2018 and 2017, there was no line of credit balance outstanding. The line is secured by certain assets of the Union. The Union is subject to certain covenants and was in compliance with those covenants as of March 31, 2018 and 2017.

**American Civil Liberties Union of Massachusetts, Inc.**  
**Notes to the Financial Statements**

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**10. Donor Restricted Net Assets**

The Union's donor restricted net assets consist of the following as of March 31, 2018 and 2017:

	As of <u>03/31/2018</u>	As of <u>03/31/2017</u>
Specific Purpose:		
Seperation of church and state	\$ 40,674	\$ 40,674
Transgender initiatives	21,117	-
DA campaign	<u>2,316</u>	<u>-</u>
	<u>\$ 64,107</u>	<u>\$ 40,674</u>

**11. Concentration of Credit Risk**

The Union maintains its cash balances in a Massachusetts bank. At various times during the year, the Union's cash balances exceeded the FDIC insured limits. The Union monitors its exposure to credit risk and has determined that it has no significant exposure to credit risk.

**12. Contingencies**

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

**13. Subsequent Events**

Subsequent to year-end, the Union entered negotiations with certain shared employees of the Foundation with respect to a collective bargaining agreement. As of the date of this report, no agreement has been reached between these parties.

The Union has evaluated subsequent events through October 25, 2018, which is the date financial statements were available to be issued and determined that no other events met the criteria for recognition or disclosure in the financial statements.