

**AMERICAN CIVIL LIBERTIES
UNION OF MONTANA**

AUDITED COMBINED FINANCIAL STATEMENTS

March 31, 2024 and 2023

AMERICAN CIVIL LIBERTIES UNION OF MONTANA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
American Civil Liberties Union of Montana
Missoula, Montana

Opinion

We have audited the accompanying combined financial statements of the American Civil Liberties Union of Montana (the Union) and American Civil Liberties Union of Montana Foundation, Inc. (the Foundation), collectively referred to as the American Civil Liberties Union of Montana (ACLU of Montana) (nonprofit organizations), which comprise the combined statements of financial position as of March 31, 2024 and 2023, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of ACLU of Montana as of March 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of ACLU of Montana and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACLU of Montana's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

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

In performing the audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audits 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 ACLU of Montana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACLU of Montana's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements.

The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the the combined financial statements as a whole.

Junkermier, Clark, Campanella, Stevens, P.C.

Missoula, Montana

DATE, 2024

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINED STATEMENTS OF FINANCIAL POSITION
March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 420,234	\$ 449,058
Rent receivable	3,795	3,795
Due from ACLU National	148,911	292,344
Pledges receivable, current portion	30,000	111,442
Prepaid expenses	<u>4,162</u>	<u>4,298</u>
Total Current Assets	<u>607,102</u>	<u>860,937</u>
OTHER ASSETS		
Investments	3,284,537	2,946,739
Pledges receivable, net of discount and current portion	46,260	123,394
Property and equipment, net	24,031	30,483
Right of use asset	<u>31,048</u>	<u>76,657</u>
Total Other Assets	<u>3,385,876</u>	<u>3,177,273</u>
TOTAL ASSETS	<u>\$ 3,992,978</u>	<u>\$ 4,038,210</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,898	\$ 39,360
Accrued payroll liabilities	7,936	48,492
Accrued salaries	19,947	16,777
Accrued compensated absences	42,805	45,666
Short-term operating lease liability	<u>31,977</u>	<u>46,064</u>
Total Current Liabilities	117,563	196,359
LONG-TERM LIABILITIES		
Long-term operating lease liability	<u>-</u>	<u>31,977</u>
TOTAL LIABILITIES	<u>117,563</u>	<u>228,336</u>
NET ASSETS		
Without donor restrictions - undesignated	3,161,078	3,201,992
Without donor restrictions - designated	<u>509,553</u>	<u>359,712</u>
Total without donor restrictions	3,670,631	3,561,704
With donor restrictions	<u>204,784</u>	<u>248,170</u>
Total Net Assets	<u>3,875,415</u>	<u>3,809,874</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,992,978</u>	<u>\$ 4,038,210</u>

See accompanying notes to financial statements and independent auditors' report

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINED STATEMENT OF ACTIVITIES
Year Ended March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
GMI National subsidy grant	\$ 401,631	\$ -	\$ 401,631
National grants and distributions	275,578	-	275,578
Contributions	564,340	142,000	706,340
Unrealized gain (loss) on investments, net	203,472	-	203,472
Dividends and interest	54,873	-	54,873
Miscellaneous	4,484	-	4,484
Net assets released from restriction	185,386	(185,386)	-
Total Support and Revenue	<u>1,689,764</u>	<u>(43,386)</u>	<u>1,646,378</u>
EXPENSES			
Legal program	360,498	-	360,498
Communications/public education	168,323	-	168,323
Advocacy	461,526	-	461,526
Total program	990,347	-	990,347
Administrative and general	288,768	-	288,768
Fundraising	301,722	-	301,722
Total Expenses	<u>1,580,837</u>	<u>-</u>	<u>1,580,837</u>
Change in Net Assets	108,927	(43,386)	65,541
Net Assets at Beginning of Year	<u>3,561,704</u>	<u>248,170</u>	<u>3,809,874</u>
Net Assets at End of Year	<u><u>\$ 3,670,631</u></u>	<u><u>\$ 204,784</u></u>	<u><u>\$ 3,875,415</u></u>

See accompanying notes to financial statements and independent auditors' report

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINED STATEMENT OF ACTIVITIES
Year Ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
GMI National subsidy grant	\$ 402,620	\$ -	\$ 402,620
National grants and distributions	438,490	-	438,490
Contributions	667,803	118,222	786,025
Unrealized gain (loss) on investments, net	(112,555)	-	(112,555)
Dividends and interest	56,864	-	56,864
Miscellaneous	1,206	-	1,206
Net assets released from restriction	<u>246,358</u>	<u>(246,358)</u>	<u>-</u>
Total Support and Revenue	<u>1,700,786</u>	<u>(128,136)</u>	<u>1,572,650</u>
EXPENSES			
Legal program	406,115	-	406,115
Communications/public education	220,469	-	220,469
Advocacy	<u>610,792</u>	<u>-</u>	<u>610,792</u>
Total program	1,237,376	-	1,237,376
Administrative and general	363,493	-	363,493
Fundraising	<u>341,131</u>	<u>-</u>	<u>341,131</u>
Total Expenses	<u>1,942,000</u>	<u>-</u>	<u>1,942,000</u>
Change in Net Assets	(241,214)	(128,136)	(369,350)
Net Assets at Beginning of Year	<u>3,802,918</u>	<u>376,306</u>	<u>4,179,224</u>
Net Assets at End of Year	<u><u>\$ 3,561,704</u></u>	<u><u>\$ 248,170</u></u>	<u><u>\$ 3,809,874</u></u>

See accompanying notes to financial statements and independent auditors' report

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2024

	Program Services				Supporting Services		Total
	Legal Program	Communications/ Public Education	Advocacy	Total Program Expense	Administrative & General	Fundraising	
EXPENSES							
Advertising	\$ 4	\$ 20	\$ 1,386	\$ 1,410	\$ 2	\$ 11	\$ 1,423
Conferences, meetings, & staff development	4,572	1,608	4,442	10,622	2,881	1,577	15,080
Contracted services	9,812	19,838	60,316	89,966	55,156	46,938	192,060
Depreciation	2,224	1,231	2,339	5,794	2,960	1,089	9,843
Dues and subscriptions	3,804	2,278	4,358	10,440	1,867	1,016	13,323
Equipment	10,922	2,162	2,700	15,784	7,532	2,877	26,193
Insurance	4,081	135	252	4,468	325	114	4,907
Meals and hosting	2,495	2,030	5,005	9,530	6,413	2,305	18,248
Miscellaneous	369	365	369	1,103	1,199	364	2,666
Occupancy	12,250	6,758	13,370	32,378	16,347	5,907	54,632
Personnel	292,447	121,294	305,755	719,496	176,775	184,785	1,081,056
Postage	59	332	4,582	4,973	66	69	5,108
Printing	73	1,096	9,896	11,065	68	268	11,401
Supplies	564	355	513	1,432	400	645	2,477
Telecommunications	7,301	3,143	7,213	17,657	5,965	3,930	27,552
Travel	9,521	5,678	22,903	38,102	10,812	9,410	58,324
Bad debts	-	-	16,127	16,127	-	40,417	56,544
TOTAL EXPENSES	<u>\$ 360,498</u>	<u>\$ 168,323</u>	<u>\$ 461,526</u>	<u>\$ 990,347</u>	<u>\$ 288,768</u>	<u>\$ 301,722</u>	<u>\$ 1,580,837</u>

See accompanying notes to financial statements and independent auditors report

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2023

	Program Services				Supporting Services		Total
	Legal Program	Communications/ Public Education	Advocacy	Total Program Expense	Administrative & General	Fundraising	
EXPENSES							
Advertising	\$ 3	\$ 989	\$ 67,896	\$ 68,888	\$ 60	\$ 1,282	\$ 70,230
Conferences, meetings, & staff development	5,225	1,526	2,842	9,593	3,123	2,795	15,511
Contracted services	8,571	14,113	86,090	108,774	103,299	69,307	281,380
Depreciation	2,265	1,122	2,588	5,975	2,189	1,461	9,625
Dues and subscriptions	1,283	1,541	1,328	4,152	128	53	4,333
Equipment	8,539	1,739	2,919	13,197	4,965	2,641	20,803
Insurance	3,420	297	319	4,036	359	446	4,841
Meals and hosting	2,419	415	6,326	9,160	8,806	3,174	21,140
Miscellaneous	7	-	10	17	1,163	1,729	2,909
Occupancy	12,371	6,152	16,451	34,974	11,831	7,758	54,563
Personnel	337,731	179,978	321,418	839,127	210,001	207,133	1,256,261
Postage	152	595	10,527	11,274	105	285	11,664
Printing	637	3,817	40,418	44,872	67	1,328	46,267
Supplies	1,209	537	1,085	2,831	947	1,591	5,369
Telecommunications	9,648	5,070	11,929	26,647	7,302	6,471	40,420
Travel	12,635	2,578	31,840	47,053	9,148	16,620	72,821
Bad debts	-	-	6,806	6,806	-	17,057	23,863
TOTAL EXPENSES	<u>\$ 406,115</u>	<u>\$ 220,469</u>	<u>\$ 610,792</u>	<u>\$ 1,237,376</u>	<u>\$ 363,493</u>	<u>\$ 341,131</u>	<u>\$ 1,942,000</u>

See accompanying notes to financial statements and independent auditors report

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINED STATEMENTS OF CASH FLOWS
Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 65,541	\$ (369,350)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	9,843	9,625
Noncash contribution of investments	(229,553)	(199,492)
Unrealized/realized (gain) loss on investments, net	(203,472)	112,555
Loss on disposal of asset	413	808
Change in discount on pledges receivable	(764)	2,576
Change in current assets and liabilities:		
Accounts receivable	-	81,965
Due to/from ACLU National	143,433	(389,095)
Pledges receivable	159,340	110,067
Agency fund receivable	-	95,816
Prepaid expenses	136	9,409
Right of use asset	45,609	44,513
Accounts payable	(24,462)	33,274
Agency fund liability	-	(95,816)
Accrued payroll liabilities	(40,556)	21,664
Accrued salaries	3,170	(35,158)
Accrued compensated absences	(2,861)	(4,156)
Operating lease liability	(46,064)	(43,588)
Net Cash Flows From Operating Activities	<u>(120,247)</u>	<u>(614,383)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	345,227	919,341
Purchase of investments	(250,000)	(250,000)
Purchase of property and equipment	(3,804)	(2,548)
Net Cash Flows From Investing Activities	<u>91,423</u>	<u>666,793</u>
Net Change in Cash and Cash Equivalents	(28,824)	52,410
Cash and Cash Equivalents at Beginning of Year	<u>449,058</u>	<u>396,648</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 420,234</u></u>	<u><u>\$ 449,058</u></u>
Supplementary Cash Flow Information		
Cash paid for interest included in operating activities	\$ 94	\$ -

See accompanying notes to financial statements and independent auditors' report

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 1 - Organization and Significant Accounting Policies

Organization

The American Civil Liberties Union of Montana (the Union) and the American Civil Liberties Union of Montana Foundation, Inc. (the Foundation), collectively referred to as the American Civil Liberties Union of Montana (ACLU of Montana), were established to provide public education and litigation support in furtherance of civil liberties for all people without political partisanship.

Principles of Combination

The accompanying combined financial statements include the accounts of the Union and the Foundation. The Organizations share employees and have the same board of directors. All significant inter-organizational accounts and transactions have been eliminated upon combination.

Basis of Accounting

The accompanying combined financial statements reflect practices common for not-for-profits in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board (FASB).

Basis of Presentation

As required by GAAP, ACLU of Montana classifies contributions as without donor restrictions or with donor restrictions in accordance with donor stipulations. Donor-restricted support is reported as an increase in donor-restricted net assets. When the time restriction expires or is met through expenditure, donor-restricted net assets are reclassified to net assets without donor restrictions. All expenses are reported as decreases in net assets without donor restrictions, after satisfaction of all applicable restrictions. The resulting classes of net assets are:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. This category includes net assets which have been designated by the board of directors or other designated funds. The board of directors has designated net assets for an operating reserve in order to ensure the stability of the mission, services, employment, and ongoing operation of the organization. The operating reserve target amount is six months of operating expenses less that portion of expenses funded by Guaranteed Minimum Income supplied by National ACLU. At March 31, 2024 and 2023, the balance of net assets without donor restrictions was \$3,670,631 and \$3,561,704, respectively.

Net assets with donor restriction - Net assets subject to donor-imposed stipulations that will be met by the action of ACLU of Montana or the passage of time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ACLU of Montana or by the passage of time. Other donor restrictions may be imposed in perpetuity. At March 31, 2024 and 2023, there were no net assets subject to perpetual restriction. Total net assets with donor restrictions at March 31, 2024 and 2023 were \$204,784 and \$248,170, respectively.

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 statement of activities. When restrictions are satisfied in the same year received, the contributions are included in net assets without donor restriction.

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 1 - Organization and Significant Accounting Policies (Continued)

Accounting Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, ACLU of Montana considers investments with an original maturity of three months or less to be cash and cash equivalents. ACLU of Montana maintains cash at financial institutions insured by the FDIC up to \$250,000. At times, deposits with financial institutions may exceed FDIC insured limits.

Pledges Receivable

Unconditional promises to give (pledges receivable) are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give that will be collected beyond one year are reported at the present value of anticipated cash flows using the discount rate established at the date of the pledge.

Property and Equipment

ACLU of Montana records purchased property and equipment at cost. Improvements and betterments are capitalized, while repairs and maintenance expenditures are expensed. Individual items greater than \$750 with useful lives longer than one year are capitalized. ACLU of Montana has elected to depreciate these assets using the straight-line method over the estimated useful lives of 5-7 years. Total depreciation for the years ended March 31, 2024 and 2023 was \$9,843 and \$9,625, respectively.

Investments

Investments in marketable equity securities and mutual funds with readily determinable fair values are reported at fair value in the combined statement of financial position. Interest, dividends, gains and losses are reported as increases in net assets without donor restrictions unless such earnings, gains and losses are specifically restricted by the donor.

Compensated Absences

Full-time and part-time employees are eligible to receive paid leave. Employees are allowed to earn and carry forward vacation balances from year to year up to a certain point. Once that cap is reached, the employee will no longer continue to accrue vacation time. Upon termination, employees are compensated for unused vacation.

Employee Benefit Plan

The Organization's employees can participate in an individual retirement account under a 401(k) Plan. The Organization will match the employee's contribution up to 5.5%, varied on a tiered system. The Organization's contribution were \$33,505 and \$46,492 for March 31, 2024 and 2023, respectively.

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 1 - Organization and Significant Accounting Policies (Continued)

Advertising

Advertising is expensed as it is incurred. Advertising expense for the years ended March 31, 2024 and 2023 was \$1,423 and \$70,230, respectively.

Contributed Services

A number of unpaid volunteers have made contributions of their time to ACLU of Montana. The value of their contributed time is not recognized in these statements as it does not meet the requirements for recognition under GAAP.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, expenses are allocated to the various programs and functional classes based on time and effort by employees.

Tax Status

The Union is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and the Foundation is exempt from Federal income tax under Section 501(c)(4) of the Internal Revenue Code. No provision for income tax has been recognized because ACLU of Montana has no income unrelated to its exempt activities.

Adjustment to Prior Period Financial Statements for the Correction of an Error

During the year ended March 31, 2024, the Organization discovered an error made in the prior period. The error affected only the allocation of expenses between the Foundation and the Union. As a result of the error, the net assets for the Foundation were understated and those of the Union were overstated. Net assets have been adjusted as of April 1, 2024 to correct this error.

Note 2 - Liquidity and Availability

Management has identified the following assets as of March 31, 2024 and 2023 as available for general operations in the next fiscal year:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 287,513	\$ 430,096
Investments	3,284,537	2,946,739
Pledges & grants receivable, gross	80,000	239,351
Other receivables, gross	<u>148,911</u>	<u>292,344</u>
Total	<u><u>\$ 3,800,961</u></u>	<u><u>\$ 3,908,530</u></u>

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 2 - Liquidity and Availability (Continued)

Financial assets available for general expenditure include those without donor or other restrictions limiting their use within one year of the balance sheet date. In addition, ACLU of Montana receives significant grants and contributions restricted by donors and grantors, and considers those restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Cash and cash equivalents considered available for future general expenditures exclude those held in the flex account of \$4,197 and \$5,628 at March 31, 2024 and 2023, respectively, as those funds are limited to use. Receivables exclude amounts restricted by grantors when restrictions are unrelated to ongoing programs, as those funds are also considered limited as to use.

Cash balances are routinely monitored in light of projected cash needs and excess balances are transferred to a savings account, where they are managed to provide for short-term liquidity and grow the fund's value over time.

ACLU of Montana has operating reserves that are available and could be accessed for unanticipated needs or in the event of cash flow shortages. The operating reserve balance was \$638,057 and \$424,914 as of March 31, 2024 and 2023, respectively.

Note 3 - Pledges Receivable

The discount rate used on pledges receivable with due dates extending beyond one year was 2.36% at March 31, 2024 and between 2.80% and 2.35 at March 31, 2023. Pledges receivable consist of the following at March 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
With time restrictions	<u>\$ 80,000</u>	<u>\$ 239,351</u>
Due in:		
One year or less	\$ 30,000	\$ 111,442
One to five years	<u>50,000</u>	<u>127,909</u>
	80,000	239,351
Less: discounted for present value	<u>(3,740)</u>	<u>(4,515)</u>
	76,260	234,836
Less: current portion	<u>(30,000)</u>	<u>(111,442)</u>
Pledges receivable, long-term	<u>\$ 46,260</u>	<u>\$ 123,394</u>

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 4 - Fair Value Measurements

ACLU of Montana follows FASB ASC 820, Fair Value Measurements and Disclosures, which provides a framework for measuring fair value. FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The three levels are defined as follows:

Level 1 - observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.

Level 2 - observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

Level 3 - inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. ACLU of Montana's policy for determining the timing of significant transfers between Levels 1, 2, and 3 is at the end of the reporting period.

Following is a description of the valuation methodologies used for assets measured at fair value:

Brokered certificates of deposit - Fair value of interest-bearing cash is determined by discounting the related cash flows based on current yields of similar instruments and considering the credit-worthiness of the issuer.

Mutual funds - Mutual funds are valued at the daily closing prices as reported by the fund. Mutual funds held by ACLU of Montana are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and transact at that price. The mutual funds held by ACLU of Montana are deemed to be actively traded.

The preceding methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although ACLU of Montana believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Transfers between fair value levels are considered effective as of the reporting date.

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 4 - Fair Value Measurements (Continued)

As of March 31, 2024, investment securities consist of the following assets, which are held by third-party money managers:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Cost Basis</u>
Cash and cash equivalents:	\$ 222,744	\$ 222,744	\$ 222,744
Brokered certificates of deposit:	737,000	737,000	737,000
Mutual funds:			
Large blend	216,556	216,556	179,945
Large growth	331,681	331,681	207,217
Large value	378,731	378,731	317,316
Medium value	871,704	871,704	882,313
Mid-cap growth	79,293	79,293	66,890
Short term bond	446,828	446,828	445,873
Total investments	<u>\$ 3,284,537</u>	<u>\$ 3,284,537</u>	<u>\$ 3,059,298</u>

As of March 31, 2023, investment securities consist of the following assets, which are held by third-party money managers:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Cost Basis</u>
Cash and cash equivalents:	\$ 385,785	\$ 385,785	\$ 385,785
Brokered certificates of deposit:	137,000	137,000	137,000
Mutual funds:			
Large blend	318,106	318,106	301,180
Large growth	453,578	453,578	408,753
Large value	434,261	434,261	437,728
Medium value	665,710	665,710	713,453
Mid-cap growth	96,547	96,547	97,390
Short term bond	455,752	455,752	467,513
Total investments	<u>\$ 2,946,739</u>	<u>\$ 2,946,739</u>	<u>\$ 2,948,802</u>

Note 5 - Montana Community Foundation

The Montana Community Foundation, Inc. (MCF), a Montana non-profit corporation, has established an American Civil Liberties Union of Montana and Affiliate Fund (the Fund). The Fund is an inviolable endowment fund whereby the principal is donated to the MCF for the benefit of ACLU of Montana. As income is earned, it is distributed to ACLU of Montana as unrestricted revenue. Net capital appreciation is considered an addition to principal. The assets of the fund are property of MCF and are therefore not reported on ACLU of Montana's financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 5 - Montana Community Foundation (Continued)

The Fund activity is summarized as follows during the years ended March 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Principal balance, beginning of year	\$ 39,819	\$ 45,000
Realized gain (loss), net	430	51
Unrealized gain (loss), net	3,873	(3,329)
Interest and dividends	448	490
Distribution of income	(1,912)	(1,884)
Fees	(502)	(509)
Principal balance, end of year	<u>\$ 42,156</u>	<u>\$ 39,819</u>

Distributions represent income to ACLU of Montana. Distribution income was \$1,912 and \$1,884 for the years ended March 31, 2024 and 2023, respectively.

Note 6 - Pension Plans

ACLU of Montana participates in the National ACLU Retirement plan. The following are the highlights of the Plan:

Eligibility: All employees of ACLU of Montana, having reached aged 21, are eligible on the January 1 or the July 1 following completion of a year of service with at least 1,000 hours of service.

Plan Cost: ACLU of Montana pays the full cost of providing benefits under the Plan. Contributions are actuarially determined each year by an independent consulting actuary.

Vesting: Eligible employees may retire at age 65 after completing 5 years of service.

Early Retirement: Eligible employees may retire early at any time after age 55 and completion of 10 years of service. Employees who retire early and elect to receive benefits before normal retirement will receive reduced benefits.

Late Retirement: Employees who remain employed after the age of 65 continue to earn a benefit.

Plan Benefits: Plan benefits are based on annual wages and total years of service and are determined by the national organization on an annual basis.

ACLU of Montana contributed zero and \$16,368 for the years ended March 31, 2024 and 2023, respectively. The National ACLU organization maintains the pension funding and pension obligations, thus no additional disclosures are required by ACLU of Montana.

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 7 - Leasing Arrangements

The Organization leases office space in Missoula, Montana. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Organization uses the risk-free discount rate at the commencement date of each lease in determining the present value of lease payments in accordance with the Organization's elected policy. The weighted average remaining operating lease term was 0.67 years and 1.67 years for the years ended March 31, 2024 and 2023, respectively. The weighed average discount rate for operating leases was 2.45% for the years ended March 31, 2024 and 2023.

Additional information about the Organization's leases is as follows:

	<u>2024</u>	<u>2023</u>
Lease costs (included in occupancy expenses):		
Operating lease cost	\$ 46,920	\$ 47,034
Short-term lease cost	4,452	-
Total lease costs	<u>\$ 51,372</u>	<u>\$ 47,034</u>

Maturities of operating lease liabilities are as follows for the years ending March 31:

2025	<u>\$ 32,209</u>
Total lease payments	32,209
Interest	<u>(232)</u>
Present value of lease liabilities	<u>\$ 31,977</u>

Note 8 - National Affiliation Relationship

The National ACLU distributes funds to its affiliated state organizations through several programs.

Guaranteed minimum income (GMI) payments to ACLU of Montana's Foundation and Union are disbursed on a monthly basis. National ACLU provides an annual amount to each individual affiliate organization, in order to properly budget for the income to be received from National. ACLU of Montana Foundation received GMI payments of \$150,000 and \$150,000 for the years ended March 31, 2024 and 2023, respectively. ACLU of Montana Union received GMI payments of \$251,631 and \$252,620 for the years ended March 31, 2024 and 2023, respectively.

The ACLU of Montana also receives additional grants and distributions from the National ACLU for specific projects and a share of the National ACLU appropriations. The ACLU of Montana recognized \$275,578 and \$438,490 of income from the the National ACLU for the years ended March 31, 2024 and 2023, respectively.

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
NOTES TO COMBINED FINANCIAL STATEMENTS
March 31, 2024 and 2023

Note 9 - Net Assets

Net assets without donor restrictions - designated of \$509,553 and \$359,712 are designated by the board of directors as an operating reserve as of March 31, 2024 and 2023, respectively.

Net assets with donor restrictions consist of the following as of March 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Indigenous vote	\$ 82,000	\$ -
Indigenous justice	26,907	-
Reproductive rights	-	10,000
New ED/ED Search	19,617	3,334
Time restriction	<u>76,260</u>	<u>234,836</u>
Total	<u><u>\$ 204,784</u></u>	<u><u>\$ 248,170</u></u>

Note 10 - Subsequent Events

Management has evaluated subsequent events through DATE, 2024, the date the financial statements were available to be issued. No additional disclosures were deemed necessary.

SUPPLEMENTARY INFORMATION

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINING STATEMENT OF FINANCIAL POSITION
March 31, 2024

	<u>ACLU of Montana Union</u>	<u>ACLU of Montana Foundation</u>	<u>Eliminating Entries</u>	<u>Combined</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 222,126	\$ 198,108	\$ -	\$ 420,234
Rent receivable	-	3,795	-	3,795
Due from ACLU National	90,578	58,333	-	148,911
Due from ACLU of Montana Union	-	118,730	(118,730)	-
Pledges receivable, current portion	10,000	20,000	-	30,000
Prepaid expenses	-	4,162	-	4,162
Total Current Assets	<u>322,704</u>	<u>403,128</u>	<u>(118,730)</u>	<u>607,102</u>
OTHER ASSETS				
Investments	507,595	2,776,942	-	3,284,537
Pledges receivable, net of discount and current portion	9,952	36,308	-	46,260
Property and equipment, net	-	24,031	-	24,031
Right of use asset	-	31,048	-	31,048
Total Other Assets	<u>517,547</u>	<u>2,868,329</u>	<u>-</u>	<u>3,385,876</u>
TOTAL ASSETS	<u>\$ 840,251</u>	<u>\$ 3,271,457</u>	<u>\$ (118,730)</u>	<u>\$ 3,992,978</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ 14,898	\$ -	\$ 14,898
Due to ACLU of Montana Foundation	118,730	-	(118,730)	-
Accrued payroll liabilities	-	7,936	-	7,936
Accrued salaries	3,695	16,252	-	19,947
Accrued compensated absences	-	42,805	-	42,805
Short-term operating lease liability	-	31,977	-	31,977
Total Current Liabilities	<u>122,425</u>	<u>113,868</u>	<u>(118,730)</u>	<u>117,563</u>
LONG-TERM LIABILITIES				
TOTAL LIABILITIES	<u>122,425</u>	<u>113,868</u>	<u>(118,730)</u>	<u>117,563</u>
NET ASSETS				
Without donor restrictions - undesignated	615,874	2,545,204	-	3,161,078
Without donor restrictions - designated	-	509,553	-	509,553
Total without donor restrictions	615,874	3,054,757	-	3,670,631
With donor restrictions	101,952	102,832	-	204,784
TOTAL NET ASSETS	<u>717,826</u>	<u>3,157,589</u>	<u>-</u>	<u>3,875,415</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 840,251</u>	<u>\$ 3,271,457</u>	<u>\$ (118,730)</u>	<u>\$ 3,992,978</u>

See independent auditors' report

AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINING STATEMENT OF FINANCIAL POSITION
March 31, 2023

	<u>ACLU of Montana Union</u>	<u>ACLU of Montana Foundation</u>	<u>Eliminating Entries</u>	<u>Combined</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 239,825	\$ 209,233	\$ -	\$ 449,058
Accounts receivable	-	-	-	-
Rent receivable	-	3,795	-	3,795
Due from ACLU of Montana Union	-	146,493	(146,493)	-
Pledges receivable, current portion	30,000	81,442	-	111,442
Agency fund receivable	-	-	-	-
Prepaid expenses	-	4,298	-	4,298
Total Current Assets	<u>473,731</u>	<u>533,699</u>	<u>(146,493)</u>	<u>860,937</u>
OTHER ASSETS				
Investments	150,920	2,795,819	-	2,946,739
Pledges receivable, net of discount and current portion	(48)	123,442	-	123,394
Property and equipment, net	-	30,483	-	30,483
Right of use asset	-	76,657	-	76,657
Total Other Assets	<u>150,872</u>	<u>3,026,401</u>	<u>-</u>	<u>3,177,273</u>
TOTAL ASSETS	<u>\$ 624,603</u>	<u>\$ 3,560,100</u>	<u>\$ (146,493)</u>	<u>\$ 4,038,210</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ 39,360	\$ -	\$ 39,360
Due to ACLU of Montana Foundation	146,493	-	(146,493)	-
Accrued payroll liabilities	-	48,492	-	48,492
Accrued salaries	4,393	12,384	-	16,777
Accrued compensated absences	-	45,666	-	45,666
Short-term operating lease liability	-	46,064	-	46,064
Total Current Liabilities	<u>150,886</u>	<u>191,966</u>	<u>(146,493)</u>	<u>196,359</u>
LONG-TERM LIABILITIES				
Long-term operating lease liability	-	31,977	-	31,977
TOTAL LIABILITIES	<u>150,886</u>	<u>223,943</u>	<u>(146,493)</u>	<u>228,336</u>
NET ASSETS				
Without donor restrictions - undesignated	433,765	2,768,227	-	3,201,992
Without donor restrictions - designated	-	359,712	-	359,712
Total without donor restrictions	433,765	3,127,939	-	3,561,704
With donor restrictions	39,952	208,218	-	248,170
TOTAL NET ASSETS	<u>473,717</u>	<u>3,336,157</u>	<u>-</u>	<u>3,809,874</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 624,603</u>	<u>\$ 3,560,100</u>	<u>\$ (146,493)</u>	<u>\$ 4,038,210</u>

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AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINING STATEMENT OF ACTIVITIES
Year Ended March 31, 2024

	ACLU of Montana Union	ACLU of Montana Foundation	Eliminating Entries	Combined
SUPPORT AND REVENUE				
GMI National subsidy grant	\$ 251,631	\$ 150,000	\$ -	\$ 401,631
National grants and distributions	69,745	205,833	-	275,578
Contributions	83,500	790,281	(167,441)	706,340
Unrealized gain (loss) on investments, net	-	203,472	-	203,472
Dividends and interest	6,675	48,198	-	54,873
Miscellaneous	-	4,484	-	4,484
Total Support and Revenue	<u>411,551</u>	<u>1,402,268</u>	<u>(167,441)</u>	<u>1,646,378</u>
EXPENSES				
Advertising	-	1,423	-	1,423
Conferences, meetings, & staff development	1,159	15,080	(1,159)	15,080
Contracted services	26,975	192,060	(26,975)	192,060
Depreciation	882	9,843	(882)	9,843
Dues and subscriptions	461	13,323	(461)	13,323
Equipment	19,114	26,193	(19,114)	26,193
Insurance	103	4,907	(103)	4,907
Meals and hosting	4,821	18,248	(4,821)	18,248
Miscellaneous	-	2,666	-	2,666
Occupancy	4,898	54,632	(4,898)	54,632
Personnel	82,117	1,081,056	(82,117)	1,081,056
Postage	2,360	5,108	(2,360)	5,108
Printing	4,153	11,401	(4,153)	11,401
Supplies	408	2,477	(408)	2,477
Telecommunications	3,365	27,552	(3,365)	27,552
Travel	16,626	58,323	(16,625)	58,324
Bad debts	-	56,544	-	56,544
Total Expenses	<u>167,442</u>	<u>1,580,836</u>	<u>(167,441)</u>	<u>1,580,837</u>
Change in Net Assets	244,109	(178,568)	-	65,541
Net Assets at Beginning of Year	<u>473,717</u>	<u>3,336,157</u>	<u>-</u>	<u>3,809,874</u>
Net Assets at End of Year	<u>\$ 717,826</u>	<u>\$ 3,157,589</u>	<u>\$ -</u>	<u>\$ 3,875,415</u>

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AMERICAN CIVIL LIBERTIES UNION OF MONTANA
COMBINING STATEMENT OF ACTIVITIES
Year Ended March 31, 2023

	<u>ACLU of Montana Union</u>	<u>ACLU of Montana Foundation</u>	<u>Eliminating Entries</u>	<u>Combined</u>
SUPPORT AND REVENUE				
GMI National subsidy grant	\$ 252,620	\$ 150,000	\$ -	\$ 402,620
National grants and distributions	232,558	205,932	-	438,490
Contributions	-	1,015,509	(229,484)	786,025
Unrealized gain (loss) on investments, net	-	(112,555)	-	(112,555)
Dividends and interest	495	56,369	-	56,864
Miscellaneous	-	23,219	(22,013)	1,206
Total Support and Revenue	<u>485,673</u>	<u>1,338,474</u>	<u>(251,497)</u>	<u>1,572,650</u>
EXPENSES				
Advertising	8,049	70,230	(8,049)	70,230
Conferences, meetings, & staff development	2,965	15,511	(2,965)	15,511
Contracted services	71,122	281,380	(71,122)	281,380
Depreciation	498	9,625	(498)	9,625
Dues and subscriptions	325	4,333	(325)	4,333
Equipment	6,254	20,803	(6,254)	20,803
Insurance	82	4,841	(82)	4,841
Meals and hosting	1,846	21,140	(1,846)	21,140
Miscellaneous	455	2,909	(455)	2,909
Occupancy	6,038	54,563	(6,038)	54,563
Personnel	125,433	1,256,261	(125,433)	1,256,261
Postage	641	11,664	(641)	11,664
Printing	1,207	46,267	(1,207)	46,267
Supplies	567	5,369	(567)	5,369
Telecommunications	4,833	40,420	(4,833)	40,420
Travel	21,325	72,821	(21,325)	72,821
Bad debts	(143)	23,863	143	23,863
Total Expenses	<u>251,497</u>	<u>1,942,000</u>	<u>(251,497)</u>	<u>1,942,000</u>
Change in Net Assets	234,176	(603,526)	-	(369,350)
Net Assets at Beginning of Year	<u>239,541</u>	<u>3,939,683</u>	<u>-</u>	<u>4,179,224</u>
Net Assets at End of Year	<u>\$ 473,717</u>	<u>\$ 3,336,157</u>	<u>\$ -</u>	<u>\$ 3,809,874</u>

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