

**AMERICAN CIVIL LIBERTIES  
UNION OF MONTANA**

**AUDITED COMBINED FINANCIAL STATEMENTS**

**March 31, 2020**



# AMERICAN CIVIL LIBERTIES UNION OF MONTANA

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## INDEPENDENT AUDITORS' REPORT

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

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 the American Civil Liberties Union of Montana (ACLU of Montana), (nonprofit organizations), which comprise the combined statements of financial position as of March 31, 2020, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of ACLU of Montana as of March 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Adjustment for Correction of Error**

As discussed in Note 1 to the financial statements, certain errors resulting in understatements of amounts previously reported for accounts receivable and net assets as of March 31, 2019, were discovered by management of ACLU of Montana during the current year. Accordingly, amounts reported for accounts receivable and net assets have been restated to correct the error. Our opinion is not modified with respect to that matter.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedules 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 audit 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 the the combined financial statements as a whole.

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

Missoula, Montana

August 24, 2020

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA  
COMBINED STATEMENT OF FINANCIAL POSITION  
March 31, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$	289,601
Accounts receivable		14,231
Rent receivable		4,295
Due from ACLU National		227,366
Pledges receivable, current portion		184,608
Grants receivable		70,000
Prepaid expenses		<u>12,320</u>
<b>Total Current Assets</b>		<u><b>802,421</b></u>

**INVESTMENTS**

1,656,622

**PLEDGES RECEIVABLE, net of discount and current portion**

323,228

**PROPERTY AND EQUIPMENT, at cost**

Office furniture and equipment		152,050
Software		3,000
Less accumulated depreciation		<u>(107,379)</u>
<b>Total Property and Equipment</b>		<u><b>47,671</b></u>

**TOTAL ASSETS**

**\$ 2,829,942**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$	30,408
Due to ACLU National		50,824
Accrued payroll liabilities		17,852
Accrued salaries		53,579
Accrued compensated absences		<u>43,206</u>
<b>Total Current Liabilities</b>		<u><b>195,869</b></u>

**NET ASSETS**

Without donor restrictions - undesignated		1,624,098
Without donor restrictions - designated		<u>323,834</u>
Total without donor restrictions		1,947,932
With donor restrictions		<u>686,141</u>
<b>TOTAL NET ASSETS</b>		<u><b>2,634,073</b></u>

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 2,829,942**

See accompanying notes to financial statements and independent auditors report

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**COMBINED STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
GMI National subsidy grant	\$ 304,398	\$ -	\$ 304,398
National grants and distributions	375,482	-	375,482
Attorney fees	26,844	-	26,844
Contributions	578,737	159,709	738,446
Unrealized loss on investments, net	(44,985)	-	(44,985)
Dividends and interest	35,797	-	35,797
Miscellaneous	5,130	-	5,130
Net assets released from restriction	<u>454,784</u>	<u>(454,784)</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>1,736,187</u>	<u>(295,075)</u>	<u>1,441,112</u>
<b>EXPENSES</b>			
Legal program	365,232	-	365,232
Communications/public education	221,630	-	221,630
Advocacy	<u>323,741</u>	<u>-</u>	<u>323,741</u>
Total program	910,603	-	910,603
Administrative and general	255,322	-	255,322
Fundraising	<u>211,978</u>	<u>-</u>	<u>211,978</u>
<b>Total Expenses</b>	<u>1,377,903</u>	<u>-</u>	<u>1,377,903</u>
<b>Change in Net Assets</b>	358,284	(295,075)	63,209
<b>Net Assets at Beginning of Year -As Previously Stated</b>	1,589,648	867,568	2,457,216
<b>Prior Period Adjustment</b>	<u>-</u>	<u>113,648</u>	<u>113,648</u>
<b>Net Assets at Beginning of Year -As Restated</b>	<u>1,589,648</u>	<u>981,216</u>	<u>2,570,864</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,947,932</u>	<u>\$ 686,141</u>	<u>\$ 2,634,073</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, 2020**

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>Legal Program</u>	<u>Communications/ Public Education</u>	<u>Advocacy</u>	<u>Total Program Expense</u>	<u>Administrative &amp; General</u>	<u>Fundraising</u>	
<b>EXPENSES</b>							
Advertising	\$ 4	\$ 52	\$ 373	\$ 429	\$ 3	\$ 2,397	2,829
Contracted services	7,847	14,414	7,546	29,807	64,571	30,762	125,140
Depreciation	2,413	1,335	2,298	6,046	2,015	1,001	9,062
Dues and subscriptions	3,218	2,712	331	6,261	96	73	6,430
Equipment	5,287	1,017	2,541	8,845	996	1,286	11,127
Insurance	6,225	1,036	779	8,040	1,046	1,525	10,611
Miscellaneous	-	-	25	25	1,530	3,362	4,917
Occupancy	16,423	9,085	21,801	47,309	13,715	6,814	67,838
Personnel	303,464	175,048	248,836	727,348	151,756	136,100	1,015,204
Postage	500	1,706	113	2,319	187	1,578	4,084
Printing	1,827	5,573	729	8,129	143	2,325	10,597
Staff training/development	1,214	2,445	5,590	9,249	5,754	11,136	26,139
Supplies	749	311	670	1,730	569	971	3,270
Telecommunications	6,878	4,645	9,195	20,718	5,201	3,059	28,978
Travel	9,183	2,251	22,914	34,348	7,740	9,589	51,677
<b>TOTAL EXPENSES</b>	<u>\$ 365,232</u>	<u>\$ 221,630</u>	<u>\$ 323,741</u>	<u>\$ 910,603</u>	<u>\$ 255,322</u>	<u>\$ 211,978</u>	<u>\$ 1,377,903</u>

See accompanying notes to financial statements and independent auditors report

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA  
COMBINED STATEMENT OF CASH FLOWS  
Year Ended March 31, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 63,209
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	9,063
Noncash contribution of investments	(132,596)
Unrealized/realized gain on investments, net	59,265
Loss on disposal of asset	-
Change in discount on pledges receivable	31,049
Change in current assets and liabilities:	
Accounts receivable	100,643
Due from ACLU National	84,675
Pledges receivable	13,116
Grants receivable	32,500
Prepaid expenses	2,935
Accounts payable	(14,505)
Due to ACLU National	(46,511)
Accrued payroll liabilities	(7,169)
Accrued salaries	17,180
Accrued compensated absences	1,552
<b>Net Cash Flows From Operating Activities</b>	<u>214,406</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of investments	82,094
Purchase of investments	(272,897)
Purchase of property and equipment	(7,052)
<b>Net Cash Flows From Investing Activities</b>	<u>(197,855)</u>
<b>Net Change in Cash and Cash Equivalents</b>	16,551
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>273,050</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 289,601</u>

See accompanying notes to financial statements and independent auditors report



**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2020**

**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 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. Certain members of the board of directors of the Union comprise the board of directors of the Foundation. 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 or other designated funds. The Board 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, 2020, the balance of net assets without donor restrictions was \$1,947,932.

*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 impose in perpetuity. At March 31, 2020, there were no net assets subject to perpetual restriction. Total net assets with donor restrictions at March 31, 2020 was \$686,141.

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.

**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.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2020**

**Note 1 - Organization and Significant Accounting Policies (Continued)**

**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 federally insured up to \$250,000. No deposits exceeded federally insured amounts at March 31, 2020.

**Accounts and Grants Receivable**

Grants and accounts receivable consist of amounts due from granting agencies, related party balances for shared services and costs, and for the performance of services in the normal course of business. Accounts are reviewed for potential write-offs based on the facts and circumstances of each balance. At March 31, 2020, no accounts or grants receivable were past due greater than 90 days and no allowance was recorded for accounts or grants receivable. Management believes the accounts and grants receivable are fully collectible, therefore no allowance is considered necessary.

**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, net of an allowance for uncollectible amounts based on specific identification of uncollectible pledges.

**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 year ended March 31, 2020 was \$9,063.

**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 100% of their yearly maximum hours. Once that cap is reached, the employee will no longer continue to accrue vacation time. Upon termination, employees are compensated for unused vacation.

**Advertising**

Advertising is expensed as it is incurred. Advertising expense for the year ended March 31, 2020 was \$2,830.

**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.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2020**

**Note 1 - Organization and Significant Accounting Policies (Continued)**

**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 salary reported on timesheets.

**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).

**Adoption of ASU 2014-09 and 2018-08**

During the year ended March 31, 2020, ACLU of Montana adopted FASB Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) and 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). These new standards updated requirements regarding when to recognize and how to recognize revenue and required retrospective application. ACLU of Montana's prior policy of revenue recognition agreed to the new standards and there was no prior period effect.

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

During the year ended March 31, 2020, the Organization discovered an error made in the prior period. As a result of the error, accounts receivable and net assets were understated by \$113,648 at March 31, 2019. Accounts receivable and net assets have been adjusted as of April 1, 2019 to correct this error.

The error is a result of the Organization's accounting for a gain contingency for the reimbursement of attorney fees. A gain contingency should be recognized when it is reasonably assured and the amount is estimable. For the reimbursed attorney fees in question, the Organization received notification that collection was reasonably assured in fiscal year 2019, but did not recognize them as revenue until collected in fiscal year 2020.

**Note 2 - Liquidity and Availability**

Management has identified the following assets as of March 31, 2020 as available for general operations in the next fiscal year:

Cash and cash equivalents	\$ 181,296
Investments	1,656,622
Pledges receivable, gross	173,421
Other receivables, gross	<u>241,597</u>
Total	<u><u>\$ 2,252,936</u></u>

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, \$7,174, 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.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2020**

**Note 2 - Liquidity and Availability (Continued)**

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 funds 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 \$323,834 as of March 31, 2020.

**Note 3 - Pledges Receivable**

The discount rate rate used on pledges receivable with due dates extending beyond one year was between 1.69% and 2.86% at March 31, 2020. Pledges receivable consist of the following at March 31, 2020:

With donor restrictions	\$ 6,400
With time restrictions	<u>524,185</u>
Total	<u><u>530,585</u></u>
Due in:	
One year or less	\$ 184,608
One to five years	<u>345,977</u>
	530,585
Less: discounted for present value	<u>(22,749)</u>
	507,836
Less: current portion	<u>(184,608)</u>
Pledges receivable, long-term	<u><u>\$ 323,228</u></u>

**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.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2020**

**Note 4 - Fair Value Measurements (Continued)**

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.

As of March 31, 2020, 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:	\$ 4,981	\$ 4,981	\$ 4,981
Brokered certificates of deposit:	440,009	440,009	436,010
Mutual funds:			
Large blend	40,295	40,295	42,937
Large growth	59,251	59,251	50,748
Large value	62,658	62,658	68,124
Medium value	78,142	78,142	81,765
Mid-cap growth	13,712	13,712	13,149
Short term bond	65,080	65,080	65,421
Ultrashort bond	892,494	892,494	908,121
Total investments	<u>\$ 1,656,622</u>	<u>\$ 1,656,622</u>	<u>\$ 1,671,256</u>

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2020**

**Note 5 - Net Assets**

Net assets without donor restrictions - designated of \$323,834 are restricted by the board as an operating reserve.

Net assets with donor restrictions consist of the following as of March 31, 2020:

Communications director	\$ 32,755
Racial justice reform	2,000
Education equity	67,982
Miscellaneous program support	5,568
Time restriction	<u>577,836</u>
Total	<u>\$ 686,141</u>

**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 \$10,392 for the year ended March 31, 2020. The National organization maintains the pension funding and pension obligations, thus no additional disclosures are made by ACLU of Montana.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2020**

**Note 7 - Operating Leases**

ACLU of Montana rents office space in Helena, Montana. The operating lease renews annually each December 31. The monthly lease amount for January 1, 2017 through December 31, 2019 is \$1,157. The lease moved to a month-to-month basis upon termination of the previous lease in December 2019 with payments of \$785. Total rent paid was \$12,205 for the year ended March 31, 2020.

ACLU of Montana began renting an office space in Missoula, Montana in December 2018. The operating lease expires November 30, 2021. The monthly lease amounts are \$3,795 through November 30, 2019, with a 3% increase annually. Total rent paid was \$46,110 for the year ended March 31, 2020.

ACLU of Montana began renting an apartment in Wolf Point, Montana in May 2018. The operating lease \$500 per month paid on a month-to month basis. Total rent paid was \$6,000 for the year ended March 31, 2020.

Future minimum lease commitments under non-cancelable operated leases are as follows for the years ended March 31:

2021	\$ 47,493
2022	<u>28,182</u>
Total	<u><u>\$ 75,675</u></u>

**Note 8 - 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.

The Fund activity is summarized as follows during the year ended March 31, 2020:

Principal balance, beginning of year	\$ 22,542
Contributions	15,415
Realized gain	(3,569)
Interest and dividends	349
Distribution of income	(1,032)
Fees	<u>(335)</u>
Principal balance, end of year	<u><u>\$ 33,370</u></u>

Distributions represent income to ACLU of Montana. The distribution income was \$1,032 for the year ended March 31, 2020.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2020**

**Note 9 - 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 \$257,000 for the year ended March 31, 2020. ACLU of Montana Union received GMI payments of \$47,398 for the year ended March 31, 2020.

National ACLU has a Grants to Affiliates program which accepts proposals from affiliates for additional specific projects for which local affiliates are interested in receiving money. National ACLU approves the proposal and then transfers the approved funding amount. ACLU of Montana Foundation received funds from the Grants to Affiliates program of \$171,000 for the year ended March 31, 2020.

An additional distribution was received from National ACLU in the amount of \$268,109 during the year ended March 31, 2020. ACLU of Montana made an additional payment to National ACLU in the amount of \$97,298 for the ACLU of Montana's share of appropriation in the year ended March 31, 2020.

**Note 10 - Subsequent Events**

Management has evaluated subsequent events through August 24, 2020, the date the financial statements were available to be issued.

Subsequent to year end, ACLU of Montana cancelled their operating lease in Helena, Montana as most office operations have moved to Missoula, Montana.

Subsequent to year end, the COVID-19 pandemic has continued to cause uncertainties for the Organization. Restrictions and closures recommended by state and federal agencies may have an impact on the Organization's future operations, which are unknown at this time. Management continues to closely monitor the situation and is taking steps to reduce risk and continue operations.



**SUPPLEMENTARY INFORMATION**

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA  
COMBINING STATEMENT OF FINANCIAL POSITION  
March 31, 2020**

	<b>ACLU of Montana Union</b>	<b>ACLU of Montana Foundation</b>	<b>Eliminating Entries</b>	<b>Combined</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 42,092	\$ 247,509	\$ -	\$ 289,601
Cash held for fiscal agent	-	-	-	-
Accounts receivable	-	14,231	-	14,231
Rent receivable	-	4,295	-	4,295
Due from ACLU National	40,480	186,886	-	227,366
Due from ACLU of Montana Union	-	6,974	(6,974)	-
Pledges receivable, current portion	-	184,608	-	184,608
Grants receivable	70,000	-	-	70,000
Prepaid expenses	-	12,320	-	12,320
<b>Total Current Assets</b>	<u>152,572</u>	<u>656,823</u>	<u>(6,974)</u>	<u>802,421</u>
<b>INVESTMENTS</b>	<u>49,590</u>	<u>1,607,032</u>	<u>-</u>	<u>1,656,622</u>
<b>PLEDGES RECEIVABLE</b> , net of discount and current portion	<u>-</u>	<u>323,228</u>	<u>-</u>	<u>323,228</u>
<b>PROPERTY AND EQUIPMENT</b> , at cost				
Office furniture and equipment	-	152,050	-	152,050
Software	-	3,000	-	3,000
Less accumulated depreciation	-	(107,379)	-	(107,379)
<b>Total Property and Equipment</b>	<u>-</u>	<u>47,671</u>	<u>-</u>	<u>47,671</u>
<b>TOTAL ASSETS</b>	<u>\$ 202,162</u>	<u>\$ 2,634,754</u>	<u>\$ (6,974)</u>	<u>\$ 2,829,942</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ -	\$ 30,408	\$ -	\$ 30,408
Due to ACLU National	-	50,824	-	50,824
Due to ACLU of Montana Foundation	6,974	-	(6,974)	-
Accrued payroll liabilities	-	17,852	-	17,852
Accrued salaries	-	53,579	-	53,579
Accrued compensated absences	-	43,206	-	43,206
<b>Total Current Liabilities</b>	<u>6,974</u>	<u>195,869</u>	<u>(6,974)</u>	<u>195,869</u>
<b>TOTAL LIABILITIES</b>	<u>6,974</u>	<u>195,869</u>	<u>(6,974)</u>	<u>195,869</u>
<b>NET ASSETS</b>				
Without donor restrictions - undesignated	125,188	1,498,910	-	1,624,098
Without donor restrictions - designated	-	323,834	-	323,834
Total without donor restrictions	125,188	1,822,744	-	1,947,932
With donor restrictions	70,000	616,141	-	686,141
<b>TOTAL NET ASSETS</b>	<u>195,188</u>	<u>2,438,885</u>	<u>-</u>	<u>2,634,073</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 202,162</u>	<u>\$ 2,634,754</u>	<u>\$ (6,974)</u>	<u>\$ 2,829,942</u>

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2020**

	<u>ACLU of Montana Union</u>	<u>ACLU of Montana Foundation</u>	<u>Eliminating Entries</u>	<u>Combined</u>
<b>SUPPORT AND REVENUE</b>				
GMI National subsidy grant	\$ 47,398	\$ 257,000	\$ -	\$ 304,398
National grants and distributions	106,897	268,585	-	375,482
Attorney Fees	-	26,844	-	26,844
Contributions	-	738,446	-	738,446
Unrealized gain (loss) on investments, net	(908)	(44,077)	-	(44,985)
Dividends and interest	454	35,343	-	35,797
Miscellaneous	-	5,130	-	5,130
<b>Total Support and Revenue</b>	<u>153,841</u>	<u>1,287,271</u>	<u>-</u>	<u>1,441,112</u>
<b>EXPENSES</b>				
Legal program	-	365,232	-	365,232
Communications/public education	-	221,630	-	221,630
Advocacy	42,800	280,941	-	323,741
Total program	42,800	867,803	-	910,603
Administrative and general	-	255,322	-	255,322
Fundraising	-	211,978	-	211,978
<b>Total Expenses</b>	<u>42,800</u>	<u>1,335,103</u>	<u>-</u>	<u>1,377,903</u>
<b>Change in Net Assets</b>	111,041	(47,832)	-	63,209
<b>Net Assets at Beginning of Year</b>	<u>84,147</u>	<u>2,486,717</u>	<u>-</u>	<u>2,570,864</u>
<b>Net Assets at End of Year</b>	<u>\$ 195,188</u>	<u>\$ 2,438,885</u>	<u>\$ -</u>	<u>\$ 2,634,073</u>