

**AMERICAN CIVIL LIBERTIES  
UNION OF MONTANA**

**AUDITED COMBINED FINANCIAL STATEMENTS**

**March 31, 2021 and 2020**



# 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

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, 2021 and 2020, 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.

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

Management is responsible for the preparation and fair presentation of these 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2021 and 2020, 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.

**Prior Period Adjustment for Correction of Error**

As discussed in Note 1 to the combined financial statements, certain errors, resulting in overstatement of amounts previously reported for Due from ACLU National and net assets as of March 31, 2020, were discovered by management of ACLU of Montana during the current year. Accordingly, amounts reported for Due from ACLU National and net assets have been restated to correct the error. Our opinion is not modified with respect to this 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  
December 3, 2021

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA  
COMBINED STATEMENTS OF FINANCIAL POSITION  
March 31, 2021 and 2020 (Restated)**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 372,561	\$ 289,601
Accounts receivable	500	14,231
Rent receivable	3,795	4,295
Due from ACLU National	728,111	159,442
Pledges receivable, current portion	315,196	184,608
Grants receivable	16,000	70,000
Prepaid expenses	12,423	12,320
<b>Total Current Assets</b>	<b>1,448,586</b>	<b>734,497</b>
<b>INVESTMENTS</b>	<b>1,857,698</b>	<b>1,656,622</b>
<b>PLEDGES RECEIVABLE</b> , net of discount and current portion	<b>467,667</b>	<b>323,228</b>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Office furniture and equipment	154,080	152,050
Software	3,000	3,000
Less accumulated depreciation	(116,849)	(107,379)
<b>Total Property and Equipment</b>	<b>40,231</b>	<b>47,671</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,814,182</b>	<b>\$ 2,762,018</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 32,080	\$ 30,408
Accrued payroll liabilities	22,796	17,852
Accrued salaries	49,010	53,579
Accrued compensated absences	40,773	43,206
<b>Total Current Liabilities</b>	<b>144,659</b>	<b>145,045</b>
<b>NET ASSETS</b>		
Without donor restrictions - undesignated	2,326,833	1,606,998
Without donor restrictions - designated	448,198	323,834
Total without donor restrictions	2,775,031	1,930,832
With donor restrictions	894,492	686,141
<b>Total Net Assets</b>	<b>3,669,523</b>	<b>2,616,973</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,814,182</b>	<b>\$ 2,762,018</b>

See accompanying notes to financial statements and independent auditors report

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA  
COMBINED STATEMENT OF ACTIVITIES  
Year Ended March 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
GMI National subsidy grant	\$ 304,417	\$ -	\$ 304,417
National grants and distributions	1,570,316	-	1,570,316
Attorney fees	35,458	-	35,458
Contributions	455,641	551,045	1,006,686
Unrealized gain on investments, net	128,235	-	128,235
Dividends and interest	23,084	-	23,084
Miscellaneous	609	-	609
Net assets released from restriction	342,694	(342,694)	-
<b>Total Support and Revenue</b>	<u>2,860,454</u>	<u>208,351</u>	<u>3,068,805</u>
<b>EXPENSES</b>			
Legal program	291,780	-	291,780
Communications/public education	188,175	-	188,175
Advocacy	1,000,025	-	1,000,025
Total program	1,479,980	-	1,479,980
Administrative and general	267,325	-	267,325
Fundraising	268,950	-	268,950
<b>Total Expenses</b>	<u>2,016,255</u>	<u>-</u>	<u>2,016,255</u>
<b>Change in Net Assets</b>	844,199	208,351	1,052,550
<b>Net Assets at Beginning of Year</b>	<u>1,930,832</u>	<u>686,141</u>	<u>2,616,973</u>
<b>Net Assets at End of Year</b>	<u>\$ 2,775,031</u>	<u>\$ 894,492</u>	<u>\$ 3,669,523</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, 2020 (Restated)

	<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	358,382	-	358,382
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	454,784	(454,784)	-
<b>Total Support and Revenue</b>	<u>1,719,087</u>	<u>(295,075)</u>	<u>1,424,012</u>
<b>EXPENSES</b>			
Legal program	365,232	-	365,232
Communications/public education	221,630	-	221,630
Advocacy	323,741	-	323,741
Total program	<u>910,603</u>	-	<u>910,603</u>
Administrative and general	255,322	-	255,322
Fundraising	211,978	-	211,978
<b>Total Expenses</b>	<u>1,377,903</u>	<u>-</u>	<u>1,377,903</u>
<b>Change in Net Assets</b>	341,184	(295,075)	46,109
<b>Net Assets at Beginning of Year</b>	<u>1,589,648</u>	<u>981,216</u>	<u>2,570,864</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,930,832</u>	<u>\$ 686,141</u>	<u>\$ 2,616,973</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, 2021**

	Program Services			Supporting Services			Total
	Legal Program	Communications/ Public Education	Advocacy	Total Program Expense	Administrative & General	Fundraising	
<b>EXPENSES</b>							
Advertising	\$ -	\$ 3,594	\$ 245,004	\$ 248,598	\$ 55	\$ -	\$ 248,653
Contracted services	5,968	6,385	135,590	147,943	71,224	73,399	292,566
Depreciation	1,895	1,109	2,986	5,990	1,998	1,483	9,471
Dues and subscriptions	2,086	2,661	4,518	9,265	304	139	9,708
Equipment	4,921	390	1,329	6,640	919	988	8,547
Insurance	4,325	124	333	4,782	223	165	5,170
Miscellaneous	1	-	11	12	1,376	1,376	2,764
Occupancy	10,107	5,918	17,880	33,905	10,656	7,910	52,471
Personnel	253,717	158,145	315,623	727,485	173,521	177,024	1,078,030
Postage	658	2,298	118,934	121,890	525	592	123,007
Printing	143	2,909	142,916	145,968	68	72	146,108
Conferences, meetings, & staff development	1,496	750	2,616	4,862	799	410	6,071
Supplies	344	257	417	1,018	228	463	1,709
Telecommunications	5,936	3,635	9,865	19,436	5,045	4,929	29,410
Travel	183	-	770	953	384	-	1,337
Bad debts	-	-	1,233	1,233	-	-	1,233
<b>TOTAL EXPENSES</b>	<b>\$ 291,780</b>	<b>\$ 188,175</b>	<b>\$ 1,000,025</b>	<b>\$ 1,479,980</b>	<b>\$ 267,325</b>	<b>\$ 268,950</b>	<b>\$ 2,016,255</b>

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**

	<b>Program Services</b>			<b>Supporting Services</b>			<b>Total</b>
	<b>Legal Program</b>	<b>Communications/ Public Education</b>	<b>Advocacy</b>	<b>Total Program Expense</b>	<b>Administrative &amp; General</b>	<b>Fundraising</b>	
<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
Conferences, meetings, & staff 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>	<b>\$ 365,232</b>	<b>\$ 221,630</b>	<b>\$ 323,741</b>	<b>\$ 910,603</b>	<b>\$ 255,322</b>	<b>\$ 211,978</b>	<b>\$ 1,377,903</b>

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, 2021 and 2020 (Restated)**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,052,550	\$ 46,109
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	9,471	9,063
Noncash contribution of investments	(70,700)	(132,596)
Unrealized/realized gain (loss) on investments, net	(101,209)	59,265
Change in discount on pledges receivable	(13,833)	31,049
Change in current assets and liabilities:		
Accounts receivable	13,731	100,643
Rent receivable	500	-
Due from ACLU National	(568,669)	55,264
Pledges receivable	(261,194)	13,116
Grants receivable	54,000	32,500
Prepaid expenses	(103)	2,935
Accounts payable	1,672	(14,505)
Accrued payroll liabilities	4,944	(7,169)
Accrued salaries	(4,569)	17,180
Accrued compensated absences	(2,433)	1,552
<b>Net Cash Flows From Operating Activities</b>	<b>114,158</b>	<b>214,406</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	70,459	82,094
Purchase of investments	(99,626)	(272,897)
Purchase of property and equipment	(2,031)	(7,052)
<b>Net Cash Flows From Investing Activities</b>	<b>(31,198)</b>	<b>(197,855)</b>
 <b>Net Change in Cash and Cash Equivalents</b>	<b>82,960</b>	<b>16,551</b>
 <b>Cash and Cash Equivalents at Beginning of Year</b>	<b>289,601</b>	<b>273,050</b>
 <b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 372,561</b>	<b>\$ 289,601</b>
 <b>Supplementary Cash Flow Information</b>		
Cash paid for interest included in operating activities	\$ 112	\$ -

See accompanying notes to financial statements and independent auditors report

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**March 31, 2021 and 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, 2021 and 2020, the balance of net assets without donor restrictions was \$2,775,031 and \$1,930,832, 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, 2021 and 2020, there were no net assets subject to perpetual restriction. Total net assets with donor restrictions at March 31, 2021 and 2020 were \$894,492 and \$686,141, 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.

**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 COMBINED FINANCIAL STATEMENTS**  
**March 31, 2021 and 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 insured by the FDIC up to \$250,000. At times, deposits with financial institutions may exceed FDIC insured limits.

**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, 2021 and 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 years ended March 31, 2021 and 2020 was \$9,471 and \$9,063, 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.

**Advertising**

Advertising is expensed as it is incurred. Advertising expense for the years ended March 31, 2021 and 2020 was \$248,653 and \$2,830, 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.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**March 31, 2021 and 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 and hours 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) 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, 2021, the Organization discovered an error made in the prior period. As a result of the error, due from national and net assets were overstated by \$17,100 at March 31, 2020. Due from national and net assets have been adjusted as of April 1, 2019 to correct this error.

The error is a result of a contribution designated for the Organization but went to ACLU National instead due to a processing error. Since this contribution was for the Organization but funds had not yet been received from ACLU National, ACLU of Montana recorded this contribution appropriately as revenue and a receivable. However, the Organization later received the funds from ACLU National through the reconciliation process and were not notified this contribution was included.

**Note 2 - Liquidity and Availability**

Management has identified the following assets as of March 31, 2021 and 2020 as available for general operations in the next fiscal year:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 260,932	\$ 181,296
Investments	1,857,698	1,656,622
Pledges & grants receivable, gross	315,196	173,421
Other receivables, gross	<u>728,611</u>	<u>173,673</u>
Total	<u>\$ 3,162,437</u>	<u>\$ 2,185,012</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 of \$6,366 and \$7,174 at March 31, 2021 and 2020, 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.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**March 31, 2021 and 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 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 \$448,198 and \$323,834 as of March 31, 2021 and 2020, respectively.

**Note 3 - Pledges Receivable**

The discount rate used on pledges receivable with due dates extending beyond one year was between 0.52% and 2.60% at March 31, 2021 and 1.69% and 2.86% at March 31, 2020. Pledges receivable consist of the following at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
With purpose restrictions	\$ -	\$ 6,400
With time restrictions	791,779	524,185
Total	<u>\$ 791,779</u>	<u>\$ 530,585</u>
Due in:		
One year or less	\$ 315,196	\$ 184,608
One to five years	476,583	345,977
	<u>791,779</u>	<u>530,585</u>
Less: discounted for present value	(8,916)	(22,749)
	782,863	507,836
Less: current portion	(315,196)	(184,608)
Pledges receivable, long-term	<u>\$ 467,667</u>	<u>\$ 323,228</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.

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**March 31, 2021 and 2020**

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

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.

As of March 31, 2021, 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:	\$ 90,222	\$ 90,222	\$ 90,222
Brokered certificates of deposit:	64,984	64,984	64,003
Mutual funds:			
Large blend	57,532	57,532	42,937
Large growth	76,815	76,815	41,524
Large value	94,258	94,258	63,954
Medium value	111,973	111,973	101,045
Mid-cap growth	20,051	20,051	10,252
Short term bond	80,837	80,837	78,224
Ultrashort bond	<u>1,261,026</u>	<u>1,261,026</u>	<u>1,260,654</u>
Total investments	<u>\$ 1,857,698</u>	<u>\$ 1,857,698</u>	<u>\$ 1,752,815</u>

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**March 31, 2021 and 2020**

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

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	440,009
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>\$ 1,675,255</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.

The Fund activity is summarized as follows during the years ended March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Principal balance, beginning of year	\$ 33,370	\$ 22,542
Contributions	-	15,415
Realized gain (loss), net	(134)	(3,569)
Unrealized gain (loss), net	11,564	-
Interest and dividends	532	349
Distribution of income	(1,265)	(1,032)
Fees	(487)	(335)
Principal balance, end of year	<u>\$ 43,580</u>	<u>\$ 33,370</u>

Distributions represent income to ACLU of Montana. Distribution income was \$1,265 and \$1,032 for the years ended March 31, 2021 and 2020, respectively.



**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**March 31, 2021 and 2020**

**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 \$11,862 and \$10,392 for the years ended March 31, 2021 and 2020, respectively. The National organization maintains the pension funding and pension obligations, thus no additional disclosures are made by ACLU of Montana.

**Note 7 - Operating Leases**

ACLU of Montana rented office space in Helena, Montana through March 31, 2020. The monthly lease amount for January 1, 2017 through December 31, 2019 was \$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 zero and \$12,205 for the years ended March 31, 2021 and 2020, respectively.

ACLU of Montana rents office space in Missoula, Montana. 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 \$47,493 and \$46,110 for the years ended March 31, 2021 and 2020, respectively.

ACLU of Montana rented an apartment in Wolf Point, Montana through August 2021. The operating lease is \$500 per month paid on a month-to-month basis. Total rent paid was \$1,855 and \$6,000 for years ended March 31, 2021 and 2020, respectively.

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

2022	\$ 28,182
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**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**March 31, 2021 and 2020**

**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 \$285,000 and \$257,000 for the years ended March 31, 2021 and 2020, respectively. ACLU of Montana Union received GMI payments of \$19,417 and \$47,398 for the years ended March 31, 2021 and 2020, respectively.

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 \$175,000 and \$171,000 for the years ended March 31, 2021 and 2020, respectively.

An additional distribution was received from National ACLU in the amount of \$712,563 and \$268,109 during the years ended March 31, 2021 and 2020, respectively. ACLU of Montana made an additional payment to National ACLU in the amount of \$276,377 and \$97,298 for ACLU of Montana's share of appropriation in the years ended March 31, 2021 and 2020, respectively.

**Note 9 - Net Assets**

Net assets without donor restrictions - designated of \$448,198 and \$323,834 are restricted by the board of directors as an operating reserve as of March 31, 2021 and 2020, respectively.

Net assets with donor restrictions consist of the following as of March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Communications director	\$ -	\$ 32,755
Indigenous justice	2,000	2,000
Education equity	-	67,982
Staff attorney	45,565	-
Voting rights & education	51,765	-
Criminal legal reform	11,587	-
Miscellaneous program support	712	5,568
Time restriction	<u>782,863</u>	<u>577,836</u>
Total	<u>\$ 894,492</u>	<u>\$ 686,141</u>

**Note 10 - Subsequent Events**

Management has evaluated subsequent events through December 3, 2021, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA  
COMBINING STATEMENT OF FINANCIAL POSITION  
March 31, 2021**

	<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	\$ 107,473	\$ 265,088	\$ -	\$ 372,561
Accounts receivable	-	500	-	500
Rent receivable	-	3,795	-	3,795
Due from ACLU National	14,987	713,124	-	728,111
Due from ACLU of Montana Union	-	97,357	(97,357)	-
Pledges receivable, current portion	40,000	275,196	-	315,196
Grants receivable	16,000	-	-	16,000
Prepaid expenses	-	12,423	-	12,423
<b>Total Current Assets</b>	<b>178,460</b>	<b>1,367,483</b>	<b>(97,357)</b>	<b>1,448,586</b>
<b>INVESTMENTS</b>	<b>50,876</b>	<b>1,806,822</b>	<b>-</b>	<b>1,857,698</b>
<b>PLEDGES RECEIVABLE</b> , net of discount and current portion	<b>-</b>	<b>467,667</b>	<b>-</b>	<b>467,667</b>
<b>PROPERTY AND EQUIPMENT</b> , at cost				
Office furniture and equipment	-	154,080	-	154,080
Software	-	3,000	-	3,000
Less accumulated depreciation	-	(116,849)	-	(116,849)
<b>Total Property and Equipment</b>	<b>-</b>	<b>40,231</b>	<b>-</b>	<b>40,231</b>
<b>TOTAL ASSETS</b>	<b>\$ 229,336</b>	<b>\$ 3,682,203</b>	<b>\$ (97,357)</b>	<b>\$ 3,814,182</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ -	\$ 32,080	\$ -	\$ 32,080
Due to ACLU of Montana Foundation	97,357	-	(97,357)	-
Accrued payroll liabilities	-	22,796	-	22,796
Accrued salaries	10,892	38,118	-	49,010
Accrued compensated absences	-	40,773	-	40,773
<b>Total Current Liabilities</b>	<b>108,249</b>	<b>133,767</b>	<b>(97,357)</b>	<b>144,659</b>
<b>TOTAL LIABILITIES</b>	<b>108,249</b>	<b>133,767</b>	<b>(97,357)</b>	<b>144,659</b>
<b>NET ASSETS</b>				
Without donor restrictions - undesignated	57,567	2,269,266	-	2,326,833
Without donor restrictions - designated	-	448,198	-	448,198
Total without donor restrictions	57,567	2,717,464	-	2,775,031
With donor restrictions	63,520	830,972	-	894,492
<b>TOTAL NET ASSETS</b>	<b>121,087</b>	<b>3,548,436</b>	<b>-</b>	<b>3,669,523</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 229,336</b>	<b>\$ 3,682,203</b>	<b>\$ (97,357)</b>	<b>\$ 3,814,182</b>

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

	<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
Accounts receivable	-	14,231	-	14,231
Rent receivable	-	4,295	-	4,295
Due from ACLU National	40,480	118,962	-	159,442
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>588,899</u>	<u>(6,974)</u>	<u>734,497</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>\$ 2,566,830</u>	<u>\$ (6,974)</u>	<u>\$ 2,762,018</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ -	\$ 30,408	\$ -	\$ 30,408
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>145,045</u>	<u>(6,974)</u>	<u>145,045</u>
<b>TOTAL LIABILITIES</b>	<u>6,974</u>	<u>145,045</u>	<u>(6,974)</u>	<u>145,045</u>
<b>NET ASSETS</b>				
Without donor restrictions - undesignated	125,188	1,481,810	-	1,606,998
Without donor restrictions - designated	-	323,834	-	323,834
Total without donor restrictions	125,188	1,805,644	-	1,930,832
With donor restrictions	70,000	616,141	-	686,141
<b>TOTAL NET ASSETS</b>	<u>195,188</u>	<u>2,421,785</u>	<u>-</u>	<u>2,616,973</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 202,162</u>	<u>\$ 2,566,830</u>	<u>\$ (6,974)</u>	<u>\$ 2,762,018</u>

**AMERICAN CIVIL LIBERTIES UNION OF MONTANA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2021**

	<b>ACLU of Montana Union</b>	<b>ACLU of Montana Foundation</b>	<b>Eliminating Entries</b>	<b>Combined</b>
<b>SUPPORT AND REVENUE</b>				
GMI National subsidy grant	\$ 19,417	\$ 285,000	\$ -	\$ 304,417
National grants and distributions	544,737	1,025,579	-	1,570,316
Attorney fees	-	35,458	-	35,458
Contributions	70,065	1,620,495	(683,874)	1,006,686
Unrealized gain (loss) on investments, net	908	127,327	-	128,235
Dividends and interest	379	22,705	-	23,084
Miscellaneous	-	22,718	(22,109)	609
<b>Total Support and Revenue</b>	<b>635,506</b>	<b>3,139,282</b>	<b>(705,983)</b>	<b>3,068,805</b>
<b>EXPENSES</b>				
Advertising	195,992	248,653	(195,992)	248,653
Contracted services	116,769	290,966	(115,169)	292,566
Depreciation	1,348	9,471	(1,348)	9,471
Dues and subscriptions	2,470	7,708	(470)	9,708
Equipment	1,258	8,561	(1,258)	8,561
Insurance	166	5,169	(166)	5,169
Miscellaneous	21	2,755	(21)	2,755
Occupancy	8,100	52,471	(8,100)	52,471
Personnel	153,817	1,078,030	(153,817)	1,078,030
Postage	108,656	123,007	(108,656)	123,007
Printing	113,929	146,108	(113,929)	146,108
Conferences, meetings, & staff development	1,215	6,070	(1,215)	6,070
Supplies	311	1,684	(287)	1,708
Telecommunications	5,412	29,410	(5,412)	29,410
Travel	143	1,335	(143)	1,335
Bad debts	-	1,233	-	1,233
<b>Total Expenses</b>	<b>709,607</b>	<b>2,012,631</b>	<b>(705,983)</b>	<b>2,016,255</b>
<b>Change in Net Assets</b>	(74,101)	1,126,651	-	1,052,550
<b>Net Assets at Beginning of Year</b>	<b>195,188</b>	<b>2,421,785</b>	<b>-</b>	<b>2,616,973</b>
<b>Net Assets at End of Year</b>	<b>\$ 121,087</b>	<b>\$ 3,548,436</b>	<b>\$ -</b>	<b>\$ 3,669,523</b>

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

	<b>ACLU of Montana Union</b>	<b>ACLU of Montana Foundation</b>	<b>Eliminating Entries</b>	<b>Combined</b>
<b>SUPPORT AND REVENUE</b>				
GMI National subsidy grant	\$ 47,398	\$ 257,000	\$ -	\$ 304,398
National grants and distributions	106,897	251,485	-	358,382
Attorney fees	-	26,844	-	26,844
Contributions	-	777,536	(39,090)	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>	<b>153,841</b>	<b>1,309,261</b>	<b>(39,090)</b>	<b>1,424,012</b>
<b>EXPENSES</b>				
Advertising	140	2,829	(139)	2,830
Contracted services	6,289	125,141	(6,289)	125,141
Depreciation	328	9,063	(328)	9,063
Dues and subscriptions	341	6,429	(321)	6,449
Equipment	1,955	10,040	(848)	11,147
Insurance	313	6,254	(313)	6,254
Miscellaneous	229	4,563	(229)	4,563
Occupancy	3,388	67,838	(3,388)	67,838
Personnel	23,083	1,017,384	(20,905)	1,019,562
Postage	214	4,081	(214)	4,081
Printing	580	10,553	(536)	10,597
Conferences, meetings, & staff development	1,339	26,140	(1,303)	26,176
Supplies	186	3,270	(166)	3,290
Telecommunications	1,496	28,929	(1,446)	28,979
Travel	2,919	51,679	(2,665)	51,933
<b>Total Expenses</b>	<b>42,800</b>	<b>1,374,193</b>	<b>(39,090)</b>	<b>1,377,903</b>
<b>Change in Net Assets</b>	111,041	(64,932)	-	46,109
<b>Net Assets at Beginning of Year</b>	<b>84,147</b>	<b>2,486,717</b>	<b>-</b>	<b>2,570,864</b>
<b>Net Assets at End of Year</b>	<b>\$ 195,188</b>	<b>\$ 2,421,785</b>	<b>\$ -</b>	<b>\$ 2,616,973</b>