BIRMINGHAM CIVIL RIGHTS INSTITUTE

FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2023

BIRMINGHAM CIVIL RIGHTS INSTITUTE

BIRMINGHAM, ALABAMA

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Birmingham Civil Rights Institute
Birmingham, Alabama

Opinion

We have audited the accompanying financial statements of the Birmingham Civil Rights Institute (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 financial statements.

The Board of Directors
Birmingham Civil Rights Institute

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit 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 **Birmingham Civil Rights Institute, ("the Institute)'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Birmingham Civil Rights Institute, ("the Institute)'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Institute's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2025, on our consideration of **Birmingham Civil Rights Institute, ("the Institute)'s** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Birmingham Civil Rights Institute, ("the Institute)**'s internal control over financial reporting and compliance.

Sheppard-Harris & Associates

Sheppard-Harris & Associates
Birmingham, Alabama
November 14, 2025

BIRMINGHAM CIVIL RIGHTS INSTITUTE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
With Comparative Accounts for June 30, 2023

ASSETS	2024	2023
Current		
Cash and cash equivalents	$ 1,176,964	$ 396,320
Investments	15,617	15,766
Grants receivable, net	176,660	176,660
Other receivables	13,424	20,744
Inventories	10,937	27,768
Prepaid expenses	1,344	1,584
Total Current Assets	1,394,946	638,842
Property, Plant & Equipment		
Property and equipment, net	344,072	292,494
Total Property, Plant & Equipment	344,072	292,494
Other Assets		
Right of Use Leased Assets	59,679	85,416
Total Assets	$ 1,798,697	$ 1,016,752
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 142,975	$ 154,180
Accrued payroll and related liabilities	63,347	40,843
Capital lease obligation payable	27,442	26,375
Line of credit obligation	200,021	200,021
Total Current Liabilities	433,785	421,419
Long Term Liabilities		
Capital lease obligation payable, less current portion	32,237	59,041
Total Liabilities	466,021	480,460
Net Assets		
Without donor restrictions	338,535	271,656
With donor restrictions	994,140	264,636
Total Net Assets	1,332,675	536,292
Total Liabilities and Net Assets	$ 1,798,697	$ 1,016,752

BIRMINGHAM CIVIL RIGHTS INSTITUTE
STATEMENT OF ACTIVITIES
JUNE 30, 2024
With Comparative Accounts for June 30, 2023

OPERATING ACTIVITIES	Without Donor Restrictions	With Donor Restrictions	2024 Totals	2023 Totals
Revenues , Support and Gains:				
General contributions and corporate grants	$ 663,064	$ 150,000	$ 813,064	$ 360,710
Government appropriations	1,000,000	1,002,000	2,002,000	1,133,265
Federal Grants	301,130	-	301,130	71,921
Admission and facility use fees	659,429	-	659,429	649,159
Membership dues	3,188	-	3,188	6,469
Sales of merchandise	37,891	-	37,891	116,354
Special Event	137,940	-	137,940	413,621
Other revenue	6,746	-	6,746	132,068
Income on investments	21,981	-	21,981	30
Donated facilities	667,000	-	-	667,000
Total Revenues and Support	3,498,370	1,152,000	4,650,370	3,550,597
Net Assets Released From Restrictions	422,496	(422,496)	-	-
Total revenues, gains, and reclassifications	3,920,866	729,504	4,650,370	3,550,597
PROGRAM ACTIVITIES				
Program Services:				
Exhibits	468,570	-	468,570	404,293
Auxiliary services	515,577	-	515,577	585,763
Education	473,225	-	473,225	566,422
Fundraising and special events	283,144	-	283,144	337,544
Institutional programs	111,461	-	111,461	108,230
Total Program Expenses	1,851,977	-	1,851,977	2,002,252
Supporting Services:				
Management and general	1,109,038	-	1,109,038	768,379
Finance	-	-	-	349,301
Security	140,637	-	-	137,856
Depreciation and amortization	85,334	-	85,334	83,818
Donated facilities	667,000	-	667,000	667,000
Total Suporting Services	2,002,009	-	2,002,009	2,006,354
Total Expenses	3,853,988	-	3,853,988	4,008,606
Change in Net Assets	66,879	729,504	796,383	(458,009)
Net Assets, Beginning of Year	271,656	264,636	536,292	994,301
Net Assets, End of Year	$ 338,535	$ 994,140	$ 1,332,675	$ 536,292

BIRMINGHAM CIVIL RIGHTS INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
With Comparative Amounts for June 30, 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in Net Assets	$ 796,383	$ (458,009)
Adjustment to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:		
Depreciation and amortization	85,334	83,818
Net realized and unrealized gains/losses on investments	149	148
Change in grants receivable	-	20,499
Change in other receivables	7,320	(10,328)
Changes in inventories	16,831	(408)
Change in prepaid expenses	240	(883)
Change in accounts payable	(11,205)	(150,582)
Change in accrued payroll and related liabilities	22,504	2,868
Total adjustments	121,173	(54,868)
Net Cash Provided (Used) By Operating Activities	917,555	(512,877)
Cash Flows From Investing Activities:		
Purchases of fixed assets	(136,911)	(171,865)
Net Cash Used By Investing Activities	(136,911)	(171,865)
Cash Flows From Financing Activities:		
	-	-
Net Cash Used By Financing Activities	-	-
Net Increase (Decrease) in Cash	-	(684,742)
Cash and cash equivalents, beginning of the year	396,320	1,081,062
Cash and cash equivalents, end of the year	$ 1,176,964	$ 396,320
Supplemental Cash Flow Information		
Cash paid for interest expense	$ 30,729	$ 18,383

BIRMINGHAM CIVIL RIGHTS INSTITUTE
STATEMENT OF FUNCTIONAL EXPENDITURES
JUNE 30, 2024
With Comparative Accounts for June 30, 2023

	Exhibits	Auxillary Service	Educational Programs	Institutional Programs	Management & General	Fundraising	2024 Totals	2023 Total
Salaries	$ -	285,159	131,612	87,741	570,319	21,935	$ 1,096,766	$ 961,582
Payroll taxes	-	24,322	11,711	7,207	45,941	901	90,082	70,549
Employee benefits	-	37,505	12,933	3,880	68,543	6,466	129,327	97,579
Office expenses	7,338	22,930	5,045	1,834	7,796	917	45,860	109,172
Office equipment	-	4,928	21,870	-	4,004	-	30,802	2,124
Donated facility	-	-	-	-	667,000	-	667,000	667,000
Legal and accounting	-	-	-	-	17,604	-	17,604	32,039
Outside services	-	-	-	-	33,894	-	33,894	3,026
Contract labor	-	77,349	183,481	684	69,982	36,833	368,329	525,435
Other services	7,291	32,809	94,782	-	164,046	65,618	364,546	455,568
Postage and shipping	-	-	-	-	2,956	292	3,248	2,241
Insurance	29,621	-	4,937	-	14,810	-	49,368	53,517
Dues and subscriptions	-	-	353	6,890	1,414	177	8,834	7,856
Training and meetings	-	-	-	-	-	-	-	900
Professional development	-	74	2,513	333	590	185	3,695	9,576
Travel expense	-	301	3,908	16	25,237	601	30,063	101,252
Receptions	-	-	-	402	-	39,830	40,232	96,688
Hospitality	-	-	-	-	-	2,681	2,681	34,123
Utilities	178,057	-	-	-	-	-	178,057	159,452
Telecommunications	45,192	-	-	-	-	-	45,192	38,262
Information technology	84,533	-	-	-	-	-	84,533	66,996
Security	-	-	-	-	140,637	-	140,637	137,856
Exhibit expense	31,695	-	-	-	-	-	31,695	17,127
Depreciation	-	-	-	-	85,334	-	85,334	83,818
Repair and maintenance	84,654	-	-	-	2,618	-	87,272	62,904
Advertising and marketing	-	-	-	1,256	42,710	81,652	125,618	50,858
Printing and publications	-	-	-	-	-	24,758	24,758	28,112
Unrelated business tax expense	-	-	-	-	4,979	-	4,979	3,486
Interest expense	-	-	-	-	30,729	-	30,729	18,383
Equipment rental	189	54	81	1,218	866	298	2,706	28,978
Outside rental space	-	25,362	-	-	-	-	25,362	10,839
Gift Store	-	4,784	-	-	-	-	4,784	71,308
Total Expenses	$ 468,570	515,577	473,225	111,461	2,002,009	283,144	$ 3,853,988	$ 4,008,606

BIRMINGHAM CIVIL RIGHTS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - **NATURE OF OPERATIONS**

The financial statements of the **Birmingham Civil Rights Institute ("the Institute")** have been prepared on the accrual basis of accounting. The significant accounting policies described below are presented to enhance the usefulness of the financial statements to the reader.

Organization

The Institute is a non-profit organization. The Institute began operations in November 1992. It was established to promote an understanding of the significance of events and developments in Birmingham, Alabama of the national struggle to gain civil rights for minority citizens and to achieve racial minority participation in the democratic process and the free enterprise system.

New Accounting Pronouncements

The Institute adopted Financial Accounting Standard Board ("FASB") Accounting Standards Update ("ASU") 2016-02 (as amended), Leases (Topic 842) on January 1, 2022. Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for virtually all leases. The Organization elected and applied the following transition practical expedients when initially adopting Topic 842:

- To apply the provisions of Topic 842 at the adoption date, instead of applying them to the earliest comparative period presented in the financial statements.
- The package of practical expedients permitting the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The Institute includes its right-of-use asset for operating and finance leases within property, plant and equipment and the corresponding lease liabilities within lease liabilities in its statement of financial position. See Note 9 regarding the Institute's right-of-use assets and lease liabilities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Institute considers all highly liquid investments with an initial maturity of three (3) months or less to be cash equivalents.

Contributions Receivable

Contributions receivable and related revenues are recognized when the donor makes a promise to give to the Institute, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

NOTE 1 - **NATURE OF OPERATIONS (Continued)**

Revenue Recognition

Government appropriations and grant support are recognized when received and reported as donor restricted if they are received with donor stipulations. Admissions fees and facility-use fees are recognized when earned. Also, revenues from gross sales and receipts of gift store merchandise are recognized when earned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

The Institute follows the policy of charging the costs of advertising to expense as incurred.

Inventories

Inventory includes merchandise for sale in the Institute's gift store and is valued on the first-in/first-out method (FIFO) and is reflected at the lower of cost or market. At June 30, 2024, inventory was valued at $10,937.

Fixed Assets

Furniture and fixtures and exhibits are recorded at cost or at fair market value at the date of gift, if donated. The Institute records depreciation on fixed assets using the straight-line method. Exhibits are considered exhaustible. Fixed assets, including exhibits, are depreciated over seven (7) years. Video, electronic equipment and computers are depreciated over five (5) years. The Institute capitalizes all fixed assets in excess of $500.

Compensated Absences

Effective January 1, 2020, in lieu of designated vacation and sick leave, non-volunteer full-time employees of the Birmingham Civil Rights Institute are entitled to Current Paid Leave (CPL). Based on the length of service, the time may range from 3 days to a maximum of 25 days annually. Employees cannot carry over these days from year to year and no payment will be provided for any unused leave upon separation from employment at the Institute. Previously accrued time would have to be used or forfeited by the end of the 2020 calendar year.

BIRMINGHAM CIVIL RIGHTS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS (Continued)

Fair Values of Financial Instruments

The Institute uses the following methods and assumptions in estimating the fair values of financial instruments:

Cash and Cash Equivalents and Short-term Promises to Give

The carrying amounts for cash and cash equivalents approximate fair values. The carrying amounts for unconditional pledges are based on the present value of their net realizable value, using risk-free interest rates applicable to the years which the promises are received to discount the amounts, which approximates the fair value.

Long-Term Unconditional Promises to Give

The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using the rate of return on the Institute's investments.

Investments

The Institute reports investments in equity securities with readily determinable market values and all investments in debt securities at fair value with gains and losses reported in the statement of activities.

Liabilities

The carrying amounts of accounts payable, accrued expenses, and long-term debt approximate fair value of those instruments.

Income Taxes

The Institute has been granted tax exempt organization status by the Internal Revenue Service under Code Section 501(c)(3). Accordingly, all exempt function income received by the Institute is not subject to income tax.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions and recognize a tax liability (or asset) if the entity has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

Management has analyzed the tax positions taken by the Institute, and has concluded that as of June 30, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Institute is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2020.

NOTE 1 - **NATURE OF OPERATIONS (Continued)**

Leases

The Institute leases equipment and building space used in its operations under various operating leases. All new contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease. At lease commencement, the Institute recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. The Institute has elected and applies the practical expedient to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The Institute re-measures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

The Institute determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or re-measuring lease liabilities. As the rate implicit in the lease and the Institute's incremental borrowing rate (an estimate of the interest rate it would pay on a collateralized borrowing, for an amount equal to the amount and currency of denomination of the lease payments, over a period commensurate with the lease term and in a similar economic environment) are not readily determinable, the Institute uses the risk-free rate as its discount rate. ASU 2021-09 allows nonpublic entity lessees to use a risk-free discount rate for leases, determined using a period comparable with that of the lease term, as an accounting policy election made by the class of underlying asset. The Institute applies the risk-free rate for leases on buildings and leases on equipment.

For accounting purposes, the Institute's leases commence on the earlier of (i) the date upon which the Institute obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Institute's leases coincides with the contractual effective date.

The Institute's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Institute and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the Institute determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised. When applicable, the Institute includes variable rental payments based on a rate or an index such as the Consumer Price Index ("CPI") in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred. Rental payments on the Institute's leases typically provide for fixed minimum payments over the

NOTE 1 - NATURE OF OPERATIONS (Continued)

Leases (Continued)

lease term. The measurement of these lease payments are based on the rate in effect at lease commencement, and are therefore included in the measurement of the lease liabilities. Equipment leases have lease terms that generally range from less than one year to five years. Rental payments on these leases typically provide for fixed minimum payments and are included in the measurement of lease liabilities.

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. The Institute has elected to not recognize a lease liability and right-of-use asset for short-term leases.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Institute has cash on deposit in three financial institutions. The cash is insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2024, the Institute had cash balances totaling $1,176,964. One of the three accounts had a balance over $250,000. In the opinion of the management of the Institute, the risk of loss on the uninsured cash balance is remote.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give from various corporate and individual donors. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years which the promises are received to discount the amounts. There were no uncollected contributions receivable as of June 30, 2024.

NOTE 4 - GRANTS RECEIVABLE

Grants receivable reflect awards made by various local and national organizations for projects relating to the mission of the Institute. Restrictions apply to some awarded grants. At June 30, 2024, grants receivable, net of allowances, were $176,660. The allowance amount was $0 as the entire balance is determined to be collectible.

NOTE 5 - INVESTMENTS

The Institute's investments consist of money market funds. Investments are presented at market value.

	June 30, 2024		
	Market Value	Cost	Unrealized Gains(Losses)
Money Market	$ 15,617	15,617	$ -
Total	$ 15,617	15,617	$ -

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, Fair Value Measurements and Disclosures, requires disclosures about the fair value for all financial instruments, whether or not recognized, for financial statement purposes. Disclosures about fair value of financial instruments are based on 2024 pertinent information available to management as of June 30, 2024. Accordingly, the estimates presented in these statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments.

Management has estimated the fair values of cash, interest receivable and accounts payable borrowings to be approximately their respective carrying values reported on these statements because of their short maturities.

The objective of FASB ASC 820 was to define and establish a framework for measuring fair value of financial instruments. In an effort to increase comparability in fair value measurements and related disclosures, FASB ASC 820 establishes a fair value hierarchy which gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the significant other observable inputs (Level 2) and the lowest priority is given to significant unobservable inputs (Level 3). The fair value of the Institute's investments is measured as follows at June 30, 2024:

	June 30,2024	Level 1	Level 2	Level 3
Money Market	$ 15,617	$ 15,617	$ -	$ -
Total	$ 15,617	$ 15,617	$ -	$ -

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2024

		June 30, 2024
Office furniture and fixtures	$	238,401
Exhibits and Collections		5,969,452
Equipment		1,333,282
Automobiles		24,639
Building Improvements		1,823,594
Equipment - 02		58,090
		9,447,458
Less Accumulated Depreciation		(9,103,386)
Net	$	344,072

NOTE 8 - LINE OF CREDIT

In fiscal year 2021, the Institute borrowed $200,000 from their Regions bank revolving line of credit. The interest rate equated to principal plus 2.15%. At June 30, 2024, the balance outstanding for the line of credit was $200,021.

NOTE 9 - LEASES

The Institute has several operating leases covering equipment which expired May 2023. Two new leases/renewals were contracted March 2023 and December 2022. The total lease expense was $24,646 for the year ended June 30, 2024.

NOTE 9 - LEASES (Continued)

The aggregate minimum rental commitments, which are due in fiscal year 2024, total $29,053.

Operating Lease Liabilities, Payments

2025	$	27,443
2026		16,957
2027		9,058
2028 and thereafter		6,222
	$	59,680

Reconciliation of Operating Lease Liabilities, Payments to Lease Liabilities

Total Operating Lease Liabilities	$	62,540
Less: Present Value Adjustments		(2,860)
Operating Lease Liabilities	$	59,680

Weighted-average remaining lease term and weighted-average risk-free rate for the Institute's operating leases as of June 30, 2023:

Year Ended June 30, 2023	
Weighted Average Remaining Term (Months)	32
Weighted Average Remaining Term (Years)	3
Weighted Average Annual Discount Rate	6.09%

NOTE 10 - SIGNIFICANT SOURCES OF REVENUE

The Institute's significant sources of revenue are from state and local government appropriations and grants for various projects. The state and local government appropriations and grants represent more than 44% of total revenues for 2024.

NOTE 11 - DONATED FACILITIES

The Institute leases the building which it occupies from the City of Birmingham. The lease agreement requires the Institute to pay an annual rental fee of $200; however, the approximate fair value annual rent is estimated to be $667,000. This amount has been recognized in revenue as donated facilities.

NOTE 12 - PENSION PLAN

The Institute's employees participate in a defined contribution plan. The plan is available for all full-time employees after the completion of three (3) months of continuous service. The Institute matched employee contributions for the fiscal year at a maximum of 3%. Pension plan expense was $22,460 for the year ended June 30, 2024.

NOTE 13 - FUNDRAISING COSTS

The Institute had fundraising costs of $282,119 for the year ended June 30, 2024.

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets received during the fiscal year ended June 30 with donor restrictions were available for the following purposes:

	2024
Subject to Expenditures for Specified Purpose:	
Program Activities	$ 729,504
Total net assets with donor restrictions	$ 729,504

Releases from Donor Restricted Net Assets during the year ended were as follows:

	2024
Released from Expenditures for Specified Purpose:	
Program Activities	
Exhibits	$ 84,899
Auxiliary services	122,524
Education	118,299
Fundraising and special events	71,824
Institutional programs	24,950
Total net assets with donor restrictions	$ 422,496

NOTE 15- LIQUIDITY

The Institute's financial assets available within one year of the financial position date for general expenditure are as follows:

	2024
Cash and cash equivalent	$ 1,176,964
Investments	15,617
Grants receivable	176,660
Other receivables	13,424
Total	$ 1,382,665

The Institute maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Institute continuously reviews current obligations to ensure the adequacy of financial assets are available in the event of an unforeseen circumstance.

NOTE 16- DATE OF MANAGEMENT'S REVIEWS

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through November 14, 2025.

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SHEPPARD HARRIS
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Birmingham Civil Rights Institute ("the Institute)
Birmingham, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Birmingham Civil Rights Institute ("the Institute)** (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Birmingham Civil Rights Institute ("the Institute)'s** internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Birmingham Civil Rights Institute ("the Institute)'s** internal control. Accordingly, we do not express an opinion on the effectiveness of **Birmingham Civil Rights Institute ("the Institute)'s** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Birmingham Civil Rights Institute ("the Institute)'s** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sheppard-Harris & Associates

Sheppard-Harris & Associates, P.C.
Birmingham, Alabama
November 14, 2025