

**AMERICAN CIVIL LIBERTIES UNION OF  
MISSISSIPPI FOUNDATION, INC.**

**FINANCIAL AUDITS TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**American Civil Liberties Union  
of Mississippi Foundation, Inc.**  
Jackson, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **American Civil Liberties Union of Mississippi Foundation, Inc. (ACLUMF)** (a nonprofit organization), which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

**INDEPENDENT AUDITORS' REPORT**  
**CONTINUED**

To the Board of Directors of  
**American Civil Liberties Union**  
**of Mississippi Foundation, Inc.**  
Page 2

**Auditors' Responsibility, Continued**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to **ACLUMF's** preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **ACLUMF'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 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 financial statements referred to on the previous page present fairly, in all material respects, the financial position of **ACLUMF**, as of March 31, 2020 and 2019, 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.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP,**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Jackson, Mississippi

November 4, 2020



**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

<u>ASSETS</u>	<u>As of March 31,</u>	
	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and cash equivalents (NOTES 2, 3 AND 4):		
Operational	\$ 427,421	\$ 501,589
Restricted	<u>130,044</u>	<u>84,888</u>
Total cash and cash equivalents	<u>557,465</u>	<u>586,477</u>
Short term investments (NOTES 2, 3 AND 7)	319,445	356,680
Prepaid expenses	239	487
Due from affiliate - National	214,580	283,485
Assets held for sale	<u>4,520</u>	<u>4,520</u>
Total current assets	<u>1,096,249</u>	<u>1,231,649</u>
Furniture and Equipment (NOTES 2 AND 11):		
Office furniture	97,611	97,611
Office equipment	79,590	208,779
Less: accumulated depreciation	<u>(131,194)</u>	<u>(255,878)</u>
Total furniture and equipment, net	<u>46,007</u>	<u>50,512</u>
Total assets	<u>\$ 1,142,256</u>	<u>\$ 1,282,161</u>

The accompanying notes are an integral part of the financial statements.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION, CONTINUED**

**LIABILITIES AND NET ASSETS**

	As of March 31,	
	2020	2019
Current Liabilities:		
Current portion of capital lease obligation (NOTES 3 AND 8)	\$ 17,688	\$ 19,113
Payroll liabilities	10,974	34,530
Accrued expenses and other payables	64	2,346
Total current liabilities	28,726	55,989
Capital lease obligation, less current portion (NOTES 3 AND 8)	24,558	-
Total liabilities	53,284	55,989
Net Assets (NOTE 2):		
With donor restrictions	130,044	84,888
Without donor restrictions	958,928	1,141,284
Total net assets	1,088,972	1,226,172
Total liabilities and net assets	\$ 1,142,256	\$ 1,282,161

The accompanying notes are an integral part of the financial statements.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**

	For the Year Ended March 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT:</b>			
National support (NOTE 19)	\$ 731,926	\$ 100,000	\$ 831,926
Private foundations	44,700	-	44,700
Interest and dividend income	10,688	-	10,688
Individual donations	241,862	-	241,862
Events income	-	-	-
Other income	219,956	-	219,956
Contributed income	40,000	-	40,000
Unrealized loss on investments	(45,881)	-	(45,881)
Net assets released from restrictions:			
Satisfaction of purpose:			
National support	52,338	(52,338)	-
Private foundations	2,506	(2,506)	-
Total net assets released from restrictions	54,844	(54,844)	-
Total revenues and support	1,298,095	45,156	1,343,251
<b>EXPENSES:</b>			
Program services:			
Legal	494,149	-	494,149
Advocacy	294,627	-	294,627
Communication	95,519	-	95,519
Total program services	884,295	-	884,295
Supportive Services:			
General and administrative (NOTE 19)	468,201	-	468,201
Fundraising	127,955	-	127,955
Total supportive services	596,156	-	596,156
Total expenses	1,480,451	-	1,480,451
Change in net assets	(184,356)	45,156	(137,200)
Net assets, beginning of year	1,141,284	84,888	1,226,172
Net assets, end of year	\$ 958,928	\$ 130,044	\$ 1,088,972

The accompanying notes are an integral part of the financial statements.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES, CONTINUED**

	For the Year Ended March 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES AND SUPPORT:</u></b>			
National support	\$ 503,485	\$ 436,777	\$ 940,262
Private foundations	2,000	25,000	27,000
Interest and dividend income	10,605	-	10,605
Individual donations	9,570	-	9,570
Events income	7,280	-	7,280
Other income	66,811	-	66,811
Contributed income	15,356	-	15,356
Unrealized gain on investments	11,340	-	11,340
Net assets released from restrictions:			
Satisfaction of purpose:			
National support	371,199	(371,199)	-
Private foundations	5,690	(5,690)	-
Total revenues and support	1,003,336	84,888	1,088,224
<b><u>EXPENSES:</u></b>			
Program services:			
Legal	247,379	-	247,379
Advocacy	256,899	-	256,899
Communication	114,545	-	114,545
Total program services	618,823	-	618,823
Supportive Services:			
General and administrative	225,757	-	225,757
Fundraising	12,817	-	12,817
Total supportive services	238,574	-	238,574
Total expenses	857,397	-	857,397
Realized loss on sale of assets	(4,970)	-	(4,970)
Change in net assets	140,969	84,888	225,857
Net assets, beginning of year	1,000,315	-	1,000,315
Net assets, end of year	\$ 1,141,284	\$ 84,888	\$ 1,226,172

The accompanying notes are an integral part of the financial statements.



**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Years Ended March 31,

	2020		2019	
	Program Services	Supportive Services	Program Services	Supportive Services
<b><u>EXPENSES</u></b>				
Personnel Expenses:				
Salaries (NOTE 19)	\$ 309,949	\$ 362,108	\$ 349,105	\$ 136,500
Payroll taxes	21,378	13,637	29,426	12,488
Fringe benefits	37,658	26,747	35,589	18,355
Total personnel expenses	<u>368,985</u>	<u>402,492</u>	<u>414,120</u>	<u>167,343</u>
		Total		Total
		\$ 672,057		\$ 485,605
		35,015		41,914
		64,404		53,944
		771,476		581,463
Non-Personnel Expenses:				
Occupancy	50,512	18,035	53,196	18,762
Insurance	3,727	-	3,413	3,197
Office expense	6,763	4,277	8,630	7,339
Travel	9,016	4,701	25,700	8,527
Information technology	10,258	376	13,163	466
Professional services	92,586	24,055	37,354	9,220
Advertising and promotion	528	-	2,310	948
Conferences, conventions and meetings	294,006	120,360	19,061	6,634
Other expenses	4,171	7,277	3,205	3,247
Interest expense	3,834	1,278	2,508	836
Depreciation expense	39,909	13,305	36,163	12,055
Total expenses	<u>\$ 884,295</u>	<u>\$ 596,156</u>	<u>\$ 618,823</u>	<u>\$ 238,574</u>
		\$ 1,480,449		\$ 857,397

The accompanying notes are an integral part of the financial statements.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**

	For the Years Ended March 31,	
	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (137,200)	\$ 225,857
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	53,214	48,218
Unrealized loss (gains) on investments	45,881	(11,340)
Realized loss on sales of assets held for sale	-	4,970
Changes in assets and liabilities:		
Payroll liabilities	(23,556)	14,257
Prepaid expenses	248	(161)
Due from National	68,905	(74,446)
Lines of credit	(2,346)	(3,145)
Accrued expenses and other payables	64	(4,209)
Deferred grant revenues	-	(61,777)
Net cash provided by operating activities	5,210	138,224
<b>Cash Flows from Investing Activities:</b>		
Acquisition of equipment	-	(530)
Purchase of short term investments, net	(8,646)	(8,470)
Acquisition of assets held for sale	-	(1,616)
Sales of assets held for sale	-	3,111
Net cash used in investing activities	(8,646)	(7,505)
<b>Cash Flows from Financing Activities:</b>		
Repayment of capital lease obligations	(25,576)	(23,694)
Net cash used in financing activities	(25,576)	(23,694)
Decrease (increase) in cash and cash equivalent	(29,012)	107,025
Cash and cash equivalents, beginning of year	586,477	479,452
Cash and cash equivalents, end of year	\$ 557,465	\$ 586,477

The accompanying notes are an integral part of the financial statements.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS, CONTINUED

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	For the Years Ended March 31,	
	<u>2020</u>	<u>2019</u>
Supplemental Disclosure:		
Interest paid	\$ <u>5,112</u>	\$ <u>3,344</u>
Noncash items:		
Capital lease obligations	\$ <u>48,709</u>	\$ <u>-</u>
Acquisition of equipment	\$ <u>48,709</u>	\$ <u>-</u>

The accompanying notes are an integral part of the financial statements.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - CORPORATION'S HISTORY AND PURPOSE**

The **American Civil Liberties Union of Mississippi Foundation, Inc. (ACLUMF)** (affiliate corporation) (a non-profit organization) was incorporated in 1988 with a mission and purpose to support its parent corporation, the American Civil Liberties Union Corporation, in its mission of individual rights of all individuals in the State of Mississippi and the United States of America. **ACLUMF** has adopted the following guiding principles:

- The right of free expression - above all, the freedom of dissent from the official view and majority.
- The right to equal treatment regardless of race, sex, religion, national origin, sexual orientation, age or handicap.
- The right of fair play in encounters with government institutions, courts, schools, police, bureaucracy and with the repositories of great private power.
- The right to be left alone to be secure from spying, from the promiscuous and unwarranted collection of personal information, and from interference in our private lives.

The **American Civil Liberties Union Corporation** is located at 233 East Capitol Street, Jackson, Mississippi 39201.

The fiscal year of **ACLUMF** is April 1 through March 31.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**Basis of Accounting**

The financial statements of **ACLUM** are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

Effective April 1, 2018, **ACLUMF** has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, **ACLUMF** classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two net asset categories is as follows:

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued**

**Financial Statement Presentation, Continued**

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **ACLUMF** are included in this category.
- Net assets with donor restrictions include funds subject to donor-imposed stipulations. Grants and contributions with donor restrictions received in conducting the mission of **ACLUMF** are included in this category.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three (3) months or less.

**Donated Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, **ACLUMF** reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. **ACLUMF** reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**Donated Services**

**ACLUMF** pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist **ACLUMF** with specific assistance programs, fundraising solicitation, and various other assignments. The amounts for donated services have been reflected in the financial statements in the years ended March 31, 2020 and 2019.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

Fund Accounting

The accounts of **ACLUMF** are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. **ACLUMF** capitalizes all costs for property and equipment in excess of \$500. Depreciation is computed on the straight-line basis over the estimated useful life of the asset. The estimated useful lives are three (3) to seven (7) years for property and equipment.

Revenue Recognition

Contract revenues and grant revenues from federal state and private grants structured as exchange transactions are recognized when earned.

Grants (if considered nonexchange transactions) are classified as contributions when received or substantially unconditionally promised and are recorded as with or without donor's restrictions support, depending on the existence and/or nature of any restrictions.

Deferred Revenues

Deferred revenues arise when resources are received by **ACLUMF** before it has a legal claim to them. In subsequent periods, when **ACLUMF** has legal claim to the resources, current period revenue is recognized and deferred revenue is reduced.

Use of Estimates

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

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Functional Expense Allocation

Functional expenses are allocated among the various program services and general and administrative categories based on actual use or management's best estimate.

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

ACLUMF's financial instruments include cash and cash equivalents and short-term investments. ACLUMF estimates that the fair value of all financial instruments at March 31, 2020 and 2019 does not differ materially from the aggregate carrying values recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and cash equivalents approximate fair values because of the short maturities of those instruments.

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at March 31, 2020 and 2019:

<u>March 31, 2020</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 295,870	\$ 295,870
Money market accounts	<u>261,595</u>	<u>261,595</u>
Total	<u>\$ 557,465</u>	<u>\$ 557,465</u>

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - CASH AND CASH EQUIVALENTS, Continued**

<u>March 31, 2019</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 326,190	\$ 326,190
Money market accounts	<u>260,287</u>	<u>260,287</u>
Total	<u>\$ 586,477</u>	<u>\$ 586,477</u>

**NOTE 5 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS**

**ACLUMF** maintains its cash accounts in one (1) financial institution located in Jackson, Mississippi. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2020 and 2019, **ACLUMF**'s bank balances were uninsured in the amounts of \$44,979 and \$75,085, respectively. Also, **ACLUMF** maintains cash accounts in one (1) credit union located in Jackson, Mississippi. The deposit balances maintained at the credit union are insured by the National Credit Union Administration up to \$250,000. The uninsured amounts at March 31, 2020 and 2019 were \$11,594 and \$10,287, respectively.

**NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects **ACLUMF**'s financial assets as of the statements of financial position dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position dates. Donor-restricted amounts that are available for use within one year for general purposes are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year end	\$ 891,207	\$ 943,157
Less those unavailable for general expenses within one year due to donor-restriction for service projects	<u>(130,044)</u>	<u>(84,888)</u>
Financial assets available to meet cash needs for general purpose within one year	<u>\$ 761,163</u>	<u>\$ 858,269</u>



**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, Continued**

As part of **ACLUMF's** liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In the event of financial distress or an unanticipated liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities, **ACLUMF** also could also make a request of the Board to change the designation for either a portion or all of its restricted fund to meet the immediate liquidity need.

**NOTE 7 - SHORT-TERM INVESTMENTS**

At March 31, 2020 and 2019, investments are recorded at fair value as follows:

	Fair Value Beginning of Year	Dividend Reinvested	Unrealized Appreciation (Depreciation)	Fair Value End of Year
<u>March 31, 2020</u>				
Vanguard	\$ 274,665	\$ 8,646	\$ (35,729)	\$ 247,582
Fidelity Investment	82,015	-	(10,152)	71,863
Total	<u>\$ 356,680</u>	<u>\$ 8,646</u>	<u>\$ (45,881)</u>	<u>\$ 319,445</u>
	Fair Value Beginning of Year	Dividend Reinvested	Unrealized Appreciation (Depreciation)	Fair Value End of Year
<u>March 31, 2019</u>				
Vanguard	\$ 253,880	\$ 8,470	\$ 12,315	\$ 274,665
Fidelity Investment	82,990	-	(975)	82,015
Total	<u>\$ 336,870</u>	<u>\$ 8,470</u>	<u>\$ 11,340</u>	<u>\$ 356,680</u>

The Securities Investor Protection Corporation (SIPC) protects against the loss of cash and securities. The limit of SIPC protection is \$500,000, which includes a \$250,000 limit for cash. At March 31, 2020 and 2019, **ACLUMF's** investments were uninsured by SIPC.

**NOTE 8 - FAIR VALUE MEASUREMENTS**

**ACLUMF** has adopted, Fair Value Reporting, which FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 8 - FAIR VALUE MEASUREMENTS, Continued

use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities that **ACLUMF** has the ability to access.

**Level 2** Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The category within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used at March 31, 2020 and 2019.

Cash and cash equivalents and money market accounts:

The carrying amount is a reasonable estimate of fair value.

<u>March 31, 2020</u>	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>Investment Types</u>	<u>Value</u>	<u>(Level 1)</u>
Mid-Cap Index Funds	\$ 50,817	\$ 50,817
500 Index Funds	169,201	169,201
Windsor II Mutual Funds	27,563	27,563
Fidelity Small-Cap Discovery Funds	22,345	22,345
Fidelity Capital Appreciation Funds	22,781	22,781
Fidelity Contrafund	26,738	26,738
Total assets recognized at fair value	\$ <u>319,445</u>	\$ <u>319,445</u>

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 8 - FAIR VALUE MEASUREMENTS, Continued

<u>March 31, 2019</u>	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>Investment Types</u>		
Mid-Cap Index Funds	\$ 60,966	\$ 60,966
500 Index Funds	181,963	181,963
Windsor II Mutual Funds	31,736	31,736
Fidelity Small-Cap Discovery Funds	31,900	31,900
Fidelity Capital Appreciation Funds	23,420	23,420
Fidelity Contrafund	<u>26,695</u>	<u>26,695</u>
 Total assets recognized at fair value	 <u>\$ 356,680</u>	 <u>\$ 356,680</u>

There were no investments at March 31, 2020 and 2019 that were measured at level 2 or level 3.

The following financial instruments are recognized on the statements of financial position using measures other than fair value. The estimated fair value for those assets and liabilities are disclosed as of March 31, 2020 and 2019 as follows:

<u>March 31, 2020</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Assets:		
Cash and cash equivalents	\$ 557,465	\$ 557,465
Due from affiliate - National	214,580	214,580
Liabilities:		
Capital lease obligation	42,246	42,246

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**NOTE 8 - FAIR VALUE MEASUREMENTS, Continued**

<u>March 31, 2019</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Assets:		
Cash and cash equivalents	\$ 586,477	\$ 586,477
Due from affiliate - National	283,485	283,485
Liabilities:		
Capital lease obligation	19,113	19,113
Lines of credit	2,346	2,346

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTION**

At March 31, 2020 and 2019, net assets with donor restrictions in the amount of \$130,044 and \$84,888, respectively, are available for the following purposes:

	<u>2020</u>	<u>2019</u>
National Legal Department-MS ACLU Department	\$ 39,029	\$ 40,578
Black Voters Matter Fund-Voter Registration	-	1,810
MS Voter Registration-Democracy Fund -Voter Registration	16,804	17,500
We Are All MS (WAAM) - Transgender Education and Advocacy	16,581	25,000
General Grant – National ACLU	<u>57,630</u>	<u>-</u>
	<u>\$ 130,044</u>	<u>\$ 84,888</u>

For the years ended March 31, 2020 and 2019, net assets were released from restrictions for the following purposes:

	<u>2020</u>	<u>2019</u>
National Legal Department-MS ACLU Department	\$ 1,549	\$ -
Legal Data and Software License	-	1,199
Operation	-	350,000
Black Voters Matter Fund-Voter Registration	1,810	-
MS Voter Registration-Democracy Fund -Voter Registration	696	-
Voter Rights Workshops & Trainings	-	5,690
General Grant – National ACLU	42,370	-
We Are All MS (WAAM) - Transgender Education and Advocacy	8,419	-
Transgender Education & Advocacy Trainings	<u>-</u>	<u>20,000</u>
	<u>\$ 54,844</u>	<u>\$ 376,889</u>

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 10 - CAPITAL LEASE OBLIGATION**

**ACLUMF** is lessee of office equipment under a noncancelable lease that is classified as a capital lease expiring in 2019. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense.

Following is a summary of property held under capital leases:

	2020	2019
Office equipment	\$ 48,709	\$ 74,386
Accumulated amortization	6,765	(15,916)
	\$ 41,944	\$ 58,470

Future minimum lease payments under capital leases are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2021	\$ 17,688
2022	17,688
2023	10,318
Total minimum future lease payments	45,694
Less amount representing interest	(3,448)
Present value of minimum lease payments	\$ 42,246

The interest rate on the capitalized lease is 6.50% and is imputed based on the lower of **ACLUMF's** incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

**NOTE 11 - OPERATING LEASE**

**ACLUMF** leases a building under an operating lease which expired on September 30, 2018. The **ACLUMF** is currently on a month to month lease since the previous operating lease expired. Future scheduled minimum lease payments are \$4,221 monthly for the year ending March 31, 2021.

**NOTE 12 - INCOME TAXES**

**ACLUMF** is exempt from federal income taxes under Section 501(c)(3) of the internal Revenue Code and from Mississippi income taxes. Therefore, no provision has been made for federal or Mississippi corporate income taxes in the accompanying financial statements.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**NOTE 12 - INCOME TAXES, Continued**

**ACLUMF** has adopted recently issued accounting principles related to uncertain tax positions for the year ended March 31, 2020 and has evaluated its tax positions taken for all open tax years. Currently, the 2018, 2019, and 2020 tax years are open and subject to examination by the Internal Revenue Service; however, **ACLUMF** is not currently under audit nor has **ACLUMF** been contacted by any of these jurisdictions.

Based on the evaluation of **ACLUMF**'s tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended March 31, 2020.

**NOTE 13 - FURNITURE AND EQUIPMENT**

At March 31, 2020 and 2019 furniture and equipment consisted of the following:

March 31, 2020	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletion</u>	<u>Ending Balance</u>
Office furniture	\$ 97,611	\$ -	\$ -	\$ 97,611
Office equipment	<u>208,779</u>	<u>48,709</u>	<u>177,898</u>	<u>79,590</u>
Subtotal	<u>306,390</u>	<u>48,709</u>	<u>177,898</u>	<u>177,201</u>
Less: Accumulated depreciation	<u>(255,878)</u>	<u>(53,214)</u>	<u>177,898</u>	<u>(131,194)</u>
Total furniture and equipment, net	<u>\$ 50,512</u>	<u>\$ (4,505)</u>	<u>\$ -</u>	<u>\$ 46,007</u>
March 31, 2019	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>	
Office furniture	\$ 97,081	\$ 530	\$ 97,611	
Office equipment	<u>208,779</u>	<u>-0-</u>	<u>208,779</u>	
Subtotal	<u>305,860</u>	<u>530</u>	<u>306,390</u>	
Less: Accumulated depreciation	<u>(207,660)</u>	<u>(48,218)</u>	<u>(255,878)</u>	
Total furniture and equipment, net	<u>\$ 98,200</u>	<u>\$ (47,688)</u>	<u>\$ 50,512</u>	

Depreciation expense for the year ended March 31, 2020 and 2019 and totaled \$53,214 and \$48,218, respectively.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 14 - REVOLVING CREDIT ACCOUNTS

ACLUMF does not have any revolving credit.

NOTE 15 - RELATED PARTY

The ACLUMF has zero (0) interest in **American Civil Liberties Union of Mississippi, (the Union)**, a Mississippi non-profit organization. The ACLUMF and the Union have the same board of directors and an individual as their executive director. The Union was organized for the purpose to educate through advocacy. During the years ended March 31, 2020 and 2019, there were no supports provided to the Union.

NOTE 16 - RETIREMENT PLAN

ACLUMF offers a defined contribution plan to all eligible employees. Currently, ACLUMF contributes to the plan up to six percent (6%) of gross wages of all participating employees. The retirement expense for the fiscal years ended March 31, 2020 and 2019 totaled \$30,725 and \$13,412, respectively.

NOTE 17 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 4, 2020, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen which are likely to negatively impact the funding of ACLUMF. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 18 - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 19 - TRANSITIONAL LEADERSHIP

During the year ended March 31, 2020, ACLUMF paid some transitional leadership expenses as a result of the departure of the Executive Director. The total expense paid for personnel and other professional services (legal) was \$297,248.

NOTE 20 - RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 205): An Amendment of the FASB Accounting Standards Codification, which clarifies the principles for recognizing revenue from contracts with customers. The new accounting guidance, which does not apply to financial instruments, is effective on a retrospective basis for annual reporting periods beginning after December 15, 2018, with early adoption permitted only as of annual reporting periods beginning after December 15, 2017. **ACLUMF** does not expect the new guidance to have a material impact on **ACLUMF**'s financial statements.

In February 2016, the FASB issued ASU 2016-02, Conforming Amendments Related to Leases. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires organization to recognize lease assets and liabilities to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual periods beginning after December 15, 2019. Early adoption is permitted. **ACLUMF** is evaluating the impact of this update on its financial statements.

In August 2018, the FASB issued ASU 2019-13, Value Measurement (Topic 820). The ASU removes, modifies and adds to existing disclosure requirements on fair value measurements in Topic 820 and applies to all entities that are required, under existing GAAP, to make disclosures about recurring and nonrecurring fair value measurements. This ASU is effective for annual periods beginning after December 15, 2019, with early adoption permitted. **ACLUMF** does not expect the new guidance to have a material impact on **ACLUMF**'s financial statements.

Subsequent to March 31, 2020, for all these recent accounting pronouncements, the FASB has decided to delay each effective date by one (1) year due to the effects of COVID-19 pandemic.