

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

**FINANCIAL AUDIT TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED MARCH 31, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of **American Civil Liberties Union of Mississippi, Inc. (ACLUM)** (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 **ACLUM's** preparation and fair presentation of the financial statements in order to audit procedures that are appropriate in the circumstances, but not for the

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

To the Board of Directors of  
**American Civil Liberties Union  
of Mississippi, Inc.**  
Jackson, Mississippi  
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**Auditors' Responsibility, Continued**

purpose of expressing an opinion on the effectiveness of **ACLUM'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 **American Civil Liberties Union of Mississippi, Inc.** as of March 31, 2019 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.

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

October 16, 2019



**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2019**

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<u><b>ASSETS</b></u>	
Cash and cash equivalents	\$ 106,043
Due from National office	<u>25,571</u>
Total assets	<u>\$ 131,614</u>

<u><b>NET ASSETS</b></u>	
Net Assets:	
Without donor restrictions	<u>\$ 131,614</u>
Total net assets	<u>\$ 131,614</u>

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

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2019**

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	<u>Without Donor Restrictions</u>
<b><u>REVENUES AND SUPPORT:</u></b>	
National support- guaranteed minimum income	\$ 62,231
National support- Transgender Education Advocacy Program Grant	2,256
Membership income	465
Revenue Reconciliation	20,401
Other Income	<u>9,181</u>
Total revenues and support	<u>94,534</u>
<b><u>EXPENSES:</u></b>	
Program services:	
Legislative program	<u>98,058</u>
Total program services	<u>98,058</u>
Supportive Services:	
General and administrative	<u>9,435</u>
Total supportive service	<u>9,435</u>
Total expenses	<u>107,493</u>
Change in net assets	(12,959)
Net assets, beginning of year	<u>144,573</u>
Net assets, end of year	<u><u>\$ 131,614</u></u>

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

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2019**

<u><b>EXPENSES</b></u>	Program Services	Supportive Services	Total
	<u>Legislative Program</u>	<u>General and Administrative</u>	
Accounting and auditing	\$ -0-	\$ 2,000	\$ 2,000
Lobbying expense	74,498	-0-	74,498
Other professional service	2,790	-0-	2,790
Membership dues remittance	-0-	465	465
Occupancy expense	-0-	5,545	5,545
Bank service charges	-0-	91	91
Office expense	-0-	1,334	1,334
Travel	1,251	-0-	1,251
Insurance	176	-0-	176
Conferences, meetings, and programs	19,343	-0-	19,343
Total expenses	<u>\$ 98,058</u>	<u>\$ 9,435</u>	<u>\$ 107,493</u>

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

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

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**Cash Flows from Operating Activities:**

Change in net assets	\$ (12,959)
Adjustments to reconcile change in net assets to cash used in operating activities:	
Changes in assets:	
Due from National office	<u>(22,958)</u>
Net cash used in operating activities	<u>(35,917)</u>
Net decrease in cash and cash equivalents	(35,917)
Cash and cash equivalents, beginning of year	<u>141,960</u>
Cash and cash equivalents, end of year	\$ <u>106,043</u>
Supplemental Disclosures:	
None	

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



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

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

**American Civil Liberties Union of Mississippi, Inc., (ACLUM)** (a non-profit organization) was incorporated in 1986 with a mission and purpose to support its parent corporation, the **American Civil Liberties Union of Mississippi Foundation, Inc.** in its mission of individual rights of all individuals in the State of Mississippi and the United States of America. **ACLUM** 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 **ACLUM** is April 1 through March 31.

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

**Basis of Accounting**

The financial statement 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, **ACLUM** 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

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

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

by not-for-profit organizations. Under ASU 2016-14, **ACLUM** 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:

- 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 **ACLUM** are included in this category.
- Net assets with donor restrictions include funds subject to donor-imposed stipulations. Grants and contributions with donor restrictions, other income and expenses incurred in conducting the mission of **ACLUM** are included in this category.

At March 31, 2019, there were no net assets with donor restrictions.

**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, **ACLUM** reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. **ACLUM** reclassifies temporarily restricted net assets to net assets without donor restrictions at that time.

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

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

**Donated Services**

No amounts have been reflected in the financial statements for donated services. **ACLUM** pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist **ACLUM** with specific assistance programs, fundraising solicitations and various other assignments.

**Fund Accounting**

The accounts of **ACLUM** 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.

**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.

**Use of Estimates**

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

**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.

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

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**NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by **ACLUM** in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents - The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of **ACLUM's** financial instruments, none of which are held for trading purposes, are as follows:

March 31, 2019

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	<u>\$106,043</u>	<u>\$106,043</u>

**NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS**

**ACLUM** maintains its cash account in one (1) financial institution located in Jackson, Mississippi. The bank balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2019, **ACLUM's** cash deposit balances were fully insured.

**NOTE 5 - INCOME TAXES**

**ACLUM** 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, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 5 - INCOME TAXES, Continued

**ACLUM** has adopted recently issued accounting principles related to uncertain tax positions for the year ended March 31, 2019, and has evaluated its tax positions taken for all open tax years. Currently, the 2017, 2018, and 2019 tax years are open and subject to examination by the Internal Revenue Service; however, **ACLUM** is not currently under audit nor has **ACLUM** been contacted by any of these jurisdictions.

Based on the evaluation of **ACLUM'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, 2019.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Financial assets at year end	\$ 106,043
Less those unavailable for general expenses within one year due to donor-restriction for service projects	<u>-0-</u>
Financial assets available to meet cash needs for general purpose within one year	<u>\$ 106,043</u>

NOTE 7 - RELATED PARTY

**The ACLUM** has zero (0) interest in **American Civil Liberties Union of Mississippi Foundation, (the Foundation)**, a Mississippi non-profit organization. **The ACLUM** and **the Foundation** have the same board of directors and an individual as their executive director. **The Foundation** was organized to promote a broad range of civil liberties and civil rights, and by way of litigation, legislation and education. During the year ended March 31, 2019, there was no support received from **the Foundation**.

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

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**NOTE 7 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 16, 2019, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

**NOTE 8 - 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. **ACLUM** does not expect the new guidance to have a material impact on **ACLUM'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. **ACLUM** is evaluating the impact of this update on it 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. **ACLUM** does not expect the new guidance to have a material impact on **ACLUM's** financial statements.