

AMERICAN CIVIL LIBERTIES UNION  
OF MISSISSIPPI, INC.

FINANCIAL AUDIT TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED MARCH 31, 2014

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**Member**  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA  

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*(Retired)*  
Michael B. Bruno, CPA (2011)

## 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, 2014, and the related statements of activities 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 those 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 auditor's 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 auditor considers internal control relevant to **ACLUM's** preparation and fair presentation of the financial

## **INDEPENDENT AUDITORS' REPORT**

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To the Board of Directors of  
**American Civil Liberties Union  
of Mississippi, Inc.**  
Jackson, Mississippi  
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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 **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 above present fairly, in all material respects, the financial position of **American Civil Liberties Union of Mississippi, Inc.** as of March 31, 2014, 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.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of **ACLUM** as a whole. The accompanying financial information listed as supplementary information in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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

**INDEPENDENT AUDITORS' REPORT**  
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To the Board of Directors of  
**American Civil Liberties Union  
of Mississippi, Inc.**  
Jackson, Mississippi  
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prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 to the financial statements as a whole.

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

August 18, 2014

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2014

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ASSETS

Cash and cash equivalents	\$ 34,266
Due from Foundation	110,011
Total assets	<u>\$ 144,277</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Due to National office	\$ 66,007
Total liabilities	<u>66,007</u>
Net Assets:	
Unrestricted	<u>78,270</u>
Total net assets	<u>78,270</u>
Total liabilities and net assets	<u>\$ 144,277</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, 2014

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**REVENUES AND SUPPORT**

National support - guaranteed minimum income	\$ 26,196
Membership income	1,085
Donations	60
Bequest	<u>110,011</u>
 Total revenues and support	 <u>137,352</u>

**EXPENSES**

Program services:	
Legislative program	<u>13,375</u>
Total program services	<u>13,375</u>
 Supportive Services:	
General and administrative	<u>74,727</u>
Total general and administrative	<u>74,727</u>
 Total expenses	 <u>88,102</u>
 Change in net assets	 49,250
Net assets, beginning of year	<u>29,020</u>
 Net assets, end of year	 <u>\$ 78,270</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, 2014

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**Cash flows used in operating activities:**

Change in net assets	\$ 49,250
Changes in assets and liabilities:	
Due from Foundation	(124,982)
Due to National office	<u>66,006</u>
Net cash used in operating activities	<u>(9,726)</u>
Net decrease in cash and cash equivalents	(9,726)
Cash and cash equivalents, beginning of year	<u>43,992</u>
Cash and cash equivalents, end of year	<u><u>\$ 34,266</u></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.

**American Civil Liberties Union of Mississippi, Inc.** is an affiliate of the American Civil Liberties Union Corporation located at 125 Broad Street, 18th Floor, New York City, New York.

The fiscal year of **ACLUM** is April 1 - March 31.

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

Basis of Accounting

The financial statements of American Civil Liberties Union of Mississippi, Inc. are presented on the accrual basis of accounting, using fund accounting concepts.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Not for Profit Entities*. Under FASB ASC 958, **ACLUM** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At March 31, 2014, there were no temporarily and permanently restricted net assets.

**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**

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three 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, the **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 unrestricted net assets at that time.

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.

**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**

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. **ACLUM** 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 life for building and improvements range is 40 to 15 years and 3 to 7 years for furniture and equipment.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Employees' Annual Leave

American Civil Liberties Union of Mississippi, Inc. does not charge annual leave earned by employees which has not been used by them at the end of a period, to the period that the leave is 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 reports amounts and disclosures, accordingly, actual results could differ from those estimates.

**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:

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

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**NOTE 3 - FINANCIAL INSTRUMENTS, Continued**

Cash and cash equivalents - The carrying amounts reported in the statement 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:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$34,266	\$34,266

**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 balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2014, **ACLUM's** cash balance was fully insured.

**NOTE 5 - CORPORATE INCOME TAXES**

**ACLUM** is exempt from corporate 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.

**ACLUM** has adopted recently issued accounting principles related to uncertain tax positions for the year ended March 31, 2014, and has evaluated its tax positions taken for all open tax years. Currently, the 2012, 2013 and 2014 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, 2014.

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

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NOTE 6 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 18, 2014, 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.

**SUPPLEMENTARY INFORMATION**

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2014**

<u>EXPENSES</u>	<u>Legislative Program</u>	<u>General and Administrative</u>	<u>Total</u>
Personnel expenses:			
Salaries	\$ -0-	\$ 5,647	\$ 5,647
Payroll taxes	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-
Total personnel expenses	<u>-0-</u>	<u>5,647</u>	<u>5,647</u>
Accounting and auditing	-0-	1,500	1,500
Communications/media	199	-0-	199
Lobbying expense	13,176	-0-	13,176
Database cost	-0-	4	4
Membership dues remittance	-0-	1,085	1,085
Bank service charges	-0-	485	485
Revenue reconciliation	-0-	66,006	66,006
Contract services	-0-	-0-	-0-
Printing	-0-	-0-	-0-
Program expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenses	<u>\$ 13,375</u>	<u>\$ 74,727</u>	<u>\$ 88,102</u>

See Independent Auditors' Report on Supplementary Information.