



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED MARCH 31, 2023, AND 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of American Civil Liberties Union of Mississippi Foundation, Inc. (a nonprofit corporation), which comprise the statement of financial position as of March 31, 2023, and 2022, 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 present fairly, in all material respects, the financial position of the Organization as of March 31, 2023, and 2022, 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. 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 Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements. 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period.

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.

Prior Year Financial Statements

The financial statements of the Organization as of March 31, 2022, were audited by other auditors, whose report dated November 28, 2022, expressed an unmodified opinion on these financial statements.

A handwritten signature in blue ink, appearing to read "Luther Speight & Co", written in a cursive style.

Luther Speight & Company CPAs
New Orleans, Louisiana
November 28, 2023

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2023 AND 2022**

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents		
Operational	\$ 263,961	\$ 263,224
Designated	1,195,159	1,390,809
Investments	540,250	588,741
Accounts Receivable	300	-
Prepaid Expenses	18	77
Promise to give	-	262,500
Due From Affiliates:		
Union - Unrestricted	833	-
National	598,356	1,116,510
Assets Held for Sale	4,520	4,520
TOTAL CURRENT ASSETS	2,603,397	3,626,381
FURNITURE & EQUIPMENT		
Office Equipment	39,101	72,599
Office Furniture and Fixtures	120,248	98,923
Less: Accumulated Depreciation	(117,721)	(161,584)
TOTAL FURNITURE & EQUIPMENT	41,628	9,938
OTHER ASSETS		
Right-To-Use Asset - Finance Lease	61,763	20,520
Less: Accumulated Amortization	(10,851)	(11,696)
Total Right-To-Use Asset - Finance Lease	50,912	8,824
Right-To-Use Asset - Operating Lease	168,269	263,673
TOTAL OTHER ASSETS	219,181	272,497
TOTAL ASSETS	\$ 2,864,206	\$ 3,908,816
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Finance Lease Obligations	\$ 21,828	\$ 14,331
Current Portion of Operating Lease Obligation	51,855	59,357
Payroll Liabilities	33,690	41,336
TOTAL CURRENT LIABILITIES	107,373	115,024
NON-CURRENT LIABILITIES		
Finance Lease Obligations, Less Current Portion	41,147	-
Operating Lease Obligation, Less Current Portion	133,056	204,316
TOTAL NON-CURRENT LIABILITIES	174,203	204,316
NET ASSETS		
Without Donor Restrictions	1,313,010	1,569,658
With Donor Restrictions	1,269,620	2,019,818
TOTAL NET ASSETS	2,582,630	3,589,476
TOTAL LIABILITIES & NET ASSETS	\$ 2,864,206	\$ 3,908,816

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

AMERICAN CIVIL LIBERTIES UNION MISSISSIPPI FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Support from National	\$ 516,473	\$ 88,000	\$ 604,473	\$ 660,477	\$ 1,300,000	\$ 1,960,477
Private Foundations	4,785	273,000	277,785	7,734	1,115,000	1,122,734
Individual Donations	14,493	-	14,493	59,012	-	59,012
Contributed Income	-	-	-	9,100	-	9,100
Other Income	151,508	-	151,508	182,055	-	182,055
Investment Income/(Loss)	(47,665)	-	(47,665)	64,358	-	64,358
Interest Income	2,053	-	2,053	3,218	-	3,218
Released from Restrictions	1,111,198	(1,111,198)	-	851,964	(851,964)	-
TOTAL REVENUES	\$ 1,752,845	\$ (750,198)	\$ 1,002,647	\$ 1,837,918	\$ 1,563,036	\$ 3,400,954
EXPENSES						
Program Services:						
Legal	545,707	-	545,707	368,947	-	368,947
Advocacy	742,763	-	742,763	638,120	-	638,120
Communication	205,229	-	205,229	210,818	-	210,818
Total Program Services	1,493,699	-	1,493,699	1,217,885	-	1,217,885
Management and General	388,873	-	388,873	355,787	-	355,787
Fundraising	5,622	-	5,622	13,770	-	13,770
TOTAL EXPENSES	1,888,194	-	1,888,194	1,587,442	-	1,587,442
CHANGE IN NET ASSETS	(135,349)	(750,198)	(885,547)	250,476	1,563,036	1,813,512
BEGINNING NET ASSETS	1,569,658	2,019,818	3,589,476	1,319,182	456,782	1,775,964
NET ASSETS ADJUSTMENT	(121,299)	-	(121,299)	-	-	-
ENDING NET ASSETS	\$ 1,313,010	\$ 1,269,620	\$ 2,582,630	\$ 1,569,658	\$ 2,019,818	\$ 3,589,476

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

AMERICAN CIVIL LIBERTIES UNION MISSISSIPPI FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR SENDED MARCH 31, 2023 AND 2022

	2023						2022			
	Program			Total Program Services	Management & General	Fundraising	Total	Program	Management & General	Total
	Legal	Advocacy	Communication							
Salaries	\$ 281,915	\$ 315,755	\$ 122,331	\$ 720,001	\$ 267,862	\$ -	\$ 987,863	\$ 648,041	\$ 240,838	888,879
Payroll Taxes	22,827	25,323	10,516	58,666	21,368	-	80,034	48,972	17,888	66,860
Employee Benefits	41,453	51,472	10,734	103,659	34,296	-	137,955	72,977	24,017	96,994
Occupancy Expense	15,743	24,774	9,249	49,766	16,306	550	66,622	47,868	16,416	64,284
Depreciation Expense	3,536	3,536	3,537	10,609	3,537	-	14,146	12,500	4,167	16,667
Amortization Expense - Finance Lease	5,081	5,080	5,080	15,241	5,081	-	20,322	8,772	2,924	11,696
Interest Expense	537	537	537	1,611	537	-	2,148	1,095	365	1,460
Conferences & Meetings Expenses	25,644	156,318	3,719	185,681	8,188	-	193,869	44,978	4,175	49,153
Professional Services	110,201	142,606	33,372	286,179	12,613	2,500	301,292	229,324	21,336	250,660
Travel Expense	8,922	9,199	1,510	19,631	5,743	-	25,374	4,446	9,658	14,104
Office Expense	3,531	2,855	2,035	8,421	4,446	122	12,989	12,098	5,693	17,791
Other Expense	3,276	1,640	1,715	6,631	5,993	2,450	15,074	56,827	19,553	76,380
Insurance Expense	5,138	1,713	-	6,851	1,712	-	8,563	8,843	2,336	11,179
Information Technology	12,403	705	894	14,002	1,091	-	15,093	8,211	91	8,302
Advertising & Promotions Expense	5,500	1,250	-	6,750	100	-	6,850	12,933	100	13,033
Total Expenses	\$ 545,707	\$ 742,763	\$ 205,229	\$ 1,493,699	\$ 388,873	\$ 5,622	\$ 1,888,194	\$ 1,217,885	\$ 369,557	\$ 1,587,442

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

AMERICAN CIVIL LIBERTIES UNION MISSISSIPPI FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (885,547)	\$ 1,813,512
Net Assets Adjustment	(121,299)	-
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of Right-To-Use Asset - Finance Lease	20,322	11,694
Depreciation	14,146	16,668
(Gain)/Loss on Disposal of Property and Equipment	-	(2,191)
Net Realized/Unrealized (Gain)/Loss on Investments	48,491	(64,358)
Net Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	59	(8)
(Increase) Decrease in Accounts Receivable	(300)	-
(Increase) Decrease in Promise to Give	262,500	(262,382)
(Increase) Decrease in Due from Affiliates	517,321	(608,226)
Increase/(Decrease) in Right-Of-Use Asset	95,404	-
Increase/(Decrease) in Finance Lease Obligation for Interest Payments	4,563	(3,358)
Increase (Decrease) in Operating Lease Liability from Payments	(78,762)	-
Increase (Decrease) in Payroll Liabilities	(7,646)	11,855
Net Cash Provided (Used) by Operating Activities	<u>(130,748)</u>	<u>913,206</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property & Equipment	(45,836)	10,515
Purchases of Investments	-	(2,256)
Right-Of-Use Asset Obtained in Exchange for New Finance Lease Liabilities	(62,410)	(20,520)
Net Cash Used by Investing Activities	<u>(108,246)</u>	<u>(12,261)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Finance Lease Obligations	(6,757)	(8,981)
Addition of Finance Lease Obligations	50,838	-
Net Cash Provided (Used) by Financing Activities	<u>44,081</u>	<u>(8,981)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(194,913)</u>	<u>891,964</u>
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,654,033</u>	<u>762,069</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,459,120</u></u>	<u><u>\$ 1,654,033</u></u>

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

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023, AND 2022

NOTE 1 – NATURE OF ORGANIZATION AND PURPOSE

The American Civil Liberties Union of Mississippi Foundation, Inc. (ACLUMF) (affiliate corporation) (not-for-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 of Mississippi Foundation, Inc. is located at 101 South Congress Street, Jackson, Mississippi 39201.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and Cash Equivalents

For the purposes of reporting in 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.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses Allocation

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

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.

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 (2) net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions with donor restrictions, received incurred in conducting the mission of ACLUMF are included in this category. At March 31, 2023 and 2022, net assets without donor restrictions were \$1,367,762 and \$1,569,658, respectively.
- 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. At March 31, 2023 and 2022, net assets with donor restrictions were \$1,214,868 and \$2,019,818, respectively.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 solicitations, and various other assignments. During the years ended March 31, 2023 and 2022, those amounts were deemed immaterial. No amounts have been reflected in the financial statements for donated services.

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.

Use of Estimates

The preparation of the 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Contributions, including promises to give and grants, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution, promise to give, or grant contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conditional contributions are recognized when the barriers to entitlement are overcome, and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

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 and realized gains and losses are reported as investment income on the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets 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.

Receivables

Receivables consist of amounts due from the National ACLU and the Union. The receivables are stated at net realizable value. If the amounts due become uncollectible, they will be charged to operations when that determination is made. ACLUMF considers the National ACLU receivables balance to be fully collectible. In addition, the balance due from the Union is expected to be collected in full. Accordingly, an allowance for doubtful accounts has not been recorded for the years ended March 31, 2023 or 2022. See NOTE 9 for additional details.

Furniture & Equipment

Furniture and equipment are carried at cost, or if donated, at the approximately fair value at the date of donation. ACLUMF capitalizes all costs for furniture 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 furniture and equipment. The finance lease right-to-use asset is recognized on a straight-line basis over the lease term.

Advertising Expense

Advertising expenses are expensed as incurred. Total advertising expense for the years ended March 31, 2023, was \$6,850 and \$13,033, respectively.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Foundation establishes a right-of-use (ROU) asset and a lease liability. Operating leases, if any, are included in Operating Lease ROU Asset and Operating Lease Liability on the accompanying balance sheet. Finance leases, if any, are included in Finance Lease ROU Asset and Finance Lease Liability.

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the Foundation is reasonably certain to exercise as well as any period that the Foundation has control over the asset before the stated initial term of the agreement. If the Foundation determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Foundation uses the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date. The Foundation does not recognize ROU assets and lease liabilities for leases with a term of twelve (12) months or less.

Recently Issued Financial Accounting Pronouncements

In 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after March 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and Leases (Topic 842) that extended the effective date for certain entities, including the Organizations, to annual periods beginning after December 15, 2021. During the fiscal year ended March 31, 2023, the Foundation adopted ASU No. 2016-02. See Note 13 for the required disclosures.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Financial Accounting Pronouncements (Continued)

On September 17, 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update is expected to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that contributed nonfinancial assets be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires additional disclosures. The ASU is applicable for periods beginning after June 15, 2021. During the year ended March 31, 2023, the Organizations did not receive any contributed nonfinancial assets so no changes to the financial statements were needed.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At March 31, 2023 and 2022 the Foundation has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year end	\$ 2,598,859	\$ 3,621,784
Less those unavailable for general expenses within one (1) year due to donor restriction for service projects	<u>(1,214,868)</u>	<u>(1,569,658)</u>
Financial assets available to meet cash needs for general purpose within one year	<u>\$ 1,383,991</u>	<u>\$ 2,052,126</u>

ACLUMF's liquidity management policy is 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 could also make a request of the Board to change the designation for either a portion or all its restricted fund to meet the immediate liquidity need.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at March 31, 2023 and 2022:

<u>March 31, 2023</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 1,195,159	\$ 1,195,159
Money Market Accounts	263,961	263,961
Total	<u>\$ 1,459,120</u>	<u>\$ 1,459,120</u>

<u>March 31, 2022</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 1,390,809	\$ 1,390,809
Money Market Accounts	263,224	263,224
Total	<u>\$ 1,654,033</u>	<u>\$ 1,654,033</u>

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

ACLUMF's financial instruments include cash and cash equivalents and long-term investments. ACLUMF estimates that the fair value of all financial instruments at March 31, 2023 and 2022 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 6 – CONCENTRATIONS OF CREDIT RISK

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, 2023 and 2022, ACLUMF's bank balances were uninsured in the amounts of \$963,008 and \$1,140,709, 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, 2023 and 2022 were \$13,952 and \$13,125, respectively.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 7 – LONG-TERM INVESTMENTS

At March 31, 2023 and 2022, investments are recorded at fair value as follows:

	Fair Value Beginning of Year	Dividend Reinvested	Unrealized Depreciation	Transfers	Fair Value End of Year
March 31, 2023					
Fidelity Investment 2	\$ 588,741	\$ -	\$ (48,491)	\$ -	\$ 540,250
	<u>\$ 588,741</u>	<u>\$ -</u>	<u>\$ (48,491)</u>	<u>\$ -</u>	<u>\$ 540,250</u>

	Fair Value Beginning of Year	Dividend Reinvested	Unrealized Appreciation	Transfers	Fair Value End of Year
March 31, 2022					
Vanguard	\$ 397,825	\$ -	\$ 13,368	\$ (411,193)	\$ -
Fidelity Investment	124,302	-	18,514	(142,816)	-
Fidelity Investment 2	-	2,256	32,476	554,009	588,741
	<u>\$ 522,127</u>	<u>\$ 2,256</u>	<u>\$ 64,358</u>	<u>\$ -</u>	<u>\$ 588,741</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, 2023 and 2022, ACLUMF's investments were uninsured by SIPC.

NOTE 8 – FAIR VALUE MEASUREMENTS

ACLUMF has adopted Fair Value Reporting. 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 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 can 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.

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MARCH 31, 2023 AND 2022

NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

The category within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. There have been no changes in the methodologies used at March 31, 2023 and 2022. The carrying amount is a reasonable estimate of fair value for cash and cash equivalents and money market accounts. The following is a summary of the fair value of long-term investments.

March 31, 2023		
Investment Types	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mid-Cap Index Funds	\$ 85,044	\$ 85,044
500 Index Funds	282,014	282,014
Windsor II Mutual Funds	49,044	49,044
Fidelity2-Capital Appreciation Funds	38,556	38,556
Fidelity2-Low Priced Stock	47,985	47,985
Fidelity2-Blue Chip Growth	37,607	37,607
Total assets recognized at fair value	<u>\$ 540,250</u>	<u>\$ 540,250</u>

March 31, 2022		
Investment Types	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mid-Cap Index Funds	\$ 94,351	\$ 94,351
500 Index Funds	305,774	305,774
Windsor II Mutual Funds	51,958	51,958
Fidelity2-Capital Appreciation Funds	42,809	42,809
Fidelity2-Low Priced Stock	49,214	49,214
Fidelity2-Blue Chip Growth	44,635	44,635
Total assets recognized at fair value	<u>\$ 588,741</u>	<u>\$ 588,741</u>

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
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NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

There were no investments at March 31, 2023 and 2022 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, 2023 and 2022 as follows:

<u>March 31, 2023</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
<i>Assets:</i>		
Cash and Cash Equivalents	\$ 1,459,120	\$ 1,459,120
Due From Affiliates:		
Union	833	833
National	598,656	598,656
<i>Liabilities:</i>		
Finance Lease Obligations	62,975	62,975
Operating Lease Obligation	184,911	184,911

<u>March 31, 2022</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
<i>Assets:</i>		
Cash and Cash Equivalents	\$ 1,654,033	\$ 1,654,033
Due From Affiliates:	262,500	262,500
Union	-	-
National	1,116,510	1,116,510
<i>Liabilities:</i>		
Finance Lease Obligations	14,331	14,331
Operating Lease Obligation	263,673	263,673

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NOTE 9 – DUE FROM AFFILIATE

At March 31, 2023 and 2022, amounts due from affiliates consist of the following:

<u>March 31, 2023</u>	<u>Amount</u>
Due from Affiliate:	
Union	\$ 833
National	598,356
	<u>\$ 599,189</u>

<u>March 31, 2022</u>	<u>Amount</u>
Due from Affiliate:	
Union	\$ -
National	1,116,510
	<u>\$ 1,116,510</u>

NOTE 10 – FURNITURE AND EQUIPMENT

At March 31, 2023 and 2022 furniture and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Office Equipment	39,101	72,600
Office Furniture and Fixtures	120,248	98,923
Subtotal	159,349	171,523
Less: Accumulated Depreciation	(117,721)	(161,585)
Total Furniture and Equipment, net	<u>\$ 41,628</u>	<u>\$ 9,938</u>

Depreciation expense for the years ended March 31, 2023 and 2022 were \$14,146 and \$16,667, respectively.

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NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

At March 31, 2023 and 2022, net assets with donor restrictions in the amount of \$1,214,868 and \$2,019,818, respectively, are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Ascend Grant	\$ 1,524	\$ 18,688
Children's Defense Fund	-	25,000
General Grant- National ACLU	2,291	2,291
Just Trust Emergency Grant	12,840	-
Just Trust Grant	102,451	-
LGBTQ Community Grant	5,804	7,541
MS Voter Registration-Democracy Fund	400	400
National ASNI Grant Trans Justice	21,077	70,000
National ASNI Grant Voting Rights	-	21,138
National Grant-First Amendment	44,870	-
National Immigration Grant	319	6,329
National Legal Department	5,430	33,129
National Policing Reform	-	36,523
National SAI 3.0	350,000	867,445
National SLIP-Black Legal Interns Grant	8,000	-
National Voter Redistricting	-	63,194
Oxfam America	12,325	15,000
Packard Foundation Grant	394,501	474,669
Rapid Response Grant	4,500	-
W.K. Kellogg Foundation Grant	248,536	378,471
	<u>\$ 1,214,868</u>	<u>\$ 2,019,818</u>

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
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NOTE 12 – NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended March 31, 2023 and 2022, net assets were released from restrictions for the following purposes:

Grant/Program	2023	2022
Ascend Grant	\$ 17,164	\$ 6,311
First Amendment Grant	35,130	-
Just Trust Emergency Grant	37,160	-
Just Trust Grant	97,549	-
LGBTQ Community Grant	1,736	5,186
MS Voter Registration-Democracy Fund	-	1,250
National ASNI Grant	-	251,415
National ASNI Grant - Trans Justice	48,923	-
National ASNI Grant Voting Rights	21,137	58,863
National Immigration Grant	6,011	191,081
National Legal Department	27,746	3,872
National Policing Reform	36,523	13,477
National SAI 3.0	521,605	70,262
National Voter Redistricting	63,194	36,806
Oxfam America Grant	2,675	-
Packard Foundation Grant	21,210	125,331
Rapid Response Grant	18,500	-
The Children's Defense Fund	25,000	-
W.K. Kellogg Foundation Grant	129,935	71,529
We Are All MS (WAAM)	-	16,581
	<u>\$ 1,111,198</u>	<u>\$ 851,964</u>

NOTE 13 - LEASES

During the year ended March 31, 2022, ACLUMF adopted ASC 842, *Leases*, which requires an organization to record a lease asset and liability based upon its lease agreements. ACLUMF leases office space under a non-cancelable operating lease, which expires in June 2026. ACLUMF also leases various office equipment under noncancelable leases that are classified as financing leases, expiring in October 2025 and June 2027. As a result, the organization recorded a lease asset and liability at the origination date of the lease.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 – LEASES (CONTINUED)

To calculate the lease liability and lease asset at the origination of the lease, the ACLUMF used a discount rate of 6.50%, which is ACLUMF's incremental borrowing rate, and then calculated the present value of future lease payments. Each year, the asset and liability are reduced based upon the actual payments and a calculated amortization schedule. Total rent expense for the years ended March 31, 2023 and 2022 was \$57,849 for both years. Total Amortization expense on the finance leases for the years ended March 31, 2023 and 2022 was \$20,322 and \$11,694, respectively. Supplemental balance sheet information related to the lease was as follows:

	<u>2023</u>	<u>2022</u>
<i>Operating Lease</i>		
Right-of-Use Asset - Operating Lease	\$ 168,269	\$ 263,673
	<u>168,269</u>	<u>263,673</u>
Current Portion of Operating Lease Obligation	51,855	59,357
Operating Lease Obligation, Less Current Portion	<u>133,056</u>	<u>204,316</u>
Total Operating Lease Obligation	<u>\$ 184,911</u>	<u>\$ 263,673</u>
<i>Finance Leases</i>		
Right-of-Use Asset - Finance Leases	61,763	20,520
Accumulated Depreciation	<u>(10,851)</u>	<u>(11,696)</u>
Right-of-Use Asset - Finance Leases, net	<u>\$ 50,912</u>	<u>\$ 8,824</u>
Current Portion of Finance Lease Obligation	21,828	14,331
Finance Lease Obligation, Less Current Portion	<u>41,147</u>	<u>-</u>
Total Finance Lease Obligations	<u>\$ 62,975</u>	<u>\$ 14,331</u>
<i>Other Information</i>	<u>2023</u>	<u>2022</u>
Weighted-Average Remaining Lease Term in Years		
Operating Lease	3.25	4.25
Finance Leases	2.81	0.58
Weighted-Average Discount Rate		
Operating Lease	6.50%	6.50%
Finance Leases	6.50%	6.50%

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
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NOTE 13 – LEASES (CONTINUED)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of March 31, 2023:

Year Ending March 31,	Lease Payments
2024	\$ 87,183
2025	88,524
2026	78,984
2027	18,091
2028	563
Thereafter	-
Total Future Minimum Lease Payments	273,345
Less Imputed Interest	(25,459)
Total Present Value of Lease Liabilities	\$ 247,886

NOTE 14 – 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.

ACLUMF has adopted recently issued accounting principles related to uncertain tax positions for the year ended March 31, 2023 and has evaluated its tax positions taken for all open tax years. Currently the 2021, 2022, and 2023 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, 2023 or 2022.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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 Foundation 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, 2023 and 2022, there was no support provided to the Union.

NOTE 16 – RETIREMENT PLANS

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, 2023 and 2022 totaled \$48,546 and \$39,494, respectively.

NOTE 17 – BOARD OF DIRECTORS' COMPENSATION

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

NOTE 18 – NET ASSETS ADJUSTMENTS

Management determined that \$100,000 that was recorded in revenues by ACLUMF during the year ended March 2022 should have been recorded as revenue by the Union. In addition, some adjustments were needed to correctly state ACLUMF's lease assets and liabilities (see Note 13). The net assets adjustment totaled \$121,299.

NOTE 19 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of November 28, 2023, which is the date that the financial statements were available to be issued. Managed noted that there are no further disclosures or adjustments required to the financial statements.