

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

**FINANCIAL AUDIT TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014**

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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, 2015 and 2014, and the related statements of activities 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 audits 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 **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

INDEPENDENT AUDITORS' REPORT
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To the Board of Directors of
American Civil Liberties Union
of Mississippi Foundation, Inc.
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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, 2015 and 2014, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of ACLUMF 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 Foundation, Inc.
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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

July 16, 2015

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

	March 31,	
	2015	2014
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents (NOTES 2, 3 AND 4):		
Operational	\$ 546,107	\$ 878,530
Designated	130,681	-0-
Total cash and cash equivalents	676,788	878,530
Short term investments (NOTES 2 AND 6)	253,749	226,641
Pre-paid expenses	62	-0-
Due from affiliate - National	67,573	41,441
Promise to give	200,000	-0-
Total current assets	1,198,172	1,146,612
Furniture and Equipment (NOTES 2 AND 11):		
Office furniture	92,593	90,708
Office equipment	126,595	126,595
Less: accumulated depreciation	(80,064)	(16,164)
Total furniture and equipment, net	139,124	201,139
Total assets	\$ 1,337,296	\$ 1,347,751
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Current portion of capital lease obligation (NOTE 8)	\$ 29,115	\$ 25,838
Lines of credit	7,576	3,150
Due to affiliate	-0-	110,011
Deferred grant revenue	130,681	97,867
Accrued expenses and other payables	424	-0-
Total current liabilities	167,796	236,866
Capital lease obligation, less current portion (NOTE 8)	19,318	48,434
Total liabilities	187,114	285,300
Net Assets (NOTE 2):		
Unrestricted	950,182	1,062,451
Temporarily restricted	200,000	-0-
Total net assets	1,150,182	1,062,451
Total liabilities and net assets	\$ 1,337,296	\$ 1,347,751

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

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2015

	Unrestricted			Total
	Operations	Furniture and Equipment	Temporarily Restricted	
<u>REVENUES AND SUPPORT</u>				
National support	\$ 607,323	\$ -0-	\$ -0-	\$ 607,323
Private foundations	146,741	-0-	200,000	346,741
Interest and dividend income	8,793	-0-	-0-	8,793
Professional fees	-0-	-0-	-0-	-0-
Events income	4,768	-0-	-0-	4,768
Other income	7,661	-0-	-0-	7,661
Unrealized gain on investments	20,957	-0-	-0-	20,957
Total revenues and support	<u>796,243</u>	<u>-0-</u>	<u>200,000</u>	<u>996,243</u>
<u>EXPENSES:</u>				
Program services:				
Legal	253,248	-0-	-0-	253,248
Legislative	96,527	-0-	-0-	96,527
Advocacy	132,054	-0-	-0-	132,054
Communication	103,175	-0-	-0-	103,175
Total program services	<u>585,004</u>	<u>-0-</u>	<u>-0-</u>	<u>585,004</u>
Supportive Services:				
General and administrative	296,695	-0-	-0-	296,695
Fundraising	26,813	-0-	-0-	26,813
Total supporting services	<u>323,508</u>	<u>-0-</u>	<u>-0-</u>	<u>323,508</u>
Total expenses	<u>908,512</u>	<u>-0-</u>	<u>-0-</u>	<u>908,512</u>
Change in net assets	(112,269)	-0-	200,000	87,731
Net assets, beginning of year	861,312	201,139	-0-	1,062,451
Transfers	21,876	(21,876)	-0-	-0-
Net assets, end of year	<u>\$ 770,919</u>	<u>\$ 179,263</u>	<u>\$ 200,000</u>	<u>\$ 1,150,182</u>

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

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014

	Unrestricted		
	Operations	Furniture and Equipment	Total
<u>REVENUES AND SUPPORT</u>			
National support	\$ 554,167	\$ -0-	\$ 554,167
Bequest	110,011	-0-	110,011
Private foundations	161,101	-0-	161,101
Individual donations	6,930	-0-	6,930
Interest and dividend income	6,406	-0-	6,406
Other support	3,599	-0-	3,599
Professional fees	22,612	-0-	22,612
Events income	626	-0-	626
Other income	2,461	-0-	2,461
Unrealized gain on investments	41,660	-0-	41,660
Total revenues and support	<u>909,573</u>	<u>-0-</u>	<u>909,573</u>
<u>EXPENSES:</u>			
Program services:			
Legal	244,408	-0-	244,408
Legislative	57,016	-0-	57,016
Advocacy	192,942	-0-	192,942
Communication	49,157	-0-	49,157
Total program services	<u>543,523</u>	<u>-0-</u>	<u>543,523</u>
Supportive Services:			
General and administrative	338,682	-0-	338,682
Fundraising	32,228	-0-	32,228
Total supporting services	<u>370,910</u>	<u>-0-</u>	<u>370,910</u>
Total expenses	<u>914,433</u>	<u>-0-</u>	<u>914,433</u>
Change in net assets	(4,860)	-0-	(4,860)
Net assets, beginning of year	1,046,501	20,810	1,067,311
Transfers	<u>(180,329)</u>	<u>180,329</u>	<u>-0-</u>
Net assets, end of year	<u>\$ 861,312</u>	<u>\$ 201,139</u>	<u>\$ 1,062,451</u>

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,	
	2015	2014
Cash Flows from Operating Activities:		
Change in net assets	\$ 87,731	\$ (4,860)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	63,900	12,207
Unrealized gain on investment	(20,957)	(41,660)
Loss on disposal of fixed assets	-0-	5,089
Changes in assets and liabilities:		
Employee advances	-0-	220
Accounts receivable	-0-	53,146
Promise to give	(200,000)	-0-
Prepaid expenses	(62)	-0-
Short term investments	(6,152)	-0-
Due from affiliate - National	(26,132)	(26,469)
Lines of credit	4,426	(417)
Due to affiliate	(110,011)	110,011
Other payroll deductions	424	(809)
Deferred grant revenues	32,814	(109,082)
Net cash used in operating activities	(174,019)	(2,624)
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(1,885)	(197,625)
Net cash used in investing activities	(1,885)	(197,625)
Cash Flows from Financing Activities:		
Capital lease obligation proceeds	-0-	85,000
Repayments of capital lease obligations	(25,839)	(10,728)
Net cash provided by (used in) financing activities	(25,839)	74,272
Decrease in cash and cash equivalent	(201,742)	(125,977)
Cash and cash equivalents, beginning of year	878,530	1,004,507
Cash and cash equivalents, end of year	\$ 676,788	\$ 878,530
Supplemental Disclosures:		
Interest paid	\$ -0-	\$ 3,171
Noncash investing and financing activities:		
Capital lease obligation	\$ -0-	\$ 85,000

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

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

NOTE 1 - CORPORATION'S HISTORY AND PURPOSE

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 125 Broad Street, 18th Floor, New York City, New York.

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 **ACLUMF** 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 in its Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities*. Under *FASB ASC 958*, the organization 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, 2015 and 2014, there were no permanently restricted net assets.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

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 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 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. **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.

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 furniture and equipment.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

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

ACLUMF 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 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.

Short Term Investments

Short term 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 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.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

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

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

ACLUMF's financial instruments include cash and cash equivalents. **ACLUMF** estimates that the fair value of all financial instruments at March 31, 2015 and 2014 does not differ materially from the aggregate carrying values of its financial instruments 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, 2015 and 2014.

<u>March 31, 2015</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$281,769	\$ 281,769
Money market accounts	<u>395,019</u>	<u>395,019</u>
Total	<u>\$ 676,788</u>	<u>\$ 676,788</u>
 <u>March 31, 2014</u>	 <u>Carrying Amount</u>	 <u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$485,481	\$485,481
Money market accounts	<u>393,049</u>	<u>393,049</u>
Total	<u>\$878,530</u>	<u>\$878,530</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, 2015 and 2014, **ACLUMF** bank balances were uninsured in the amounts of \$48,148 and \$379,055, respectively. Also, **ACLUMF** maintains cash accounts in one (1) credit union located in Jackson, Mississippi. The deposit balances are insured by the National Credit Union Administration up to \$250,000. The uninsured amounts at March 31, 2015 and 2014 were \$145,019 and \$143,049, respectively.

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

NOTE 6 - SHORT TERM INVESTMENTS

Short term investments are recorded at market value as follows.

March 31, 2015

Financial Institutions	Fair Value Beginning of Year	Unrealized Appreciation	Fair Value End of Year
Vanguard	\$ 170,913	\$ 21,501	\$ 192,414
Fidelity Investment	<u>55,728</u>	<u>5,607</u>	<u>61,335</u>
Total	<u>\$ 226,641</u>	<u>\$ 27,108</u>	<u>\$ 253,749</u>

March 31, 2014

Financial Institutions	Fair Value Beginning of Year	Unrealized Appreciation	Fair Value End of Year
Vanguard	\$ 139,820	\$ 31,093	\$ 170,913
Fidelity Investment	<u>45,161</u>	<u>10,567</u>	<u>55,728</u>
Total	<u>\$ 184,981</u>	<u>\$ 41,660</u>	<u>\$ 226,641</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, 2015 and 2014, **ACLUMF** short term investments were uninsured by SIPC.

NOTE 7 - FAIR VALUE MEASUREMENTS

ACLUMF has adopted Financial Accounting Standards Board Accounting Standards Codification (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 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.

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

NOTE 7 - FAIR VALUE MEASUREMENTS, Continued

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, 2015 and 2014.

Cash and cash equivalents and money market accounts:

The carrying amount is a reasonable estimate of fair value.

Equity securities:

Valued at the closing price reported on the active markets on which the individual securities are traded.

Mutual funds:

Valued at the net asset value of shares held by **ACLUMF** at year ends.

Accounts payable and accrued liabilities:

The carrying amount is a reasonable estimate of fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although **ACLUMF** believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within FASB ASC 820 fair value hierarchy in which the fair value measurements fall at March 31, 2015 and 2014.

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

NOTE 7 - FAIR VALUE MEASUREMENTS, Continued

<u>March 31, 2015</u>	Fair	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	\$ 45,840	\$ 45,840
500 Index Funds	122,397	122,397
Windsor II Mutual Funds	24,178	24,178
Fidelity Small-Cap discovery funds	26,395	26,395
Fidelity Capital Appreciation Funds	17,654	17,654
Fidelity Contrafund	<u>17,285</u>	<u>17,285</u>
Total assets recognized at fair value	<u>\$253,749</u>	<u>\$253,749</u>

<u>March 31, 2014</u>	Fair	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	\$ 39,906	\$ 39,906
500 Index Funds	108,611	108,611
Windsor II Mutual Funds	22,396	22,396
Fidelity Small-Cap discovery funds	24,319	24,319
Fidelity Capital Appreciation Funds	15,803	15,803
Fidelity Contrafund	<u>15,606</u>	<u>15,606</u>
Total assets recognized at fair value	<u>\$226,641</u>	<u>\$226,641</u>

There were no investments at March 31, 2015 and 2014 that were measured at level 2 or level 3.

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

NOTE 7 - FAIR VALUE MEASUREMENTS, Continued

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, 2015 and 2014, as follows:

March 31, 2015

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Assets:		
Cash and cash equivalents	\$ 676,788	\$ 676,788
Due from affiliate - National	67,573	67,573
Promise to give	200,000	200,000
Liabilities:		
Capital lease obligation	48,433	48,433
Accrued expense and other payables	424	424
Lines of credit	7,650	7,650
Deferred grant revenue	130,681	130,681

March 31, 2014

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Assets:		
Cash and cash equivalents	\$ 878,530	\$ 878,530
Due from affiliate - National	41,441	41,441
Liabilities:		
Capital lease obligation	74,272	74,272
Lines of credit	3,150	3,150
Due to affiliate	110,011	110,011
Deferred grant revenue	97,867	97,867

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

NOTE 8 - CAPITAL LEASE OBLIGATION

ACLUMF is lessee of office equipment under capital lease expiring in 2017. 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 expenses.

Following is a summary of property held under capital leases:

Office equipment	\$ 85,000
Accumulated amortization	<u>(40,139)</u>
	\$ <u>44,861</u>

Minimum future lease payments under capital leases as of March 31, 2015 for each of the next two (2) years and in the aggregate are:

<u>Year Ending March 31,</u>	<u>Amount</u>
2016	\$ 33,360
2017	<u>19,460</u>
Total minimum lease payments	52,820
Less: Amount representing interest	<u>(4,387)</u>
Present value of net minimum lease payment	\$ <u>48,433</u>

Interest rate on capitalized lease is 11.99% 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 9 - OPERATING LEASE

ACLUMF leases equipment under an operating lease expiring on September 30, 2018. Future scheduled minimum lease payments are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2016	\$ 50,656
2017	50,656
2018	50,656
2019	<u>25,328</u>
Total minimum future lease payments	\$ <u>177,296</u>

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

NOTE 10 - 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, 2015, and has evaluated its tax positions taken for all open tax years. Currently, the 2013, 2014, and 2015 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, 2015.

NOTE 11 - FURNITURE AND EQUIPMENT

At March 31, 2015 and 2014, furniture and equipment consisted of the following:

March 31, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Office furniture	\$ 90,708	\$ 1,885	\$ -0-	\$ 92,593
Office equipment	<u>126,595</u>	<u>-0-</u>	<u>-0-</u>	<u>126,595</u>
Subtotal	217,303	1,885	-0-	219,188
Less: Accumulated depreciation	<u>(16,164)</u>	<u>(63,900)</u>	<u>-0-</u>	<u>(80,064)</u>
Total furniture and equipment, net	<u>\$ 201,139</u>	<u>\$ (62,015)</u>	<u>\$ -0-</u>	<u>\$ 139,124</u>

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

NOTE 11 - FURNITURE AND EQUIPMENT, CONTINUED

<u>March 31, 2014</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Office furniture	\$ 3,840	\$ 86,868	\$ -0-	\$ 90,708
Office equipment	<u>48,586</u>	<u>106,919</u>	<u>28,910</u>	<u>126,595</u>
Subtotal	52,426	193,787	28,910	217,303
Less: Accumulated depreciation	<u>(31,617)</u>	<u>(12,207)</u>	<u>(27,660)</u>	<u>(16,164)</u>
Total furniture and equipment, net	\$ <u>20,809</u>	\$ <u>181,580</u>	\$ <u>(1,250)</u>	\$ <u>\$201,139</u>

Depreciation expenses for the years ended March 31, 2015 and 2014, totaled \$23,761 and \$12,207, respectively.

NOTE 12 - REVOLVING CREDIT ACCOUNTS

ACLUMF has revolving credit facilities to provide support for general purposes. As March 31, 2015, the facilities are summarized as follows:

<u>Revolving Credit Facilities</u>	<u>Interest Rates</u>	<u>Available Capacities</u>
Bank of America – One (1) account	11.99 percent on purchases, 24.24 percent on cash advances Total available capacities	\$ <u>3,657</u>
American Express – Four (4) accounts	None	Unlimited, Total balance payable on the due date

The facilities are unsecured and the outstanding balances at March 31, 2015 for Bank of America and American Express are \$5,243 and \$2,334, respectively.

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

NOTE 13 - RETIREMENT PLAN

ACLUMF has a defined contribution plan on 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 year ended March 31, 2015 is \$22,679.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 16, 2015, 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 15 - BOARD OF DIRECTORS' COMPENSATION

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

SUPPLEMENTARY INFORMATION

Schedule I

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2015

	Legal	Legislative	Advocacy	Communication	Total Program Services	General and Administrative	Fundraising	Total Supportive Services	Total
EXPENSES									
Personnel Expenses:									
Salaries	\$ 145,177	\$ 43,369	\$ 59,287	\$ 50,346	\$ 298,179	\$ 168,918	\$ -0-	\$ 168,918	\$ 467,097
Payroll taxes	13,461	4,133	6,181	4,358	28,133	14,503	-0-	14,503	42,636
Fringe benefits	26,194	5,284	10,463	7,303	49,244	23,656	-0-	23,656	72,900
Total Personnel Expenses	184,832	52,786	75,931	62,007	375,556	207,077	-0-	207,077	582,633
Non-Personnel Expenses:									
Occupancy	17,864	11,318	15,728	11,294	56,204	21,311	624	21,935	78,139
Insurance	3,974	60	83	83	4,200	3,144	300	3,444	7,644
Office expense	5,370	3,591	5,804	5,637	20,402	10,689	2,409	13,098	33,500
Travel	7,993	1,132	5,775	1,101	16,001	13,379	1,752	15,131	31,132
Information technology	8,621	1,100	2,571	1,635	13,927	3,818	417	4,235	18,162
Professional services	4,411	7,537	3,696	4,587	20,231	11,263	2,341	13,604	33,835
Advertising and promotion	5	-0-	71	1,815	1,891		996	996	2,887
Conferences, conventions and meetings	3,761	4,821	8,042	682	17,306	2,894	14,719	17,613	34,919
Other expenses	3,637	1,493	1,573	1,554	8,257	10,249	3,255	13,504	21,761
Depreciation expense-other	12,780	12,689	12,780	12,780	51,029	12,871	-0-	12,871	63,900
Total expenses	\$ 253,248	\$ 96,527	\$ 132,054	\$ 103,175	\$ 585,004	\$ 296,695	\$ 26,813	\$ 323,508	\$ 908,512

See Independent Auditors' Report on Supplementary Information.