

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

FINANCIAL AUDITS TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

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INDEPENDENT AUDITORS' 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. (ACLUMF)** (a nonprofit organization), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **ACLUMF** as of March 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of **ACLUMF** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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.

INDEPENDENT AUDITORS' REPORT
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To the Board of Directors of
American Civil Liberties Union
of Mississippi Foundation, Inc.
Jackson, Mississippi
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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 ACLUMF's ability to continue as a going concern within one (1) year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 the 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.

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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- 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 ACLUMF'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 ACLUMF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

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

November 28, 2022



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

	As of March 31,	
	2022	2021
		Restated
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents (NOTES 2, 3 AND 4):		
Operational	\$ 263,224	\$ 305,287
Designated	<u>1,390,809</u>	<u>456,782</u>
Total cash and cash equivalents	<u>1,654,033</u>	<u>762,069</u>
Long term investments (NOTES 2 AND 7)	588,741	522,127
Prepaid expenses	77	69
Promise to give	262,500	118
Due from affiliates:		
Union - unrestricted	-	9,750
National	1,116,510	498,534
Assets held for sale	<u>4,520</u>	<u>4,520</u>
Total current assets	<u>3,626,381</u>	<u>1,797,187</u>
Furniture and Equipment (NOTES 2, 13 AND 15):		
Office furniture	98,923	97,546
Office equipment	72,599	84,490
Less: accumulated depreciation	<u>(161,584)</u>	<u>(147,109)</u>
Total furniture and equipment	9,938	34,927
Financing lease right to use	20,520	-
Less: accumulated amortization	<u>(11,696)</u>	<u>-</u>
Total financing lease right to use	<u>8,824</u>	<u>-</u>
Operating lease right to use	<u>263,673</u>	<u>-</u>
Total operating lease right to use	<u>263,673</u>	<u>-</u>
Total furniture and equipment, net	<u>282,435</u>	<u>34,927</u>
Total assets	<u>\$ 3,908,816</u>	<u>\$ 1,832,114</u>

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

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

	<u>As of March 31,</u>	
	<u>2022</u>	<u>2021</u> <u>Restated</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Current portion of finance lease obligation (NOTES 3, 12 AND 13)	\$ 14,331	\$ 17,688
Current portion of operating lease obligation (NOTES 3, 12 AND 13)	59,357	-
Payroll liabilities	41,336	29,481
Total current liabilities	<u>115,024</u>	<u>47,169</u>
Finance lease obligation, less current portion (NOTES 3, 12 AND 13)	-	8,981
Operating lease obligation, less current portion (NOTES 3, 12 AND 13)	<u>204,316</u>	<u>-</u>
Total liabilities	<u>319,340</u>	<u>56,150</u>
Net Assets (NOTES 2 AND 10):		
With donor restrictions	2,019,818	456,782
Without donor restrictions	<u>1,569,658</u>	<u>1,319,182</u>
Total net assets	<u>3,589,476</u>	<u>1,775,964</u>
Total liabilities and net assets	<u>\$ 3,908,816</u>	<u>\$ 1,832,114</u>

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

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

	For the Year Ended March 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT:</u>			
National support	\$ 660,477	\$ 1,300,000	\$ 1,960,477
Private foundations	7,734	1,115,000	1,122,734
Interest and dividend income	3,218	-	3,218
Individual donations	59,012	-	59,012
Other income	182,055	-	182,055
Contributed income	9,100	-	9,100
Unrealized gain on investments	64,358	-	64,358
Net assets released from restrictions:			
Satisfaction of purpose:			
National support	642,356	(642,356)	-
Private foundations	209,608	(209,608)	-
Total net assets released from restrictions	851,964	(851,964)	-
Total revenues and support	1,837,918	1,563,036	3,400,954
<u>EXPENSES:</u>			
Program services:			
Legal	368,947	-	368,947
Advocacy	638,120	-	638,120
Communication	210,818	-	210,818
Total program services	1,217,885	-	1,217,885
Supportive services:			
General and administrative	355,787	-	355,787
Fundraising	13,770	-	13,770
Total supportive services	369,557	-	369,557
Total expenses	1,587,442	-	1,587,442
Changes in net assets	250,476	1,563,036	1,813,512
Net assets, beginning of year (restated)	1,319,182	456,782	1,775,964
Net assets, end of year	\$ 1,569,658	\$ 2,019,818	\$ 3,589,476

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

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

	For the Year Ended March 31, 2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT:</u>			
National support	\$ 766,106	\$ 616,500	\$ 1,382,606
Private foundations	8,428	15,000	23,428
Interest and dividend income	9,868	-	9,868
Individual donations	11,505	-	11,505
Other income	143,006	-	143,006
Contributed income	20,460	-	20,460
Unrealized gain on investments	193,897	-	193,897
Net assets released from restrictions:			
Satisfaction of purpose:			
National support	287,334	(287,334)	-
Private foundations	17,428	(17,428)	-
Total net assets released from restrictions	304,762	(304,762)	-
Total revenues and support	<u>1,458,032</u>	<u>326,738</u>	<u>1,784,770</u>
<u>EXPENSES:</u>			
Program services:			
Legal	326,720	-	326,720
Advocacy	379,120	-	379,120
Communication	140,199	-	140,199
Total program services	<u>846,039</u>	<u>-</u>	<u>846,039</u>
Supportive Services:			
General and administrative	250,176	-	250,176
Fundraising	1,563	-	1,563
Total supportive services	<u>251,739</u>	<u>-</u>	<u>251,739</u>
Total expenses	<u>1,097,778</u>	<u>-</u>	<u>1,097,778</u>
Changes in net assets	360,254	326,738	686,992
Net assets, beginning of year	<u>958,928</u>	<u>130,044</u>	<u>1,088,972</u>
Net assets, end of year (Restated)	\$ <u>1,319,182</u>	\$ <u>456,782</u>	\$ <u>1,775,964</u>

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

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

	For the Years Ended March 31,					
	2022			2021		
	Program Services	Supportive Services	Total	Program Services	Supportive Services	Total
EXPENSES						
Personnel Expenses:						
Salaries (NOTE 19)	\$ 648,041	\$ 240,838	\$ 888,879	\$ 475,876	\$ 183,076	\$ 658,952
Payroll taxes	48,972	17,888	66,860	35,451	13,251	48,702
Fringe benefits	72,977	24,017	96,994	53,969	16,563	70,532
Total personnel expenses	769,990	282,743	1,052,733	565,296	212,890	778,186
Non-Personnel Expenses:						
Occupancy	47,868	16,416	64,284	54,709	19,524	74,233
Insurance	8,843	2,336	11,179	6,802	2,208	9,010
Office expense	12,098	5,693	17,791	12,181	5,968	18,149
Travel	4,446	9,658	14,104	1,269	-	1,269
Information technology	8,211	91	8,302	11,357	1,241	12,598
Professional services	229,324	21,336	250,660	148,179	2,217	150,396
Advertising and promotion	12,933	100	13,033	920	100	1,020
Conferences, conventions and meetings	44,978	4,175	49,153	24,747	104	24,851
Other expenses	56,828	19,553	76,381	4,400	2,094	6,494
Interest expense	1,095	365	1,460	1,584	527	2,111
Amortization expense	8,772	2,924	11,694	-	-	-
Depreciation expense	12,500	4,167	16,668	14,595	4,865	19,460
Total expenses	\$ 1,217,885	\$ 369,557	\$ 1,587,442	\$ 846,039	\$ 251,739	\$ 1,097,778

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,	
	2022	2021 (Restated)
Cash Flows from Operating Activities:		
Changes in net assets	\$ 1,813,512	686,992
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	16,668	19,460
Amortization expense	11,694	
Disposal of property and equipment	(2,191)	-
Unrealized gains on investments	(64,358)	(193,897)
Changes in assets and liabilities:		
Payroll liabilities	11,855	18,507
Prepaid expenses	(8)	170
Promise to give	(262,382)	(118)
Due from affiliates	(608,226)	(293,704)
Current portion of finance lease obligation	(3,358)	
Accrued expenses and other payables	-	(64)
Net cash provided (used) by operating activities	<u>913,206</u>	<u>237,346</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	10,515	(8,380)
Purchase of short term investments, net	(2,256)	(8,785)
Financing lease right to use	<u>(20,520)</u>	<u>-</u>
Net cash provided by investing activities	<u>(12,261)</u>	<u>(17,165)</u>
Cash Flows from Financing Activities:		
Repayment of finance lease obligations	<u>(8,981)</u>	<u>(15,577)</u>
Net cash used in financing activities	<u>(8,981)</u>	<u>(15,577)</u>
Increase in cash and cash equivalent	891,964	204,604
Cash and cash equivalents, beginning of year	<u>762,069</u>	<u>557,465</u>
Cash and cash equivalents, end of year	\$ <u>1,654,033</u>	\$ <u>762,069</u>

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

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

	For the Years Ended March 31,	
	<u>2022</u>	<u>2021 Restated</u>
Supplemental Disclosure:		
Interest paid	\$ <u>1,460</u>	\$ <u>2,111</u>
Noncash items:		
Operating lease right to use	\$ 263,673	\$ -
Operating lease obligation	\$ <u>(263,673)</u>	\$ <u>-</u>

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

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

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 233 East Capitol Street, Jackson, Mississippi 39201.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting

The financial 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, 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:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

Financial Statement Presentation, Continued

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

Cash and Cash Equivalents

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

Donated Property and Equipment

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

Donated Services

ACLUMF pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist ACLUMF with specific assistance programs, fundraising solicitation, and various other assignments. The amounts for donated services have been reflected in the financial statements in the years ended March 31, 2022 and 2021.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

Fund Accounting

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

Property and Equipment

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

The operating lease right to use asset is recognized on a straight-line basis over the lease term.

Revenue Recognition

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

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

Deferred Revenues

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

Use of Estimates

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, 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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in 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 of amount previously reported have been made to the accompanying financial statements to maintain consistency between the years presented. The reclassification impacted the previously reported net income.

Functional Expense Allocation

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

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

ACLUMF's financial instruments include cash and cash equivalents and long-term investments. ACLUMF estimates that the fair value of all financial instruments at March 31, 2022 and 2021 does not differ materially from the aggregate carrying values recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and cash equivalents approximate fair values because of the short maturities of those instruments.

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at March 31, 2022 and 2021:

<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 4 - CASH AND CASH EQUIVALENTS, Continued

<u>March 31, 2021</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 456,782	\$ 456,782
Money market accounts	<u>305,287</u>	<u>305,287</u>
Total	<u>\$ 762,069</u>	<u>\$ 762,069</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, 2022 and 2021, ACLUMF's bank balances were uninsured in the amounts of \$1,140,709 and \$249,479, 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, 2022 and 2021 were \$13,125 and \$12,469, respectively.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects ACLUMF's financial assets as of the statement of financial position dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position dates. Donor-restricted amounts that are available for use within one (1) year for general purposes are as follows:

	<u>2022</u>	<u>2021 (Restated)</u>
Financial assets at year end	\$ 3,621,784	\$ 1,792,598
Less those unavailable for general expenses within one (1) year due to donor-restriction for service projects	<u>(2,019,818)</u>	<u>(456,782)</u>
Financial assets available to meet cash needs for general purpose within one year	<u>\$ 1,601,966</u>	<u>\$ 1,335,816</u>

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

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, Continued

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

NOTE 7 - LONG-TERM INVESTMENTS

At March 31, 2022 and 2021, investments are recorded at fair value as follows:

	Fair Value Beginning of Year	Dividend Reinvested	Unrealized Appreciation	Transfer	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
Total	<u>\$ 522,127</u>	<u>\$ 2,256</u>	<u>\$ 64,358</u>	<u>\$ -</u>	<u>\$ 588,741</u>

	Fair Value Beginning of Year	Dividend Reinvested	Unrealized Depreciation	Fair Value End of Year
March 31, 2021				
Vanguard	\$ 247,582	\$ 8,785	\$ 141,459	\$ 397,826
Fidelity Investment	71,863	-	52,438	124,301
Total	<u>\$ 319,445</u>	<u>\$ 8,785</u>	<u>\$ 193,897</u>	<u>\$ 522,127</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, 2022 and 2021, ACLUMF's investments were uninsured by SIPC.

NOTE 8 - FAIR VALUE MEASUREMENTS

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

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

NOTE 8 - FAIR VALUE MEASUREMENTS, Continued

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.

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, 2022 and 2021.

Cash and cash equivalents and money market accounts:

The carrying amount is a reasonable estimate of fair value.

<u>March 31, 2022</u>		Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>Investment Types</u>	<u>Fair Value</u>	
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.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - FAIR VALUE MEASUREMENTS, Continued

<u>March 31, 2021</u>		Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>Investment Types</u>	<u>Fair Value</u>	
Mid-Cap Index Funds	\$ 86,704	\$ 86,704
500 Index Funds	264,521	264,521
Windsor II Mutual Funds	46,600	46,600
Fidelity Small-Cap Discovery Funds	43,923	43,923
Fidelity Capital Appreciation Funds	38,307	38,307
Fidelity Contrafund	42,072	42,072
Total assets recognized at fair value	\$ <u>522,127</u>	\$ <u>522,127</u>

There were no investments at March 31, 2022 and 2021 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, 2022 and 2021 as follows:

<u>March 31, 2022</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Assets:		
Cash and cash equivalents	\$ 1,654,033	\$ 1,654,033
Promises to give	252,500	252,500
Due from affiliates:		
National	1,116,510	1,116,510
Liabilities:		
Finance lease obligation	14,331	14,331
Operating lease obligation	263,673	263,673

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

NOTE 8 - FAIR VALUE MEASUREMENTS, Continued

<u>March 31, 2021 (Restated)</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Assets:		
Cash and cash equivalents	\$ 762,069	\$ 762,069
Promise to give	118	118
Due from affiliate:		
Union-unrestricted	9,750	9,750
National	498,534	498,534
Liabilities:		
Capital lease obligation	26,669	26,669

NOTE 9 - DUE FROM AFFILIATE

At March 31, 2022 and 2021, due from the affiliate consist of the following:

<u>March 31, 2022</u>	<u>Amount</u>
Due from affiliate:	
National	\$ <u>1,116,510</u>
 <u>March 31, 2021 (Restated)</u>	 <u>Amount</u>
Due from affiliate:	
Union-unrestricted	\$ 9,750
National	498,534
Total	\$ <u>508,284</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

At March 31, 2022 and 2021, net assets with donor restrictions in the amount of \$2,019,818 and \$956,782, respectively, are available for the following purposes:

	<u>2022</u>	<u>2021 (Restated)</u>
National Legal Department-MS ACLU Department	\$ 33,129	\$ 37,001
MS Voter Registration-Democracy Fund -Voter Registration	400	1,649
We Are All MS (WAAM) - Transgender Education and Advocacy	-	16,581
General Grant – National ACLU	2,291	2,291
LGBTQ Community Grant	7,541	12,727
W.K. Kellogg Foundation Grant	378,471	-

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS, Continued

	2022	2021 (Restated)
Packard Foundation Grant	\$ 474,669	\$ -
Ascend Grant	18,688	-
Oxfam America	15,000	-
Children's Defense Fund	25,000	-
National Immigration Grant	6,329	197,410
National SAI3.0	867,445	-
National ASNI Grant Trans Justice	70,000	-
National Policing Reform	36,523	50,000
National Voter Redistricting	63,194	100,000
National ASNI Grant Voting Rights	21,137	39,123
	<u>\$ 2,019,818</u>	<u>\$ 456,782</u>

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended March 31, 2022 and 2021, net assets were released from restrictions for the following purposes:

	2022	2021
National Legal Department-MS ACLU Department	\$ 3,872	\$ 2,028
MS Voter Registration-Democracy Fund -Voter Registration	1,250	15,154
General Grant – National ACLU	-	55,339
We Are All MS (WAAM) - Transgender Education and Advocacy	16,581	-
LGBTQ Community Grant	5,186	2,274
National Immigration Grant	191,081	22,589
National Policing Reform	13,477	-
National ASNI Grant	251,415	207,378
National ASNI Grant Voting Rights	58,863	-
W.K. Kellogg Foundation	71,529	-
Packard Foundation Grant	125,331	-
National Voter Redistricting	36,806	-
National SAI3.0	70,262	-
Ascend Grant	6,311	-
	<u>\$ 851,964</u>	<u>\$ 304,762</u>

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

NOTE 12 - FINANCE LEASE RIGHT TO USE

ACLUMF is lessee of office equipment under a noncancelable lease that is classified as a finance lease expiring in 2023. The assets and liabilities under finance 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 finance leases is included in depreciation expense.

Following is a summary of property held under finance leases:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 54,880	\$ 48,709
Accumulated amortization	<u>(40,021)</u>	<u>(23,002)</u>
	\$ <u>14,859</u>	\$ <u>25,707</u>

Future minimum lease payments under finance leases are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2023	\$ 14,331
Total minimum future lease payments	14,331
Less amount representing interest	<u>(931)</u>
Present value of minimum lease payments	\$ <u>13,400</u>

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

NOTE 13 - OPERATING LEASE RIGHT TO USE

ACLUMF leases office space under a non-cancelable operating lease which expires on June 30, 2026. Payments during the renewal option period were excluded since the operating lease's renewal options do not create a significant economic incentive for ACLUMF to extend the lease term.

Maturities of lease liabilities as of March 31, 2022 are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2023	\$ 59,358
2024	61,705
2025	63,382
2026	63,382
2027	<u>15,846</u>
Total minimum future lease payments	\$ <u>263,673</u>

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, 2022 and has evaluated its tax positions taken for all open tax years. Currently, the 2020, 2021, and 2022 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, 2022.

NOTE 15 - FURNITURE AND EQUIPMENT

At March 31, 2022 and 2021 furniture and equipment consisted of the following:

<u>March 31, 2022</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletion</u>	<u>Ending Balance</u>
Office furniture	\$ 97,546	\$ 1,377	\$ -	\$ 98,923
Office equipment	84,490	10,820	(2,191)	93,119
Subtotal	182,036	12,197	(2,191)	192,042
Less: Accumulated Depreciation and amortization	(147,109)	(28,362)	2,191	(173,280)
Total furniture and equipment, net	\$ 34,927	\$ (16,165)	\$ -	\$ 18,762
<u>March 31, 2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletion</u>	<u>Ending Balance</u>
Office furniture	\$ 97,611	\$ 1,560	\$ (1,625)	\$ 97,546
Office equipment	79,590	6,820	(1,920)	84,490
Subtotal	177,201	8,380	(3,545)	182,036
Less: Accumulated depreciation	(131,194)	(19,460)	3,545	(147,109)
Total furniture and equipment, net	\$ 46,007	\$ (11,080)	\$ -	\$ 34,927

Depreciation and amortization expenses for the years ended March 31, 2022 and 2021 were totaled \$28,362 and \$19,460, respectively.

NOTE 16 - RELATED PARTY

The ACLUMF has zero (0) interest in American Civil Liberties Union of Mississippi, (the Union), a Mississippi non-profit organization. The ACLUMF and the Union have the same board of directors and an individual as their executive director. The Union was organized for the purpose to educate through advocacy. During the years ended March 31, 2022 and 2021, there were no supports provided to the Union.

NOTE 17 - RETIREMENT PLAN

ACLUMF offers a defined contribution plan to all eligible employees. Currently, ACLUMF contributes to the plan up to six percent (6%) of gross wages of all participating employees. The retirement expense for the fiscal years ended March 31, 2022 and 2021 totaled \$39,494 and \$24,067, respectively.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 4, 2022, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen which are likely to negatively impact the funding of ACLUMF. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 19 - BOARD OF DIRECTORS' COMPENSATION

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

NOTE 20 - RECENT ACCOUNTING PRONOUNCEMENTS

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

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

NOTE 20 - RECENT ACCOUNTING PRONOUNCEMENTS, Continued

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

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

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

SUPPLEMENTARY INFORMATION

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	Legal	Advocacy	Communication	Total Program Services	General and Administrative	Fundraising	Total Supportive Services	Total
EXPENSES								
Personnel Expenses:								
Salaries	\$ 247,428	\$ 316,104	\$ 84,509	\$ 648,041	\$ 240,838	-	\$ 240,838	\$ 888,879
Payroll taxes	18,659	24,013	6,300	48,972	17,888	-	17,888	66,860
Fringe benefits	30,585	33,117	9,275	72,977	24,017	-	24,017	96,994
Total Personnel Expenses	296,672	373,234	100,084	769,990	282,743	-	282,743	1,052,733
Non-Personnel Expenses:								
Occupancy	15,028	22,533	10,307	47,868	16,002	414	16,416	64,284
Insurance	6,006	2,336	501	8,843	2,336	-	2,336	11,179
Office expense	5,182	4,398	2,518	12,098	4,343	1,350	5,693	17,791
Travel	495	2,092	1,859	4,446	9,658	-	9,658	14,104
Information technology	7,727	333	151	8,211	91	-	91	8,302
Professional services	7,256	167,234	54,834	229,324	13,736	7,600	21,336	250,660
Advertising and promotion	-	-	12,933	12,933	100	-	100	13,033
Conferences, conventions and meetings	3,950	38,680	2,348	44,978	3,250	925	4,175	49,153
Other expenses	19,175	19,825	17,828	56,828	16,072	3,481	19,553	76,381
Interest expense	365	365	365	1,095	365	-	365	1,460
Amortization expense	2,924	2,923	2,923	8,770	2,924	-	2,924	11,694
Depreciation expense-other	4,167	4,167	4,167	12,501	4,167	-	4,167	16,668
Total Non-Personnel Expenses	72,275	264,886	110,734	447,895	73,044	13,770	86,814	534,709
Total expenses	\$ 368,947	\$ 638,120	\$ 210,818	\$ 1,217,885	\$ 355,787	\$ 13,770	\$ 369,557	\$ 1,587,442

See Independent Auditors' Report on Supplementary Information