



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.

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

TABLE OF CONTENTS

<u>Independent Auditor's Report</u>	1-3
<u>Financial Statements</u>	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
<u>Notes to Financial Statements</u>	8-16



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of American Civil Liberties Union of Mississippi, Inc. (nonprofit corporation), which comprise the statements 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.

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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 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.

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 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.
- 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".

Luther Speight & Company CPAs
New Orleans, Louisiana
November 15, 2023

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 338,133	\$ 352,636
Due From National Office	<u>268,392</u>	<u>17,993</u>
TOTAL ASSETS	<u><u>606,525</u></u>	<u><u>370,629</u></u>
LIABILITIES		
Accounts Payable	<u>333</u>	<u>-</u>
TOTAL LIABILITIES	<u>333</u>	<u>-</u>
NET ASSETS		
Without Donor Restrictions	<u>606,192</u>	<u>370,629</u>
TOTAL NET ASSETS	<u><u>606,192</u></u>	<u><u>370,629</u></u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 606,525</u></u>	<u><u>\$ 370,629</u></u>

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

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, 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:						
Guaranteed Minimum Income	\$ 82,138	\$ -	\$ 82,138	\$ 81,289	\$ -	\$ 81,289
Revenue Reconciliation	151,658	-	151,658	11,291	-	11,291
Membership Income	480	-	480	-	-	-
Campaign for Smart Justice	-	-	-	60,000	-	60,000
Event Income	6,220	-	6,220	80	-	80
Other Income	15	-	15	-	-	-
TOTAL REVENUES	<u>\$ 240,511</u>	<u>\$ -</u>	<u>\$ 240,511</u>	<u>\$ 152,660</u>	<u>\$ -</u>	<u>\$ 152,660</u>
EXPENSES						
Program Services:						
Legislative Program	\$ 97,706	\$ -	\$ 97,706	\$ 118,727	\$ -	\$ 118,727
Total Program Services	97,706	-	97,706	118,727	-	118,727
Supportive Services:						
Management and General	7,242	-	7,242	3,294	-	3,294
Total Supportive Services	7,242	-	7,242	3,294	-	3,294
TOTAL EXPENSES	<u>104,948</u>	<u>-</u>	<u>104,948</u>	<u>122,021</u>	<u>-</u>	<u>122,021</u>
CHANGE IN NET ASSETS	135,563	-	135,563	30,639	-	30,639
BEGINNING NET ASSETS	370,629	-	370,629	339,990	-	339,990
NET ASSETS ADJUSTMENT	100,000	-	100,000	-	-	-
ENDING NET ASSETS	<u>\$ 606,192</u>	<u>\$ -</u>	<u>\$ 606,192</u>	<u>\$ 370,629</u>	<u>\$ -</u>	<u>\$ 370,629</u>

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

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	2023			2022		
	Legislative Program	Management & General	Total	Legislative Program	Management & General	Total
Personnel and Related Program Costs	\$ 39,609	\$ -	\$ 39,609	\$ 94,796	\$ -	\$ 94,796
Occupancy Expense	332	-	332	1,174	-	1,174
Conferences & Meetings Expenses	1,026	-	1,026	-	-	-
Accounting and Auditing		2,500	2,500		2,000	2,000
Lobbying Expense	2,773	-	2,773	19,142	-	19,142
Professional Fees	51,575	-	51,575	674	-	674
Travel Expense	2,391	2,805	5,196	2,498	-	2,498
Office Expense	-	1,457	1,457	443	1,219	1,662
Dues and Subscriptions	-	480	480	-	75	75
Total Expenses	\$ 97,706	\$ 7,242	\$ 104,948	\$ 118,727	\$ 3,294	\$ 122,021

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

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, 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	\$ 135,563	\$ 30,639
Net Assets Adjustment	100,000	-
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Net Changes in Operating Assets and Liabilities:		
(Increase)/Decrease in Due From National Office	(250,399)	503,474
Increase/(Decrease) in Accounts Payable	333	-
Increase/(Decrease) in Due to Affiliate	-	(509,750)
Net Cash Provided (Used) by Operating Activities	<u>(14,503)</u>	<u>24,363</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,503)	24,363
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>352,636</u>	<u>328,273</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 338,133</u></u>	<u><u>\$ 352,636</u></u>

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

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

NOTE 1 – NATURE OF ORGANIZATION AND PURPOSE

The American Civil Liberties Union of Mississippi, Inc. (ACLUM) (not-for-profit organization) was incorporated in 1986 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. ACLUM has adopted the following guiding principles:

- The right of free expression- above all, the freedom of dissent from the official view and majority.
- The right to equal treatment regardless of race, sex, religion, national origin, sexual orientation, age, or handicap.
- The right of fair play in encounters with government institutions, courts, schools, police, bureaucracy and with the repositories of great private power.
- The right to be left alone, to be secure from spying, from the promiscuous and unwarranted collection of personal information, and from interference in our private lives.

The American Civil Liberties Union Corporation is located at 101 S. Congress Street, Jackson, Mississippi 39201.

The fiscal year of ACLUM 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 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.

AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI, 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, ACLUM reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ACLUM reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Financial Statement Presentation

Effective April 1, 2018, ACLUM has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, ACLUM classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two (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 ACLUM 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 ACLUM are included in this category.

At March 31, 2023 and 2022, there were no net assets with donor restrictions.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

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

Fund Accounting

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

Use of Estimates

The preparation of the financial statements in conformity with 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, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give 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.

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.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Financial Accounting Pronouncements

In 2016, the FASB issued 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 year ended March 31, 2023, ACLUM did not have leases that qualified under this accounting standard so no material changes to the financial statements were necessary.

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, ACLUM 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 ACLUM had financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of the following:

	2023	2022
Cash and Cash Equivalents	\$ 338,133	\$ 352,636
Due From National Office	268,392	17,993
Total	606,525	370,629
Net Assets with Donor Restrictions	-	-
Financial Assets Available to Meet Expenditures Over the Next 12 Months	<u>\$ 606,525</u>	<u>\$ 370,629</u>

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

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts Receivable consists of amounts outstanding from the National ACLU. Details of the outstanding balances as of March 31, 2023 and 2022 are as follows:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Beginning Balance	<u>\$ 17,993</u>	<u>\$ 521,467</u>
Ending Balance	<u>\$ 268,392</u>	<u>\$ 17,993</u>

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Cash and Cash Equivalents – The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments. The estimated fair values of ACLUM's financial instruments, none of which are held for trading purposes, are as follows:

	<u>March 31, 2023</u>		<u>March 31, 2022</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:				
Cash and Cash Equivalents	<u>\$ 338,133</u>	<u>\$ 338,133</u>	<u>\$ 352,636</u>	<u>\$ 352,636</u>

NOTE 6 – CONCENTRATIONS

ACLUM maintains its cash and cash equivalents in several different financial institutions. The current balance covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) is \$250,000 per institution for interest bearing accounts and non-interest-bearing accounts alike. The bank balances for ACLUM, at times, may exceed federally insured limits. Management has not experienced any losses in the past, and does not believe ACLUM is exposed to a significant amount of credit risk. ACLUM had \$88,133 and \$102,636 in uninsured funds as of March 31, 2023 and 2022, respectively.

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

NOTE 7 – INCOME TAXES

ACLUM is exempt from federal income taxes under Section 501(c)(4) of the internal Revenue Code and from Mississippi income taxes. Therefore, no provision has been made for federal or Mississippi corporate income taxes in the accompanying financial statements. ACLUM has adopted recently issued accounting principles related to uncertain tax positions for the year ended March 31, 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, ACLUM is not currently under audit nor has ACLUM been contacted by any of these jurisdictions.

Based on the evaluation of ACLUM's tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended March 31, 2023 and 2022.

NOTE 8 – RELATED PARTIES

The ACLUM has zero (0) interest in American Civil Liberties Union of Mississippi Foundation, (the Foundation), a Mississippi non-profit organization. The ACLUM and the Foundation have the same board of directors and an individual as their executive director. The Foundation was organized to promote a broad range of civil liberties and civil rights, and by way of litigation, legislation, and education. During the years ended March 31, 2023 and 2022, there was no support received from the Foundation.

NOTE 9 – NET ASSETS ADJUSTMENT

Management determined \$100,000 in revenue from the year ended March 31, 2022 needed to be transferred from the Foundation to the Union. As a result, a net asset adjustment was made totaling \$100,000 to properly state beginning net assets.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2023, which is the date the financial statements were available to be issued. No events have been evaluated past that date.