

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

**FINANCIAL AUDIT 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, Inc.  
Jackson, Mississippi

### Opinion

We have audited the accompanying financial statements of American Civil Liberties Union of Mississippi, Inc. (ACLUM) (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 ACLUM 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 (ACLUM) 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**  
**CONTINUED**

To the Board of Directors of  
**American Civil Liberties Union**  
**of Mississippi, 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 ACLUM'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 (1) 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.

**INDEPENDENT AUDITORS' REPORT**  
**CONTINUED**

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

 ***Bruno & Tervalon LLP***  
Certified Public Accountants

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

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**ASSETS**

	<u>As of March 31,</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 352,636	\$ 328,273
Due from National office	<u>17,993</u>	<u>521,467</u>
 Total assets	 <u>\$ 370,629</u>	 <u>\$ 849,740</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Due to affiliate	\$ -	\$ <u>509,750</u>
 Total liabilities	 <u>-</u>	 <u>509,750</u>
 <b>Net Assets:</b>		
Without donor restrictions	<u>370,629</u>	<u>339,990</u>
 Total liabilities net assets	 <u>\$ 370,629</u>	 <u>\$ 849,740</u>

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

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

	For the Years Ended, March 31,	
	2022	2021
	Without Donor Restrictions	
<b><u>REVENUES AND SUPPORT:</u></b>		
National support:		
Guaranteed minimum income	\$ 81,289	\$ 60,870
ASNI Capacity	-	750,000
Campaign for Smart Justice	60,000	50,000
NPAD Trans Grant	-	45,000
Membership income	80	120
Revenue Reconciliation	11,291	16,337
Total revenues and support	152,660	922,327
<b><u>EXPENSES:</u></b>		
Program services:		
Legislative program	118,727	886,647
Total program services	118,727	886,647
Supportive services:		
General and administrative (NOTE 5)	3,295	11,970
Total supportive services	3,295	11,970
Total expenses	122,021	898,617
Change in net assets	30,639	23,710
Net assets, beginning of year	339,990	316,280
Net assets, end of year	\$ 370,629	\$ 339,990

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

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

For the Years Ended March 31,

	2022			2021		
	Program Service	Supportive Service	Total	Program Service	Supportive Service	Total
<b>EXPENSES</b>						
Accounting and auditing	\$ -	\$ 2,000	\$ 2,000	\$ -	\$ 2,000	\$ 2,000
Lobbying expense	19,142	-	19,142	7,274	-	7,274
Other professional services	674	-	674	439	7,595	8,034
Membership dues remittance	-	75	75	-	160	160
Personnel and related program costs	94,796	-	94,796	878,703	-	878,703
Occupancy expense	1,174	-	1,174	-	-	-
Office expense	443	1,219	1,663	50	2,215	2,265
Travel	2,498	-	2,498	135	-	135
Conferences, meetings, and programs	-	-	-	46	-	46
<b>Total expenses</b>	<b>\$ 118,727</b>	<b>\$ 3,294</b>	<b>\$ 122,021</b>	<b>\$ 886,647</b>	<b>\$ 11,970</b>	<b>\$ 898,617</b>

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



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

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	For the Years Ended March 31,	
	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 30,639	\$ 23,710
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Changes in assets:		
Due from National office	503,474	(505,010)
Due to affiliate	<u>(509,750)</u>	<u>509,750</u>
Net cash provided by operating activities	<u>24,363</u>	<u>28,450</u>
Net increase in cash and cash equivalents	24,363	28,450
Cash and cash equivalents, beginning of year	<u>328,273</u>	<u>299,823</u>
Cash and cash equivalents, end of year	<u>\$ 352,636</u>	<u>\$ 328,273</u>
Supplemental Disclosures:		
None		

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

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

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**NOTE 1 - CORPORATION'S HISTORY AND PURPOSE**

American Civil Liberties Union of Mississippi, Inc., (ACLUM) (a non-profit organization) was incorporated in 1986 with a mission and purpose to support its parent corporation, the American Civil Liberties Union of Mississippi Foundation, Inc. (ACLUMF), 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 South Congress Street, Jackson, Mississippi 39201.

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

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

**Basis of Accounting**

The financial statements 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, 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

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

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

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

At March 31, 2022 and 2021, there were no net assets with donor restrictions.

**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, 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.

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

Donated Services

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

Fund Accounting

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

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.

Use of Estimates

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

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.

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, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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:

	March 31, 2022		March 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	\$ 352,636	\$ 352,636	\$ 328,273	\$ 328,273

**NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS**

ACLUM maintains its cash account in one (1) financial institution located in Jackson, Mississippi. The bank balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2022, (ACLUM) cash deposit balance exceeded the balance insured by the FDIC in the amount of \$102,636.

**NOTE 5 - PERSONNEL AND RELATED PROGRAM COSTS**

The \$750,000 grant agreement funded by National ACLU to its affiliate ACLUM was rescinded and reissued to the ACLUMF.

**NOTE 6 - INCOME TAXES**

ACLUM 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.

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

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**NOTE 6 - INCOME TAXES, Continued**

ACLUM 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, ACLUM is not currently under audit nor has ACLUM been contacted by any of these jurisdictions.

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

**NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

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

	<u>2022</u>	<u>2021</u>
Financial assets at year end	\$ 370,629	\$ 849,740
Less those unavailable for general expenses within one year due to donor-restriction for service projects	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general purpose within one year	\$ <u>370,629</u>	\$ <u>849,740</u>

**NOTE 8 - RELATED PARTY**

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 year ended March 31, 2022 and 2021, there was no support received from the Foundation.

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

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**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 28, 2022, 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 10 - 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. ACLUM does not expect the new guidance to have a material impact on ACLUM's financial statements.

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. ACLUM is evaluating the impact of this update on it 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. ACLUM does not expect the new guidance to have a material impact on ACLUM's financial statements.

Subsequent to March 31, 2022, for all these recent accounting pronouncements, the FASB has decided to delay each effective date by one (1) year due to the effects of the COVID-19 pandemic.