



*Luther Speight & Company, LLC*  
*Certified Public Accountants and Consultants*

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

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of American Civil Liberties Union of Mississippi Foundation, Inc. (a nonprofit corporation), which comprise the statement of financial position as of March 31, 2024, 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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period.

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

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Luther Speight & Co. CPAs*

Luther Speight & Company CPAs  
New Orleans, Louisiana  
October 10, 2024

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2024 AND 2023**

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents		
Operational	\$ 266,619	\$ 263,961
Designated	509,616	1,195,159
Investments	698,600	540,250
Accounts Receivable	6,526	300
Prepaid Expenses	319	18
Due From Affiliates:		
Union - Unrestricted	-	833
National	789,984	598,356
Assets Held for Sale	4,520	4,520
<b>TOTAL CURRENT ASSETS</b>	<b>2,276,184</b>	<b>2,603,397</b>
<b>FURNITURE &amp; EQUIPMENT</b>		
Office Equipment	39,101	39,101
Office Furniture and Fixtures	118,613	120,248
Less: Accumulated Depreciation	(130,923)	(117,721)
<b>TOTAL FURNITURE &amp; EQUIPMENT</b>	<b>26,791</b>	<b>41,628</b>
<b>OTHER ASSETS</b>		
Right-To-Use Asset - Finance Lease	63,756	61,763
Less: Accumulated Amortization	(24,166)	(10,851)
Total Right-To-Use Asset - Finance Lease	39,590	50,912
Right-To-Use Asset - Operating Lease	120,606	168,269
<b>TOTAL OTHER ASSETS</b>	<b>160,196</b>	<b>219,181</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,463,171</b>	<b>\$ 2,864,206</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,377	\$ -
Current Portion of Finance Lease Obligations	24,580	21,828
Current Portion of Operating Lease Obligation	56,748	51,855
Payroll Liabilities	43,480	33,690
<b>TOTAL CURRENT LIABILITIES</b>	<b>127,185</b>	<b>107,373</b>
<b>NON-CURRENT LIABILITIES</b>		
Finance Lease Obligations, Less Current Portion	18,650	41,147
Operating Lease Obligation, Less Current Portion	76,308	133,056
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>94,958</b>	<b>174,203</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	1,859,730	1,313,010
With Donor Restrictions	381,298	1,269,620
<b>TOTAL NET ASSETS</b>	<b>2,241,028</b>	<b>2,582,630</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 2,463,171</b>	<b>\$ 2,864,206</b>

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

**AMERICAN CIVIL LIBERTIES UNION MISSISSIPPI FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2024**  
**WITH SUMMARIZED TOTALS FOR MARCH 31, 2023**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES</b>				
Support from National Private Foundations	\$ 499,569	\$ 724,000	\$ 1,223,569	\$ 604,473
Individual Donations	-	256,408	256,408	277,785
Contributed Income	70,464	-	70,464	14,493
Other Income	-	-	-	-
Investment Income/(Loss)	77,998	-	77,998	151,508
Interest Income	161,009	-	161,009	(47,665)
Released from Restrictions	3,384	-	3,384	2,053
	1,413,350	(1,413,350)	-	-
<b>TOTAL REVENUES</b>	<b>\$ 2,225,774</b>	<b>\$ (432,942)</b>	<b>\$ 1,792,832</b>	<b>\$ 1,002,647</b>
<b>EXPENSES</b>				
Program Services:				
Legal	539,848	-	539,848	545,707
Advocacy	514,280	-	514,280	742,763
Communication	212,825	-	212,825	205,229
Total Program Services	1,266,953	-	1,266,953	1,493,699
Management and General Fundraising	404,210	-	404,210	388,873
	7,891	-	7,891	5,622
<b>TOTAL EXPENSES</b>	<b>1,679,054</b>	<b>-</b>	<b>1,679,054</b>	<b>1,888,194</b>
<b>CHANGE IN NET ASSETS</b>	<b>546,720</b>	<b>(432,942)</b>	<b>113,778</b>	<b>(885,547)</b>
<b>BEGINNING NET ASSETS</b>	<b>1,313,010</b>	<b>1,269,620</b>	<b>2,582,630</b>	<b>3,589,476</b>
<b>NET ASSETS ADJUSTMENT</b>	<b>-</b>	<b>(455,380)</b>	<b>(455,380)</b>	<b>(121,299)</b>
<b>ENDING NET ASSETS</b>	<b>\$ 1,859,730</b>	<b>\$ 381,298</b>	<b>\$ 2,241,028</b>	<b>\$ 2,582,630</b>

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

AMERICAN CIVIL LIBERTIES UNION MISSISSIPPI FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2024  
WITH SUMMARIZED TOTALS FOR MARCH 31, 2023

	2024							2023
	Program			Total Program Services	Management & General	Fundraising	Total Expenses	Total Expenses
	Legal	Advocacy	Communication					
Salaries	\$ 252,920	\$ 172,307	\$ 123,856	\$ 549,083	\$ 284,518	\$ -	\$ 833,601	987,863
Payroll Taxes	19,383	12,610	9,616	41,609	21,808	-	63,417	80,034
Employee Benefits	37,573	21,425	9,552	68,550	34,678	-	103,228	137,955
Occupancy Expense	14,313	21,158	9,957	45,428	16,208	593	62,229	66,622
Depreciation Expense	3,897	3,897	3,897	11,691	3,897	-	15,588	14,146
Amortization Expense - Finance Lease	6,067	6,067	6,067	18,201	6,065	-	24,266	20,322
Interest Expense	867	867	867	2,601	867	-	3,468	2,148
Conferences & Meetings Expenses	14,213	86,487	16,811	117,511	10,754	3,953	132,218	193,869
Professional Services	147,090	179,857	13,452	340,399	5,108	-	345,507	301,292
Travel Expense	15,861	1,556	261	17,678	3,992	-	21,670	25,374
Office Expense	6,088	3,984	5,925	15,997	7,487	484	23,968	12,989
Other Expense	6,999	622	3,044	10,665	5,924	2,861	19,450	15,074
Insurance Expense	4,891	263	701	5,855	2,577	-	8,432	8,563
Information Technology	9,686	680	327	10,693	227	-	10,920	15,093
Advertising & Promotions Expense	-	2,500	8,492	10,992	100	-	11,092	6,850
<b>Total Expenses</b>	<u>\$ 539,848</u>	<u>\$ 514,280</u>	<u>\$ 212,825</u>	<u>\$ 1,266,953</u>	<u>\$ 404,210</u>	<u>\$ 7,891</u>	<u>\$ 1,679,054</u>	<u>\$ 1,888,194</u>

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



**AMERICAN CIVIL LIBERTIES UNION MISSISSIPPI FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 113,778	\$ (885,547)
Net Assets Adjustment	(455,380)	(121,299)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of Right-To-Use Asset - Finance Lease	13,315	20,322
Amortization of Right-To-Use Asset - Operating Lease	47,663	-
Depreciation	15,588	14,146
Net Realized/Unrealized (Gain)/Loss on Investments	(158,350)	48,491
<b>Net Changes in Operating Assets and Liabilities:</b>		
(Increase) Decrease in Prepaid Expenses	(301)	59
(Increase) Decrease in Accounts Receivable	(6,226)	(300)
(Increase) Decrease in Promise to Give	-	262,500
(Increase) Decrease in Due from Affiliates	(190,795)	517,321
Increase/(Decrease) in Right-Of-Use Asset	-	95,404
Increase in Accounts Payable	2,377	-
Increase/(Decrease) in Finance Lease Obligation for Interest Payments	(3,587)	4,563
Increase (Decrease) in Operating Lease Liability from Payments	(51,855)	(78,762)
Increase (Decrease) in Payroll Liabilities	9,790	(7,646)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(663,983)</b>	<b>(130,748)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property & Equipment	(751)	(45,836)
Right-Of-Use Asset Obtained in Exchange for New Finance Lease Liabilities	(1,993)	(62,410)
<b>Net Cash Used by Investing Activities</b>	<b>(2,744)</b>	<b>(108,246)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Finance Lease Obligations	(22,015)	(6,757)
Addition of Finance Lease Obligations	5,857	50,838
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>(16,158)</b>	<b>44,081</b>
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(682,885)</b>	<b>(194,913)</b>
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>1,459,120</b>	<b>1,654,033</b>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 776,235</b>	<b>\$ 1,459,120</b>

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

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 1 – NATURE OF ORGANIZATION AND PURPOSE**

The American Civil Liberties Union of Mississippi Foundation, Inc. (ACLUMF) (affiliate corporation) (nonprofit corporation) was incorporated in 1988 with a mission and purpose to support its parent corporation, the American Civil Liberties Union Corporation, in its mission of individual rights of all individuals in the State of Mississippi and the United States of America. ACLUMF has adopted the following guiding principles:

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

The American Civil Liberties Union of Mississippi Foundation, Inc. is located at 101 South Congress Street, Jackson, Mississippi 39201.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

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

Cash and Cash Equivalents

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

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Expenses Allocation

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

Donated Property and Equipment

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

Financial Statement Presentation

Effective April 1, 2018, ACLUMF has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, ACLUMF classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two (2) net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions with donor restrictions, received incurred in conducting the mission of ACLUMF are included in this category. At March 31, 2024 and 2023, net assets without donor restrictions were \$1,859,730 and \$1,313,010, respectively.
- Net assets with donor restrictions include funds subject to donor-imposed stipulations. Grants and contributions with donor restrictions received in conducting the mission of ACLUMF are included in this category. At March 31, 2024 and 2023, net assets with donor restrictions were \$381,298 and \$1,269,620, respectively.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Donated Services

ACLUMF pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist ACLUMF with specific assistance programs, fundraising solicitations, and various other assignments. During the years ended March 31, 2024 and 2023, those amounts were deemed immaterial. No amounts have been reflected in the financial statements for donated services.

Fund Accounting

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

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

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

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

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

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

Conditional contributions are recognized when the barriers to entitlement are overcome, and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. For any exchange transactions that exist, ACLUMF follows Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized and realized gains and losses are reported as investment income on the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Receivables

Receivables consist of amounts due from the National ACLU and the Union. The receivables are stated at net realizable value. If the amounts due become uncollectible, they will be charged to operations when that determination is made. ACLUMF considers the National ACLU receivables balance to be fully collectible. In addition, the balance due from the Union is expected to be collected in full. Accordingly, an allowance for doubtful accounts has not been recorded for the years ended March 31, 2024 or 2023. See NOTE 9 for additional details.

Furniture & Equipment

Furniture and equipment are carried at cost, or if donated, at the approximately fair value at the date of donation. ACLUMF capitalizes all costs for furniture and equipment in excess of \$500. Depreciation is computed on the straight-line basis over the estimated useful life of the asset. The estimated useful lives are three (3) to seven (7) years for furniture and equipment. The finance lease right-to-use asset is recognized on a straight-line basis over the lease term.

Advertising Expense

Advertising expenses are expensed as incurred. Total advertising expenses for the years ended March 31, 2024, and 2023, was \$11,092 and \$6,850 respectively.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leases

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

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

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

Recently Issued Financial Accounting Pronouncements

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

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently Issued Financial Accounting Pronouncements (Continued)

On September 17, 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update is expected to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that contributed nonfinancial assets be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires additional disclosures. The ASU is applicable for periods beginning after June 15, 2021. During the years ended March 31, 2024 and 2023, ACLUMF 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, 2024 and 2023 ACLUMF has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of the following:

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

	<u>2024</u>	<u>2023</u>
Financial assets at year end	\$ 2,271,345	\$ 2,598,859
Less those unavailable for general expenses within one (1) year due to donor-restriction for service projects	<u>(381,298)</u>	<u>(1,269,620)</u>
Financial assets available to meet cash needs for general purpose within one	<u>\$ 1,890,047</u>	<u>\$ 1,329,239</u>

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 4 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following at March 31, 2024 and 2023:

<u>March 31, 2024</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 509,616	\$ 509,616
Money Market Accounts	266,619	266,619
Total	<u>\$ 776,235</u>	<u>\$ 776,235</u>

  

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

**NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

ACLUMF's financial instruments include cash and cash equivalents and long-term investments. ACLUMF estimates that the fair value of all financial instruments at March 31, 2024 and 2023 does not differ materially from the aggregate carrying values recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and cash equivalents approximate fair values because of the short maturities of those instruments.

**NOTE 6 – CONCENTRATIONS OF CREDIT RISK**

ACLUMF maintains its cash accounts in one (1) financial institution located in Jackson, Mississippi. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2024 and 2023, ACLUMF's bank balances were uninsured in the amounts of \$685,967 and \$963,008, 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, 2024 and 2023 were \$0 and \$13,952, respectively.



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**NOTE 7 – LONG-TERM INVESTMENTS**

At March 31, 2024 and 2023, investments are recorded at fair value as follows:

<u>March 31, 2024</u>	<u>Fair Value Beginning of Year</u>	<u>Dividend Reinvested</u>	<u>Unrealized Appreciation</u>	<u>Transfers</u>	<u>Fair Value End of Year</u>
Fidelity Investment 2	\$ 540,250	\$ -	\$ 158,350	\$ -	\$ 698,600
	<u>\$ 540,250</u>	<u>\$ -</u>	<u>\$ 158,350</u>	<u>\$ -</u>	<u>\$ 698,600</u>

<u>March 31, 2023</u>	<u>Fair Value Beginning of Year</u>	<u>Dividend Reinvested</u>	<u>Unrealized Appreciation</u>	<u>Transfers</u>	<u>Fair Value End of Year</u>
Fidelity Investment 2	\$ 505,842	\$ -	\$ 34,408	\$ -	\$ 540,250
	<u>\$ 505,842</u>	<u>\$ -</u>	<u>\$ 34,408</u>	<u>\$ -</u>	<u>\$ 540,250</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, 2024 and 2023, ACLUMF's investments were uninsured by SIPC.

**NOTE 8 – FAIR VALUE MEASUREMENTS**

ACLUMF has adopted Fair Value Reporting. FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that ACLUMF can access.

**Level 2:** Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or oilier inputs that are observable or can be corroborated by observable marker data for substantially the fill term of the assets or liabilities.

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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**NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The category within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. There have been no changes in the methodologies used at March 31, 2024 and 2023. The carrying amount is a reasonable estimate of fair value for cash and cash equivalents and money market accounts. The following is a summary of the fair value of long-term investments.

<b>March 31, 2024</b>		
<b>Investment Types</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>
Mid-Cap Index Funds	\$ 102,425	\$ 102,425
500 Index Funds	366,136	366,136
Windsor II Mutual Funds	61,730	61,730
Fidelity2-Capital Appreciation Funds	52,658	52,658
Fidelity2-Low Priced Stock	58,766	58,766
Fidelity2-Blue Chip Growth	56,885	56,885
Total assets recognized at fair value	<u>\$ 698,600</u>	<u>\$ 698,600</u>

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

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**NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)**

There were no investments at March 31, 2024 and 2023 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, 2024 and 2023 as follows:

<u>March 31, 2024</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
<i>Assets:</i>		
Cash and Cash Equivalents	\$ 776,235	\$ 776,235
Due From Affiliates:		
Union	-	-
National	789,984	789,984
<i>Liabilities:</i>		
Finance Lease Obligations	43,230	43,230
Operating Lease Obligation	133,056	133,056

<u>March 31, 2023</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
<i>Assets:</i>		
Cash and Cash Equivalents	\$ 1,459,120	\$1,459,120
Due From Affiliates:		
Union	833	833
National	598,356	598,356
<i>Liabilities:</i>		
Finance Lease Obligations	62,975	62,975
Operating Lease Obligation	184,911	184,911

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**NOTE 9 – DUE FROM AFFILIATE**

At March 31, 2024 and 2023, amounts due from affiliates consist of the following:

<u>March 31, 2024</u>	<u>Amount</u>
Due from Affiliate:	
Union	\$ -
National	789,984
	<u>\$ 789,984</u>
<u>March 31, 2023</u>	<u>Amount</u>
Due from Affiliate:	
Union	\$ -
National	598,356
	<u>\$ 598,356</u>

**NOTE 10 – FURNITURE AND EQUIPMENT**

At March 31, 2024 and 2023 furniture and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Office Equipment	39,101	39,101
Office Furniture and Fixtures	118,613	120,248
Subtotal	157,714	159,349
Less: Accumulated Depreciation	(130,923)	(117,721)
Total Furniture and Equipment, net	<u>\$ 26,791</u>	<u>\$ 41,628</u>

Depreciation expense for the years ended March 31, 2024 and 2023 were \$15,588 and \$14,146, respectively.

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**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

At March 31, 2024 and 2023, net assets with donor restrictions in the amount of \$381,298 and \$1,269,620, respectively, are available for the following grants or programs:

Ascend Grant	\$ 14,024	\$ 1,524
Just Trust Emergency Grant	12,840	12,840
Just Trust Grant	138,271	102,451
LGBTQ Community Grant	4,853	5,804
National ASNI Grant Trans Justice	-	21,077
National ASNI Grant Voting Rights	61,022	-
National Grant - General	2,290	-
National Grant-First Amendment	-	44,870
National Legal Department	-	5,430
National SAI 3.0	-	350,000
National SLIP-Black Legal Interns Grant	-	8,000
Oxfam America	-	12,325
Other Programs	5,219	62,262
Packard Foundation Grant	-	394,501
W.K. Kellogg Foundation Grant	142,779	248,536
	<u>\$ 381,298</u>	<u>\$ 1,269,620</u>

Net assets released from restrictions totaled \$1,413,350 and \$1,111,198 for the years ended March 31, 2024 and 2023, respectively. The releases from restrictions consisted of both time and purpose restrictions that were fulfilled during the fiscal year.

**NOTE 12 - LEASES**

ACLUMF leases office space under a non-cancelable operating lease, which expires in June 2026. ACLUMF also leases various office equipment under noncancelable leases that are classified as financing leases, expiring in October 2025 and June 2027. Each year, the ROU assets and lease liabilities are reduced based upon the actual payments and a calculated amortization schedule. Total rent expense for the operating lease for the years ended March 31, 2024 and 2023 was \$57,849 each year and is included in Occupancy Expense on the Statements of Functional Expenses.

**AMERICAN CIVIL LIBERTIES UNION OF MISSISSIPPI FOUNDATION, INC.**  
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**NOTE 12 – LEASES (CONTINUED)**

Total amortization expense on the finance leases for the years ended March 31, 2024 and 2023 was \$24,166 and \$10,851, respectively. Supplemental balance sheet information related to the leases is as follows:

	<b>2024</b>	<b>2023</b>
<b><i>Operating Lease</i></b>		
Right-of-Use Asset - Operating Lease	\$ 120,606	\$ 168,269
	120,606	168,269
Current Portion of Operating Lease Obligation	56,748	51,855
Operating Lease Obligation, Less Current Portion	76,308	133,056
Total Operating Lease Obligation	\$ 133,056	\$ 184,911
<b><i>Finance Leases</i></b>		
Right-of-Use Asset - Finance Leases	63,756	61,763
Accumulated Amortization	(24,166)	(10,851)
Right-of-Use Asset - Finance Leases, net	\$ 39,590	\$ 50,912
Current Portion of Finance Lease Obligation	24,580	21,828
Finance Lease Obligation, Less Current Portion	18,650	41,147
Total Finance Lease Obligations	\$ 43,230	\$ 62,975
 <b><i>Other Information</i></b>		
Weighted-Average Remaining Lease Term in Years		
Operating Lease	2.25	3.25
Finance Leases	1.84	2.81
Weighted-Average Discount Rate		
Operating Lease	6.50%	6.50%
Finance Leases	6.50%	6.50%

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**NOTE 12 – LEASES (CONTINUED)**

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the operating and finance lease liabilities recognized on the balance sheet are as follows as of March 31, 2024:

Year Ending March 31,	Finance	Operating	Lease Payments
2025	\$ 26,522	\$ 63,382	\$ 89,904
2026	16,407	63,382	79,789
2027	2,246	15,846	18,092
2028	563	-	563
2029	-	-	-
Thereafter	-	-	-
Total Future Minimum Lease Payments	45,738	142,610	188,348
Less Imputed Interest	(2,508)	(9,554)	(12,062)
Total Present Value of Lease Liabilities	\$ 43,230	\$133,056	\$ 176,286

**NOTE 13 – 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, 2024 and has evaluated its tax positions taken for all open tax years. Currently the 2022, 2023, and 2024 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, 2024 or 2023.

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**NOTE 14 – RELATED PARTY**

The ACLUMF has zero (0) interest in American Civil Liberties Union of Mississippi, (the Union), a Mississippi non-profit organization. The Foundation and the Union have the same board of directors and an individual as their executive director. The Union was organized for the purpose to educate through advocacy. During the years ended March 31, 2024 and 2023, there was no support provided to the Union.

**NOTE 15 – RETIREMENT PLANS**

ACLUMF offers a defined contribution plan to all eligible employees. Currently, ACLUMF contributes to the plan up to six percent (6%) of gross wages of all participating employees. The retirement expense for the fiscal years ended March 31, 2024 and 2023 totaled \$35,409 and \$48,546, respectively.

**NOTE 16 – BOARD OF DIRECTORS' COMPENSATION**

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

**NOTE 17 – NET ASSETS ADJUSTMENTS**

Management made a net assets adjustment totaling (\$455,380) related to revenue that was recorded in a previous year but returned to the grantor during the 2024 fiscal year, and adjustments related to changes in account balances for operating and finance leases.

**NOTE 18 – SUBSEQUENT EVENTS**

Management evaluated subsequent events as of October 10, 2024, which is the date that the financial statements were available to be issued. Management noted that there are no further disclosures or adjustments required to the financial statements.