

DISABILITY RIGHTS MISSISSIPPI
JACKSON, MISSISSIPPI

FINANCIAL STATEMENTS, SUPPLEMENTAL
INFORMATION AND INDEPENDENT AUDITOR'S
REPORTS ON INTERNAL CONTROLS AND COMPLIANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

DISABILITY RIGHTS MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Disability Rights Mississippi
Jackson, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Disability Rights Mississippi (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, 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 present fairly, in all material respects, the financial position of Disability Rights Mississippi as of September 30, 2023 and 2022, and the changes in its net assets and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Disability Rights Mississippi 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Disability Rights Mississippi's ability to continue as a going concern within one year after the date 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 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 and *Government 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 and *Government 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 Disability Rights Mississippi'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 Disability Rights Mississippi'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024, on our consideration of Disability Rights Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Disability Rights Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Disability Rights Mississippi's internal control over financial reporting and compliance.

Ridgeland, Mississippi
June 11, 2024

DISABILITY RIGHTS MISSISSIPPI
STATEMENTS OF FINANCIAL POSITION
AT SEPTEMBER 30, 2023 AND 2022

ASSETS		2023	2022
CURRENT ASSETS			
Cash	\$	-	\$ 2,640
Grants receivable		130,466	84,011
Prepaid expenses		31,598	28,462
		<u>162,064</u>	<u>115,113</u>
FURNITURE AND EQUIPMENT			
Furniture and equipment		369,318	369,318
Less accumulated depreciation		<u>(335,470)</u>	<u>(330,346)</u>
		<u>33,848</u>	<u>38,972</u>
	\$	<u>195,912</u>	<u>\$ 154,085</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	9,766	\$ 20,714
Salaries payable		64,609	50,322
Accrued leave payable		52,598	50,349
Accrued settlement		40,000	-
Advance on grant revenue		18,393	4,697
		<u>185,366</u>	<u>126,082</u>
LONG-TERM LIABILITIES			
Line of credit		<u>24,357</u>	<u>-</u>
		<u>24,357</u>	<u>-</u>
NET ASSETS			
Without donor restrictions		<u>(13,811)</u>	<u>28,003</u>
	\$	<u>195,912</u>	<u>\$ 154,085</u>

See Notes to Financial Statements.

DISABILITY RIGHTS MISSISSIPPI

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
SUPPORT AND REVENUES			
Federal grants	\$ 1,948,199	\$ -	\$ 1,948,199
Contributions	6,988	-	6,988
Other	63,133	-	63,133
	<u>2,018,320</u>	<u>-</u>	<u>2,018,320</u>
EXPENSES			
Program services			
Assistive technology	34,872	-	34,872
Beneficiaries of social security	112,964	-	112,964
Developmental disabilities	409,474	-	409,474
Developmental Disabilities Council	9,254	-	9,254
Individual rights	107,407	-	107,407
Mental illness	475,870	-	475,870
Public health workforce	112,246	-	112,246
Representative payee	324,068	-	324,068
Traumatic brain injury	34,447	-	34,447
Voter access	59,743	-	59,743
	<u>1,680,345</u>	<u>-</u>	<u>1,680,345</u>
Support Services			
Administrative	298,513	-	298,513
Fundraising	41,276	-	41,276
	<u>339,789</u>	<u>-</u>	<u>339,789</u>
	<u>2,020,134</u>	<u>-</u>	<u>2,020,134</u>
CHANGE IN NET ASSETS - OPERATING	(1,814)	-	(1,814)
NON-OPERATING: SETTLEMENT OF LAWSUIT (See Note 11)	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
CHANGE IN NET ASSETS	(41,814)		
NET ASSETS AT BEGINNING OF YEAR	<u>28,003</u>	<u>-</u>	<u>28,003</u>
NET ASSETS AT END OF YEAR	<u>\$ (13,811)</u>	<u>\$ -</u>	<u>\$ (13,811)</u>

See Notes to Financial Statements.

DISABILITY RIGHTS MISSISSIPPI
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
SUPPORT			
Federal grants	\$ 1,917,581	\$ -	\$ 1,917,581
Contributions	6,831	-	6,831
Other	13,378	22,992	36,370
Net assets released from restrictions	<u>38,232</u>	<u>(38,232)</u>	<u>-</u>
	<u>1,976,022</u>	<u>(15,240)</u>	<u>1,960,782</u>
EXPENSES			
Program services			
Assistive technology	36,856	-	36,856
Beneficiaries of social security	149,677	-	149,677
Developmental disabilities	342,107	-	342,107
Developmental Disabilities Council	7,498	-	7,498
Individual rights	189,091	-	189,091
Mental illness	472,391	-	472,391
Public health workforce	29,377	-	29,377
Representative payee	327,071	-	327,071
Traumatic brain injury	23,431	-	23,431
Vaccine Access	68,006	-	68,006
Voter access	<u>24,888</u>	<u>-</u>	<u>24,888</u>
	<u>1,670,393</u>	<u>-</u>	<u>1,670,393</u>
Support Services			
Administrative	252,152	-	252,152
Fundraising	<u>44,212</u>	<u>-</u>	<u>44,212</u>
	<u>296,364</u>	<u>-</u>	<u>296,364</u>
	<u>1,966,757</u>	<u>-</u>	<u>1,966,757</u>
CHANGE IN NET ASSETS	9,265	(15,240)	(5,975)
NET ASSETS AT BEGINNING OF YEAR	<u>18,738</u>	<u>15,240</u>	<u>33,978</u>
NET ASSETS AT END OF YEAR	<u>\$ 28,003</u>	<u>\$ -</u>	<u>\$ 28,003</u>

See Notes to Financial Statements.

DISABILITY RIGHTS MISSISSIPPI

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services					
	Assitive Technology	Beneficiaries of Social Security	Developmental Disabilities	Developmental Disabilities Council	Individual Rights	Mental Illness
Advertisements	\$ 21	\$ 84	\$ 931	\$ -	\$ 18	\$ 929
Bank charges	-	-	-	-	-	-
Consultants	20	90	279	-	60	279
Dues	239	541	2,854	-	890	3,358
Equipment maintenance	287	922	3,420	-	915	3,843
Insurance	387	1,244	4,616	-	1,235	5,186
Insurance - group	3,262	10,494	38,931	-	10,412	43,732
Law journals, books and training packages	183	823	2,202	-	459	2,292
Lodging	184	1,119	776	-	313	3,184
Meals	67	754	303	-	12	352
Mileage	152	1,101	6,762	-	323	12,323
Miscellaneous	661	1,294	5,414	527	1,474	8,391
Office supplies and expense	244	785	2,912	-	779	3,272
Payroll taxes	1,667	5,361	19,889	-	5,320	22,344
Postage	63	228	712	-	115	670
Production	61	251	589	-	81	596
Printing	40	182	565	2,111	121	565
Professional development	670	1,146	2,486	-	790	4,378
Professional fees	-	-	-	-	-	-
Public awareness/outreach	17	76	237	6,260	51	237
Rent and utilities	1,952	6,279	23,296	-	6,230	26,168
Retirement	672	2,163	8,025	-	2,146	9,014
Salaries	22,768	73,237	271,715	-	72,665	305,214
Sponsorship	200	84	416	356	73	380
Staff morale	-	-	-	-	-	-
Sub-contract support services	151	486	1,802	-	482	2,024
Telephone	258	830	3,080	-	824	3,460
Travel - advisory council	-	-	-	-	-	3,405
Travel - board members	151	679	2,113	-	453	2,885
Travel - in-state	138	693	2,801	-	255	1,992
Travel - out-of-state	267	1,728	1,271	-	623	4,187
	34,782	112,674	408,397	9,254	107,119	474,660
Depreciation	90	290	1,077	-	288	1,210
	<u>\$ 34,872</u>	<u>\$ 112,964</u>	<u>\$ 409,474</u>	<u>\$ 9,254</u>	<u>\$ 107,407</u>	<u>\$ 475,870</u>

See Notes to Financial Statements.

Program Services - Continued				Support Services		
<u>Public Health Workforce</u>	<u>Representative Payee</u>	<u>Traumatic Brain Injury</u>	<u>Voter Access</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
\$ 84	\$ 693	\$ 21	\$ 16	\$ -	\$ -	\$ 2,797
-	-	-	-	780	-	780
-	209	20	40	-	-	997
190	2,102	329	562	-	-	11,065
962	2,664	287	507	2,102	364	16,273
1,298	3,595	387	685	2,837	493	21,963
10,945	30,317	3,262	5,775	23,922	4,148	185,200
1,093	1,831	93	187	-	-	9,163
52	4,544	91	24	-	-	10,287
34	817	7	1	34	-	2,381
162	4,886	97	378	-	-	26,184
204	3,561	639	395	1,237	912	24,709
819	2,269	244	432	1,790	312	13,858
5,592	15,490	1,667	2,950	12,222	2,122	94,624
109	413	64	66	4	-	2,444
204	385	56	1,127	-	-	3,350
-	424	40	81	-	-	4,129
1,629	2,647	590	237	69	-	14,642
-	-	-	-	61,684	-	61,684
-	178	17	34	-	-	7,107
6,549	18,141	1,952	3,456	14,315	2,483	110,821
2,256	6,249	672	1,190	4,931	856	38,174
76,388	211,589	22,768	40,303	166,958	28,950	1,292,555
-	2	171	48	-	-	1,730
-	-	-	-	1,967	-	1,967
507	1,403	151	267	1,107	193	8,573
866	2,398	258	457	1,892	328	14,651
-	-	-	-	-	-	3,405
292	1,585	151	302	-	-	8,611
-	526	63	-	-	-	6,468
1,708	4,311	260	63	-	-	14,418
111,943	323,229	34,357	59,583	297,851	41,161	2,015,010
303	839	90	160	662	115	5,124
<u>\$ 112,246</u>	<u>\$ 324,068</u>	<u>\$ 34,447</u>	<u>\$ 59,743</u>	<u>\$ 298,513</u>	<u>\$ 41,276</u>	<u>\$ 2,020,134</u>

DISABILITY RIGHTS MISSISSIPPI

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services					
	Assitive Technology	Beneficiaries of Social Security	Developmental Disabilities	Developmental Disabilities Council	Individual Rights	Mental Illness
Advertisements	\$ 6	\$ 123	\$ 129	\$ -	\$ 58	\$ 251
Bank charges	-	-	-	-	-	-
Consultants	-	-	-	-	-	-
Dues	515	1,528	4,151	-	1,658	4,364
Equipment maintenance	346	1,563	3,645	-	2,099	4,902
Insurance	178	802	1,870	-	1,077	2,516
Insurance - group	3,128	14,109	32,917	-	18,953	44,264
Law journals, books and training packages	235	588	2,062	-	1,169	2,392
Lodging	14	1,886	394	266	65	1,901
Meals	2	776	28	-	7	65
Mileage	110	3,715	10,268	218	508	19,900
Miscellaneous	140	678	1,686	648	1,272	2,755
Office supplies and expense	229	1,031	2,405	-	1,385	3,236
Payroll taxes	1,583	7,142	16,662	-	9,594	22,407
Postage	32	155	641	-	99	413
Production	63	327	671	-	296	998
Printing	37	177	372	5,400	182	546
Professional development	322	2,031	1,675	-	521	3,716
Professional fees	-	-	-	-	-	-
Public awareness/outreach	-	-	-	610	-	-
Rent and utilities	1,941	8,757	20,431	-	11,763	27,472
Retirement	534	2,411	5,624	-	3,238	7,563
Salaries	21,674	97,759	228,088	-	131,319	306,698
Sponsorship	5,099	584	841	356	73	817
Staff morale	-	-	-	-	-	-
Sub-contract support services	147	661	1,543	-	888	2,075
Telephone	244	1,103	2,573	-	1,481	3,460
Travel - advisory council	-	-	-	-	-	1,597
Travel - board members	71	344	797	-	431	1,079
Travel - in-state	-	689	762	-	33	990
Travel - out-of-state	128	385	1,048	-	448	4,906
	36,778	149,324	341,283	7,498	188,617	471,283
Depreciation	78	353	824	-	474	1,108
	<u>\$ 36,856</u>	<u>\$ 149,677</u>	<u>\$ 342,107</u>	<u>\$ 7,498</u>	<u>\$ 189,091</u>	<u>\$ 472,391</u>

See Notes to Financial Statements.

Program Services - Continued					Support Services		
<u>Public Health Workforce</u>	<u>Representative Payee</u>	<u>Traumatic Brain Injury</u>	<u>Vaccine Access</u>	<u>Voter Access</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
\$ 616	\$ 439	\$ 6	\$ -	\$ 6	\$ -	\$ -	\$ 1,634
-	-	-	-	-	1,199	-	1,199
-	5,350	-	-	-	-	-	5,350
674	3,689	473	-	616	335	-	18,003
314	3,424	247	113	271	2,425	499	19,848
161	1,757	127	58	139	1,244	256	10,185
2,832	30,915	2,231	1,023	2,444	21,898	4,503	179,217
1	1,704	235	-	210	-	-	8,596
3	825	10	-	6	-	-	5,370
-	113	2	-	2	-	-	995
380	6,024	489	-	27	14	-	41,653
-	1,562	140	56	140	12,284	903	22,264
207	2,260	163	75	179	1,601	329	13,100
1,434	15,650	1,129	518	1,237	11,085	2,280	90,721
4	285	29	0	19	-	-	1,677
-	694	42	813	63	-	-	3,967
81	390	23	631	29	-	-	7,868
362	2,944	233	-	83	25	-	11,912
-	-	-	-	-	26,491	-	26,491
-	-	-	56,670	-	-	-	57,280
1,757	19,187	1,384	635	1,517	13,591	2,795	111,230
484	5,282	381	175	418	3,741	769	30,620
19,622	214,208	15,455	7,085	16,934	151,726	31,202	1,241,770
-	2	171	-	73	-	-	8,016
-	-	-	-	-	933	-	933
133	1,449	105	48	115	1,026	211	8,401
222	2,416	174	80	191	1,712	352	14,008
-	-	-	-	-	270	-	1,867
9	757	60	-	59	5	-	3,612
-	184	-	-	-	-	-	2,658
10	4,787	66	-	49	-	-	11,827
29,306	326,297	23,375	67,980	24,827	251,605	44,099	1,962,272
71	774	56	26	61	547	113	4,485
<u>\$ 29,377</u>	<u>\$ 327,071</u>	<u>\$ 23,431</u>	<u>\$68,006</u>	<u>\$24,888</u>	<u>\$ 252,152</u>	<u>\$ 44,212</u>	<u>\$1,966,757</u>

DISABILITY RIGHTS MISSISSIPPI

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (41,814)	\$ (5,975)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	5,124	4,485
(Increase) decrease in assets:		
Grants receivable	(46,455)	(36,290)
Prepaid expenses	(3,136)	3,569
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(10,948)	(3,831)
Advance on grant revenue	13,696	-
Salaries and accrued leave payable	16,536	20
Accrued settlements	<u>40,000</u>	<u>-</u>
Net cash used in operating activities	<u>(26,997)</u>	<u>(38,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>(11,616)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	<u>24,357</u>	<u>-</u>
Net cash used in financing activities	<u>24,357</u>	<u>-</u>
NET DECREASE IN CASH	(2,640)	(49,638)
CASH, BEGINNING OF YEAR	<u>2,640</u>	<u>52,278</u>
CASH, END OF YEAR	<u>\$ -</u>	<u>\$ 2,640</u>

See Notes to Financial Statements.

DISABILITY RIGHTS MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Disability Rights Mississippi is a nonprofit organization operating under the statutes of the State of Mississippi. The Organization provides educational services and legal representation to the handicapped and developmentally disabled.

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Revenue Recognition

The Organization receives cost-reimbursement grants. Under these grants, the Organization is reimbursed for costs incurred to fulfill the terms of the grant up to an amount specified. Revenues for cost-reimbursement grants are recognized when allowable expenditures have been incurred.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for use without donor restrictions unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realized value.

Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Concentration of Credit Risk and Cash Held in Bank

The Organization maintains its cash in a bank deposit account which is insured by the FDIC up to \$250,000. There are no uninsured balances at September 30, 2023 and 2022.

DISABILITY RIGHTS MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -
Continued

Grant Receivable and Allowance for Doubtful Accounts

Grant receivable consist of amounts owed from grantors. The Organization has not historically experienced any uncollectible receivables. The Organization uses the allowance method to determine uncollectible grants received when necessary. All receivables as of September 30, 2023 and 2022 were fully collected after year end. Accordingly, management believes no allowance for doubtful accounts is necessary. The grant receivable balance at September 30, 2023 and 2022 totaled \$130,466 and \$84,011, respectively.

Furniture and Equipment

Furniture and equipment are stated at cost. Expenditures for property in excess of \$2,500 are capitalized. Depreciation is provided using the straight-line method based on the useful life of three to seven years.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Costs that can be identified specifically with a particular program cost objective, and costs identified specifically with a grant or contract are charged directly to the activities benefited. Support services include those expenses that provide for the overall support and direction of the Organization. Salaries and benefits and certain other costs have been allocated among the programs and supporting services classifications based on estimates made by management of staff time.

Advertisements

Advertisements are expensed as incurred.

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.

DISABILITY RIGHTS MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Income Taxes

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and generally exempt from Federal and State income taxes pursuant to Section 501(a) of the Code. The Organization has been classified as other than a private foundation and believes it has no uncertain tax positions. Federal Form 990, Return of Organizations Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally three years after it is filed.

DISABILITY RIGHTS MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -
Continued

Recent Accounting Pronouncements

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance is effective for the year ending September 30, 2023.

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The amendments in the guidance is effective for the year ending September 30, 2023.

2. ACCRUED LEAVE PAYABLE

Accrued leave earned but not taken as of the years ended September 30, 2023 and 2022 was \$52,598 and \$50,349, respectively. The maximum leave an employee can accrue and carry-forward to the next year is 150 hours. Upon termination of employment, employees will be paid for unused leave up to a maximum of 150 hours.

3. ADVANCE ON GRANT REVENUE

Under the terms of its grant agreements, the Organization is allowed to draw down funds for anticipated needs for upcoming grant expenditures. These funds are classified as deferred grant revenue until the funds are spent for grant purposes. At September 30, 2023 and 2022, deferred grant revenue was \$18,393 and \$4,697, respectively.

DISABILITY RIGHTS MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

4. LINE OF CREDIT

The Organization maintains a line of credit with Regions Bank for \$25,000. The line has a variable rate of interest (the prime rate of the lender plus 3.70%, with a minimum of 6.00%). The line of credit does not expire as long as the account is in good standing. There was no balance owed on the line of credit for the year ended September 30, 2022. At September 30, 2023, the outstanding balance on the line of credit was \$24,357. The line is secured by a right of setoff on the Organization's accounts held by the lender. This line of credit agreement with Regions Bank contained various restrictive covenants that are measured on an annual basis.

5. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government and state grantors. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

6. NET ASSETS WITH DONOR RESTRICTIONS

There were no donor restrictions as of September 30, 2023 and 2022.

7. RETIREMENT PROGRAM

The Organization has established a SIMPLE IRA retirement program and contributes 3% of each employee's salary. The retirement expense for the years ended September 30, 2023 and 2022 was \$38,174 and \$30,620, respectively.

DISABILITY RIGHTS MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

8. FUTURE COMMITMENTS

The Organization maintains administrative office space in Jackson, Mississippi, and office and storage space in Gulfport, Mississippi. The Organization leased new administrative office space beginning December 2017 and expired November 2022. In November 2018, the Organization signed an addendum to the lease for additional space. The addendum was effective January 1, 2019, and extended the lease term. An additional addendum dated July 27, 2020 expanded the leased space and increased the rent to \$7,945 for August 1, 2020 through November 30, 2020, \$8,090 for December 1, 2020 through November 30, 2023 and \$8,090 for December 1, 2023 through November 30, 2026. The Gulfport facility is not currently under a lease but is currently being leased on a month-to-month basis for a rental payment of \$460.

Subsequent to September 30, 2023, the Organization signed a lease amendment to extend the expiration of the lease to November 30, 2026. This extension will be recorded under the new lease standard resulting in a right of use asset and related liability being presented on the subsequent years financial statements.

Under the terms of the leases, future minimum payments are as follows:

<u>Year Ending</u>	
2024	\$ 97,080
2025	97,080
2026	<u>88,990</u>
	<u>\$ 283,150</u>

Rental and utilities expense for the years ended September 30, 2023 and 2022 was \$110,821 and \$111,230, respectively.

9. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, employee's health insurance and natural disasters. The Organization manages these risks of loss through the purchase of various insurance policies.

DISABILITY RIGHTS MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

10. LIQUIDITY

The following reflects the Organization's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ -	\$ 2,640
Grants receivable	<u>130,466</u>	<u>84,011</u>
Financial assets available	<u>130,466</u>	<u>86,651</u>
Less those unavailable for general expenditures within one year to:		
Subject to expenditure for specified purpose	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 130,466</u>	<u>\$ 86,651</u>

The Organization does not maintain an operating reserve account to cover the average monthly operating costs, excluding depreciation and other noncash expenses. However, the average monthly costs were approximately \$168,000 and \$164,000 for the year ended September 30, 2023 and 2022, respectively. The Organization had less than one month of financial assets available to meet its average monthly operating costs for the years ended September 30, 2023 and 2022, respectively.

11. SUBSEQUENT EVENTS

In 2019, two former employees filed suit against the Organization. Subsequent to year end, the Organization settled the lawsuit for \$40,000. The accrued settlement has been recognized in these financial statements.

In accordance with the FASB Accounting Standards Codification Topic 855, *Subsequent Events*, we have evaluated subsequent events through June 11, 2024, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 11, 2024, have been incorporated into these financial statements.

SUPPLEMENTAL INFORMATION

DISABILITY RIGHTS MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Federal Agency / Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Developmental Disabilities Basic Support and Advocacy Grants	93.630	\$ 622,775
Protection & Advocacy for Individuals with Mental Illness	93.138	567,814
ACL Assistive Technology State Grants for Protection & Advocacy	93.843	41,786
Voting Access for Individuals with Disabilities - Grants for Protection & Advocacy Systems	93.618	73,043
State Grants for Protection and Advocacy Services	93.873	<u>41,228</u>
		1,346,646
U.S. Department of Education		
Program of Protection & Advocacy of Individual Rights	84.240	129,408
Social Security Administration		
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.009	<u>525,206</u>
Total Expenditures of Federal Awards		<u>\$ 2,001,260</u>

See Notes to Financial Statements.

DISABILITY RIGHTS MISSISSIPPI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

Disability Rights Mississippi has opted to not use the de minimis indirect cost rate of 10%, as provided for under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Disability Rights Mississippi
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Disability Rights Mississippi (a nonprofit Organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Disability Rights Mississippi's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Disability Rights Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Disability Rights Mississippi's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Disability Rights Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ridgeland, Mississippi
June 11, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Disability Rights Mississippi
Jackson, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Disability Rights Mississippi's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Disability Rights Mississippi's major federal programs for the year ended September 30, 2023. Disability Rights Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Disability Rights Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Disability Rights Mississippi and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Disability Rights Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Disability Rights Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Disability Rights Mississippi's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Disability Rights Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Disability Rights Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Disability Rights Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Disability Rights Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal

control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ridgeland, Mississippi
June 11, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DISABILITY RIGHTS MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section 1: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? ____ yes X no
Significant deficiency(s) identified that are
not considered to be material weakness(es)? ____ yes X no
Noncompliance material to financial
statements noted? ____ yes X no

Federal Awards

Type of auditor's report issued on compliance
for major programs: Unmodified
Internal control over major programs:
Material weakness(es) identified? ____ yes X no
Significant deficiency(s) identified that are
not considered to be material weakness(es)? ____ yes X none reported
Any audit findings disclosed that are required
to be reported in accordance with 2 CFR
section 200.516(a)? ____ yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program / Cluster

93.138

Protection & Advocacy for Individuals with
Mental Illness

96.630

Developmental Disabilities Basic Support
And Advocacy Grant

Dollar threshold used to distinguish between
type A and type B programs:

\$ 750,000

Auditee qualified as a low risk auditee?

____ yes X no