

MID-SOUTH IMMIGRATION ADVOCATES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

MID-SOUTH IMMIGRATION ADVOCATES, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mid-South Immigration Advocates, Inc.
Memphis, Tennessee

Opinion

We have audited the accompanying financial statements of Mid-South Immigration Advocates, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid-South Immigration Advocates, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mid-South Immigration Advocates, Inc. 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 Mid-South Immigration Advocates, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Mid-South Immigration Advocates, Inc.'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 Mid-South Immigration Advocates, Inc.'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.

ATA CPAs + Advisors PLLC

Memphis, Tennessee
July 31, 2023

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

Assets

Current assets

Cash and cash equivalents	\$ 733,110
Investments	288,477
Grants receivable	41,582
Accounts receivable	205,853
Prepaid expenses	8,084
Total current assets	<u>1,277,106</u>

Property and equipment

Computer equipment	23,874
Furniture and equipment	7,195
	<u>31,069</u>
Less accumulated depreciation	<u>(13,880)</u>
Net property and equipment	<u>17,189</u>

Other Assets

Security deposits	2,784
Right of use assets - operating, net of accumulated amortization	96,504
Total other assets	<u>99,288</u>

Total assets	<u>\$ 1,393,583</u>
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Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ 442
Payroll liabilities	21,048
Operating lease liabilities, current portion	53,947
Total current liabilities	<u>75,437</u>

Long-term liabilities

Operating lease liabilities, net of current portion	42,557
Total long-term liabilities	<u>42,557</u>
Total liabilities	<u>117,994</u>

Net assets

Without donor restrictions	1,275,589
With donor restrictions	-
Total net assets	<u>1,275,589</u>

Total liabilities and net assets	<u>\$ 1,393,583</u>
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The accompanying notes are an integral part of these financial statements.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Government grant revenue	\$ 93,950	\$ -	\$ 93,950
Private grant revenue	8,640	8,000	\$ 16,640
Program revenue	806,623	-	806,623
Contributions	1,216,975	-	1,216,975
Gain on disposal of fixed assets	358	-	358
Investment income (loss), net	(212)	-	(212)
Total revenue and support	<u>2,126,334</u>	<u>8,000</u>	<u>2,134,334</u>
Reclassifications			
Net assets released from restrictions	<u>21,948</u>	<u>(21,948)</u>	<u>-</u>
Total reclassifications	<u>21,948</u>	<u>(21,948)</u>	<u>-</u>
Functional expenses			
Program services	942,773	-	942,773
Management and general	196,430	-	196,430
Total functional expenses	<u>1,139,203</u>	<u>-</u>	<u>1,139,203</u>
Increase (decrease) in net assets	1,009,079	(13,948)	995,131
Net assets at beginning of year	<u>266,510</u>	<u>13,948</u>	<u>280,458</u>
Net assets at end of year	<u><u>\$ 1,275,589</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,275,589</u></u>

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

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

Expenses	Program Services	Management and General	Total
Advertising	\$ -	\$ 1,476	\$ 1,476
Bad debt	1,225	-	1,225
Bank service charges	1,468	-	1,468
Computer expense	11,886	-	11,886
Contractual services	58,940	-	58,940
Depreciation	4,700	522	5,222
Employee benefits	13,221	2,333	15,554
Filing fees	10,966	-	10,966
Insurance	14,039	1,560	15,599
Interest expense	-	6,373	6,373
Meals and entertainment	153	-	153
Miscellaneous expense	5,636	626	6,262
Office supplies	23,273	1,225	24,498
Payroll fees	2,968	330	3,298
Payroll taxes	50,541	8,919	59,460
Postage and shipping	12,125	638	12,763
Professional fees	-	42,247	42,247
Repairs & maintenance	-	5,605	5,605
Rent	46,341	5,149	51,490
Retirement match	9,610	1,696	11,306
Salaries	654,126	116,341	770,467
Travel	9,043	-	9,043
Utilities	12,512	1,390	13,902
Total expenses	<u>\$ 942,773</u>	<u>\$ 196,430</u>	<u>\$ 1,139,203</u>

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

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Cash flows from operating activities	
Net increase in net assets	\$ 995,131
Adjustments to reconcile net increase in net assets to cash provided by operating activities	
Depreciation	5,222
Amortization of operating lease right of use assets	67,128
Gain on disposal of property and equipment	(358)
Unrealized loss on available for sale investments	2,605
Change in operating assets and liabilities	
Prepaid expenses	1,805
Accounts receivable	(100,993)
Grants receivable	(35,432)
Security deposits	30
Operating lease right of use assets	(163,632)
Accounts payable and accrued expenses	(6,138)
Payroll liabilities	(6,028)
Trust account liabilities	(1,627)
Operating lease liabilities	96,504
Net cash provided by operating activities	<u>854,217</u>
Cash flows from investing activities	
Purchase of available for sale investments	(291,082)
Proceeds from disposal of property and equipment	400
Net cash used in investing activities	<u>(290,682)</u>
Cash flows from financing activities	
Proceeds from officer loans	48,500
Repayment of officer loans	(48,500)
Net cash provided by financing activities	<u>-</u>
Net increase in cash	563,535
Cash and cash equivalents - beginning of year	<u>169,575</u>
Cash and cash equivalents - end of year	<u><u>\$ 733,110</u></u>
<u>Non-cash financing activities</u>	
Operating lease assets obtained in exchange for lease liabilities	<u><u>\$163,632</u></u>

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

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mid-South Immigration Advocates, Inc. (the “Organization”) is a non-profit law firm in Memphis, Tennessee whose core mission is to provide low-cost immigration representation to low-income clients. The Organization provides direct representation and legal consultations to low-income immigrants residing within the Mid-South and the Nashville, Tennessee area. The Organization is a non-profit corporation that was formed in 2013 in the State of Tennessee, and its operations are funded by fees for consultation and representation in addition to donations from individuals, corporations, grants from government and non-profit organizations, and subcontract agreements with government agencies.

B. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Under this basis of accounting, support and revenue are recognized in the period earned and expenses are recognized when incurred.

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources and disclosures related to functional allocation of expenses were expanded. As such, the financial statements are presented on the basis of net assets without donor restrictions and net assets with donor restrictions generally defined as follows:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires. Until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash includes checking accounts, a money market account, and a trust fund account. The trust fund consists of payments made by clients for which services have not yet been performed. The related liability account is included in current liabilities.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

D. Grants and Accounts Receivable

Grants receivable consist of amounts billed to granting agencies for expenditures that have not yet been reimbursed. Accounts receivable consist of amounts due from clients and governmental agencies. Management provides for probable uncollectible amounts through a charge to earnings and to credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. An allowance for doubtful accounts is based upon a credit review of the accounts receivable, past experience, current economic conditions, and other pertinent factors which form a basis for determining the adequacy of the provision. The allowance represents an estimate by management based upon these and other factors and it is at least reasonably possible that a change in the estimate will occur in the near term. No allowance for doubtful accounts has been recorded, as all amounts due from various governmental agencies are expected to be paid in full and amounts due from clients are expected to be paid in full.

E. Property and Equipment

Property and equipment are stated at fair market value at the date of the contribution if contributed or at cost if purchased. The Organization capitalizes any purchased or contributed assets greater than \$1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally three years for computer equipment and five years for furniture and fixtures.

F. Revenue and Support Recognition

Contributions and Grants Support

Grant support is recorded as respective expenditures for reimbursements are incurred.

Contributions are recognized as revenue when the contributions or promises to give are unconditional. Contributions that are received or promised to give that are conditional, i.e. the Organization must fulfill an obligation before the right to use the contribution is transferred, are recognized as revenue when the obligation is fulfilled. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of nonfinancial assets

Contributed services that create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills will be recognized as support. Donated materials and services and other donations of non-financial assets are measured and recognized based on their estimated fair market value at date of receipt. The Organization benefits from a few volunteers throughout the year; however, the services provided by the volunteers do not meet the criteria for recognition. The Organization had no recognized contributions of nonfinancial assets for the year ended December 31, 2022.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Service Revenue

Revenue is recognized when promised goods or services are transferred to clients in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Revenue contains a single delivery element, which satisfies the performance obligations, and revenue is recognized when a legal service has been performed for a client.

Deferred revenue includes legal fees collected for services in progress or not started at year end. The revenue will be recognized in the subsequent year when the services are performed. Contract liabilities are represented by these deposits for legal services that are refundable if the services are not performed.

The beginning and ending balances of contract assets and liabilities are as follows:

	2022	2021
Accounts receivable	\$ 205,853	\$ 104,860
Trust account liabilities	\$ -	\$ 1,627

Service revenues are disaggregated sufficiently on the statements of income as program revenues.

The majority of the revenue is service revenue obtained through reimbursement contracts with a government institution. Invoices for reimbursement are sent monthly to the institution and recognized as revenue according to the dates the services were provided but the Organization does not receive payment for these invoices until sixty to ninety days after the invoices have been sent.

G. Functional Allocation of Expenses

The costs of providing programs and supporting services are summarized in the statement of functional expenses. Certain costs are allocated among the program and supporting services benefited. Amounts for payroll related items are all allocated to program services other than expenses for the managing director, which are allocated to management and general. Allocations for building, insurance, and depreciation related expenses are based on estimated square foot usage. Office related and miscellaneous expenses are allocated based on estimated usage percentage. All other expenses are allocated based on natural classification.

H. 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 the reported amounts of assets and liabilities and disclosure 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.

I. Income Taxes

The Organization is a non-profit corporation that is exempt from taxes under Section 501(c)(3) of

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

the *Internal Revenue Code* and classified by the Internal Revenue Service as other than a private foundation.

J. Advertising

The Organization expenses advertising costs as incurred.

K. Adoption of New Accounting Standards

Leases

In February 2016, the FASB issued guidance codified in ASC Topic 842, Leases, which amends the guidance in former ASC Topic 840. The new standard increases transparency and comparability by requiring the recognition by lessees of right-of-use ("ROU") assets and lease liabilities on the balance sheet for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASC Topic 842, Leases, is effective for fiscal years beginning after December 15, 2021 for nonpublic companies.

The Organization adopted the lease standard effective January 1, 2022 and elected the package of practical expedients which permits the Organization to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any existing leases as of the effective date. The Organization also elected to not separate lease components from non-lease components when allocating contract consideration for the asset classes networks and copiers and therefore, accounts for the lease and non-lease components as a single lease. The Organization further elected the practical expedient for short-term lease exemption. Under the exemption, leases with terms of 12 months or less from the commencement of the lease and with no purchase option that is reasonably certain to be exercised may be expensed without balance sheet presentation.

The adoption of this standard using the transition alternative had a material impact on the Organization's balance sheet. As a result of adopting the new standard effective January 1, 2022, the Organization recorded additional net lease assets and liabilities of \$163,632, respectively. There was no effect on the income statement.

Fair value measurements and Disclosures

Also adopted during 2022 was Accounting Standards Codification 820 ("ASC 820"), *Fair Value Measurements and Disclosures*. Under the standard, the Organization values certain assets and liabilities at fair value in the accompanying balance sheet. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also established 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 values.

Carrying values of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these assets and liabilities, generally with a maturity of three months or less.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

L. Leases

The Organization leases certain office space and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating and finance leases are included in right-of-use ("ROU") assets, current liabilities, and other long-term lease liabilities in the balance sheet. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Upon recognition, operating lease ROU assets include initial lease payments made and excludes any lease incentives. The Organization uses the implicit rate when it is readily determinable to determine the present value of lease payments. When an implicit rate is not determinable, management uses its incremental borrowing rate based on the information available at lease commencement. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. For certain equipment leases, like copiers and networks, the Organization accounts for the lease and non-lease components as a single lease.

M. Fair Value of Financial Instruments

Fair Value Measurements and Disclosure provides a framework for measuring fair value in accordance with generally accepted accounting principles. This standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It describes three levels of input that may be used to measure fair value:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 - inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability. Values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

Computer equipment	\$ 23,874
Furniture and equipment	7,195
	<u>31,069</u>
Less: accumulated depreciation	<u>13,880</u>
Property and equipment, net	<u>\$ 17,189</u>
Depreciation expense	<u>\$ 5,222</u>

NOTE 3 – CONCENTRATIONS OF RISK

The Organization maintains its cash balances in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk for cash and cash equivalents. Uninsured deposits were \$474,660 as of December 31, 2022.

The Organization is primarily funded by government grants and program services revenue. For the year ended December 31, 2022, government grants and program service funds accounted for 43% of total revenues. These funds were provided by governmental agencies, either directly or passed through to the Organization.

NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Organization's investments consist of available-for-sale stocks and exchange traded funds (ETFs). At December 31, 2022, the Organization had fair value of assets measured on a recurring basis using a market approach:

		Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	Total	Level 1	Level 2	Level 3
Stocks and ETFs	\$ 288,477	\$ 288,477	\$ -	\$ -
Total	<u>\$ 288,477</u>	<u>\$ 288,477</u>	<u>\$ -</u>	<u>\$ -</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

NOTE 5 – CONTINGENCIES

The Organization receives government funding and is subject to being monitored or audited by

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

government agencies. There is a possibility that the government agency will determine certain costs to be disallowable for reimbursement by the governmental agency.

NOTE 6 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of December 31, 2022:

Cash and cash equivalents - unrestricted	<u>\$ 733,110</u>
Total cash and cash equivalents	<u><u>\$ 733,110</u></u>

NOTE 7 – LIQUIDITY

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets (cash and cash equivalents and accounts receivable) as of December 31, 2022, reduced by amounts not available for general expenditures within one year.

Financial assets:	
Cash and cash equivalents - unrestricted	\$ 733,110
Investments	288,477
Grants receivable	41,582
Accounts receivable	205,853
Less: net assets with donor restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,269,022</u></u>

NOTE 8 – LEASING ACTIVITIES

The Organization has operating leases of office space and equipment. The Company's leases have remaining lease terms between 1 and 3 years.

Renewal options in the Organization's leases could extend the lease term, and the exercise of lease renewal options is at the Organization's sole discretion. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. Several equipment leases had renewal options for the year ended December 31, 2022.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2022:

Operating Leases

Operating lease right-of-use-assets	\$ 163,632
Accumulated amortization	(67,128)
Operating right-of-use assets, net	<u>\$ 96,504</u>
Other current liabilities	\$ 53,947
Other long-term liabilities	42,557
Total operating lease liabilities	<u>\$ 96,504</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted Average Remaining Lease Term

Operating leases	2 years
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Weighted Average Discount Rate

Operating leases	5.25%
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The maturities of lease liabilities as of December 31, 2022 were as follows:

	<u>Operating</u>
2023	\$ 57,514
2024	37,890
2025	6,105
2026	-
2027	-
Thereafter	-
Total lease payments	<u>101,509</u>
Less amount representing interest	(5,005)
Present value of lease liabilities	<u>96,504</u>
Less current portion	(53,947)
Long-term portion	<u>42,557</u>

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The following summarizes the line items in the income statements which include the components of lease expense for the year ended December 31, 2022:

Short-term leases, included in management and general expenses	\$ 341
Operating leases, included in program services and management and general expenses	<u>73,502</u>
Total lease costs	<u><u>\$ 73,843</u></u>

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Lease assets obtained in exchange for lease obligations:	
Operating leases	<u>\$ 163,632</u>
	<u><u>\$ 163,632</u></u>

NOTE 9 – RETIREMENT PLAN

The Organization has a Simple IRA retirement plan which covers all full-time employees who earn at least \$5,000. Employee contributions are made on a pre-tax basis. The Organization matches employee contributions in an amount equal to 100% of deferrals that are not in excess of 3% of compensation. Employer contributions for 2022 were \$11,306.

NOTE 10 – RELATED PARTY AND COLLABORATIVE ARRANGEMENT

The Organization participates in a coalition known as Welcome South. Welcome South is not a separate legal entity, but its purpose is to further the outreach of and programs provided by its partners, who have similar goals. Mid-South Immigration Advocates, Inc. (MSIA) is one of five partners in Welcome South, and the executive director of MSIA serves on the executive committee of Welcome South with the executive directors of the other four partner organizations, so Welcome South is considered a related organization to MSIA. All partners of Welcome South agreed that one partner (not MSIA) should be the partner responsible for maintaining the books and receiving and distributing funds on behalf of Welcome South. That partner, on behalf of Welcome South, received grant funding which was distributed equally among its partners. MSIA received \$147,501 passed through from this grant funding during the year ended December 31, 2022. The partners' responsibilities in Welcome South are to help provide the legal services for the cases that Welcome South decides to take. The partners will invoice Welcome South each month for the employees' time spent on Welcome South cases at a rate determined by Welcome South. The rate can vary depending on the program initiative but Welcome South is required to have the rates approved and distributed to the partners. The revenue recognized from Welcome South initiatives and grants is included in the program services revenue on the statement of activities for the year ended December 31, 2022.

Other related party transactions during the year included loans from officers and board members of the Organization used to cover budget shortfalls due to certain expired grant funding. Three interest-free loans totaling \$48,500 were initiated and repaid in full during the year ended December 31, 2022.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 31, 2023, the date the financial statements were available for issue.