

MID-SOUTH IMMIGRATION ADVOCATES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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 statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid-South Immigration Advocates, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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.

Alexander Thompson Arnold PLLC

Memphis, Tennessee
August 15, 2022

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 169,575	\$ 126,497
Grants receivable	6,150	19,617
Accounts receivable	104,860	134,344
Prepaid expenses	9,889	4,414
Total current assets	<u>290,474</u>	<u>284,872</u>
Property and equipment		
Computer equipment	23,874	23,874
Furniture and equipment	7,366	7,366
	<u>31,240</u>	<u>31,240</u>
Less accumulated depreciation	<u>(8,787)</u>	<u>(3,556)</u>
Net property and equipment	<u>22,453</u>	<u>27,684</u>
Other Assets		
Security deposits	2,814	2,814
Total other assets	<u>2,814</u>	<u>2,814</u>
Total assets	<u><u>\$ 315,741</u></u>	<u><u>\$ 315,370</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,580	\$ 6,315
Payroll liabilities	27,076	20,907
Trust account liabilities	1,627	1,800
Total current liabilities	<u>35,283</u>	<u>29,022</u>
Net assets		
Without donor restrictions	266,510	286,348
With donor restrictions	13,948	-
Total net assets	<u>280,458</u>	<u>286,348</u>
Total liabilities and net assets	<u><u>\$ 315,741</u></u>	<u><u>\$ 315,370</u></u>

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

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Government grant revenue	\$ 228,233	\$ -	\$ 228,233	\$ 252,652	\$ -	\$ 252,652
Private grant revenue	40,902	33,500	\$ 74,402	57,500	-	57,500
Program revenue	693,311	-	693,311	529,698	-	529,698
Contributions	54,300	-	54,300	56,398	-	56,398
PPP loan forgiveness	-	-	-	78,000	-	78,000
Miscellaneous income	75	-	75	5,825	-	5,825
Total revenue and support	1,016,821	33,500	1,050,321	980,073	-	980,073
Reclassifications						
Net assets released from restrictions	19,552	(19,552)	-	19,246	(19,246)	-
Total reclassifications	19,552	(19,552)	-	19,246	(19,246)	-
Functional expenses						
Program services	888,221	-	888,221	705,158	-	705,158
Management and general	167,990	-	167,990	132,378	-	132,378
Total functional expenses	1,056,211	-	1,056,211	837,536	-	837,536
Increase (decrease) in net assets	(19,838)	13,948	(5,890)	161,783	(19,246)	142,537
Net assets at beginning of year	286,348	-	286,348	124,565	19,246	143,811
Net assets at end of year	<u>\$ 266,510</u>	<u>\$ 13,948</u>	<u>\$ 280,458</u>	<u>\$ 286,348</u>	<u>\$ -</u>	<u>\$ 286,348</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, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Expenses			
Advertising	\$ -	\$ 2,852	\$ 2,852
Bank service charges	294	-	294
Computer expense	17,654	-	17,654
Contractual services	70,112	-	70,112
Depreciation	4,708	523	5,231
Employee benefits	12,640	2,231	14,871
Filing fees	14,361	-	14,361
Insurance	5,959	662	6,621
Meals and entertainment	912	-	912
Miscellaneous expense	12,962	1,440	14,402
Office supplies	24,960	1,314	26,274
Payroll fees	1,857	206	2,063
Payroll taxes	44,483	7,850	52,333
Postage and shipping	15,813	832	16,645
Professional fees	-	28,497	28,497
Repairs & maintenance	-	9,859	9,859
Rent	45,758	5,084	50,842
Retirement match	9,252	1,633	10,885
Salaries	583,826	103,837	687,663
Travel	12,140	-	12,140
Utilities	10,530	1,170	11,700
Total expenses	<u>\$ 888,221</u>	<u>\$ 167,990</u>	<u>\$ 1,056,211</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, 2020

	Program Services	Management and General	Total
Expenses			
Advertising	\$ -	\$ 8,527	\$ 8,527
Bad debt	1,527	-	1,527
Bank service charges	91	-	91
Computer expense	15,701	-	15,701
Contractual services	109,966	-	109,966
Depreciation	1,485	165	1,650
Employee benefits	12,370	2,183	14,553
Filing fees	3,117	-	3,117
Insurance	4,682	520	5,202
Meals and entertainment	585	-	585
Miscellaneous expense	8,530	948	9,478
Office supplies	20,864	1,098	21,962
Payroll fees	2,164	241	2,405
Payroll taxes	31,413	5,544	36,957
Postage and shipping	11,906	627	12,533
Professional fees	-	27,301	27,301
Repairs & maintenance	-	4,038	4,038
Rent	39,401	4,378	43,779
Retirement match	8,636	1,524	10,160
Salaries	417,592	74,271	491,863
Travel	6,015	-	6,015
Utilities	9,113	1,013	10,126
Total expenses	<u>\$ 705,158</u>	<u>\$ 132,378</u>	<u>\$ 837,536</u>

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

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net increase (decrease) in net assets	\$ (5,890)	\$ 142,537
Adjustments to reconcile net increase in net assets to cash provided by operating activities		
Depreciation	5,231	1,650
PPP loan forgiveness	-	(78,000)
Change in operating assets and liabilities		
Prepaid expenses	(5,475)	(77)
Accounts receivable	29,484	(462)
Grants receivable	13,467	2,052
Security deposits	-	(725)
Accounts payable and accrued expenses	265	(19,911)
Payroll liabilities	6,169	1,218
Trust account liabilities	(173)	900
Net cash provided by operating activities	<u>43,078</u>	<u>49,182</u>
Cash flows from investing activities		
Net purchases of property and equipment	<u>-</u>	<u>(26,229)</u>
Net cash used in investing activities	<u>-</u>	<u>(26,229)</u>
Cash flows from financing activities		
Proceeds from PPP loan	<u>-</u>	<u>78,000</u>
Net cash provided by financing activities	<u>-</u>	<u>78,000</u>
Net increase in cash	43,078	100,953
Cash and cash equivalents - beginning of year	<u>126,497</u>	<u>25,544</u>
Cash and cash equivalents - end of year	<u><u>\$ 169,575</u></u>	<u><u>\$ 126,497</u></u>

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

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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.

On March 11, 2020, the World Health Organization (“WHO”) characterized the recent novel coronavirus disease (“COVID-19”) as a pandemic, and on March 13, 2020, the U.S. declared a national emergency concerning the outbreak. The Organization was able to continue operating through virtual means at both locations and the caseload increased due to the addition of the Nashville office. In response to the health concerns of the COVID-19 pandemic, we have taken a number of steps to be in compliance with government mandates to protect the well-being of our clients, donors, grantors, employees, and subcontractors. Several state and federal government COVID-relief measures available were applied for and received, including the Payroll Protection Program forgivable loan.

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.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 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.

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. Program revenue includes case and consultation fees and service fees from contracts with federal and state government agencies and is recognized as the respective services are provided.

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.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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:

	2021	2020	2019
Accounts receivable	\$104,860	\$134,344	\$133,882
Trust account liabilities	\$ 1,627	\$ 1,800	\$ 900

Service revenues are disaggregated sufficiently on the statements of income.

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. In-Kind Donations

In-kind donations of goods, professional services, facilities, property and equipment are recorded at their estimated fair market value at date of contribution. Unless the donor has restricted the donation, such donations are recorded as unrestricted support.

H. 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.

I. 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

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

expenses during the reporting period. Actual results could differ from those estimates.

J. Income Taxes

The Organization is a non-profit corporation that is exempt from taxes under Section 501(c)(3) of the *Internal Revenue Code* and classified by the Internal Revenue Service as other than a private foundation.

K. Advertising

The Organization expenses advertising costs as incurred.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization had net assets with donor restrictions as indicated below:

	2021	2020
Defending Children in Arkansas	\$ 13,948	\$ -
	<u>\$ 13,948</u>	<u>\$ -</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2021	2020
Computer equipment	\$ 23,874	\$ 23,874
Furniture and equipment	7,366	7,366
	<u>31,240</u>	<u>31,240</u>
Less: accumulated depreciation	<u>8,787</u>	<u>3,556</u>
Property and equipment, net	<u>\$ 22,453</u>	<u>\$ 27,684</u>
Depreciation expense	<u>\$ 5,231</u>	<u>\$ 1,650</u>

NOTE 4 – 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 \$0 as of December 31, 2021 and 2020.

The Organization is primarily funded by government grants and program services revenue. For the years ended December 31, 2021 and 2020, government grants and program service funds accounted for 88% and 80% of total revenue, respectively. These funds were provided by governmental agencies, either directly or passed through to the Organization.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 – CONTINGENCIES

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

Certain amounts have been reclassified to conform to December 31, 2021 financial statement presentation. The reclassification did not have an effect on the prior increase (decrease) in net assets.

NOTE 7 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents - unrestricted	\$ 167,948	\$ 124,697
Restricted cash - client deposits	<u>1,627</u>	<u>1,800</u>
Total cash and cash equivalents	<u>\$ 169,575</u>	<u>\$ 126,497</u>

NOTE 8 – 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, 2021 and 2020, reduced by amounts not available for general expenditures within one year.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents - unrestricted	\$ 167,948	\$ 124,697
Grants receivable	6,150	19,617
Accounts receivable	104,860	134,344
Less: net assets with donor restrictions	<u>(13,948)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 265,010</u>	<u>\$ 278,658</u>

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 9 – OPERATING LEASES

The Organization leases office space, computer networking equipment, a postage machine, and copiers. The copier leases and the postage machine equipment lease are not material.

During June 2019, the Organization entered into a three-year lease for office space in Memphis for \$2,089 per month. The lessor converted the existing lease into a new three-year lease beginning July 2020 and ending June 2023, with an average monthly payment of \$2,868 per month.

In June 2020, the Organization began leasing office space in Nashville, Tennessee for twelve months at \$1,483 per month.

The office space lease expense was \$50,842 and \$43,779 for the years ended 2021 and 2020, respectively.

The Organization also entered into several leases for computer/internet networking equipment and installation and short-term service agreements for the Memphis office and the Nashville office. The terms of the leases are as follows:

- 1) Memphis Office Network 1 – 51-month lease beginning July 2019 for monthly payment of \$179.85 plus taxes
- 2) Memphis Office Network 2 – 39-month lease beginning July 2020 for monthly payment of \$356 plus taxes
- 3) Nashville Office Network – 60-month lease beginning September 2020 for monthly payment of \$275 plus taxes

The amount of future lease payments are as follows:

<u>Year Ended December 31</u>	
2022	\$ 59,827
2023	33,594
2024	9,040
2025	4,999
2026	-
Thereafter	-
	<u>\$ 107,460</u>

NOTE 10 – 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 2021 and 2020 were \$10,885 and \$10,160, respectively.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 11 – PPP LOAN FORGIVENESS INCOME

In November 2020, the Organization received full loan forgiveness from Guaranty Bank in the amount of \$78,000 (the “PPP Loan”) pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The Organization recognized the forgiveness of the full loan amount as PPP loan forgiveness income as of December 31, 2020.

NOTE 12 – RELATED PARTY AND COLLABORATIVE ARRANGEMENT

During the year ended December 31, 2021, the Organization began participating 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 three 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 two 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 maintain 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 \$28,000 passed through from this grant funding during the year ended December 31, 2021. MSIA also received reimbursement of \$1,000 initial costs from Welcome South during the year ended December 31, 2021. 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, 2021.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 15, 2022, the date the financial statements were available for issue.