

ACLU FOUNDATION OF MASSACHUSETTS, INC.

Financial Statements

Years Ended March 31, 2025 and 2024

(With Independent Auditors' Report Thereon)

ACLU FOUNDATION OF MASSACHUSETTS, INC.

FINANCIAL STATEMENTS

Years Ended March 31, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ACLU Foundation of Massachusetts, Inc.:

Opinion

We have audited the accompanying financial statements of ACLU Foundation of Massachusetts, Inc. (a not-for-profit organization) (the Foundation), which comprise the statements of financial position as of March 31, 2025 and 2024, 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 ACLU Foundation of Massachusetts, Inc. as of March 31, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, adjustments were made to certain beginning balances to properly reflect those balances as of April 1, 2023. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Kahn, Litwin, Renya & Co., Ltd.

November 25, 2025

ACLU FOUNDATION OF MASSACHUSETTS, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2025 and 2024



	2025	2024 (As Restated)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,338,753	\$ 2,155,811
Accounts receivable	34,745	62,028
Pledges receivable	69,719	1,281,672
Due from ACLU Union of MA	141,266	-
Due from ACLU National	1,553,379	850,674
Investments, available for operations	5,697,904	5,410,967
Prepaid expenses and other current assets	332,717	146,796
Total current assets	11,168,483	9,907,948
Pledges Receivable, less current portion	181,366	9,253
Investments, long-term	17,586,493	16,664,821
Beneficial Interest in Perpetual Trusts	1,369,099	1,391,004
Investments Held by Others	1,836,636	1,769,678
Property and Equipment, net	369,522	468,905
Total Assets	\$ 32,511,599	\$ 30,211,609
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 489,039	\$ 378,196
Due to ACLU Union of MA	-	61,404
Total liabilities	489,039	439,600
Net Assets:		
Without donor restrictions:		
Undesignated	17,892,245	14,071,951
Board-designated for long-term investment	5,168,648	4,520,698
Invested in property and equipment	369,522	468,905
Total net assets without donor restrictions	23,430,415	19,061,554
With donor restrictions:		
Time and purpose restrictions	5,386,410	7,549,773
Restricted in perpetuity	3,205,735	3,160,682
Total net assets with donor restrictions	8,592,145	10,710,455
Total net assets	32,022,560	29,772,009
Total Liabilities and Net Assets	\$ 32,511,599	\$ 30,211,609

See accompanying notes to the financial statements and independent auditors' report.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2025 and 2024

	2025			2024 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets:						
Revenue and support:						
Contributions	\$ 5,733,826	\$ -	\$ 5,733,826	\$ 2,790,712	284,811	\$ 3,075,523
Special event income, net of direct expenses of \$430,469 and \$436,109, respectively	508,603	63,750	572,353	502,281	-	502,281
Bequests	286,004	200,000	486,004	372,562	200,000	572,562
Grants	99,158	269,542	368,700	67,462	262,538	330,000
Investment return, net	1,379,006	66,958	1,445,964	3,209,386	136,003	3,345,389
Legal awards	179,503	-	179,503	388,424	-	388,424
Contributed nonfinancial assets	120,126	-	120,126	81,524	-	81,524
Other income	9,926	-	9,926	11,567	-	11,567
Net assets released from restriction	2,696,655	(2,696,655)	-	3,013,382	(3,013,382)	-
Total revenue and support	11,012,807	(2,096,405)	8,916,402	10,437,300	(2,130,030)	8,307,270
Expenses:						
Program services	5,198,589	-	5,198,589	5,090,450	-	5,090,450
Management and general	709,564	-	709,564	624,211	-	624,211
Fundraising	735,794	-	735,794	692,689	-	692,689
Total expenses	6,643,946	-	6,643,946	6,407,350	-	6,407,350
Change in net assets from operations	4,368,861	(2,096,405)	2,272,456	4,029,950	(2,130,030)	1,899,920
Non-operating						
Change in value of beneficial interest	-	(21,905)	(21,905)	-	153,520	153,520
Total non-operating	-	(21,905)	(21,905)	-	153,520	153,520
Change in Net Assets	4,368,861	(2,118,310)	2,250,551	4,029,950	(1,976,510)	2,053,440
Net Assets, beginning of year, as previously stated	-	-	-	15,031,604	13,085,117	28,116,721
Prior period adjustment (Note 3)	-	-	-	-	(398,152)	(398,152)
Net Assets, beginning of year, as restated	19,061,554	10,710,455	29,772,009	15,031,604	12,686,965	27,718,569
Net Assets, end of year	\$ 23,430,415	\$ 8,592,145	\$ 32,022,560	\$ 19,061,554	\$ 10,710,455	\$ 29,772,009

ACLU FOUNDATION OF MASSACHUSETTS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended March 31, 2025 and 2024

	2025				2024 (As Restated)			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 3,041,952	\$ 353,327	\$ 429,652	\$ 3,824,931	\$ 2,941,870	\$ 333,874	\$ 401,031	\$ 3,676,775
Employee benefits	682,557	122,314	104,364	909,235	689,581	132,083	79,796	901,460
Payroll taxes	245,357	28,262	34,756	308,375	232,928	26,761	31,593	291,282
Total salaries and related expenses	3,969,866	503,903	568,772	5,042,541	3,864,379	492,718	512,420	4,869,517
Books, subscriptions	65,965	1,491	1,913	69,369	59,105	3,819	4,058	66,982
Depreciation	127,787	10,229	16,220	154,236	122,590	10,813	17,650	151,053
Dues and fees	18,389	5,467	10,630	34,485	29,690	6,350	9,168	45,208
Equipment lease and maintenance	9,466	858	1,080	11,404	7,639	379	626	8,644
Event expense	17,388	408	3,899	21,695	51,887	-	10,978	62,865
Insurance	32,327	1,409	2,307	36,043	31,583	1,243	2,053	34,879
Miscellaneous	36,729	3,985	8,637	49,351	42,113	3,084	6,788	51,985
Occupancy	527,033	41,811	67,741	636,585	524,224	46,588	76,091	646,903
Office expense and supplies	9,381	705	658	10,744	15,766	1,532	1,606	18,904
Postage	2,975	135	1,353	4,463	5,321	151	4,230	9,702
Printing and publishing	12,359	417	2,567	15,343	30,121	170	8,364	38,655
Professional fees	231,728	99,702	22,512	353,942	204,352	50,593	10,477	265,422
Technology	70,543	35,595	19,468	125,606	65,720	3,743	22,014	91,477
Telephone	17,771	1,722	3,560	23,053	14,757	1,667	2,599	19,023
Travel and transportation	48,882	1,727	4,477	55,086	21,203	1,361	3,567	26,131
Total expenses	\$ 5,198,589	\$ 709,564	\$ 735,794	\$ 6,643,946	\$ 5,090,450	\$ 624,211	\$ 692,689	\$ 6,407,350

ACLU FOUNDATION OF MASSACHUSETTS, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2025 and 2024



	2025	2024 (As Restated)
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,250,551	\$ 2,053,440
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	154,236	151,053
Net gain from investments	(747,955)	(2,743,834)
Contributions received for long-term purposes	-	(10,000)
Beneficial interest in perpetual trusts net change	21,905	(153,520)
Changes in operating assets and liabilities:		
Pledges receivable	1,039,840	1,403,297
Accounts receivable	27,283	37,972
Due from ACLU Union of MA	(141,266)	47,242
Due from National	(702,705)	(174,144)
Prepaid expenses and other current assets	(185,921)	(6,843)
Due to ACLU Union of MA	(61,404)	61,404
Accounts payable and accrued expenses	110,843	(102,764)
Net cash provided by operating activities	1,765,407	563,303
Cash Flows from Investing Activities:		
Purchases of property and equipment	(54,853)	(13,013)
Proceeds from the sale of investments	8,468	485,727
Purchase of investments	(536,080)	(939,760)
Net cash used by investing activities	(582,465)	(467,046)
Cash Flows from Financing Activities:		
Contributions received for long-term purposes	-	10,000
Net cash provided by financing activities	-	10,000
Net Increase in Cash and Cash Equivalents	1,182,942	106,257
Cash and Cash Equivalents, beginning of year	2,155,811	2,049,554
Cash and Cash Equivalents, end of year	\$ 3,338,753	\$ 2,155,811

See accompanying notes to the financial statements and independent auditors' report.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

1. Nature of Operations

ACLU Foundation of Massachusetts, Inc. (the Foundation), is a not-for-profit organization whose mission is to maintain, foster and protect the rights of free speech, press, assembly, association, due process of law, equal protection of law and other civil rights and civil liberties for all persons within the Commonwealth of Massachusetts and throughout the United States of America. The Foundation is also affiliated with the American Civil Liberties Union Foundation, Inc. (the National Foundation) and the American Civil Liberties Union, Inc. (the National Union).

The Foundation was incorporated on March 19, 2015. On April 1, 2017, the Foundation entered into a General Bill of Sale and Assignment and Assumption Agreement pursuant to which it acquired all of the assets and assumed all of the liabilities of the American Civil Liberties Foundation of Massachusetts, a Massachusetts charitable trust organized under a Declaration of Trust dated December 29, 1969, as amended (the Trust). As a result of this transaction, the Foundation is the legal successor to the Trust.

The Union and the Foundation together comprise New England's premier civil liberties and law reform organizations. Utilizing impact litigation, policy advocacy, and community organizing, the Union and the Foundation win critical battles for voting rights, democracy, reproductive justice, immigrants' rights, criminal law reform, racial justice, privacy and technology, LGBTQI+ rights and free expression. Notable advocacy over the past year includes lawsuits challenging unlawful Trump administration policies and executive orders, including defending due process, free speech, immigrants' rights, LGBT equality and public health.

2. Summary of Significant Accounting Policies

This summary of the significant accounting policies of the Foundation is presented to assist the reader in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Foundation prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

The Foundation considers all cash balances and highly liquid investments with original maturities of three months or less to be cash equivalents, with the exception of certain amounts classified as investments.

Accounts Receivable

The Foundation carries its accounts receivable at net realizable value. On a periodic basis, the Foundation evaluates its receivables and provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts.

The Foundation does not accrue interest on its accounts receivable. A receivable is considered past due if payment has not been received within stated terms. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for credit losses. At March 31, 2025 and 2024, the Foundation determined an allowance for credit losses was not necessary as all receivables were considered collectible.

Pledges Receivable

Pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are discounted at an appropriate rate commensurate with the risk involved. If material, receivables with amounts due beyond one year are discounted to their net present value using the interest rate for treasury bills with a remaining term equal to that of expected future receipts.

On a periodic basis, the Foundation evaluates its pledges receivable and establishes an allowance for doubtful accounts, based on a history of past collections and current credit conditions. At March 31, 2025 and 2024, the Foundation determined an allowance for doubtful accounts was not necessary as all pledges receivables were considered collectible.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

Investments and Fair Value Measurement

The Foundation reports its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by authoritative guidance, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Foundation has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

The Foundation reports investments, including investments held by others, at fair value on a recurring basis. These investments are classified as level 1 and 3 within the fair value hierarchy.

Level 1 investments owned by the Foundation and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Level 3 investment values are provided by the Trustee who develops their valuations using the third-party monthly investment broker's statements. Due to the inaccessibility of these broker statements, as well as the Foundation's lack of control over the investing activities, the funds held in a trust are considered unobservable market inputs in accordance with authoritative guidance.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

Realized and unrealized gains or losses are included as a component of investment return, net on the statement of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless gains and losses on investments are restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Dividends are recorded on the ex-dividend date and interest is recorded on the accrual basis of accounting. Purchases and sales of securities are recorded on the trade date. In determining the gains (losses) realized on the sales of securities, the cost of securities sold is determined on a specific identification basis.

Property and Equipment

All expenditures for property and equipment in excess of \$2,000 are capitalized at cost. Donated property and equipment are capitalized at fair value at the date of the donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, ranging from 3 to 10 years.

Revenue Recognition

Contributions and Grant Income - The Foundation recognizes contributions and grant income in the year in which the contribution or grant is made. Contributions and grant income is recorded either as with or without donor restrictions, depending on the existence and/or nature of any donor/grantor-imposed restrictions. However, it is the policy of the Foundation to recognize contributions and grants with donor restrictions that are both received and fully expended during the same year as contributions without donor restrictions.

Special Events - The Foundation recognizes special events revenue when the event takes place.

Bequests - Conditional contributions are recognized in the period in which the conditions are met.

Legal Fees - The Foundation may receive attorney's fees awarded by the court as a result of the settlement of certain types of litigation. Because the awards are not determinable until the resolution of the litigation, such amounts are not recorded until received, which may occur several years after the litigation commences.

Contributed Nonfinancial Assets - The Foundation records the value of donated noncash assets at fair value at the date of the donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by the Foundation. Volunteers also provide a variety of program services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under generally accepted accounting principles were not met.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs were not material and are included with printing and publishing expense in the accompanying financial statements.

Income Taxes

The Foundation is exempt from income taxes as a public charity under Section 501(c)(3) of the IRC. Management believes that the Foundation operates in a manner consistent with its tax-exempt status at both the state and federal levels.

The Foundation annually files IRS Form 990, *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities, generally for a period of three years after they were filed. The Foundation currently has no tax examinations in progress.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of job description, and estimates of time and effort. Depreciation and occupancy and all other indirect expenses are allocated on the basis of square footage or time and effort.

Subsequent Events

Management of the Foundation has evaluated subsequent events through November 25, 2025, which is the date these financial statements were available to be issued.

3. Prior Period Adjustment

During fiscal year 2025, the Foundation's management reviewed pledges receivable, which included non-enforceable intentions to give. Such amounts are not permitted to be reported as pledges receivable under accounting principles generally accepted in the United States of America. Accordingly, the Foundation recorded adjustments to decrease net assets with donor restrictions and decrease pledges receivable by \$398,152 as of April 1, 2023. As a result of the prior period adjustment, contributions and change in net assets increased by \$105,934 for the year ended March 31, 2024. There was no effect on the change in net assets for the year ended March 31, 2025. The accompanying 2024 financial statements have been restated to reflect this adjustment.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following:

	2025	2024 (As Restated)
Financial assets:		
Cash and cash equivalents	\$ 3,338,753	\$ 2,155,811
Accounts receivable	34,745	62,028
Pledges receivable, current	69,719	1,281,672
Due from ACLU Union of Massachusetts	141,266	-
Due from ACLU National	1,553,379	850,674
Investments, available for operations	5,697,904	5,410,967
	10,835,766	9,761,152
Less: financial assets unavailable for general expenditure within one year, due to:		
Restricted by purpose	303,973	779,546
Financial assets available to meet general expenditure needs within one year	\$ 10,531,793	\$ 8,981,606

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation's goal is generally to maintain financial assets to meet six months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments. To help management with unanticipated liquidity needs, the Foundation is able to draw upon its available line of credit up to \$500,000 (Note 8) as of March 31, 2025 and 2024.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

5. Pledges Receivable

Pledges receivable consist of unconditional promises to give from contributors to support the Foundation's charitable mission.

Pledges receivables are due as follows:

	2025	2024 (As Restated)
Within one year	\$ 69,719	\$ 1,281,672
One to two years	50,000	9,719
Two to three years	50,000	-
Three to four years	50,000	-
Four to five years	50,000	-
Total pledges receivable	269,719	1,291,391
Less present value component	18,634	466
Total pledges receivable, net	251,085	1,290,925
Less current portion	69,719	1,281,672
 Pledges receivable, less current portion, net	 \$ 181,366	 \$ 9,253

6. Investments, Investments Held by Others and Beneficial Interest in Perpetual Trusts

Investments, investments held by others and beneficial interest in perpetual trusts are presented in the financial statements at their aggregate fair value and consist of the following:

	March 31, 2025		
	Level 1	Level 3	Total
Money market mutual funds	\$ 1,164,048	\$ -	\$ 1,164,048
Mutual funds			
Bond index funds	7,529,274	-	7,529,274
Stock index funds	8,787,554	-	8,787,554
International funds	5,803,521	-	5,803,521
Beneficial interest in perpetual trusts	-	1,369,099	1,369,099
Investments held by others	-	1,836,636	1,836,636
 Total	 \$ 23,284,397	 \$ 3,205,735	 \$ 26,490,132

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

	March 31, 2024		
	Level 1	Level 3	Total
Money market mutual funds	\$ 1,043,163	\$ -	\$ 1,043,163
Mutual funds			
Bond index funds	6,176,704	-	6,176,704
Stock index funds	9,191,392	-	9,191,392
International funds	5,664,529	-	5,664,529
Beneficial interest in perpetual trusts	-	1,391,004	1,391,004
Investments held by others	-	1,769,678	1,769,678
 Total	 \$ 22,075,788	 \$ 3,160,682	 \$ 25,236,470

The Foundation values its beneficial interest in perpetual trusts at fair value based on the information provided by the financial institutions.

A reconciliation of investments measured at fair value using significant unobservable inputs (level 3) is as follows:

	2025	2024
Beginning balance	\$ 3,160,682	\$ 2,871,159
Distributions	(117,819)	(114,264)
Change in fair value	162,872	403,787
 Ending balance	 \$ 3,205,735	 \$ 3,160,682

Beneficial Interest in Perpetual Trusts

The Foundation holds a beneficial interest in perpetual trusts. Under the terms of the trust agreements, the Foundation has the irrevocable right to receive the income earned by these trusts. In accordance with the donors' wishes, the distributions received by the Foundation from these trusts are available for current operations. During the years ended March 31, 2025 and 2024, the Foundation received a distribution of trust income in the amount of \$49,000 and \$45,000, respectively.

ACLU FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2025 and 2024

Investments Held by Others

Pichey Endowment - The Pichey endowment represents the Foundation's holdings in an endowment held by the National Foundation. During 2018, the Foundation received funds to establish the Pichey endowment. The endowment's purpose is to support activism initiatives. The endowment provides for distributions to the Foundation which are available to be spent on operating activities. During the years ended March 31, 2025 and 2024, the Foundation received a distribution of trust income in the amount of \$1,852 and \$936, respectively.

Bill of Rights Trust Endowment - In 1997, the National Foundation established the Bill of Rights Trust Endowment (the "BOR endowment"). The purpose of the BOR endowment, a portion of which is an endowment fund of the Foundation, is to build an enduring endowment to carry out the work of the National Foundation and its affiliates in protecting, preserving and expanding the civil liberties of all persons in the United States of America. The Endowment has 100,000,000 authorized units, which are issued to or among the Foundation and affiliated foundations based upon their respective interests in the BOR endowment. Unit shares held by the affiliates have a unit value based upon the fair value of the net assets of the BOR endowment divided by the total number of units shares outstanding. The BOR endowment provides for annual distributions to the Foundation and affiliated foundations in accordance with the Foundation's approved spending policy, prorated in accordance with the percentage of the fair value of each unit share. The investment goal of the BOR endowment is to invest assets in a prudent manner that will produce a reasonable distribution to the National Foundation and affiliated foundations and provide long-term growth in value of these assets.

The Foundation's share of this endowment is subject to certain withdrawal limitations as disclosed in the BOR endowment agreement. Under the National spending policy, the Foundation receives a distribution equal to 4% of the three-year average unit value of the fair value of investments at the beginning of each of the preceding fiscal years. Distributions are typically in the form of cash or additional unit shares of the fund. For the years ended March 31, 2025 and 2024, distributions to the Foundation from the National Foundation amounted to \$66,967 and \$68,328, respectively. Distributions from the BOR endowment are without donor restrictions.

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7. Property and Equipment

Property and equipment consisted of the following:

	2025	2024
Furniture and fixtures	\$ 388,688	\$ 388,688
Computer equipment	181,235	222,938
Office equipment	216,743	211,174
Leasehold improvements	30,089	30,089
	816,755	852,889
Less accumulated depreciation	447,233	383,984
	\$ 369,522	\$ 468,905

8. Line of Credit

The Foundation has a \$500,000 line of credit that bears interest at the bank's lending rate with a minimum rate of 5%. The line is secured by certain assets of the Foundation. At March 31, 2025 and 2024, there was no outstanding balance on the line of credit.

The line of credit agreement also contains restrictive covenants. At March 31, 2025 and 2024, management believes that the Foundation was in compliance with its restrictive covenants.

9. Net Assets

A summary of net assets is as follows:

	2025	2024 (As Restated)
Net Assets Without Donor Restrictions		
Undesignated	\$ 17,892,245	\$ 14,071,951
Board-designated for long-term investment	5,168,648	4,520,698
Invested in property and equipment	369,522	468,905
	23,430,415	\$ 19,061,554

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Net Assets With Donor Restrictions		
Subject to expenditure for specific purpose:		
Technology for liberty and justice for all	4,831,352	5,479,302
Racial justice	-	50,000
Fellowship salaries	8,993	139,802
Immigration	74,355	250,000
Separation of church and state	200,000	200,000
1st amendment legal position	-	117,119
Journalism student participation	20,625	22,625
	<u>5,135,325</u>	<u>6,258,848</u>
Subject to time restriction	<u>251,085</u>	<u>1,290,925</u>
Subject to restriction in perpetuity:		
Pichey endowment - activism initiatives	49,962	48,160
Bill of rights endowment	1,786,674	1,721,518
Beneficial interest in perpetual trusts	1,369,099	1,391,004
	<u>3,205,735</u>	<u>3,160,682</u>
Total net assets with donor restrictions	<u>8,592,145</u>	<u>10,710,455</u>
Total net assets	<u>\$ 32,022,560</u>	<u>\$ 29,772,009</u>

10. Contributed Nonfinancial Assets

The Foundation actively solicits and receives support from the community and local businesses in the form of contributed goods and services related to its efforts in responding to local needs, fundraising and performing administrative functions.

For the years ended March 31, 2025 and 2024, the Foundation received donated legal services of \$115,126 and \$76,624, respectively. For the years ended March 31, 2025 and 2024, the Foundation received donated items for the Bill of Rights dinner of \$5,000 and \$4,900, respectively. Contributed nonfinancial assets were recorded in the statements of activities. The Foundation records the value of contributed nonfinancial assets at fair value at the date of the donation based on the value determined by the donor.

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11. Commitments and Contingencies

Legal Contingencies

The Foundation is from time to time involved in legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters will not have a material adverse impact on the financial position of the Foundation or the results of its activities.

Collective Bargaining Agreement

The Foundation had a collective bargaining agreement, which expired June 30, 2023, with certain employees, including two full-time equivalents. The agreement included provisions including but not limited to vacation accruals, normal working hours, etc. A new agreement was entered into, effective October 1, 2025, which expires on September 30, 2030. Under the new agreement, a one-time salary adjustment, applicable to one employee, was made retroactive to April 1, 2025.

12. Employee Benefit Plans

Pension Plan

The Foundation participates in a non-contributory defined benefit plan, the American Civil Liberties Union Retirement Plan, through the National Union's multiemployer plan. The plan covers all employees hired before April 1, 2009 who satisfied minimum age and service requirements. Benefits are paid to eligible employees at retirement based on years of service and average career compensation.

The total pension expense is allocated to the Foundation based on the number of participating employees. Pension expense amounted to \$175,769 and \$200,623 for the years ended March 31, 2025 and 2024, respectively, and is included with employee benefits on the accompanying statements of functional expenses.

As of April 1, 2009, the National Union instituted a "soft freeze" on the plan. Employees hired on or after April 1, 2009 are enrolled in the National Union's 401(k) plan.

The National Union's defined benefit plan is currently underfunded according to actuarial projections. A portion of the National Union's unfunded liability is for the employees of the Foundation. Accumulated plan benefits information as provided by consulting actuaries, has not been distinguished from the benefits of this affiliated organization that is participating in the pension plan and accordingly, such information is not presented herein. As of March 31, 2025 and 2024, the financial statements of the pension plan reflected the fair value of plan assets of \$167,740,947 and \$162,455,894, respectively, and a projected benefit obligation of \$166,419,971 and \$163,368,146, respectively. As the liability directly related to the Foundation is not known, no liability has been recorded in the accompanying financial statements.

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401(k) Plan

The Foundation participates in the National ACLU's 401(k) plan, which covers substantially all of its employees who meet certain eligibility requirements. Under the plan, employees may voluntarily contribute pre-tax compensation subject to IRS regulations related to dollar limits. The Foundation will match 100% of the first 1% of employee contributions plus 50% of the next 5% of employee contributions. Additionally, the Foundation contributes 2% of employee wages for the benefit of each employee each pay period. The Foundation's employer contributions vest after two years of employment. Total Foundation contributions for the years ended March 31, 2025 and 2024 were \$168,320 and \$162,652, respectively, and are included with employee benefits on the accompanying statements of functional expenses.

13. Related Party Transactions

The Union

The Foundation is affiliated with the Union through shared management, administrative costs and rental space. The Foundation charged the Union \$1,418,636 and \$1,436,977, respectively, for the shared costs that include salaries, benefits and related payroll taxes and \$446,516 and \$348,494, respectively, for other administrative expenses for the years ended March 31, 2025 and 2024.

Additionally, the Union charged the Foundation for its pro rata share of the rent for shared facility costs amounting to \$620,848 and \$628,862, respectively, which is included in occupancy expenses in these financial statements for the years ended March 31, 2025 and 2024. As of March 31, 2025, the Foundation recorded a receivable totaling \$141,266, and as of March 31, 2024, a payable totaling \$61,404, related to the transactions described above.

The National Foundation

The Foundation is an affiliate of the National Foundation. In accordance with the affiliation agreement, the Foundation receives its share of certain contributions and bequests as defined in that agreement. As of March 31, 2025 and 2024, amounts due to the Foundation from the National Foundation for shared revenue in accordance with the affiliation agreement were \$1,553,379 and \$850,674, respectively. Additionally, during the year ended March 31, 2024, the National ACLU granted the Foundation \$250,000, which is included in grant income in the accompanying 2024 financial statements.

Donations

During the fiscal years 2025 and 2024, related parties of the Foundation donated \$267,000 and \$592,500, respectively, to the Foundation. Union board members donated \$455,905 and \$227,586 to the Foundation during fiscal 2025 and 2024, respectively.

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14. Concentrations of Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents, pledges receivables and investments.

The Foundation maintains its operating accounts in one financial institution. The balance at the institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances in excess of \$250,000 are generally uninsured. However, the Foundation has an agreement with IntraFi such that excess funds in one account are automatically moved to other bank accounts to keep balances within federally insured limits. At March 31, 2025, the uninsured portion of cash and cash equivalents was approximately \$3,170,000. The Foundation monitors its exposure with regard to cash and cash equivalents and has not experienced losses on such accounts.

At March 31, 2025 and 2024, 93% and 85%, respectively, of pledges receivable was due from one donor.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements. The Foundation has a diversified portfolio for all of its investments and retains an investment advisor to attain a prudent level of diversification in an attempt to minimize potential risk associated with investment securities to the extent possible.