

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

Financial Statements

Years Ended March 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

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

FINANCIAL STATEMENTS

Years Ended March 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
American Civil Liberties Union Foundation of Massachusetts, Inc.:

Opinion

We have audited the accompanying financial statements of American Civil Liberties Union Foundation of Massachusetts, Inc. (a not-for-profit organization) (the Foundation), which comprise the statements of financial position as of March 31, 2024 and 2023, 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 American Civil Liberties Union Foundation of Massachusetts, Inc. as of March 31, 2024 and 2023 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.

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, Rengya & Co., Ltd.

November 20, 2024

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2024 and 2023



	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,155,811	\$ 2,049,554
Accounts receivable	62,028	100,000
Pledges receivable	1,381,672	1,689,090
Due from ACLU Union of MA	-	47,242
Due from ACLU National	850,674	676,530
Investments, available for operations	5,410,967	4,860,237
Prepaid expenses and other current assets	146,796	139,953
Total current assets	10,007,948	9,562,606
Pledges Receivable, less current portion	201,472	1,403,284
Investments, long-term	16,664,821	14,153,686
Beneficial Interest in Perpetual Trusts	1,391,004	1,237,483
Investments Held by Others	1,769,678	1,633,676
Property and Equipment, net	468,905	606,946
Total Assets	\$ 30,503,828	\$ 28,597,681
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 378,196	\$ 480,960
Due to ACLU Union of MA	61,404	-
Total liabilities	439,600	480,960
Net Assets:		
Without donor restrictions	19,061,554	15,031,604
With donor restrictions	11,002,674	13,085,117
Total net assets	30,064,228	28,116,721
Total Liabilities and Net Assets	\$ 30,503,828	\$ 28,597,681

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets:						
Revenue and support:						
Contributions	\$ 2,690,713	\$ 278,877	\$ 2,969,590	\$ 4,261,536	\$ 3,068,299	\$ 7,329,835
Special event income, net of direct expenses of \$436,109 and \$360,088, respectively	502,281	-	502,281	436,599	-	436,599
Bequests	372,562	200,000	572,562	555,198	200,000	755,198
Grants	67,462	262,538	330,000	192,000	435,417	627,417
Investment return, net	3,209,386	136,003	3,345,389	(1,019,285)	(158,935)	(1,178,220)
Legal fees	388,424	-	388,424	402,572	-	402,572
Contributed nonfinancial assets	81,524	-	81,524	104,336	-	104,336
Other income	11,567	-	11,567	14,821	-	14,821
Net assets released from restriction	3,113,381	(3,113,381)	-	1,378,097	(1,378,097)	-
Total revenue and support	10,437,300	(2,235,963)	8,201,337	6,325,874	2,166,684	8,492,558
Expenses:						
Program services	5,090,450	-	5,090,450	4,789,574	-	4,789,574
Management and general	624,211	-	624,211	565,626	-	565,626
Fundraising	692,689	-	692,689	546,274	-	546,274
Total expenses	6,407,350	-	6,407,350	5,901,474	-	5,901,474
Change in net assets from operations	4,029,950	(2,235,963)	1,793,987	424,400	2,166,684	2,591,084
Non-operating						
Change in value of beneficial interest	-	153,520	153,520	-	(114,149)	(114,149)
Total non-operating	-	153,520	153,520	-	(114,149)	(114,149)
Change in Net Assets	4,029,950	(2,082,443)	1,947,507	424,400	2,052,535	2,476,935
Net Assets, beginning of year	15,031,604	13,085,117	28,116,721	14,607,204	11,032,582	25,639,786
Net Assets, end of year	\$ 19,061,554	\$ 11,002,674	\$ 30,064,228	\$ 15,031,604	\$ 13,085,117	\$ 28,116,721

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended March 31, 2024 and 2023

	2024				2023			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 2,941,870	\$ 333,874	\$ 401,031	\$ 3,676,775	\$ 2,696,410	\$ 322,911	\$ 314,252	\$ 3,333,573
Employee benefits	689,581	132,083	79,796	901,460	634,448	113,884	61,053	809,385
Payroll taxes	232,928	26,761	31,593	291,282	214,924	25,202	24,770	264,896
Total salaries and related expenses	3,864,379	492,718	512,420	4,869,517	3,545,782	461,997	400,075	4,407,854
Books, subscriptions	59,105	3,819	4,058	66,982	72,459	1,395	1,444	75,298
Depreciation	122,590	10,813	17,650	151,053	111,209	8,436	16,805	136,450
Dues and fees	29,690	6,350	9,168	45,208	23,942	3,020	11,082	38,044
Equipment lease and maintenance	7,639	379	626	8,644	15,384	650	912	16,946
Event expense	51,887	-	10,978	62,865	18,352	40	9,084	27,476
Insurance	31,583	1,243	2,053	34,879	30,460	2,203	1,751	34,414
Miscellaneous	42,113	3,084	6,788	51,985	17,743	3,836	6,074	27,653
Occupancy	524,224	46,588	76,091	646,903	504,179	38,651	63,221	606,051
Office expense and supplies	15,766	1,532	1,606	18,904	49,907	923	1,639	52,469
Postage	5,321	151	4,230	9,702	6,573	183	5,909	12,665
Printing and publishing	30,121	170	8,364	38,655	31,335	873	9,647	41,855
Professional fees	204,352	50,593	10,477	265,422	279,871	37,041	6,701	323,613
Technology	65,720	3,743	22,014	91,477	49,385	4,049	8,539	61,973
Telephone	14,757	1,667	2,599	19,023	14,739	1,582	2,024	18,345
Travel and transportation	21,203	1,361	3,567	26,131	18,254	747	1,367	20,368
Total Expenses	\$ 5,090,450	\$ 624,211	\$ 692,689	\$ 6,407,350	\$ 4,789,574	\$ 565,626	\$ 546,274	\$ 5,901,474

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2024 and 2023



	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,947,507	\$ 2,476,935
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	151,053	136,450
Net (gain) loss from investments	(2,743,834)	1,589,499
Contributions received for long-term purposes	(10,000)	-
Beneficial interest in perpetual trusts net change	(153,520)	114,149
Changes in operating assets and liabilities:		
Pledges receivable	1,509,230	(3,042,374)
Accounts receivable	37,972	(25,884)
Due from ACLU Union of MA	47,242	51,685
Due from National	(174,144)	(1,437)
Prepaid expenses and other current assets	(6,843)	(87,162)
Due to ACLU Union of MA	61,404	-
Accounts payable and accrued expenses	(102,764)	148,538
Net cash provided by operating activities	563,303	1,360,399
Cash Flows from Investing Activities:		
Purchases of property and equipment	(13,013)	(463,767)
Proceeds from the sale of investments	485,727	28,829,541
Purchase of investments	(939,760)	(30,595,281)
Net cash used by investing activities	(467,046)	(2,229,507)
Cash Flows from Financing Activities:		
Contributions received for long-term purposes	10,000	-
Net cash provided by financing activities	10,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	106,257	(869,108)
Cash and Cash Equivalents, beginning of year	2,049,554	2,918,662
Cash and Cash Equivalents, end of year	\$ 2,155,811	\$ 2,049,554

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

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023

1. Nature of Operations

American Civil Liberties Union Foundation of Massachusetts, Inc. (the Foundation), is a not-for-profit organization whose mission is to support the activities of the American Civil Liberties Union of Massachusetts (the Union), which defends freedoms guaranteed in the United States Constitution and Bill of Rights. 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 blocking book bans in public schools and libraries; defending permits for an LGBTQ Pride festival; representing migrants involuntarily sent to Massachusetts; protecting free speech and public comment during government hearings; securing statewide abortion access legislation in Massachusetts; advancing data privacy bills; promoting police practices reform and protecting voting rights and democracy.

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.

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023



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, 2024 and 2023, 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, 2024 and 2023, the Foundation determined an allowance for doubtful accounts was not necessary as all pledges receivables were considered collectible.

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023



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 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.

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023



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 its 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 40 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.

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023



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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation.

Subsequent Events

Management of the Foundation has evaluated subsequent events through November 20, 2024, which is the date these financial statements were available to be issued.

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023



3. 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:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 2,155,811	\$ 2,049,554
Accounts receivable	62,028	100,000
Pledges receivable, current	1,381,672	1,689,090
Due from ACLU Union of Massachusetts	-	47,242
Due from ACLU National	850,674	676,530
Investments, available for operations	5,410,967	4,860,237
	9,861,152	9,422,653
Less: financial assets unavailable for general expenditure within one year, due to:		
Restricted by purpose	779,546	834,467
Financial assets available to meet general expenditure needs within one year	\$ 9,081,606	\$ 8,588,186

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 7) as of March 31, 2024 and 2023.

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023



4. 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:

	2024	2023
Within one year	\$ 1,381,672	\$ 1,689,090
One to two years	109,719	1,250,000
Two to three years	100,000	100,000
Three to four years	-	100,000
Total pledges receivable	1,591,391	3,139,090
Less present value component	8,247	46,716
Total pledges receivable, net	1,583,144	3,092,374
Less current portion	1,381,672	1,689,090
	\$ 201,472	\$ 1,403,284

5. 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, 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

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023



	March 31, 2023		
	Level 1	Level 3	Total
Money market mutual funds	\$ 1,001,803	\$ -	\$ 1,001,803
Mutual funds			
Bond index funds	6,023,392	-	6,023,392
Stock index funds	6,990,710	-	6,990,710
International funds	4,998,018	-	4,998,018
Beneficial interest in perpetual trusts	-	1,237,483	1,237,483
Investments held by others	-	1,633,676	1,633,676
Total	\$ 19,013,923	\$ 2,871,159	\$ 21,885,082

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:

	2024	2023
Beginning balance	\$ 2,871,159	\$ 3,144,243
Change in fair value	289,523	(273,084)
Ending balance	\$ 3,160,682	\$ 2,871,159

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, 2024 and 2023, the Foundation received a distribution of trust income in the amount of \$45,000 and \$44,000, respectively.

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, 2024 and 2023, the Foundation received a distribution of trust income in the amount of \$936 and \$915, respectively.

AMERICAN CIVIL LIBERTIES UNION FOUNDATION OF MASSACHUSETTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023



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, 2024 and 2023, distributions to the Foundation from the National Foundation amounted to \$68,328 and \$66,831, respectively. Distributions from the BOR endowment are without donor restrictions.

6. Property and Equipment

Property and equipment consisted of the following:

	2024	2023
Furniture and fixtures	\$ 388,688	\$ 383,307
Computer equipment	222,938	218,398
Office equipment	211,174	208,083
Leasehold improvements	30,089	30,089
	852,889	839,877
Less accumulated depreciation	383,984	232,931
	\$ 468,905	\$ 606,946

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7. 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, 2024 and 2023, there was no outstanding balance on the line of credit.

The line of credit agreement also contains restrictive covenants. At March 31, 2024 and 2023, management believes that the Foundation was in compliance with its restrictive covenants

8. Net Assets

A summary of net assets is as follows:

	2024	2023
Net Assets Without Donor Restrictions		
Undesignated	\$ 14,071,951	\$ 10,711,775
Board-designated for long-term investment	4,520,698	3,712,883
Invested in property and equipment	468,905	606,946
	19,061,554	\$ 15,031,604
Net Assets With Donor Restrictions		
Subject to expenditure for specific purpose:		
Technology for liberty and justice for all	5,479,302	6,287,117
Racial justice	50,000	125,000
Fellowship salaries	139,802	285,645
Immigration	250,000	-
Separation of church and state	200,000	200,000
1st amendment legal position	117,119	198,897
Journalism student participation	22,625	24,925
	6,258,848	7,121,584
Subject to time restriction	1,583,144	3,092,374

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Subject to restriction in perpetuity:		
Pichey endowment - activism initiatives	48,160	22,067
Bill of rights endowment	1,721,518	1,611,609
Beneficial interest in perpetual trusts	1,391,004	1,237,483
	3,160,682	2,871,159
Total net assets with donor restrictions	11,002,674	13,085,117
Total net assets	\$ 30,064,228	\$ 28,116,721

9. 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, 2024 and 2023, the Foundation received donated legal services of \$76,624 and \$104,336, respectively. For the year ended March 31, 2024, the Foundation received donated items for the Bill of Rights dinner of \$4,900. 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.

10. 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 has a collective bargaining agreement, which expired June 30, 2023, with certain employees that include approximately thirteen full-time equivalents. The agreement includes provisions including but not limited to vacation accruals, normal working hours, etc. As of March 31, 2024, the Foundation continues negotiating terms of the new agreement and is currently following the terms of the previous agreement.

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11. 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 \$200,623 and \$191,014 for the years ended March 31, 2024 and 2023, 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, 2024 and 2023, the financial statements of the pension plan reflected the fair value of plan assets of \$162,455,894 and \$163,225,695, respectively, and a projected benefit obligation of \$163,368,146 and \$167,771,632, respectively. As the liability directly related to the Foundation is not known, no liability has been recorded in the accompanying financial statements.

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, 2024 and 2023 were \$162,652 and \$134,139, respectively, and are included with employee benefits on the accompanying statements of functional expenses.

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12. 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 \$1,436,977 and \$1,573,807, respectively, for the shared costs that include salaries, benefits and related payroll taxes and \$348,494 and \$49,854, respectively, for other administrative expenses for the years ended March 31, 2024 and 2023.

Additionally, the Union charged the Foundation for its pro rata share of the rent for shared facility costs amounting to \$628,862 and \$554,309, respectively, which is included in occupancy expenses in these financial statements for the years ended March 31, 2024 and 2023. As of March 31, 2024 and 2023, the Foundation recorded a payable amounting to \$61,404 and a receivable amounting to \$47,242, respectively, 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, 2024 and 2023, amounts due to the Foundation from the National Foundation for shared revenue in accordance with the affiliation agreement were \$850,674 and \$676,530, respectively. Additionally, during the years ended March 31, 2024 and 2023, the National ACLU granted the Foundation \$250,000 and \$325,000, respectively, which is included in grant income in the accompanying financial statements.

Donations

During the fiscal years ended 2024 and 2023, related parties of the Foundation donated \$592,500 and \$622,713, respectively, to the Foundation. Union board members donated \$227,586 and \$38,125 to the Foundation during fiscal 2024 and 2023, respectively. Union and Foundation board members donated \$35,297 to the Foundation during the fiscal year ended 2023.

13. Concentrations of Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents, 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, 2024, the uninsured portion of cash and cash equivalents was approximately \$2,023,000. The Foundation monitors its exposure with regard to cash and cash equivalents and has not experienced losses on such accounts.

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At March 31, 2024 and 2023, 88% and 95%, respectively, of pledges receivable was due from two donors and three donors, respectively.

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.