Acacia Center for Justice, Inc.

Financial Statements

December 31, 2025

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees
Acacia Center for Justice, Inc.

Opinion

We have audited the accompanying financial statements of Acacia Center for Justice, Inc. ("Acacia"), which comprise the statement of financial position as of December 31, 2025 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acacia as of December 31, 2025 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Acacia and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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 Acacia'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 Acacia'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.

Report on Summarized Comparative Information

We have previously audited Acacia's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

September 29, 2026

Acacia Center for Justice, Inc.

Statement of Financial Position
As of December 31, 2025
(with comparative amounts at December 31, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 51,214,982	$ 37,768,900
Contracts receivable	70,448,395	75,390,043
Contributions and grants receivable	2,459,423	31,380
Prepaid expenses	280,828	722,095
Advances to Subgrantees	619,503	163,177
Other assets	29,792	29,792
Right of use asset	108,899	177,370
Property and equipment, net	77,165	74,882
Intangibles, net	95,055	107,499
Total Assets	$ 125,334,042	$ 114,465,138
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 68,075,386	$ 69,071,259
Accrued payroll and vacation	2,503,193	1,782,124
Refundable advances	192,709	3,335,597
Contract liabilities	1,280	126,323
Lease liabilities	112,913	181,791
Deferred revenue	341,087	2,402,229
Total Liabilities	71,226,568	76,899,323
Net Assets		
Net assets without donor restrictions	53,128,383	37,565,815
Net assets with donor restrictions	979,091	-
Total Net Assets	54,107,474	37,565,815
	$ 125,334,042	$ 114,465,138

See accompanying notes to the financial statements

Acacia Center for Justice, Inc.

Statement of Activities
For the Year Ended December 31, 2025
(with summarized totals for the year ended December 31, 2024)

	Without Donor Restriction	With Donor Restriction	2025	2024
REVENUE AND SUPPORT				
Contract revenue	$ 274,691,985	$ -	$ 274,691,985	$ 347,944,434
Contributions and grants	9,170,323	2,047,091	11,217,414	6,050,264
Contributed services	1,064,979	-	1,064,979	141,359
Other Income	482,857	-	482,857	606
Net assets released from restriction	1,068,000	(1,068,000)	-	-
Total Revenue and Support	286,478,144	979,091	287,457,235	354,136,663
EXPENSES				
Program services	262,724,129	-	262,724,129	319,838,855
Management and general	6,803,812	-	6,803,812	6,416,900
Fundraising	1,387,635	-	1,387,635	702,457
Total Expenses	270,915,576	-	270,915,576	326,958,212
Changes in Net Assets	15,562,568	979,091	16,541,659	27,178,451
NET ASSETS				
Beginning of year	37,565,815	-	37,565,815	10,387,364
End of year	$ 53,128,383	$ 979,091	$ 54,107,474	$ 37,565,815

See accompanying notes to the financial statements

Acacia Center for Justice, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2025
(with summarized totals for the year ended December 31, 2024)

	Capacity Building	Legal Access and Orientation	Legal Representation	Total Program Services	Management and General	Fundraising	2025 Total	2024 Total
Salaries	$ 968,727	$ 3,523,773	$ 11,157,847	$ 15,650,347	$ 4,278,186	$ 906,645	$ 20,835,178	$ 17,881,771
Payroll taxes	77,956	285,878	832,855	1,196,689	316,350	68,079	1,581,118	1,365,686
Fringe benefits	209,613	946,723	2,685,893	3,842,229	1,058,900	195,409	5,096,538	3,275,127
Rent expenses	4,681	20,082	50,865	75,628	20,674	4,381	100,683	61,212
Subcontractor services	20,832,148	7,292,677	199,757,754	227,882,579	-	-	227,882,579	291,024,400
Subgrantee award	-	-	8,995,091	8,995,091	-	-	8,995,091	4,996,131
Professional fees (including contributed services of $1,064,979)	1,060,157	557,750	2,172,449	3,790,356	636,497	149,743	4,576,596	6,182,320
Conferences and travel	152,732	113,546	110,123	376,401	37,629	18,295	432,325	1,074,719
Office expenses	7,380	35,736	124,071	167,187	285,839	4,448	457,474	244,680
Commodities, supplies, and minor equipment	4,532	16,669	31,634	52,835	8,002	4,549	65,386	113,271
Maintenance and systems	18,820	314,299	296,562	629,681	143,937	32,315	805,933	675,970
Telecom and internet	2,884	12,373	31,339	46,596	12,738	2,699	62,033	49,706
Depreciation	1,146	4,915	12,449	18,510	5,060	1,072	24,642	5,639
Miscellaneous	-	-	-	-	-	-	-	7,580
Total Expenses	$23,340,776	$ 13,124,421	$ 226,258,932	$ 262,724,129	$ 6,803,812	$ 1,387,635	$270,915,576	$326,958,212

See accompanying notes to the financial statements

Acacia Center for Justice, Inc.

Statement of Cash Flows
For the Year Ended December 31, 2025
(with comparative amounts for the year ended December 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 16,541,659	$ 27,178,451
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	24,642	5,639
Amortization	12,444	3,111
Discount on contributions and grants receivable	4,058	-
Amortization of right of use asset	68,471	33,903
Changes in Operating Assets and Liabilities:		
Contracts receivable	4,941,648	(33,927,489)
Contributions and grants receivable	(2,432,101)	930,332
Prepaid expenses	441,267	(475,190)
Advances to Subgrantees	(456,326)	2,535,498
Other assets	-	(2,232)
Accounts payable and accrued expenses	(995,873)	38,533,224
Accrued payroll and vacation	721,069	1,085,136
Refundable advances	(3,142,888)	(875,386)
Contract liabilities	(125,043)	(3,712,399)
Deferred revenue	(2,061,142)	633,563
Lease liabilities	(68,878)	(29,482)
Net Cash from Operating Activities	13,473,007	31,916,679
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(26,925)	(80,521)
Purchase of intangibles	-	(110,610)
Net Cash from Investing Activities	(26,925)	(191,131)
Net Change in Cash and Cash Equivalents	13,446,082	31,725,548
CASH AND CASH EQUIVALENTS		
Beginning of year	37,768,900	6,043,352
End of year	$ 51,214,982	$ 37,768,900

See accompanying notes to the financial statements

1. Organization and Tax Status

Acacia Center for Justice, Inc. ("Acacia") is a not-for-profit organization established in December 2021 that commenced operations in January 2022. Acacia's mission is to expand access to legal support and representation by developing, coordinating, and managing national networks of legal service providers serving vulnerable immigrants throughout the United States, including unaccompanied children and individuals with disabilities. Acacia's objectives are to support immigrant legal services and defense networks in delivering high-quality legal services and to advocate for the programs and infrastructure necessary to promote access to justice, fairness, and freedom for vulnerable immigrant populations. The Internal Revenue Service has determined that Acacia is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

a. Programs

The programs of Acacia fall into the following three areas:

Legal Access and Orientation Programs deliver legal orientations and self-help workshops about immigration court procedures to adults, adult caregivers of children, and families in Department of Homeland Security (DHS) custody and in removal proceedings to help them better understand what to expect in court. These programs are comprised of:

- Legal Orientation Program (LOP) delivers legal orientations and self-help workshops about immigration court procedures to adult individuals in DHS custody to help them prepare to represent themselves in immigration court.
- Legal Orientation Program for Custodians of Unaccompanied Children (LOPC) provides legal orientation presentations to adult caregivers (custodians/sponsors) of non-detained unaccompanied children in Executive Office for Immigration Review (EOIR) removal proceedings.
- Immigration Court Helpdesk (ICH) delivers legal orientations and self-help workshops to non-detained individuals in removal proceedings to help them better understand what to expect in immigration court and prepare to represent themselves.
- Family Group Legal Orientation Program (FGLOP) provides legal orientation presentations and self-help workshops to family groups in removal proceedings to help them better understand what to expect in court and prepare to represent themselves.

Legal Representation Programs provide legal counsel to adults and children in various contexts.

These programs are comprised of:

- National Qualified Representative Program (NQRP) provides qualified representatives (attorneys and others accredited to provide legal defense) in immigration court to unrepresented detained adults who are found by an Immigration Judge or The Board of Immigration Appeals to be mentally incompetent to represent themselves in immigration proceedings.

1. Organization and Tax Status (continued)

a. Programs (continued)

- Children's Counsel Initiative (CCI) provides legal representation to children who are in immigration proceedings in designated immigration court locations.
- Unaccompanied Children Program (UCP) provides know your rights presentations and legal screenings to all children in Office of Refugee Resettlement (ORR) custody, as well as representation to children in and released from ORR custody.
- Legal Support Fund (LSF) provides a supplementary source of funding for legal cases of unaccompanied children and vulnerable individuals.
- Children's Holistic Immigration Representation Project (CHIRP) provides children with legal representation paired with social work support in the state of California.
- National Immigrant Legal Responders Alliance (NILRA) supports rapid response efforts to mobilize legal professionals, volunteer attorneys, and law students to protect at-risk immigrant families and uphold their rights.
- Legal Access Services for Reunified Families (LASRF) provides immigration legal services for class members and qualifying additional family members, pursuant to the settlement agreement in Ms. L, et al. v. U.S. Immigration and Customs Enforcement.

Through Capacity Building Programs, Acacia works with partners to expand organizational resources to meet demand for legal services throughout the United States.

The Programs are comprised of:

- Attorney Recruitment Project places experienced and new attorneys in legal service providers to bolster the capacity of these critical services.
- Policy and Outreach encompass policy analysis, research, lobbying, and government relations to advance and grow public support for Acacia's work.

During 2025, the LOP, LOPC, ICH, FGLOP, and CCI programs were discontinued following the termination of these federal programs. Functions were absorbed into other programs.

2. Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

b. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

c. Classification of Net Assets

The financial statements of Acacia have been prepared in accordance with U.S. GAAP, which requires Acacia to report information regarding its financial position and activities according to the following net asset classification:

Without donor restrictions – consist of resources available for the general support of Acacia's operations. Net assets without donor restrictions may be used at the discretion of Acacia's management and Board of Trustees.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require Acacia to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

d. Cash and Cash Equivalents

Acacia considers all highly liquid investments which have a maturity of three months or less at time of purchase to be cash equivalents.

e. Property, Plant, and Equipment

Property and equipment are recorded at cost. Depreciation of equipment is recorded on a straight-line basis over the estimated useful lives of the assets, which is 3 years. Expenditures over $5,000 with an estimated useful life of more than one year are capitalized to the respective asset accounts.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the value is written down to the asset's fair value less costs to sell. There were no impairment losses to date.

f. Intangibles

Costs related to the initial research on implementation and/or software procurement are expensed as incurred. Costs incurred during the software customization and implementation phase are capitalized and amortized from the implementation date using the straight-line method over an estimated useful life based on the software service terms.

2. Summary of Significant Accounting Policies (continued)

g. Contracts Receivable

Contracts receivable consist of amounts due for services provided primarily under government contracts. Amounts under these contracts are generally collected within ninety days of billing. Contracts receivable are presented in the statement of financial position at the net amount expected to be collected. Acacia uses the loss-rate method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Historical credit loss experience provides the basis for the estimation of expected credit losses, and adjustments are made for differences in current and forecasted risk characteristics and economic conditions. There was no allowance for expected credit losses as of December 31, 2025 and 2024. There were no recoveries of contracts receivable during the years ended December 31, 2025 and 2024.

h. Contributions and Grants Receivable

Contributions and grants receivable consist primarily of amounts due from donors that are not received by Acacia at year end. Acacia reviews the collectability of contributions and grants receivable on a timely basis. No allowance for doubtful accounts has been established as management believes all amounts are collectible. Unconditional contributions and grants receivable that are greater than one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective promise to give originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

i. Contract Liabilities

Contract liabilities represent amounts collected that must be returned to the funder or credited on current billings. The balance relates to contract modifications, rate changes, etc. Subsequent to December 31, 2025, all amounts had been returned or credited to the funder.

j. Deferred Revenue

Deferred revenue represents amounts received on contract in advance of completion of the services.

2. Summary of Significant Accounting Policies (continued)

k. Contract Revenue

Contract revenue includes immigration legal services provided by Acacia under fixed-price and time and material contracts. Contract revenue is reported at the amount that reflects the consideration to which Acacia expects to be entitled in exchange for providing services under the contract. Fixed-price contracts are recognized ratably over the contract period, as services are provided. Time and material contracts are recognized over time as incurred, which is representative of the services provided. The transaction price associated with time and material contracts is based on fixed hourly rates charged to the customer and may vary depending on the actual time expended by Acacia and other direct costs, such as travel expenses incurred. Contract activities and expenditures are subject to audit and acceptance by the funding agency and, as a result of such audit, adjustments could be required. However, management does not anticipate any material adjustments.

The guidance requires Acacia to not recognize revenue until it is probable of collection. Based on strong collection experience, Acacia has concluded that all revenue recognized is probable of collection.

The ending and beginning contract balances were as follows:

	December 31, 2025	January 1, 2025
Contract assets	$ -	$ -
Contract liabilities	1,280	126,323
Contract liabilities (deferred revenue)	341,087	2,402,229
Contract receivable	70,448,395	75,390,043

	December 31, 2024	January 1, 2024
Contract assets	$ -	$ -
Contract liabilities	126,323	3,838,722
Contract liabilities (deferred revenue)	2,402,229	1,768,666
Contracts receivable	75,390,043	41,462,554

2. Summary of Significant Accounting Policies (continued)

l. Contribution and Grants

Contributions and grants, including unconditional promises to give, are reported as revenues in the period received. Acacia reports unconditional gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions and grants are reported as refundable advances until the conditions have been substantially met or explicitly waived by the donor. Revenue is recognized on the date the condition is met.

Contributions that the donor requires to be used to acquire long-lived assets (e.g. building improvements, furniture, fixtures and equipment) are reported as with donor restrictions. Acacia reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

m. Contributed Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

All contributed services for the years ended December 31, 2025 and 2024 consist of government contract counseling fees utilized for program and supporting activities without donor restrictions and are valued at the estimated fair value based on current rates for similar services.

n. Functional Expenses Allocation

Certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated includes salaries, fringe benefits, payroll taxes, rent, professional fees, office expense, commodities, supplies, and minor equipment, maintenance and systems, telecom and internet and depreciation, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

o. Advertising

Advertising is expensed as it is incurred.

2. Summary of Significant Accounting Policies (continued)

p. Leases

Acacia leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets") and operating lease liabilities on the accompanying statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, Acacia uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that Acacia will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis of the lease term.

Acacia's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Acacia considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed as payments when incurred.

q. Summarized Comparative Information

The statements of activities and functional expenses include certain prior year summarized comparative information in total but not by net asset class or functional class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Acacia's financial statements as of and for the year ended December 31, 2024 from which the summarized information was derived.

r. Accounting for Uncertainty in Income Taxes

Acacia recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Acacia had no uncertain tax positions that would require financial statement recognition or disclosure. Years since inception remain open to examination.

s. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 29, 2026.

3. Liquidity and Availability of Resources

Acacia's financial assets reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions, are composed of the following at December 31:

	2025	2024
Financial Assets Available:		
Cash and cash equivalents	$ 51,214,982	$ 37,768,900
Contributions and grants receivable	2,459,423	31,380
Contracts receivable	70,448,395	75,390,043
Less: Purpose restricted Net Assets	(979,091)	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 123,143,709	$ 113,190,323

As part of Acacia's liquidity management, Acacia monitors the status and collectability of its receivables on a regular basis. Contributions are also solicited on a regular basis to increase revenue and support and to improve cash flow. Acacia also has a $1.5 million line of credit available for use if needed.

4. Line of Credit

Acacia has a variable rate revolving line of credit with a bank to provide funding for working capital. The available line of credit is $1.5 million and was due on October 31, 2025. Interest is due monthly and accrues at the Wall Street Journal prime rate plus 0.25 percent. The line of credit is secured by substantially all the assets of Acacia. There were no advances under the line of credit in 2025. In October 2025, the line of credit was extended through October 31, 2026.

5. Concentration of Credit Risk

As of December 31, 2025 and 2024, approximately 100% of contracts receivable were due from two funding sources.

For the year ended December 31, 2025, three funding sources accounted for 100% of the contract revenue and five donors accounted for 86% of the contributions and grants support. For the year ended December 31, 2024, two funding sources accounted for 100% of the contract revenue and one donor accounted for 97% of the contributions and grants support.

Acacia maintains cash balances at financial institutions in the Washington, DC, metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, Acacia's cash balances exceeded the FDIC insurance amounts. Management believes the risk in these situations to be minimal. As of December 31, 2025 and 2024 the uninsured portion of cash and cash equivalents balance was approximately $50.9 million and $37.5 million.

6. Contributions and Grants Receivable

Contributions and grants receivable consist of the following at December 31:

	2025	2024
Contributions and grants due within one year	$ 2,363,481	$ 31,380
Contributions and grants due in one to five years	100,000	-
Contributions and Grants Receivable, gross	2,463,481	31,380
Less discount to net present value	(4,058)	-
Contributions and Grants Receivable, net	$ 2,459,423	$ 31,380

The discount rate used to measure the net present value was 4.23% and 0% at December 31, 2025 and 2024.

7. Property and Equipment

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

	2025	2024
Equipment	$ 107,446	$ 80,521
Accumulated depreciation	(30,281)	(5,639)
	$ 77,165	$ 74,882

8. Intangibles

Intangibles, net, consist of the following at December 31:

	2025	2024
Software	$ 110,610	$ 110,610
Accumulated amortization	(15,555)	(3,111)
	$ 95,055	$ 107,499

Estimated amortization expense is $12,444 for 2026 and $3,111 for 2027. Acacia's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

9. Retirement Plan

Acacia sponsors a 403(b) plan (the Plan) for its employees. The Plan covers substantially all full-time employees who have completed one consecutive month of service. For the years ended December 31, 2025 and 2024, Acacia contributed approximately $1.1 million and $0.8 million to the Plan.

10. Related Party Transactions

Through July 2024, a member of Vera Institute of Justice (Vera) management served as a trustee for Acacia. In addition, Acacia's line of credit is guaranteed by Vera.

Another trustee serves as Executive Director of a subcontractor. During the years ended December 31, 2025 and 2024, the subcontractor provided services to Acacia for approximately $14.7 million and $15.5 million. In addition, as of December 31, 2025 and 2024, Acacia had a balance due to this subcontractor of approximately $0.9 million and $1.5 million.

11. Conditional Grants

As of December 31, 2025 and 2024, Acacia has received conditional grants with a total remaining balance of approximately $6.0 million and $7.5 million. The conditional amount has not been recorded as grants and contributions revenue, as the required criteria under U.S. GAAP has not been met as of December 31, 2025 or 2024. Acacia must incur expenses related to the project.

12. Legacy Cases

With the formation of Acacia, Vera and Acacia entered into a separate fixed price contract whereby Acacia would assume 649 legacy NQRP Nationwide Policy (NP) and Counsel for Children (CC) cases for a fixed fee of approximately $2.7 million. Expenditures for these cases exceeded the revenue in 2022. A portion of the fixed fee has been included in deferred revenue based on an estimate of the projected costs. At December 31, 2025 and 2024, 303 and 357 cases are unsettled. In fiscal year 2026, the legacy cases were closed out.

13. Advance to Subgrantees

During 2025, Acacia assumed sole grantee responsibilities under the California Department of Social Services ("CDSS") conditional contribution. As of December 31, 2025, Acacia advanced $0.6 million to the subgrantees. During the year, Acacia expensed approximately $6.2 million of subgrantee awards based on actual expenses incurred.

14. Commitments and Contingencies

On July 2, 2024, Acacia signed a lease for office space in New York City which has a lease term from July 22, 2024 through July 21, 2027.

14. Commitments and Contingencies (continued)

The right-of-use asset associated with the lease above as of December 31 is shown below:

	2025	2024
Right-of-use asset - operating lease	$ 211,273	$ 211,273
Less: accumulated amortization	(102,374)	(33,903)
Total	$ 108,899	$ 177,370

	2025	2024
ROU assets obtained in exchange for operating lease obligations	$ -	$ 211,273
Cash paid for amounts included in the measurement of operating lease liabilities	$ 75,781	$ 33,266

The discount rate on the lease is 4.58% for 2025 and 2024. The weighted average remaining lease term is 1.6 years for 2025 and 2.6 years for 2024.

Future minimum rental payments under the lease arrangement are as follows for the years ending December 31:

	2025
2026	$ 77,676
2027	39,398
Total Future Minimum Lease Payments	117,074
Less Imputed Interest	(4,161)
Total Operating Lease Liability	$ 112,913

Rent expenses is as follows for the years ended December 31:

	2025	2024
Operating lease, included in rent	$ 75,374	$ 37,687
Variable lease expense, included in rent	2,069	2,137
Other lease commitments, included in rent	23,240	21,388
	$ 100,683	$ 61,212

15. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	2025	2024
Subject to Expenditures for Specified Purpose:		
National Immigrant Legal Responders Alliance	$ 545,942	$ -
Legal Support Fund	408,149	-
Other purposes	25,000	-
Total Net Assets Subject to Expenditures for Specified Purpose	979,091	-
Total Net Assets with Donor Restrictions	$ 979,091	$ -

The sources of net assets released from restrictions are as follows for the years ended December 31:

	2025	2024
National Immigrant Legal Responders Alliance	$ 900,000	$ -
Legal Support Fund	168,000	-
Total Net Assets Released from Restrictions	$ 1,068,000	$ -

16. Subsequent Event

a. Payment Diversion Incident

Subsequent to year-end, Acacia identified a fraudulent payment diversion scheme on March 27, 2026, resulting from a cybersecurity breach of a subcontractor's information technology systems. Unauthorized parties gained access to the subcontractor's email system and fraudulently requested changes to the subcontractor's banking instructions. As a result, Acacia transferred approximately $1.9 million between March 4, 2026, and March 20, 2026, to bank accounts controlled by the unauthorized parties.

Upon discovering the fraud on March 27, 2026, Acacia promptly notified its financial institution, filed a complaint with the Federal Bureau of Investigation's Internet Crime Complaint Center (IC3), and notified its insurance carriers. Recovery efforts remain ongoing. As of the date these financial statements were available to be issued, Acacia had recovered approximately $474,000 and continues to pursue recovery through its financial institution, insurance carriers, and other available means. Acacia maintains cyber and crime insurance coverage and has submitted a claim related to this incident. Management is unable to estimate the amount, if any, that ultimately will be recovered through insurance or other recovery efforts.

16. Subsequent Event (continued)

a. Payment Diversion Incident (continued)

In response to the incident, Acacia is evaluating and enhancing its vendor verification and payment authorization controls. Because the cybersecurity breach occurred within the subcontractor's information technology environment, management does not believe the incident is indicative of a broader compromise of Acacia's own financial systems or data.

Because the fraudulent transfers occurred after December 31, 2025, no adjustment has been made to the accompanying financial statements. Any resulting loss, net of recoveries, will be recognized in the statement of activities for the year ending December 31, 2026.

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