Free Software Foundation, Inc
Financial Statements
For the Year Ended September 30, 2024

Babson & Associates, LLC

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Independent Auditors' Report

To the Board of Directors of
Free Software Foundation, Inc
Boston, MA

We have audited the accompanying financial statements of Free Software Foundation, Inc (a nonprofit Corporation), which comprise the statement of financial position as of September 30, 2024 and the related statement 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 Free Software Foundation, Inc as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Responsibility of Management's for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Free Software Foundation, Inc ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibility (continued)

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 Free Software Foundation, Inc 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 Free Software Foundation, Inc 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.

Mariya Babson, Certified Public Accountant
Babson & Associates, LLC
Duxbury, Massachusetts
January 20, 2026

Free Software Foundation, Inc

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Independent Auditors Report

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Free Software Foundation, Inc

Statement of Financial Position

As of September 30, 2024

Assets

		2024
Current Assets		
Cash and cash equivalents	$	**412,353**
Certificates of Deposit		**627,614**
Inventory		**10,301**
Prepaid expenses		**5,601**
Total current assets		**1,055,869**
Fixed Assets		
Equipment		**21,599**
Less: accumulated depreciation		**19,646**
Total net fixed assets		**1,953**
Other Assets		
Investments		**383,128**
Security deposit		**1,105**
Total other assets		**384,233**
Total Assets	$	**1,442,055**

Liabilities and Net Assets

Current Liabilities		
Accounts payable	$	**1,190**
Accrued expenses		**89,842**
Total current liabilities		**91,032**
Total liabilities		**91,032**
Net Assets		
Without donor restrictions		**746,964**
With donor restrictions		**604,059**
Total net assets		**1,351,023**
Total Liabilities and Net Assets	$	**1,442,055**

Free Software Foundation, Inc
Statement of Activities
For the Years Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Revenue and Support			
Contributions	$ 372,177	9,145	$ **381,322**
Membership dues	676,664	-	**676,664**
Non cash contributions (note 2):			
Cryptocurrency	22,389	-	**22,389**
In kind services	18,918	-	**18,918**
In kind products	1,780	-	**1,780**
Product sales, net	21,703	-	**21,703**
Change in investments	134,942	-	**134,942**
Interest income	45,139	-	**45,139**
Other revenues	9,965	-	**9,965**
Net assets released from restrictions (note 4)	18,030	(18,030)	**-**
Total revenue and support	1,321,707	(8,885)	**1,312,822**
Expenses			
Program services	1,341,821	-	**1,341,821**
Management, general and administrative	138,686	-	**138,686**
Fundraising	99,050	-	**99,050**
Total expenses	1,579,557	-	**1,579,557**
Change in Net Assets	(257,850)	(8,885)	**(266,735)**
Net Assets at Beginning of Year	1,004,814	612,944	**1,617,758**
Net Assets at End of Year	746,964	604,059	$ **1,351,023**

Free Software Foundation, Inc

Statement of Functional Expenses
For the Years Ended September 30, 2024

	Program	Management General & Administrative	Fundraising	2024 Total
Salaries	$ 752,906	33,838	59,217	$ **845,961**
Taxes	105,348	4,735	8,286	**118,369**
Benefits	116,934	5,255	9,197	**131,386**
	975,188	43,828	76,700	**1,095,716**
Occupancy	160,022	7,192	12,586	**179,800**
Grant	7,814	-	-	**7,814**
Professional fees	95,067	4,273	7,477	**106,817**
Credit card processing fees	-	46,739	-	**46,739**
Special events & mailings	37,133	-	-	**37,133**
Conference & meetings	34,464	-	-	**34,464**
Outside services	13,148	591	1,034	**14,773**
Shipping & materials	3,054	-	-	**3,054**
Purchases	8,992	-	-	**8,992**
Loss on termination of lease	-	10,910	-	**10,910**
Insurance	-	8,876	-	**8,876**
Telecommunications	-	7,994	-	**7,994**
Office supplies	9,199	413	724	**10,336**
Utilities	4,846	218	381	**5,445**
General & administrative	-	6,615	-	**6,615**
Depreciation	-	488	-	**488**
Promotion & marketing	-	464	-	**464**
Licenses & permits	1,886	85	148	**2,119**
Total Functional Expenses	1,350,813	138,686	99,050	**1,588,549**
Less items included within Statement of Activities				
Cost of product sales	(8,992)	-	-	**(8,992)**
Total Functional Expenses Presented on the Statement of Activities	$ 1,341,821	138,686	99,050	$ **1,579,557**

See accountants' audit report and accompanying
notes to the financial statements.

Free Software Foundation, Inc

Statement of Cash Flows

For the Years Ended September 30, 2024

Cash Flows from Operating Activities		**2024**
Change in Net Assets	$	**(266,735)**
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation		**488**
Loss on disposal of equipment & furniture		**10,910**
Net unrealized and realized (gains) / losses on investments		**(65,152)**
Decrease (increase) in assets		
Accounts receivable, net		**1,250**
Security deposit		**12,123**
Inventory		**6,721**
Prepaid expenses		**(5,601)**
Increase (decrease) in liabilities		
Accounts payable		**(680)**
Accrued expenses		**(129,949)**
Net Cash (Used in) Provided by Operating Activities		**(436,625)**
Cash Flows from Investing Activities		
Certificates of deposit changes		**333,796**
Net Cash (Used in) Provided by Investing Activities		**333,796**
Net Change in Cash, Cash Equivalents, & Restricted Cash		**(102,829)**
Cash, Cash Equivalents, & Restricted Cash - Beginning		**515,182**
Cash, Cash Equivalents, & Restricted Cash - Ending	$	**412,353**

Free Software Foundation, Inc

Notes to Financial Statements

1. Nature of the Business

Free Software Foundation, Inc (the "Organization") was created in 1985 under the provision of the General Laws of Massachusetts, and qualifies as a tax exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Donors may deduct contributions made to the Organization within the IRC requirements.

The Organization promotes and defends the rights of all computer users, to use, study, copy, and modify the software on their computers, as well as the related documentation. The Organization assists in the development and use of free software and documentation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are considered unrestricted. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of the financial statements is in conformity with generally accepted accounting principles in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents, Concentration of Credit Risk

The Organization considers all highly liquid investments, money market funds, and deposits with an original maturity of three months or less, when acquired, to be cash equivalents. The Organization maintains cash balances with financial institution insured by the Federal Deposit Insurance Corporation. The balances in some accounts exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Receivables from contracts with clients are reported as accounts receivable, net in the accompanying statements of financial position. At each financial position date, the Organization recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. The Organization writes off receivables when there is information that indicates that the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. Management has determined an allowance is required for one of its third-party payors as of September 30, 2024. During the year the Organization had not written off any of the receivables.

Contributions Receivable

The Organization recognizes contributions receivable at an amount equal to uncollected but promised without conditions or earned revenue less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on history of past write-offs and collections and current credit conditions. As of September 30, 2024, management has determined any allowance would immaterial.

Certificates of Deposit

Certificates of deposit consist of the following as of September 30, 2024

	9/30/24 CD principle	Interest rate	Maturity date
$	50,000	5.25%	10/15/2024
	100,000	5.20%	10/30/2024
	100,000	4.70%	11/21/2024
	110,000	5.05%	1/31/2025
	50,000	4.60%	3/27/2025
	100,000	5.05%	4/11/2025
	100,000	4.59%	1/26/2026
$	610,000		

Inventory

The inventory consists of merchandise held for sale and primarily includes books and clothing and sold through the Organization's website. Inventory is stated at the lower of cost or net realizable value and is accounted for on a first-in, first-out basis.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost at the time of acquisition or fair market value at the time of donation. Expenditures for maintenance and repairs are charged to expense as incurred; major betterments are capitalized. The Organization has capitalization policy and only capitalizes those assets that are over $5,000 in value individually and have lives of more than one year. When assets are sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to operations. Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. The Organization depreciates equipment and office furniture over 5 years, and it depreciates lease improvements over 10 years which is the term of the lease agreement. During the year the depreciation expenses recognized were $488.

Investment Policy
The Organization's investment policy is to maintain a high-quality portfolio that preserves principal, meets liquidity needs, and delivers a suitable return based on market conditions and relative benchmarks. The Board of Directors oversees investment performance and has the discretion to change the investment objectives.

Contributions
Contributions, including unconditional promises to give, are recognized as net assets with or without donor restrictions, depending on the existence and or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions, if restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

In-kind donations and services
Contributed services represent the estimated fair value of services provided to the Organization. Contributed services are recognized for services that require specialized skills and are provided by persons possessing those skills in the period in which they are received. During the fiscal year, employees contributed earned vacation time to the Organization. The value of the contributed vacation time, which represents services that meet the criteria for recognition under GAAP, totaled $18,918. This amount is recognized as contributed services revenue and a corresponding expense in the accompanying financial statements. Contributions of noncash assets, marketable securities, or cryptocurrency are recorded at their fair market value upon the date of the donation. The Organization has received an estimate of $22,389 of Bitcoin and Litecoin contributions in the year ended on September 30, 2024 which was recorded at Fair Value on the day the gift was received. Contributions of noncash assets received was valued at $1,780 and was recognized as revenues during the year.

Revenue Recognition
The Organization recognizes revenue in accordance with Financial Accounting Standard Board (FASF) Accounting Standard Update (ASU) 2014-09, Revenue from Contract with Customer, as amended. ASU 2014-09 applies to exchange transaction with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in it statement of activities and changes in net assets:

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Product Sales: The Organization sells merchandise on a retail basis to customer. The performance obligation is the delivery of the merchandise to the customer. The transaction price is established by the Organization. As each item is individually priced, not allocation of the transaction price is necessary. The revenue is recognized as the customer pays and takes possession of the merchandise. Some merchandise is sold with a right of return. If probable, customer returns exist at the end of an accounting period, the organization estimates and records in its financial statement a liability for such returns, which offset revenue. Not liability for probable customer returns was considered necessary as of September 30, 2024.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis amongst its various functions. All of the Organization's allocated expenditures have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses that cannot be identified with specific program and support services are allocated directly to their expenditure classification. Management, general and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization and include those costs related to the internal management and accounting for program services. Fundraising costs include all activities related to maintaining contributor information, distribution of materials and other similar projects related to the procurement of funds.

Compensated Vacation

Regular full-time employees working at least 40 hours per week are eligible to accrue paid vacation time. Full time employees are eligible to accrue and roll forward to the next year up to 30 days (240 hours) of paid vacation annually. Part time employees are eligible to accrue paid vacations at prorated rates. The Organization has accrued $41,675 of paid time off as of September 30, 2024.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising and promotion costs were $464 for the year ended September 30, 2024

Income Taxes

The Organization is a tax-exempt entity under Code Section 501(c)(3) of the Internal Revenue Code (the "Code"), and is exempt from federal and state income taxes. The Organization is subject to federal and state income taxes on unrelated business income. The Organization is not a private foundation within the meaning of the Code. During the year ended September 30, 2024, the Organization did not earn any unrelated business income. Accordingly, no provision for income taxes is included in the financial statements. The Organization's management has determined that it has no uncertain tax positions, however, the information and tax returns are subject to examination by Federal and State jurisdictions.

3. Net Assets with Donor Restrictions

Donor restricted Net Assets as of September 30, 2024 consisted of the following:

Restricted purpose:	9/30/23	Additions	Releases	09/30/24
GNU related projects	$ 378,688	$ 8,759	$ 15,767	$ 371,680
End software patents	30,240	363	209	30,394
Replicant project	204,016	23	2,054	201,985
Total net assets with donor restrictions:	$ 612,944	$ 9,145	$ 18,030	$ 604,059

4. Leases

The Organization has not renewed lease for the office space that was initiated in August 2017 and that is located in Boston, MA. Upon expiration, the Organization vacated the premises and discontinued use of the space. No renewal options were exercised, and the Organization did not enter into a subsequent lease agreement for this location. The organization functions remotely and rents office space when needed. As of October 2024, the Organization derecognized the related right-of-use asset and lease liability in accordance with ASC 842. Any remaining balances were reflected in the Statement of Activities for the fiscal year. Rent and related utility and services expenses under the prior lease agreement were $170,355 for the year ended September 30, 2024.

The Organization leases off-site server space and pays related licensing and service fees on a monthly basis. In addition, the Organization leases storage space with a monthly rental fee and occasionally leases office space for meetings. In accordance with its lease accounting policy, the Organization has elected the short-term lease exemption for these arrangements and records the related payments as expenses when incurred.

5. Liquidity and Availability

The Organization follows a policy to manage its liquidity and reserves by following three principal guidelines, which include operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term goals will be met. The following reflects the Organization's financial assets as of September 30, 2024.

	9/30/24
Cash and cash equivalents	$ 412,353
Certificates of deposit	627,614
Investments	383,128
Prepaid expenses	5,601
	$ 1,428,696
Less assets with donor restrictions	(604,059)
Financial assets available for one year of general expenditures	$ 824,637

6. Retirement Savings Plan

The Organization offers all employees the opportunity to participate in its 403(b) retirement Plan. The Plan allows employees to defer a maximum of 10% of their annual compensation on the pre-tax basis for retirement. Under terms of the Plan, the Organization contributes a maximum of 3% of an eligible employee's contribution. The Organization contributed $499 to employee accounts during the year ended September 30, 2024.

7. Investments and fair value measurements

The Organization follows the authoritative guidance for fair value measurements relating to financial and nonfinancial assets and liabilities, including presentation of required disclosures in its financial statements. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance also establishes a fair value hierarchy, which requires maximizing the use of observable inputs when measuring fair value. The three levels of inputs that may be used are:

Level 1 – Observable inputs such as quoted prices in active markets.
Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly. The Organization did not hold or acquire any assets or liabilities requiring Level 2 valuation inputs of September 30, 2024.
Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. The inputs into the determination of fair value of these investments are based upon the best information in the circumstances, including the use of models, and may require significant management judgment. The Organization did not hold or acquire any assets or liabilities requiring Level 3 valuation inputs of September 30, 2024.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The methodologies used to determine fair value measurements are consistent with those used in the prior fiscal year. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value measurements.

The following table resents the fair value hierarchy for those financial assets measured at fair value on a recurring basis as of September 30, 2024:

	Level 1
Mutual bond funds	$ 83,150
Commodity funds	299,978
Total market value	$ 383,128

Investment performance during the year ended September 30, 2024 consists of:

	9/30/24
Interest & dividend income	$ 45,139
Realized & unrealized gain	134,942
Total gain on investments	$ 180,081

8. Investment Risk

The Organization has some exposure to investment risks, including interest rate, market and credit risks, for both marketable securities and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect amounts reported in the financial statements.

9. Disposal of Property and Equipment

During the fiscal year, the Organization disposed of property and equipment in connection with the discontinuation of its prior leased facility. The assets such as office equipment and furniture had an original cost of $57,024 and accumulated depreciation of $57,024, resulting in a net book value of $0 at the time of disposal. Accordingly, no gain or loss was recognized on the disposal.

The leasehold improvements related to the prior leased facility had an original cost of $22,571 and accumulated depreciation of $11,661, resulting in a net book value of $10,910 at the time of disposal. The Organization recognized a loss on disposal of $10,910, which is included in operating activities.

10. Subsequent Events

The Organization has evaluated events subsequent to its year-ended September 30, 2024 and through the date of this report. Management has determined that no subsequent events requiring disclosure have occurred as of January 20, 2026, which is the date financial statements were available to be issued.