

COMBINED FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Combined Statements of Financial Position, as of December 31, 2021 and 2020	4
EXHIBIT B - Combined Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2021	5
EXHIBIT C - Combined Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2020	6
EXHIBIT D - Combined Statement of Functional Expenses, for the Year Ended December 31, 2021	7
EXHIBIT E - Combined Statement of Functional Expenses, for the Year Ended December 31, 2020	8
EXHIBIT F - Combined Statements of Cash Flows, for the Years Ended December 31, 2021 and 2020	9
NOTES TO COMBINED FINANCIAL STATEMENTS	10 - 17
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Combining Schedule of Financial Position, for the Year Ended December 31, 2021	18
SCHEDULE 2 - Combining Schedule of Activities and Change in Net Assets, for the Year Ended December 31, 2021	19
SCHEDULE 3 - Combining Schedule of Functional Expenses, for the Year Ended December 31, 2021	20



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Access Now
Brooklyn, New York

Opinion

We have audited the accompanying combined financial statements of Access Now and Access Now Europe (together, "the Organization"), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

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

Basis for Opinion

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

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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, including omissions, 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 combined 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 combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Combining Schedule of Financial Position, Combining Schedule of Activities and Changes in Net Assets and the Combining Schedule of Functional Expenses on pages 18 - 20 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



October 20, 2022

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**COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,700,589	\$ 3,696,549
Grants and contributions receivable	1,933,570	2,114,504
Prepaid expenses and other assets	<u>95,913</u>	<u>45,623</u>
Total current assets	<u>9,730,072</u>	<u>5,856,676</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	24,420	51,292
Website	135,716	130,816
Less: Accumulated depreciation and amortization	<u>(123,898)</u>	<u>(134,393)</u>
Net property and equipment	<u>36,238</u>	<u>47,715</u>
NONCURRENT ASSETS		
Grants and contributions receivable, net of current portion	600,000	75,000
Security deposits	<u>183,273</u>	<u>60,225</u>
Total noncurrent assets	<u>783,273</u>	<u>135,225</u>
TOTAL ASSETS	<u>\$ 10,549,583</u>	<u>\$ 6,039,616</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 629,137	\$ 385,131
Loan payable	-	425,845
Refundable advances	1,625,630	1,058,509
Subgrants payable	<u>284,947</u>	<u>283,728</u>
Total liabilities	<u>2,539,714</u>	<u>2,153,213</u>
NET ASSETS		
Without donor restrictions	4,812,139	2,466,551
With donor restrictions	<u>3,197,730</u>	<u>1,419,852</u>
Total net assets	<u>8,009,869</u>	<u>3,886,403</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,549,583</u>	<u>\$ 6,039,616</u>

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**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 2,342,672	\$ 3,797,500	\$ 6,140,172
Government grants	8,563,080	-	8,563,080
Interest income	2,280	-	2,280
Currency gain	45,757	-	45,757
Contributed services and materials	464,019	-	464,019
Net assets released from donor restrictions	<u>2,019,622</u>	<u>(2,019,622)</u>	<u>-</u>
Total support and revenue	<u>13,437,430</u>	<u>1,777,878</u>	<u>15,215,308</u>
EXPENSES			
Program Services	<u>8,352,429</u>	<u>-</u>	<u>8,352,429</u>
Supporting Services:			
Management and General	2,276,895	-	2,276,895
Fundraising	<u>462,518</u>	<u>-</u>	<u>462,518</u>
Total supporting services	<u>2,739,413</u>	<u>-</u>	<u>2,739,413</u>
Total expenses	<u>11,091,842</u>	<u>-</u>	<u>11,091,842</u>
Changes in net assets	2,345,588	1,777,878	4,123,466
Net assets at beginning of year	<u>2,466,551</u>	<u>1,419,852</u>	<u>3,886,403</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,812,139</u>	<u>\$ 3,197,730</u>	<u>\$ 8,009,869</u>

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**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 1,811,276	\$ 2,165,000	\$ 3,976,276
Government grants	5,991,730	-	5,991,730
Interest income	13,375	-	13,375
Currency gain	47,096	-	47,096
Contributed services and materials	475,973	-	475,973
Net assets released from donor restrictions	<u>2,033,644</u>	<u>(2,033,644)</u>	<u>-</u>
Total support and revenue	<u>10,373,094</u>	<u>131,356</u>	<u>10,504,450</u>
EXPENSES			
Program Services	<u>6,997,670</u>	<u>-</u>	<u>6,997,670</u>
Supporting Services:			
Management and General	1,618,271	-	1,618,271
Fundraising	<u>403,146</u>	<u>-</u>	<u>403,146</u>
Total supporting services	<u>2,021,417</u>	<u>-</u>	<u>2,021,417</u>
Total expenses	<u>9,019,087</u>	<u>-</u>	<u>9,019,087</u>
Changes in net assets	1,354,007	131,356	1,485,363
Net assets at beginning of year	<u>1,112,544</u>	<u>1,288,496</u>	<u>2,401,040</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,466,551</u>	<u>\$ 1,419,852</u>	<u>\$ 3,886,403</u>

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**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising		
Personnel costs:					
Salaries	\$ 3,503,890	\$ 1,411,374	\$ 376,641	\$ 1,788,015	\$ 5,291,905
Payroll taxes	261,600	133,089	19,922	153,011	414,611
Employee benefits and pension	377,389	235,673	33,277	268,950	646,339
	4,142,879	1,780,136	429,840	2,209,976	6,352,855
Web development and maintenance	353,854	33,950	134	34,084	387,938
Consultants and contractors	1,297,428	120,281	17,922	138,203	1,435,631
Office supplies and expenses	8,455	43,217	546	43,763	52,218
Professional fees	303,405	82,868	-	82,868	386,273
Bank and other fees	21,311	53,597	-	53,597	74,908
Telephone and communications	15,836	15,846	-	15,846	31,682
Equipment	41,748	60,882	3,130	64,012	105,760
Travel and meetings	19,663	5,498	255	5,753	25,416
Event costs	512,448	1,361	-	1,361	513,809
Subgrants	1,465,508	-	-	-	1,465,508
Staff development	49,674	18,208	919	19,127	68,801
Rent and utilities	104,582	42,478	8,244	50,722	155,304
Insurance	-	13,116	-	13,116	13,116
Depreciation	15,638	5,457	1,528	6,985	22,623
TOTAL	\$ 8,352,429	\$ 2,276,895	\$ 462,518	\$ 2,739,413	\$ 11,091,842

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**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising		
Personnel costs:					
Salaries	\$ 2,603,561	\$ 960,469	\$ 313,772	\$ 1,274,241	\$ 3,877,802
Payroll taxes	324,349	137,965	28,564	166,529	490,878
Employee benefits and pension	240,417	94,355	27,142	121,497	361,914
	<u>3,168,327</u>	<u>1,192,789</u>	<u>369,478</u>	<u>1,562,267</u>	<u>4,730,594</u>
Web development and maintenance	149,951	23,967	77	24,044	173,995
Consultants and contractors	1,391,586	85,889	-	85,889	1,477,475
Office supplies and expenses	9,650	43,987	181	44,168	53,818
Professional fees	490,174	91,088	-	91,088	581,262
Bank and other fees	8,892	26,009	4	26,013	34,905
Telephone and communications	16,212	12,627	50	12,677	28,889
Equipment	22,010	26,065	10,631	36,696	58,706
Travel and meetings	49,746	23,304	7,076	30,380	80,126
Event costs	314,237	-	-	-	314,237
Subgrants	1,175,776	-	-	-	1,175,776
Staff development	27,105	23,674	-	23,674	50,779
Rent and utilities	158,312	49,229	13,991	63,220	221,532
Insurance	22	13,724	-	13,724	13,746
Depreciation	15,670	5,919	1,658	7,577	23,247
TOTAL	<u>\$ 6,997,670</u>	<u>\$ 1,618,271</u>	<u>\$ 403,146</u>	<u>\$ 2,021,417</u>	<u>\$ 9,019,087</u>

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**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 4,123,466	\$ 1,485,363
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	22,623	23,247
Forgiveness of debt	(908,462)	-
(Increase) decrease in:		
Grants and contributions receivable	(344,066)	(1,300,353)
Prepaid expenses and other assets	(50,290)	(5,246)
Security deposits	(123,048)	4,543
Increase (decrease) in:		
Accounts payable and accrued expenses	244,006	19,823
Refundable advances	567,121	(80,350)
Subgrants payable	<u>1,219</u>	<u>228,248</u>
Net cash provided by operating activities	<u>3,532,569</u>	<u>375,275</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(11,146)</u>	<u>(5,514)</u>
Net cash used by investing activities	<u>(11,146)</u>	<u>(5,514)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>482,617</u>	<u>425,845</u>
Net cash provided by financing activities	<u>482,617</u>	<u>425,845</u>
Net increase in cash and cash equivalents	4,004,040	795,606
Cash and cash equivalents at beginning of year	<u>3,696,549</u>	<u>2,900,943</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,700,589</u>	<u>\$ 3,696,549</u>

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NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Access Now is a nonprofit corporation incorporated in the State of California in July 2009. Access Now was formed to defend and extend the digital rights of users at risk around the world through a combination of direct technical support, comprehensive policy engagement, global advocacy, grassroots grantmaking, legal interventions, and convenings such as RightsCon. Access Now Europe is an international nonprofit association recognized by Belgian Royal Decree by the Association Internationale Sans But Lucratif "A.I.S.B.L.". The entity is registered in Brussels, Belgium and is governed by Belgian law and was established for the purpose of furthering Access Now's programmatic mission in Europe.

Access Now also maintains a presence in Tunisia and Costa Rica through branch offices.

Access Now and Access Now Europe share the same primary purpose and mission. The Organization's focal programmatic areas of activity include the following:

- Digital Security - Working to ensure that online activities are private, safe, and secure;
- Privacy - Defending the right to privacy, the cornerstone for human rights in the digital age;
- Business and Human Rights - Urging companies to make their practices more transparent, accountable, and rights-respecting;
- Freedom of Expression - Fighting for the right to speak freely, which is critical for demonstrating dissent, guaranteeing a free press, and defending human rights; and
- Net Discrimination - Fighting for a free and open internet, advocating for the Net Neutrality principle that internet access should be offered to everyone on a nondiscriminatory basis, without favoring certain websites, applications, or services.

Principles of combination -

The accounts of Access Now have been combined with Access Now Europe (collectively, the Organization) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements have been combined based on shared management and operating expenses, as well as common control (shared members of the Board of Directors). A combined presentation has been deemed useful for financial reporting purposes but is not required pursuant to the criterion established by FASB ASC 958-810, *Not-for-Profit Entities Consolidation*. All intercompany transactions and balances have been eliminated in combination.

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Any assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions (none as of December 31, 2021 and 2020).

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NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other 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 Combined Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Included in cash and cash equivalents is cash held in Europe, Tunisia and Costa Rica totaling \$367,206 and \$253,681 as of December 31, 2021 and 2020, respectively. Approximately \$101,000 (100,000 Euro) of this balance is currently insured by the respective financial institutions; the balance (approximately \$266,000) is uninsured. Management believes the risk in this situation is minimal.

Bank deposit accounts in the U.S. are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization may maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and contributions receivable -

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment with an acquisition value in excess of \$3,000 are capitalized and stated at cost and are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Website costs are capitalized in accordance with FASB ASC 350-50, *Website Development Costs*. Depreciation and amortization expense for the years ended December 31, 2021 and 2020 totaled \$22,623 and \$23,247, respectively.

Income taxes -

Access Now is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Access Now is not a private foundation. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. Access Now Europe is exempt from income taxes as a registered international nonprofit association in Brussels, Belgium.

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NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Uncertain tax positions -

For the years ended December 31, 2021 and 2020, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Revenue recognition -

The majority of the Organization's revenue is received through awards and contributions from foreign governments, corporations, foundations and individuals. Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of awards to determine if the revenue streams follow the contribution rules, or if they should be recorded as exchange transactions, depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying combined financial statements.

Conditional contributions contain a right of return (and a release from obligation) coupled with a specific barrier (or barriers). Awards from foreign governments and pass-through entities are for direct and indirect program costs; these transactions are nonreciprocal and classified as conditional, and therefore are recognized as contributions when the revenue becomes unconditional. Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. As of December 31, 2021 and 2020, the Organization has received conditional commitments for support totaling \$5,483,184 and \$11,796,660 which have not been recorded as revenue in the accompanying combined financial statements. As of December 31, 2021 and 2020, the Organization has received cash (under conditional commitments for support) totaling \$1,625,630 and \$1,058,509, respectively, that has been recorded in refundable advances in the accompanying Combined Statements of Financial Position.

Revenue concentration -

Approximately 24% and 31%, respectively of the Organization's revenue for the years ended December 31, 2021 and 2020 was received from a single donor. The Organization has no reason to believe that the relationship with this donor will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

Contributed services and materials -

Contributed services and materials consist of donated legal services and software licenses. Contributed services and materials are recorded at their fair value as of the date of the gift.

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NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Foreign currency translation -

The U.S. Dollar is the functional currency for the Organization's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Combined Statements of Financial Position. The effect of the Organization's currency translation has been recognized in the accompanying Combined Statements of Activities and Changes in Net Assets. Currency gains of \$45,757 and \$47,096 have been recognized in support and revenue during the years ended December 31, 2021 and 2020, respectively.

Use of estimates -

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

New accounting pronouncements (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Combined Statements of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities with fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

The Organization plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its combined financial statements.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2021 and 2020, contributors to the Organization have made unconditional written promises to give, of which \$2,533,570 and \$2,189,504, respectively, remained due and outstanding. As the amount of the discount on noncurrent receivables was deemed insignificant, such amount has not been recorded in the accompanying combined financial statements.

Following is a schedule of amounts due, by year, as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 1,933,570	\$ 2,114,504
One to five years	<u>600,000</u>	<u>75,000</u>
TOTAL RECEIVABLES	<u>\$ 2,533,570</u>	<u>\$ 2,189,504</u>

3. CONDITIONAL GRANTS RECEIVABLE

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. As the combined financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2021 have been recorded as grants receivable.

The Organization received \$253,428 from the Swiss Federal Department of Foreign Affairs for *Prevention Shutdowns, Protecting Election Integrity* project. The Organization incurred \$316,860 of expenses under this award. Accordingly, \$63,432 is recorded as grants receivable in the accompanying Combined Statements of Financial Position as of December 31, 2021.

The Organization received \$1,128,225 (net of foreign exchange gain) from the Ministry of Foreign Affairs of Denmark for *Protecting and Promoting Civic Space Online: A Diverse and Thriving Civil Society for the Digital Age* project. The Organization incurred \$1,122,696 of expenses under this award. Accordingly, \$5,529 is recorded as refundable advance in the accompanying Combined Statements of Financial Position as of December 31, 2021.

4. PAYCHECK PROTECTION PROGRAM (PPP) LOANS

On May 1, 2020, the Organization received loan proceeds in the amount of \$425,845 under the Paycheck Protection Program (PPP). The loan required monthly principal and interest (1%) payments amortized over the term of the loan with a deferral of payments for the first sixteen months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration (SBA).

On March 22, 2021, the Organization received another PPP loan totaling \$482,617. The loan bore interest at 1%, and required monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

4. PAYCHECK PROTECTION PROGRAM (PPP) LOANS (Continued)

During the year ended December 31, 2021, the Organization expended and tracked the PPP funds according to the purposes outlined in the CARES Act guidance and met all conditions set forth for full forgiveness. On April 19, 2021, the Organization received confirmation that the first loan and \$4,116 of accrued interest was forgiven in full by the SBA. On August 3, 2021, the Organization received confirmation that the second loan and \$1,756 of accrued interest was forgiven in full by the SBA. Accordingly, the Organization recognized the forgiveness of both loans as a contribution in the 2021 Combined Statement of Activities and Changes in Net Assets.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Central and Eastern Europe	\$ 150,000	\$ 300,000
Core Support and Mena Region Support	-	197,347
Southeast Asia	100,000	-
24/7 Helpline	-	182,550
Emergency Fund	34,780	44,955
Subtotal	284,780	724,852
Subject to passage of time:		
Core Support	2,912,950	695,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 3,197,730	\$ 1,419,852

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2021	2020
Purpose restrictions accomplished:		
Core Support and Mena Region Support	\$ 197,347	\$ 197,348
24/7 Helpline	207,549	265,515
Emergency Fund	20,175	13,084
Digital Security Project	-	176,044
Central and Eastern Europe	150,000	-
Southeast Asia	100,000	-
Coaching and professional development	7,500	-
Wellness stipend	5,000	-
Data Protection Project	-	281,653
Anti-Harassment, Code of Conduct work and Management Training	-	5,000
Subtotal	687,571	938,644
Timing restrictions accomplished:		
Core Support	1,332,051	1,095,000
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 2,019,622	\$ 2,033,644

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NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Combined Statements of Financial Position dates comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,700,589	\$ 3,696,549
Grants and contributions receivable	<u>1,933,570</u>	<u>2,114,504</u>
Subtotal financial assets available within one year	9,634,159	5,811,053
Less: Donor restricted for specific purposes	<u>(284,780)</u>	<u>(724,852)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 9,349,379</u>	<u>\$ 5,086,201</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2021 and 2020, the Organization has financial assets equal to approximately ten and seven months, respectively, of operating expenses.

7. LEASE COMMITMENTS

The Organization leases office space in Belgium under a ten-year agreement, which originated in April 2018. Base rent is approximately 18,200 Euro per year. Additionally, the Organization leases space under short-term agreements in New York, Washington, D.C., Costa Rica, Berlin and Tunisia.

The following is a schedule of the future minimum payments required under all leases:

Year Ending December 31,

2022	\$ 37,042
2023	21,544
2024	21,544
2025	21,544
2026	21,544
Thereafter	<u>5,386</u>
	<u>\$ 128,604</u>

Rent expense for the years ended December 31, 2021 and 2020 was \$131,195 and \$178,270, respectively, and is included in "rent and utilities" in the accompanying Combined Statements of Functional Expenses.

In December 2021, Access Now entered into a new five year lease agreement for office space in New York. The lease commenced in January 2022. Accordingly, the lease has not been recorded in the accompanying combined financial statements. However, future minimum payments due on this lease are as follows:

Year Ending December 31,

2022	\$ 72,194
2023	118,549
2024	113,563
2025	108,787
2026	<u>104,212</u>
	<u>\$ 517,305</u>

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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

8. RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a defined contribution plan (U.S. only), certain voluntary retirement savings programs - from group pension insurance, to complementary retirement insurance, to 401k retirement savings - aligned with employment regulations and culture of the locations.

The defined contribution plan covers all U.S. employees over 21 years of age. The Organization makes discretionary contributions based on each participant's salary. Contributions to the Plan during the years ended December 31, 2021 and 2020 totaled \$140,270 and \$107,538, respectively.

9. SUBSEQUENT EVENTS

In preparing these combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 20, 2022, the date the combined financial statements were issued.

SUPPLEMENTAL INFORMATION

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COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021

	ASSETS			Total
	Access Now	Access Now Europe	Eliminations	
CURRENT ASSETS				
Cash and cash equivalents	\$ 7,435,095	\$ 265,494	\$ -	\$ 7,700,589
Grants and contributions receivable	1,716,853	216,717	-	1,933,570
Prepaid expenses and other assets	94,941	972	-	95,913
Inter-organizational receivable	27,209	-	(27,209)	-
Total current assets	9,274,098	483,183	(27,209)	9,730,072
PROPERTY AND EQUIPMENT				
Furniture and equipment	-	24,420	-	24,420
Website	135,716	-	-	135,716
Less: Accumulated depreciation and amortization	(106,251)	(17,647)	-	(123,898)
Net property and equipment	29,465	6,773	-	36,238
NONCURRENT ASSETS				
Grants and contributions receivable, net	600,000	-	-	600,000
Security deposits	173,282	9,991	-	183,273
Total noncurrent assets	773,282	9,991	-	783,273
TOTAL ASSETS	\$ 10,076,845	\$ 499,947	\$ (27,209)	\$ 10,549,583
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 512,462	\$ 116,675	\$ -	\$ 629,137
Refundable advances	1,354,115	271,515	-	1,625,630
Subgrants payable	284,947	-	-	284,947
Inter-organizational payable	-	27,209	(27,209)	-
Total liabilities	2,151,524	415,399	(27,209)	2,539,714
NET ASSETS				
Without donor restrictions	4,727,591	84,548	-	4,812,139
With donor restrictions	3,197,730	-	-	3,197,730
Total net assets	7,925,321	84,548	-	8,009,869
TOTAL LIABILITIES AND NET ASSETS	\$ 10,076,845	\$ 499,947	\$ (27,209)	\$ 10,549,583

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**COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Access Now</u>			<u>Access Now Europe</u>		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	
SUPPORT AND REVENUE						
Contributions	\$ 1,958,007	\$ 3,797,500	\$ 5,755,507	\$ 819,584	\$ (434,919)	\$ 6,140,172
Government grants	8,563,080	-	8,563,080	-	-	8,563,080
Interest income	2,280	-	2,280	-	-	2,280
Currency gain	45,029	-	45,029	728	-	45,757
Contributed services and materials	464,019	-	464,019	-	-	464,019
Net assets released from donor restrictions	2,019,622	(2,019,622)	-	-	-	-
Total support and revenue	<u>13,052,037</u>	<u>1,777,878</u>	<u>14,829,915</u>	<u>820,312</u>	<u>(434,919)</u>	<u>15,215,308</u>
EXPENSES						
Program Services	<u>8,288,774</u>	<u>-</u>	<u>8,288,774</u>	<u>498,574</u>	<u>(434,919)</u>	<u>8,352,429</u>
Supporting Services:						
Management and General	1,923,496	-	1,923,496	353,399	-	2,276,895
Fundraising	462,518	-	462,518	-	-	462,518
Total supporting services	<u>2,386,014</u>	<u>-</u>	<u>2,386,014</u>	<u>353,399</u>	<u>-</u>	<u>2,739,413</u>
Total expenses	<u>10,674,788</u>	<u>-</u>	<u>10,674,788</u>	<u>851,973</u>	<u>(434,919)</u>	<u>11,091,842</u>
Change in net assets	2,377,249	1,777,878	4,155,127	(31,661)	-	4,123,466
Net assets at beginning of year	<u>2,350,342</u>	<u>1,419,852</u>	<u>3,770,194</u>	<u>116,209</u>	<u>-</u>	<u>3,886,403</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,727,591</u>	<u>\$ 3,197,730</u>	<u>\$ 7,925,321</u>	<u>\$ 84,548</u>	<u>\$ -</u>	<u>\$ 8,009,869</u>

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**COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services					Eliminations	Total Expenses
	Access Now	Access Now Europe	Total Program Services	Access Now Management and General	Access Now Europe Management and General	Access Now Fundraising	Total Supporting Services			
Personnel costs:										
Salaries	\$ 3,153,623	\$ 350,267	\$ 3,503,890	\$ 1,155,429	\$ 255,945	\$ 376,641	\$ 1,788,015	\$ -	\$ 5,291,905	
Payroll taxes	198,087	63,513	261,600	89,402	43,687	19,922	153,011	-	414,611	
Employee benefits and pension	364,426	12,963	377,389	226,569	9,104	33,277	268,950	-	646,339	
	3,716,136	426,743	4,142,879	1,471,400	308,736	429,840	2,209,976	-	6,352,855	
Web development and maintenance	350,991	2,863	353,854	33,608	342	134	34,084	-	387,938	
Consultants and contractors	1,297,428	-	1,297,428	120,281	-	17,922	138,203	-	1,435,631	
Office supplies and expenses	8,455	-	8,455	34,902	8,315	546	43,763	-	52,218	
Professional fees	279,034	24,371	303,405	76,844	6,024	-	82,868	-	386,273	
Bank and other fees	12,428	8,883	21,311	46,141	7,455	1	53,597	-	74,908	
Telephone and communications	15,594	242	15,836	14,231	1,615	-	15,846	-	31,682	
Equipment	41,748	-	41,748	60,883	-	3,129	64,012	-	105,760	
Travel and meetings	19,344	319	19,663	5,122	376	255	5,753	-	25,416	
Event costs	512,448	-	512,448	1,361	-	-	1,361	-	513,809	
Subgrants	1,900,427	-	1,900,427	-	-	-	-	(434,919)	1,465,508	
Staff development	40,888	8,786	49,674	16,700	1,508	919	19,127	-	68,801	
Rent and utilities	81,061	23,521	104,582	25,291	17,187	8,244	50,722	-	155,304	
Insurance	-	-	-	12,046	1,070	-	13,116	-	13,116	
Depreciation	12,792	2,846	15,638	4,686	771	1,528	6,985	-	22,623	
TOTAL	\$ 8,288,774	\$ 498,574	\$ 8,787,348	\$ 1,923,496	\$ 353,399	\$ 462,518	\$ 2,739,413	\$ (434,919)	\$ 11,091,842	