

**ACCESS NOW, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Access Now, Inc.

We have audited the accompanying financial statements of Access Now, Inc. ("Access Now", the "Organization") which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Now, Inc. as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Lederer, Levine & Associates, LLC

September 27, 2016

ACCESS NOW, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents (Notes B and H)	\$ 328,312	\$ 342,096
Grants receivable, net (Notes B and C)	505,574	258,590
Other receivable	2,350	
Prepaid expenses	52,637	13,280
Property and equipment (Notes B and D)	18,165	11,385
Other assets (Note E)	<u>110,224</u>	<u>55,821</u>
TOTAL ASSETS	\$ <u>1,017,262</u>	\$ <u>681,172</u>
LIABILITIES		
Accounts payable and accrued expenses (Note J)	\$ 194,429	\$ 187,612
Deferred revenue (Note F)	<u>205,750</u>	<u>6,393</u>
TOTAL LIABILITIES	<u>400,179</u>	<u>194,005</u>
COMMITMENTS AND CONTINGENCIES (Note J)		
NET ASSETS		
Unrestricted (deficit)	(110,260)	(282,864)
Temporarily restricted (Note I)	<u>727,343</u>	<u>770,031</u>
TOTAL NET ASSETS	<u>617,083</u>	<u>487,167</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,017,262</u>	\$ <u>681,172</u>

The accompanying notes are an integral part of these financial statements.

ACCESS NOW, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions and grants (Notes B and C)	\$ 371,285	\$ 1,408,736	\$ 1,780,021	\$ 661,156	\$ 125,000	\$ 786,156
Swedish International Development Agency (Note H)		1,480,348	1,480,348		1,171,361	1,171,361
Program income (Note B)	79,875		79,875	100,817		100,817
In kind contributions (Notes B and G)	21,575		21,575	18,996		18,996
Loss on foreign currency conversions	(11,111)		(11,111)	(28,925)		(28,925)
Other income	9,183		9,183	977		977
Net assets released from restrictions	<u>2,931,772</u>	<u>(2,931,772)</u>		<u>1,726,257</u>	<u>(1,726,257)</u>	
TOTAL SUPPORT AND REVENUE	<u>3,402,579</u>	<u>(42,688)</u>	<u>3,359,891</u>	<u>2,479,278</u>	<u>(429,896)</u>	<u>2,049,382</u>
EXPENSES:						
Program services	2,434,053		2,434,053	2,264,806		2,264,806
Management and general	662,752		662,752	506,855		506,855
Fundraising and development	133,170		133,170	139,642		139,642
TOTAL EXPENSES	<u>3,229,975</u>		<u>3,229,975</u>	<u>2,911,303</u>		<u>2,911,303</u>
Change in Net Assets	<u>172,604</u>	<u>(42,688)</u>	<u>129,916</u>	<u>(432,025)</u>	<u>(429,896)</u>	<u>(861,921)</u>
Net Assets - Beginning of Year	<u>(282,864)</u>	<u>770,031</u>	<u>487,167</u>	<u>149,161</u>	<u>1,199,927</u>	<u>1,349,088</u>
Net Assets - End of Year	<u>\$ (110,260)</u>	<u>\$ 727,343</u>	<u>\$ 617,083</u>	<u>\$ (282,864)</u>	<u>\$ 770,031</u>	<u>\$ 487,167</u>

The accompanying notes are an integral part of these financial statements.

ACCESS NOW, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014				
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 1,054,498	\$ 282,227	\$ 103,431	\$ 1,440,156	\$ 824,169	\$ 165,714	\$ 98,320	\$ 1,088,203
Payroll taxes and employee benefits	182,527	68,013	9,151	259,691	129,002	25,450	15,277	169,739
International staff and related expenses	553,118	48,913	2,961	604,990	385,215	6,935	584	392,834
Total salaries and related costs	1,790,141	399,153	115,543	2,304,837	1,338,386	198,109	114,281	1,650,776
Grants expense	36,978			36,978	60,881			60,881
Program conference costs	171,646	285		171,941	369,318	923	13,021	383,862
Outside services	3,258			3,258	23,278			23,278
Occupancy costs (Note J)	50,729	85,738		136,467	54,394	78,088		132,482
Computer and website (Note G)	31,312	3,031		34,343	57,750	3,212		60,962
Professional fees (Note G)	10,904	69,624		80,528	20,725	84,665		105,410
Design expenses	47,589	134		47,723	25,191	2,028		27,219
Travel and travel support	203,720	20,651	9,822	234,193	224,407	25,281	10,802	260,490
Office supplies and expenses	3,152	13,441	356	16,958	7,731	18,416	147	26,294
Telecommunications	15,790	13,226	97	29,113	14,641	16,710	104	31,515
Insurance		7,761		7,761		6,122		6,122
Printing	4,981	1,440	910	7,331	4,359	6,001	143	10,503
Postage	1,321	1,339	85	2,745	2,953	741	117	3,811
Staff development	20,497	4,941		25,438	11,323	7,908		19,231
Web development (Note G)	35,857	4,338	240	40,435	39,882	6,353	180	46,415
Bank processing fees	4,224	9,817	6,118	20,159	4,660	8,696	787	14,143
Translation fees					1,118	184		1,302
Depreciation and amortization		22,382		22,382		18,792		18,792
Provision for doubtful accounts						17,585		17,585
Miscellaneous	1,944	5,441		7,385	3,209	7,021		10,230
TOTAL EXPENSES	\$ 2,434,053	\$ 692,752	\$ 133,170	\$ 3,229,975	\$ 2,264,806	\$ 506,855	\$ 139,842	\$ 2,911,303

The accompanying notes are an integral part of these financial statements.

ACCESS NOW, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 129,916	\$ (861,921)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	22,382	18,792
Provision for doubtful accounts		17,585
Website acquisitions	(61,949)	(43,688)
Changes in Assets and Liabilities:		
(Increase) decrease in assets:		
Grants receivable	(246,984)	371,107
Other receivable	(2,350)	
Prepaid expenses	(39,357)	47,277
Other assets		8,130
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	6,817	73,153
Grants payable		
Deferred revenue	199,357	(14,511)
Net Cash Provided (Used) by Operating Activities	<u>7,832</u>	<u>(384,076)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	(21,616)	(6,422)
Net Cash Used by Investing Activities	<u>(21,616)</u>	<u>(6,422)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,784)	(390,498)
Cash and cash equivalents - beginning of year	<u>342,096</u>	<u>732,594</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 328,312</u>	<u>\$ 342,096</u>
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note A - Organization and Nature of Activities

Access Now, Inc. ("Access Now", the "Organization") is a global movement for digital freedom that focuses on public awareness projects intended to educate the general public around the world on matters of digital freedom, internet access and internet security rights.

Access Now, Inc. is a not-for-profit organization incorporated in the state of California and was granted exemption from income tax under Section 501(c)(4) of the Internal Revenue Code ("IRC") from the date of incorporation, July 31, 2009 up to December 31, 2013. Effective January 1, 2014, the Organization was granted tax exemption under Section 501(c)(3) of the IRC.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

Access Now prepares its financial statements using the accrual basis of accounting. Access Now follows accounting principles generally accepted in the United States of America ("US GAAP") which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

Cash and Cash Equivalents

Access Now considers all highly liquid investments with a maturity of less than three months to be cash equivalents.

Grants Receivable

Grants, which consist of unconditional promises to give, are recognized as revenue in the year received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows.

Restricted Contributions

Contributions are recognized when the donor makes a promise to give to Access Now that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Conditional Contributions

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

Note B – Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. Access Now capitalizes property and equipment with a useful life of two years or more and a cost of \$3,000 or more.

Program Income

Represents registration fees at conferences presented by the Organization.

In-Kind Contributions

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require special skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statement through the date that the financial statements were available to be issued, which date is September 27, 2016.

Accounting for Uncertainty in Income Taxes

Access Now's accounting policy is to record liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

Reclassification

Certain line items in the December 31, 2014 financial statements have been reclassified to conform to the December 31, 2015 presentation.

Note C – Grants Receivable

Grants receivable consist of the following as of December 31:

Unconditional promises to be collected in:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 357,499	\$ 276,175
One to five years	<u>150,000</u>	
	507,499	276,175
Less: allowance for doubtful accounts		<u>(17,585)</u>
	507,499	258,590
Less: present value discount	<u>(1,925)</u>	
	<u>\$ 505,574</u>	<u>\$ 258,590</u>

Based on the Organization's history with its grants collections, no allowance for doubtful accounts was considered necessary in 2015.

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

Note D – Property and Equipment

Property and equipment consist of the following as of December 31:

	2015	2014
Equipment	\$ 50,173	\$ 74,121
Less: accumulated depreciation	(32,008)	(62,736)
	\$ 18,165	\$ 11,385

In 2015, the Organization wrote off \$23,948 of equipment that was fully depreciated.

Note E – Other Assets

Other assets consist of the following as of December 31:

	2015	2014
Website	\$ 105,637	\$ 43,688
Less: accumulated amortization	7,546	43,688
	98,091	43,688
Security deposits	12,133	12,133
	\$ 110,224	\$ 55,821

Note F – Deferred Revenue

Deferred revenue consists of payments received for the subsequent year's program conference.

Note G – In-Kind Contributions

The Organization received the following in-kind services and costs for the year ended December 31:

	2015	2014
Professional fees	\$ 10,466	\$ 15,000
Computer and website	3,528	3,502
Web development	7,581	494
	\$ 21,575	\$ 18,996

Note H – Concentrations of Credit Risk

- 1) For the year ended December 31, 2015 approximately 44% and 18%, respectively, of Access Now's support and revenue was received from two contributors. For the year ended December 31, 2014 approximately 59% and 21%, respectively, of Access Now's support and revenue was received from two contributors.
- 2) Access Now maintains two bank accounts at a bank which is an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At December 31, 2015 and 2014, the uninsured cash balances amounted to \$66,628 and \$88,981, respectively. Management believes the credit risk related to these accounts to be minimal. The Organization maintains a foreign bank account with approximately \$10,000 which is not insured.

Note I – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31:

	2015	2014
Program restrictions	\$ 196,215	\$ 465,825
Program and time restrictions	531,128	304,206
	\$ 727,343	\$ 770,031

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

Note J – Commitments and Contingencies

- 1) Access Now's lease for office space in NYC, NY expired in February, 2015. Current rental payments are \$4,000 per month on a month to month basis. The Organization also leases offices in various other locations including Washington DC, Tunisia, Costa Rica and Belgium. Occupancy costs amounted to \$118,125 and \$114,427 for the years ended December 31, 2015 and 2014, respectively. Approximate future minimum annual rental commitments under non-cancelable rental lease obligations are as follows:

For the years ended December 31, 2016	\$ 76,163
2017	\$ 46,621

- 2) The Organization has a line of credit with a bank up to \$100,000 related to its credit card usage by various employees. At December 31, 2015 and 2014, approximately \$22,000 and \$35,000, respectively, was used. The line of credit balances are included in accounts payable and accrued expenses on the statements of financial position.

Note K – Unrestricted (Deficit)

During calendar year 2015, the Organization developed new and enhanced unrestricted revenue streams according to Access Now's funding strategy. The results of this was a marked improvement on their unrestricted net assets deficit compared to the year prior, which was a matter of timing and not program type. The Organization improved its unrestricted net assets deficit position by \$172,804 in 2015 (a 60% reduction). The Organization continues to closely monitor its unrestricted income throughout the fiscal year 2016 and is projecting to further reduce its year on year deficit by at least \$75,000.