

COMBINED FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

ACCESS NOW

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Combined Statements of Financial Position, as of December 31, 2022 and 2021	4
EXHIBIT B - Combined Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2022	5
EXHIBIT C - Combined Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2021	6
EXHIBIT D - Combined Statement of Functional Expenses, for the Year Ended December 31, 2022	7
EXHIBIT E - Combined Statement of Functional Expenses, for the Year Ended December 31, 2021	8
EXHIBIT F - Combined Statements of Cash Flows, for the Years Ended December 31, 2022 and 2021	9
NOTES TO COMBINED FINANCIAL STATEMENTS	10 - 17
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Combining Schedule of Financial Position, for the Year Ended December 31, 2022	18
SCHEDULE 2 - Combining Schedule of Activities and Change in Net Assets, for the Year Ended December 31, 2022	19
SCHEDULE 3 - Combining Schedule of Functional Expenses, for the Year Ended December 31, 2022	20



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, 2022 and 2021, 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 combined financial position of the Organization as of December 31, 2022 and 2021, 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.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
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 Change in Net Assets and the Combining Schedule of Functional Expenses on pages 18 - 20 are presented for purposes of additional analysis and are not a required part of the combined 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 combined 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 combined 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 combined financial statements as a whole.



November 29, 2023

ACCESS NOW

**COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,663,038	\$ 7,700,589
Grants and contributions receivable	4,256,834	1,933,570
Prepaid expenses and other assets	<u>132,864</u>	<u>95,913</u>
Total current assets	<u>11,052,736</u>	<u>9,730,072</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	44,269	24,420
Website	281,877	135,716
Less: Accumulated depreciation and amortization	<u>(160,630)</u>	<u>(123,898)</u>
Net property and equipment	<u>165,516</u>	<u>36,238</u>
NONCURRENT ASSETS		
Grants and contributions receivable, net of current portion	760,000	600,000
Right-of-use assets	498,337	-
Security deposits	<u>334,232</u>	<u>183,273</u>
Total noncurrent assets	<u>1,592,569</u>	<u>783,273</u>
TOTAL ASSETS	<u>\$ 12,810,821</u>	<u>\$ 10,549,583</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 773,171	\$ 629,137
Refundable advances	1,336,762	1,625,630
Subgrants payable	-	284,947
Lease liabilities	<u>115,085</u>	<u>-</u>
Total current liabilities	<u>2,225,018</u>	<u>2,539,714</u>
NONCURRENT LIABILITIES		
Lease liabilities, net of current portion	<u>432,594</u>	<u>-</u>
Total liabilities	<u>2,657,612</u>	<u>2,539,714</u>
NET ASSETS		
Without donor restrictions	5,664,089	4,812,139
With donor restrictions	<u>4,489,120</u>	<u>3,197,730</u>
Total net assets	<u>10,153,209</u>	<u>8,009,869</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,810,821</u>	<u>\$ 10,549,583</u>

ACCESS NOW

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 3,254,689	\$ 4,545,000	\$ 7,799,689
Government grants	7,639,237	-	7,639,237
Interest income	22,029	-	22,029
Currency gain	16,312	-	16,312
Contributed services and materials	308,887	-	308,887
Net assets released from donor restrictions	<u>3,253,610</u>	<u>(3,253,610)</u>	<u>-</u>
Total support and revenue	<u>14,494,764</u>	<u>1,291,390</u>	<u>15,786,154</u>
EXPENSES			
Program Services	<u>10,216,474</u>	<u>-</u>	<u>10,216,474</u>
Supporting Services:			
Management and General	2,630,794	-	2,630,794
Fundraising	<u>795,546</u>	<u>-</u>	<u>795,546</u>
Total supporting services	<u>3,426,340</u>	<u>-</u>	<u>3,426,340</u>
Total expenses	<u>13,642,814</u>	<u>-</u>	<u>13,642,814</u>
Changes in net assets	851,950	1,291,390	2,143,340
Net assets at beginning of year	<u>4,812,139</u>	<u>3,197,730</u>	<u>8,009,869</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,664,089</u>	<u>\$ 4,489,120</u>	<u>\$ 10,153,209</u>

ACCESS NOW

**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>

ACCESS NOW

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Personnel costs:					
Salaries	\$ 3,985,548	\$ 1,531,089	\$ 595,928	\$ 2,127,017	\$ 6,112,565
Payroll taxes	387,513	153,322	30,450	183,772	571,285
Employee benefits and pension	640,053	239,084	68,264	307,348	947,401
	<u>5,013,114</u>	<u>1,923,495</u>	<u>694,642</u>	<u>2,618,137</u>	<u>7,631,251</u>
Web development and maintenance	311,345	43,279	93	43,372	354,717
Consultants and contractors	2,140,227	166,201	40,570	206,771	2,346,998
Office supplies and expenses	26,046	81,017	1,853	82,870	108,916
Professional fees	210,895	109,719	-	109,719	320,614
Bank and other fees	53,966	58,454	1,204	59,658	113,624
Telephone and communications	16,579	14,953	-	14,953	31,532
Equipment	39,916	73,205	9,088	82,293	122,209
Travel and meetings	334,831	74,034	20,129	94,163	428,994
Event costs	899,735	-	-	-	899,735
Subgrants	917,128	-	-	-	917,128
Staff development	60,833	7,022	3,006	10,028	70,861
Rent and utilities	166,932	59,483	21,557	81,040	247,972
Insurance	-	10,298	-	10,298	10,298
Depreciation and amortization	24,927	9,634	3,404	13,038	37,965
TOTAL	<u>\$ 10,216,474</u>	<u>\$ 2,630,794</u>	<u>\$ 795,546</u>	<u>\$ 3,426,340</u>	<u>\$ 13,642,814</u>

ACCESS NOW

**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
	<u>4,142,879</u>	<u>1,780,136</u>	<u>429,840</u>	<u>2,209,976</u>	<u>6,352,855</u>
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 and amortization	15,638	5,457	1,528	6,985	22,623
TOTAL	<u>\$ 8,352,429</u>	<u>\$ 2,276,895</u>	<u>\$ 462,518</u>	<u>\$ 2,739,413</u>	<u>\$ 11,091,842</u>

ACCESS NOW

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,143,340	\$ 4,123,466
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	37,965	22,623
Forgiveness of debt	-	(908,462)
Amortization of right-of-use assets	(100,266)	-
Increase in:		
Grants and contributions receivable	(2,483,264)	(344,066)
Prepaid expenses and other assets	(36,951)	(50,290)
Security deposits	(150,959)	(123,048)
Increase (decrease) in:		
Accounts payable and accrued expenses	144,034	244,006
Refundable advances	(288,868)	567,121
Subgrants payable	(284,947)	1,219
Lease liabilities	<u>149,608</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>(870,308)</u>	<u>3,532,569</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(167,243)</u>	<u>(11,146)</u>
Net cash used by investing activities	<u>(167,243)</u>	<u>(11,146)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>-</u>	<u>482,617</u>
Net cash provided by financing activities	<u>-</u>	<u>482,617</u>
Net (decrease) increase in cash and cash equivalents	(1,037,551)	4,004,040
Cash and cash equivalents at beginning of year	<u>7,700,589</u>	<u>3,696,549</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,663,038</u>	<u>\$ 7,700,589</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Right-of-Use Assets	<u>\$ 598,603</u>	<u>\$ -</u>
Lease Liabilities for Right-of-Use Assets	<u>\$ 652,055</u>	<u>\$ -</u>

ACCESS NOW

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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 people and communities at risk. As a grassroots-to-global organization, Access Now partners with local actors to bring a human rights agenda to the use, development, and governance of digital technologies, and to intervene where technologies adversely impact our human rights. 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:

- Business and human rights
- Censorship, disinformation, and content governance
- Internet shutdowns, network disruptions, and connectivity
- Data protection and privacy
- Surveillance and spyware technology
- Biometrics and digital identity
- Cybersecurity and the protection of the individual
- Artificial intelligence and other emerging technologies
- Conflict, crisis, and humanitarian response
- Climate crisis and technology

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, 2022 and 2021).

ACCESS NOW

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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.

New accounting pronouncements adopted -

During 2022, the Organization adopted ASU 2019-01, *Leases* (Topic 842), which changed 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. The Organization applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 8 for further details.

During 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. 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 was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

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 \$631,220 and \$367,206 as of December 31, 2022 and 2021, respectively. Approximately \$106,000 (100,000 Euro) of this balance is currently insured by the respective financial institutions; the balance (approximately \$525,000) 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.

ACCESS NOW

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

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, 2022 and 2021 totaled \$37,965 and \$22,623, 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.

Uncertain tax positions -

For the years ended December 31, 2022 and 2021, 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 under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For awards 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. Unconditional awards with 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.

ACCESS NOW

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Revenue recognition (continued) -

Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. As of December 31, 2022 and 2021, the Organization has received conditional commitments for support totaling \$10,729,465 and \$5,483,184, which have not been recorded as revenue in the accompanying combined financial statements. As of December 31, 2022 and 2021, the Organization has received cash (under conditional commitments for support) totaling \$1,336,762 and \$1,625,630, respectively, that has been recorded in refundable advances in the accompanying Combined Statements of Financial Position.

Revenue concentration -

Approximately 20% and 24%, respectively of the Organization's revenue for the years ended December 31, 2022 and 2021 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 professional services, office equipment, web hosting services and software licenses. Contributed services and materials are recorded at their fair value as of the date of the gift.

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 \$16,312 and \$45,757, have been recognized in support and revenue during the years ended December 31, 2022 and 2021, 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.

ACCESS NOW

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

New accounting pronouncement (not yet adopted) -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organization for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying combined financial statements.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2022 and 2021, contributors to the Organization have made unconditional written promises to give, of which \$5,016,834 and \$2,533,570, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 4,256,834	\$ 1,933,570
One to five years	<u>760,000</u>	<u>600,000</u>
TOTAL RECEIVABLES	<u>\$ 5,016,834</u>	<u>\$ 2,533,570</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, 2022 have been recorded as grants receivable.

The Organization received \$139,977 from the Swiss Federal Department of Foreign Affairs for *Prevention Shutdowns, Protecting Election Integrity* project. The Organization incurred \$136,278 of expenses under this award. Accordingly, \$3,699 is recorded as refundable advance in the accompanying Combined Statements of Financial Position as of December 31, 2022.

The Organization received \$1,758,206 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 \$1,758,206 of expenses under this award.

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.

ACCESS NOW

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

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.

During the year ended December 31, 2022, 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, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purpose:		
Central and Eastern Europe	\$ -	\$ 150,000
Southeast Asia	-	100,000
24/7 Helpline	500,000	-
Emergency Fund	14,120	34,780
Subtotal	514,120	284,780
Subject to passage of time:		
Core Support	3,975,000	2,912,950
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 4,489,120	\$ 3,197,730

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:

	2022	2021
Purpose restrictions accomplished:		
Core Support and Mena Region Support	\$ 200,000	\$ 197,348
24/7 Helpline	240,000	207,549
Emergency Fund	25,660	20,175
Central and Eastern Europe	150,000	150,000
Southeast Asia	100,000	100,000
Coaching and professional development	-	7,500
Wellness stipend	-	5,000
Subtotal	715,660	687,572
Timing restrictions accomplished:		
Core Support	2,537,950	1,332,050
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 3,253,610	\$ 2,019,622

ACCESS NOW

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,663,038	\$ 7,700,589
Grants and contributions receivable	<u>4,256,834</u>	<u>1,933,570</u>
Subtotal financial assets available within one year	10,919,872	9,634,159
Less: Donor restricted for specific purposes	<u>(514,120)</u>	<u>(284,780)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 10,405,752</u>	<u>\$ 9,349,379</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, 2022 and 2021, the Organization has financial assets equal to approximately ten and seven months, respectively, of operating expenses.

7. CONTRIBUTED SERVICES AND MATERIALS

During the years ended December 31, 2022 and 2021, the Organization was the beneficiary of donated goods and services which allowed the Organization to provide greater resources toward various programs. Donated office equipment, web hosting and professional services, software and licenses are recorded at the fair value as of the date of the gift. The following donations have been included in revenue and expenses for the years ended December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Office equipment	\$ -	\$ 2,240
Web hosting	137,613	204,066
Professional services	148,452	257,713
Software and licenses	<u>22,822</u>	<u>-</u>
	<u>\$ 308,887</u>	<u>\$ 464,019</u>

The aforementioned donations have been recorded in the accompanying Statement of Functional Expenses in the following categories:

	<u>2022</u>	<u>2021</u>
Program Services	<u>\$ 308,887</u>	<u>\$ 464,019</u>

8. 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 Washington, D.C., Costa Rica, Berlin and Tunisia.

In December 2021, Access Now entered into a five year lease agreement for office space in New York. The lease commenced in January 2022 and requires monthly payments of \$10,490, increasing 3% each year.

ACCESS NOW

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

8. LEASE COMMITMENTS (Continued)

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. Access Now implemented the ASU on January 1, 2022 and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. Access Now also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. Access Now adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, Access Now recorded right-of-use assets in the amount of \$598,603. Access Now recorded a operating lease liabilities in the amount of \$652,055 by calculating the present value using the discount rate of 8%. As of December 31, 2022, the weighted-average remaining lease term and rate for the financing leases is 5 years and 8%, respectively. The following is a schedule of the future minimum payments required under all leases:

<u>Year Ending December 31,</u>	
2023	\$ 151,511
2024	154,799
2025	158,159
2026	161,615
2027	<u>5,004</u>
	631,088
Less: Imputed interest	(83,409)
Less: Current portion	<u>(115,085)</u>
LONG-TERM PORTION	<u>\$ 432,594</u>

Rent expense for the years ended December 31, 2022 and 2021 was \$217,687 and \$131,195, respectively, and is included in "rent and utilities" in the accompanying Combined Statements of Functional Expenses.

9. 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, 2022 and 2021 totaled \$208,168 and \$140,270, respectively.

10. SUBSEQUENT EVENTS

In preparing these combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 29, 2023, the date the combined financial statements were issued.

SUPPLEMENTAL INFORMATION

ACCESS NOW

**COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022**

ASSETS				
	Access Now	Access Now Europe	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,077,699	\$ 585,339	\$ -	\$ 6,663,038
Grants and contributions receivable	4,116,240	140,594	-	4,256,834
Prepaid expenses and other assets	126,697	6,167	-	132,864
Inter-organizational receivable	120,564	-	(120,564)	-
Total current assets	<u>10,441,200</u>	<u>732,100</u>	<u>(120,564)</u>	<u>11,052,736</u>
PROPERTY AND EQUIPMENT				
Furniture and equipment	11,887	32,382	-	44,269
Website	281,877	-	-	281,877
Less: Accumulated depreciation and amortization	(136,906)	(23,724)	-	(160,630)
Net property and equipment	<u>156,858</u>	<u>8,658</u>	<u>-</u>	<u>165,516</u>
NONCURRENT ASSETS				
Grants and contributions receivable, net	760,000	-	-	760,000
Right-of-use assets	418,576	79,761	-	498,337
Security deposits	324,813	9,419	-	334,232
Total noncurrent assets	<u>1,503,389</u>	<u>89,180</u>	<u>-</u>	<u>1,592,569</u>
TOTAL ASSETS	<u>\$ 12,101,447</u>	<u>\$ 829,938</u>	<u>\$ (120,564)</u>	<u>\$ 12,810,821</u>
LIABILITIES AND NET ASSETS				
	Access Now	Access Now Europe	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 644,366	\$ 128,805	\$ -	\$ 773,171
Refundable advances	951,040	385,722	-	1,336,762
Lease liabilities	98,499	16,586	-	115,085
Inter-organizational payable	-	120,564	(120,564)	-
Total liabilities	<u>1,693,905</u>	<u>651,677</u>	<u>(120,564)</u>	<u>2,225,018</u>
NONCURRENT LIABILITIES				
Lease liabilities, net of current portion	369,419	63,175	-	432,594
Total liabilities	<u>2,063,324</u>	<u>714,852</u>	<u>(120,564)</u>	<u>2,657,612</u>
NET ASSETS				
Without donor restrictions	5,549,003	115,086	-	5,664,089
With donor restrictions	4,489,120	-	-	4,489,120
Total net assets	<u>10,038,123</u>	<u>115,086</u>	<u>-</u>	<u>10,153,209</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,101,447</u>	<u>\$ 829,938</u>	<u>\$ (120,564)</u>	<u>\$ 12,810,821</u>

ACCESS NOW

**COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Access Now			Access Now Europe		Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	
SUPPORT AND REVENUE						
Contributions	\$ 2,603,435	\$ 4,545,000	\$ 7,148,435	\$ 1,122,114	\$ (470,860)	\$ 7,799,689
Government grants	7,639,237	-	7,639,237	-	-	7,639,237
Interest income	22,029	-	22,029	-	-	22,029
Currency gain	3,527	-	3,527	12,785	-	16,312
Contributed services and materials	308,887	-	308,887	-	-	308,887
Net assets released from donor restrictions	3,253,610	(3,253,610)	-	-	-	-
Total support and revenue	13,830,725	1,291,390	15,122,115	1,134,899	(470,860)	15,786,154
EXPENSES						
Program Services	9,923,425	-	9,923,425	763,909	(470,860)	10,216,474
Supporting Services:						
Management and General	2,290,343	-	2,290,343	340,451	-	2,630,794
Fundraising	795,546	-	795,546	-	-	795,546
Total supporting services	3,085,889	-	3,085,889	340,451	-	3,426,340
Total expenses	13,009,314	-	13,009,314	1,104,360	(470,860)	13,642,814
Change in net assets	821,411	1,291,390	2,112,801	30,539	-	2,143,340
Net assets at beginning of year	4,727,592	3,197,730	7,925,322	84,547	-	8,009,869
NET ASSETS AT END OF YEAR	\$ 5,549,003	\$ 4,489,120	\$ 10,038,123	\$ 115,086	\$ -	\$ 10,153,209

ACCESS NOW

**COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	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	\$ 3,457,255	\$ 528,293	\$ 3,985,548	\$ 1,313,803	\$ 217,286	\$ 595,928	\$ 2,127,017	\$ -	\$ 6,112,565
Payroll taxes	276,184	111,329	387,513	100,349	52,973	30,450	183,772	-	571,285
Employee benefits and pension	608,708	31,345	640,053	223,833	15,251	68,264	307,348	-	947,401
	4,342,147	670,967	5,013,114	1,637,985	285,510	694,642	2,618,137	-	7,631,251
Web development and maintenance	306,529	4,816	311,345	43,279	-	93	43,372	-	354,717
Consultants and contractors	2,140,227	-	2,140,227	166,201	-	40,570	206,771	-	2,346,998
Office supplies and expenses	26,046	-	26,046	71,529	9,488	1,853	82,870	-	108,916
Professional fees	195,364	15,531	210,895	101,172	8,547	-	109,719	-	320,614
Bank and other fees	42,853	11,113	53,966	48,130	10,324	1,204	59,658	-	113,624
Telephone and communications	16,199	380	16,579	13,401	1,552	-	14,953	-	31,532
Equipment	39,916	-	39,916	68,878	4,327	9,088	82,293	-	122,209
Travel and meetings	324,563	10,268	334,831	67,619	6,415	20,129	94,163	-	428,994
Event costs	894,127	5,608	899,735	-	-	-	-	-	899,735
Subgrants	1,387,988	-	1,387,988	-	-	-	-	(470,860)	917,128
Staff development	49,855	10,978	60,833	6,926	96	3,006	10,028	-	70,861
Rent and utilities	137,864	29,068	166,932	47,527	11,956	21,557	81,040	-	247,972
Insurance	-	-	-	10,192	106	-	10,298	-	10,298
Depreciation and amortization	19,747	5,180	24,927	7,504	2,130	3,404	13,038	-	37,965
TOTAL	\$ 9,923,425	\$ 763,909	\$ 10,687,334	\$ 2,290,343	\$ 340,451	\$ 795,546	\$ 3,426,340	\$ (470,860)	\$ 13,642,814