

LINDLEY & ASSOCIATES LLC
111 WEST HARRISON ST STE 200
SEATTLE, WA 98119

THE TOR PROJECT INC
76 S WASHINGTON ST , NO. M-101
SEATTLE, WA 98104

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CLIENT'S COPY

206-332-0386

May 30, 2018

The Tor Project Inc
76 S Washington St No. M-101
Seattle, WA 98104

The Tor Project Inc:

Enclosed is the organization's 2016 Exempt Organization return.

Specific filing instructions are as follows.

FORM 990 RETURN:

This return has been prepared for electronic filing. If you wish to have it transmitted electronically to the IRS, please sign, date, and return Form 8879-EO to our office. We will then submit the electronic return to the IRS. Do not mail a paper copy of the return to the IRS.

A copy of the return is enclosed for your files. We suggest that you retain this copy indefinitely.

Sincerely,

Martha A Lindley CPA

Filing Instructions

Prepared for:

THE TOR PROJECT INC
76 S WASHINGTON ST No. M-101
SEATTLE, WA 98104

Prepared by:

LINDLEY & ASSOCIATES LLC
111 WEST HARRISON ST STE 200
SEATTLE, WA 98119

2016 FORM 990

Electronic Filing:

This return has been prepared for electronic filing. If you wish to have it transmitted electronically to the IRS, please sign, date, and return Form 8879-EO to our office. We will then submit the electronic return to the IRS. Do not mail a paper copy of the return to the IRS.

Form **8879-EO**

IRS e-file Signature Authorization for an Exempt Organization

OMB No. 1545-1878

For calendar year 2016, or fiscal year beginning _____, 2016, and ending _____, 20____

2016

Department of the Treasury
Internal Revenue Service

▶ **Do not send to the IRS. Keep for your records.**

▶ **Information about Form 8879-EO and its instructions is at www.irs.gov/form8879eo.**

Name of exempt organization

Employer identification number

THE TOR PROJECT INC

20-8096820

Name and title of officer

**SHARI STEELE
EXECUTIVE DIRECTOR**

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a, 2a, 3a, 4a, or 5a**, below, and the amount on that line for the return being filed with this form was blank, then leave line **1b, 2b, 3b, 4b, or 5b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than 1 line in Part I.

1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue , if any (Form 990, Part VIII, column (A), line 12)	1b <u>3,192,743.</u>
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue , if any (Form 990-EZ, line 9)	2b _____
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b _____
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b _____
5a Form 8868 check here ▶ <input type="checkbox"/>	b Balance Due (Form 8868, line 3c)	5b _____

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2016 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize LINDLEY & ASSOCIATES LLC to enter my PIN 96149
ERO firm name Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ ******* THIS IS NOT A FILEABLE COPY ***** Date ▶ _____

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

91607496149
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2016 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ _____ Date ▶ _____

**ERO Must Retain This Form - See Instructions
Do Not Submit This Form To the IRS Unless Requested To Do So**

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

A For the 2016 calendar year, or tax year beginning and ending

B Check if applicable: <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input checked="" type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization THE TOR PROJECT INC		D Employer identification number 20-8096820
	Doing business as		E Telephone number 206-420-3136
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	
	76 S WASHINGTON ST		M-101
City or town, state or province, country, and ZIP or foreign postal code SEATTLE, WA 98104			G Gross receipts \$ 3,192,743.
F Name and address of principal officer: SHARI STEELE SAME AS C ABOVE			H(a) Is this a group return for subordinates? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			H(b) Are all subordinates included? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
J Website: WWW.TORPROJECT.ORG			H(c) Group exemption number ▶
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 2006	M State of legal domicile: WA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: RESEARCH, DEVELOPMENT, EDUCATION AND ADVOCACY INTO ONLINE ANONYMITY AND PRIVACY		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	10
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	16
	6 Total number of volunteers (estimate if necessary)	6	3000
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 460,298.	Current Year 411,296.
	9 Program service revenue (Part VIII, line 2g)	2,808,143.	2,778,992.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,093.	2,455.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,918.	0.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,278,452.	3,192,743.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	1,137,406.	1,607,415.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 100,678.		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,713,265.	1,360,175.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	2,850,671.	2,967,590.	
19 Revenue less expenses. Subtract line 18 from line 12	427,781.	225,153.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 2,130,326.	End of Year 2,405,924.
	21 Total liabilities (Part X, line 26)	225,712.	278,612.
	22 Net assets or fund balances. Subtract line 21 from line 20	1,904,614.	2,127,312.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer		Date
	SHARI STEELE, EXECUTIVE DIRECTOR Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name MARTHA A LINDLEY CPA	Preparer's signature	Date
	Firm's name ▶ LINDLEY & ASSOCIATES LLC	Firm's EIN ▶ 91-2050235	Check if self-employed <input checked="" type="checkbox"/> PTIN P00961494
	Firm's address ▶ 111 WEST HARRISON ST STE 200 SEATTLE, WA 98119	Phone no. 206-332-0386	

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [X]

1 Briefly describe the organization's mission: RESEARCH, DEVELOPMENT, EDUCATION AND ADVOCACY INTO ONLINE ANONYMITY AND PRIVACY

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

4a (Code:) (Expenses \$ 2,604,642. including grants of \$) (Revenue \$ 2,778,992.)
1) TO DEVELOP, IMPROVE AND DISTRIBUTE FREE, PUBLICLY AVAILABLE TOOLS AND PROGRAMS THAT PROMOTE FREE SPEECH, FREE EXPRESSION, CIVIC ENGAGEMENT AND PRIVACY RIGHTS ONLINE
2) TO CONDUCT SCIENTIFIC RESEARCH REGARDING, AND TO PROMOTE THE USE OF AND KNOWLEDGE ABOUT, SUCH TOOLS, PROGRAMS AND RELATED ISSUES INTERNATIONALLY
3) TO EDUCATE THE GENERAL PUBLIC INTERNATIONALLY ABOUT PRIVACY RIGHTS AND ANONYMITY ISSUES CONNECTED TO INTERNET USE, AND
4) TO CARRY OUT AND CONDUCT SUCH OTHER ACTIVITIES AND PROGRAMS IN FURTHERANCE OF THE FOREGOING PURPOSES AS MAY BE CARRIED OUT AND CONDUCTED BY A CORPORATION

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 2,604,642.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	X	
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?	X	
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	X	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	X	
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Input box for Schedule O check

Main table with columns for question ID, description, and Yes/No checkboxes. Includes rows 1a-14b with various tax-related questions.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI X

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
	1a 10		
b	Enter the number of voting members included in line 1a, above, who are independent		
	1b 8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
10b			
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
12c		X	
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	X	
b	Other officers or key employees of the organization	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		
16b			

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **WA**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **THE ORGANIZATION - 206-420-3136**
76 S WASHINGTON ST STE M-101, SEATTLE, WA 98104

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MATT BLAZE BOARD CHAIR	3.00	X					0.	0.	0.	
(2) GABRIELLA COLEMAN CLERK/DIRECTOR	3.00	X					0.	0.	0.	
(3) LINUS NORDBERG DIRECTOR	3.00	X					0.	0.	0.	
(4) MEGAN PRICE DIRECTOR	3.00	X					0.	0.	0.	
(5) BRUCE SCHNEIER DIRECTOR	3.00	X					0.	0.	0.	
(6) CINDY COHN TREASURER	3.00	X					0.	0.	0.	
(7) NICK MATHEWSON VICE PRES/CHIEF ARCHITECT	40.00			X			138,188.	0.	3,166.	
(8) ROGER DINGLELINE PRESIDENT/RESEARCH DIRECTOR	40.00			X			138,188.	0.	7,963.	
(9) MIKE PERRY DEVELOPER	40.00				X		117,667.	0.	2,744.	
(10) ARTHUR EDELSTEIN DEVELOPER	40.00				X		108,000.	0.	500.	
(11) ISABELA BAGUEROS DEVELOPER	40.00				X		100,008.	0.	3,354.	
(12) ANDREA SHEPARD DEVELOPER	40.00				X		111,863.	0.	400.	
(13) SHARI STEELE EXECUTIVE DIRECTOR	40.00				X		175,000.	0.	500.	

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	411,296.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f		411,296.				
Program Service Revenue	2 a RFA CONTRACT INCOME	Business Code 900099	1,083,095.	1,083,095.			
	b SRI LIGHTS CONTRACT IN	900099	568,482.	568,482.			
	c DRL GRANTS	900001	409,105.	409,105.			
	d NSF CONTRACT INCOME	900099	303,036.	303,036.			
	e NEW VENTURE FUND GRANT	900099	280,000.	280,000.			
	f All other program service revenue	900999	135,274.	135,274.			
	g Total. Add lines 2a-2f		2,778,992.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		2,455.			2,455.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	(ii) Personal				
		b Less: rental expenses					
		c Rental income or (loss)					
		d Net rental income or (loss)					
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		b Less: cost or other basis and sales expenses					
		c Gain or (loss)					
		d Net gain or (loss)					
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses	b				
		c Net income or (loss) from fundraising events					
	9 a Gross income from gaming activities. See Part IV, line 19	a					
b Less: direct expenses		b					
c Net income or (loss) from gaming activities							
10 a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a _____							
	b _____						
	c _____						
	d All other revenue						
e Total. Add lines 11a-11d							
12 Total revenue. See instructions.			3,192,743.	2,778,992.	0.	2,455.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	888,911.	818,445.	65,705.	4,761.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	526,840.	524,585.		2,255.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	91,086.	86,408.	4,227.	451.
10 Payroll taxes	100,578.	95,413.	4,667.	498.
11 Fees for services (non-employees):				
a Management	13,150.	13,150.		
b Legal	79,057.		79,057.	
c Accounting	52,959.	52,959.		
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	21,070.	20,290.	704.	76.
12 Advertising and promotion				
13 Office expenses	34,502.	26,128.	8,284.	90.
14 Information technology	52,051.	35,358.	16,515.	178.
15 Royalties				
16 Occupancy	29,181.	21,151.	7,944.	86.
17 Travel	209,904.	168,633.	41,271.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance	7,163.	4,480.	2,654.	29.
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a CONTRACT SERVICES	787,357.	722,182.		65,175.
b SWAG AND PREMIUMS (PROM	45,344.	2,103.	18,939.	24,302.
c BANK FEES AND SERVICE C	16,262.	8,643.	7,619.	
d POSTAGE AND PRINTING	12,175.	4,714.	4,684.	2,777.
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	2,967,590.	2,604,642.	262,270.	100,678.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	36,339.	1	948,649.
	2 Savings and temporary cash investments	1,593,945.	2	
	3 Pledges and grants receivable, net		3	1,381,270.
	4 Accounts receivable, net	457,414.	4	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	5,726.	9	9,733.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 18,079.		
	b Less: accumulated depreciation	10b 18,079.	10c 0.	0.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	36,902.	15	66,272.
16 Total assets. Add lines 1 through 15 (must equal line 34)	2,130,326.	16	2,405,924.	
Liabilities	17 Accounts payable and accrued expenses	190,177.	17	212,340.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	35,535.	21	66,272.
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	225,712.	26	278,612.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	1,904,614.	27	2,127,312.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	1,904,614.	33	2,127,312.	
34 Total liabilities and net assets/fund balances	2,130,326.	34	2,405,924.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	3,192,743.
2	Total expenses (must equal Part IX, column (A), line 25)	2	2,967,590.
3	Revenue less expenses. Subtract line 2 from line 1	3	225,153.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,904,614.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,129,767.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____	X	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____	X	

Form 990 (2016)

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	446,440.	129,118.	288,667.	460,298.	411,296.	1,735,819.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	446,440.	129,118.	288,667.	460,298.	411,296.	1,735,819.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						1,735,819.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
7 Amounts from line 4	446,440.	129,118.	288,667.	460,298.	411,296.	1,735,819.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	736.	1,152.	1,648.	2,093.	2,455.	8,084.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)	11,696.	2,293.	735.	7,918.		22,642.
11 Total support. Add lines 7 through 10						1,766,545.
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f))	14	98.26 %
15 Public support percentage from 2015 Schedule A, Part II, line 14	15	97.90 %
16a 33 1/3% support test - 2016. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input checked="" type="checkbox"/>
b 33 1/3% support test - 2015. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2016. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2015. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ►

Section C. Computation of Public Support Percentage

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2016. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

b 33 1/3% support tests - 2015. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2 Activities Test. Answer (a) and (b) below.		
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.	Yes	No
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI.) **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions	
9 Distributable amount for 2016 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required- explain in Part VI). See instructions			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013			
d From 2014			
e From 2015			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions			
6 Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions			
7 Excess distributions carryover to 2017. Add lines 3j and 4c			
8 Breakdown of line 7:			
a			
b Excess from 2013			
c Excess from 2014			
d Excess from 2015			
e Excess from 2016			

Schedule A (Form 990 or 990-EZ) 2016

Part VI

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Multiple horizontal lines for supplemental information.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
▶ **Attach to Form 990.**

▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2016
Open to Public Inspection

Name of the organization THE TOR PROJECT INC **Employer identification number** 20-8096820

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
 Preservation of land for public use (e.g., recreation or education) Preservation of a historically important land area
 Protection of natural habitat Preservation of a certified historic structure
 Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule D (Form 990) 2016

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment _____ %
- b Permanent endowment _____ %
- c Temporarily restricted endowment _____ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment		18,079.	18,079.	0.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				0.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	3,820,306.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b	630,018.	
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	630,018.
3	Subtract line 2e from line 1		3	3,190,288.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	0.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)		5	3,190,288.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	3,597,608.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities	2a	630,018.	
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	630,018.
3	Subtract line 2e from line 1		3	2,967,590.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	0.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)		5	2,967,590.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART IV, LINE 2B:

TOR, IN CONJUNCTION WITH OTHER SPONSORS, ACTS AS AN AGENT ON BEHALF OF THE PRIVACY ENHANCING TECHNOLOGY SYMPOSIUM (THE CONFERENCE) BY PERFORMING ADMINISTRATIVE FUNCTIONS, INCLUDING CUSTODY OF THE CONFERENCE'S OPERATING CASH ACCOUNT AND PERFORMANCE OF THE CASH RECEIPTS AND CASH DISBURSEMENT FUNCTIONS. CONFERENCE FUNDS ARE SEGREGATED FROM THE GENERAL ASSETS OF TOR. ON THE CONSOLIDATED FINANCIAL STATEMENTS, THESE FUNDS ARE RECORDED AS ASSETS AND LIABILITIES OF \$66,272 AND \$35,535 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015, RESPECTIVELY. TOR CHARGES NO FEES FOR THESE SERVICES.

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* Yes No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to separately file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A; do not file with Form 990)* Yes No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations (see Instructions for Form 5471)* Yes No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* Yes No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* Yes No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713; do not file with Form 990)* Yes No

Schedule F (Form 990) 2016

Part V Supplemental Information

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information. See instructions.

Multiple horizontal lines for supplemental information.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

2016

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization

THE TOR PROJECT INC

Employer identification number

20-8096820

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |
- b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain
- 2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?
- 3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.
- | | |
|---|---|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input checked="" type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |
- 4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:
- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.
- Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.**
- 5** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:
- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.
- 6** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:
- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.
- 7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III
- 8** Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III
- 9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2016

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) NICK MATHEWSON VICE PRES/CHIEF ARCHITECT	(i)	138,188.	0.	0.	0.	3,166.	141,354.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) ROGER DINGLEDINE PRESIDENT/RESEARCH DIRECTOR	(i)	138,188.	0.	0.	0.	7,963.	146,151.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) MIKE PERRY DEVELOPER	(i)	117,667.	0.	0.	0.	2,744.	120,411.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) ARTHUR EDELSTEIN DEVELOPER	(i)	108,000.	0.	0.	0.	500.	108,500.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) ISABELA BAGUEROS DEVELOPER	(i)	100,008.	0.	0.	0.	3,354.	103,362.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) ANDREA SHEPARD DEVELOPER	(i)	111,863.	0.	0.	0.	400.	112,263.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) SHARI STEELE EXECUTIVE DIRECTOR	(i)	175,000.	0.	0.	0.	500.	175,500.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2016

Open To Public Inspection

Department of the Treasury
Internal Revenue Service

- ▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
- ▶ Attach to Form 990.
- ▶ Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization **THE TOR PROJECT INC** Employer identification number **20-8096820**

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art				
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded				
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (SOFTWARE DEVE)	X	9	204,300.FMV	
26 Other ▶ (COMPUTER SERV)	X	100	180,000.FMV	
27 Other ▶ (LEGAL SERVICE)	X	1	148,743.FMV	
28 Other ▶ (LANGUAGE TRAN)	X	9	96,975.FMV	

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29**

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which isn't required to be used for exempt purposes for the entire holding period?		X
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any nonstandard contributions?		X
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		X
b If "Yes," describe in Part II.		
33 If the organization didn't report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) (2016)

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public
Inspection

Name of the organization

THE TOR PROJECT INC

Employer identification number

20-8096820

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

5) TO ENABLE AND, WITH THE USE OF FREE SOFTWARE, EDUCATE THE GENERAL
PUBLIC ABOUT INTERNET PRIVACY AND ANONYMITY.

FORM 990, PART VI, SECTION B, LINE 11B:

THE DRAFT FORM 990 IS REVIEWED BY THE EXECUTIVE DIRECTOR AND CFO. IT IS
PRESENTED TO THE BOARD IN DRAFT FORM. MEMBERS ASK QUESTIONS AND REVIEW THE
DOCUMENT AND APPROVE FOR ISSUANCE.

FORM 990, PART VI, SECTION B, LINE 12C:

THE BOARD HAS A "NO CONFLICT OF INTEREST" POLICY AND ENGAGES IN NO
TRANSACTIONS WHICH PRESENT A CONFLICT OF INTEREST, EITHER IN FACT OR
APPEARANCE. EACH BOARD MEMBER AND KEY EMPLOYEE COMPLETES A POLICY FORM
EACH YEAR. PER THE CONFLICTS OF INTEREST POLICY, ANY ACTUAL OR POTENTIAL
CONFLICT OF INTEREST MUST BE DISCLOSED TO THE BOARD OF DIRECTORS IN WRITING
BY THE INTERESTED PERSON (ANY DIRECTOR OR PRINCIPAL OFFICER WHO HAS A
DIRECT OR INDIRECT FINANCIAL INTEREST IN A GIVEN TRANSACTION OR
ARRANGEMENT).

FORM 990, PART VI, SECTION B, LINE 15:

THE EXECUTIVE DIRECTOR'S SALARY IS DETERMINED BY UTILIZING COMPENSATION
DATA FOR SIMILARLY QUALIFIED PERSONS IN COMPARABLE POSITIONS AT SIMILARLY
SITUATED ORGANIZATIONS. THE SALARY RECOMMENDATION IS REVIEWED AND APPROVED
BY THE EXECUTIVE BOARD, WITH NO MEMBERS WHO HAVE A CONFLICT OF INTEREST
BEING INVOLVED IN THE PROCESS. SUBSTANTIATION OF THE DELIBERATION AND
DECISION ARE RECORDED AT THAT TIME.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2016)

632211 08-25-16

Name of the organization

THE TOR PROJECT INC

Employer identification number

20-8096820

FORM 990, PART VI, SECTION C, LINE 18:

TAX RETURN IS AVAILABLE AT GUIDESTAR.ORG AND ON THE ORGANIZATION'S WEBSITE
AND UPON REQUEST

FORM 990, PART VI, SECTION C, LINE 19:

THE GOVERNING DOCUMENTS AND FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE
PUBLIC ON THE ORGANIZATION'S WEBSITE AT THE FEDERAL CLEARINGHOUSE WEBSITE
AND UPON REQUEST

PART I LINES 8 - 22 AMENDED RETURN CHANGES

REASON FOR AMENDED 2016 FORM 990 ET AL: CHANGE DUE TO COMPLETION OF
AUDITED FINANCIAL STATEMENTS

RETURN CHANGES

PART I LINES 8 - 22

PART III LINE 4A

PART III LINE 4A

PART IV LINES 9, 12A, 12B

PART V LINES 7G AND 7H

PART VI LINE 29

PART VII SECTION B, LINE 2 AND 3

PART VIII LINES 1 - 12

PART IX LINES 1 - 25

PART X LINES 1 - 34

PART XI LINES 1 - 10

SCH A PART II SECTION A FOR CHANGE IN IN-KIND GOODS/SERVICES, SECTION
C, LINE 15

SCH D PART IV, LINE 1A

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990.

▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization **THE TOR PROJECT INC** Employer identification number **20-8096820**

Part I Identification of Disregarded Entities. Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
TOR SOLUTIONS CORP - 45-2619704 7 TEMPLE ST STE A CAMBRIDGE, MA 02139	DESIGN & DEVELOPMENT OF SOFTWARE FOR INTERNET-BASED COMMUNICATION	MASSACHUSETTS	0.	0.	THE TOR PROJECT INC

Part II Identification of Related Tax-Exempt Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No

Part V Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note: Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	1a	
b Gift, grant, or capital contribution to related organization(s)	1b	
c Gift, grant, or capital contribution from related organization(s)	1c	
d Loans or loan guarantees to or for related organization(s)	1d	
e Loans or loan guarantees by related organization(s)	1e	
f Dividends from related organization(s)	1f	
g Sale of assets to related organization(s)	1g	
h Purchase of assets from related organization(s)	1h	
i Exchange of assets with related organization(s)	1i	
j Lease of facilities, equipment, or other assets to related organization(s)	1j	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	
o Sharing of paid employees with related organization(s)	1o	
p Reimbursement paid to related organization(s) for expenses	1p	
q Reimbursement paid by related organization(s) for expenses	1q	
r Other transfer of cash or property to related organization(s)	1r	
s Other transfer of cash or property from related organization(s)	1s	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VII Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

SCH R PART 1

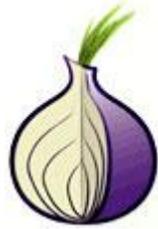
TOR SOLUTIONS CORPORATION WAS DISSOLVED APRIL 4, 2016

Multiple horizontal lines for supplemental information.



111 WEST HARRISON ST STE 200
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THE TOR PROJECT, INC. AND SUBSIDIARY



FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

THE TOR PROJECT, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Tor Project, Inc. and Subsidiary
Seattle Washington

Report on the Financial Statements

We have audited the accompanying financial statements of The Tor Project, Inc. and Subsidiary, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of The Tor Project, Inc. and Subsidiary as of December 31, 2015, were audited by other auditors and whose report dated July 11, 2016, expressed an unmodified opinion on those 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 the 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 audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 to 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.

Lindley & Associates LLC
The Tor Project, Inc. and Subsidiary

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tor Project, Inc. and Subsidiary as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

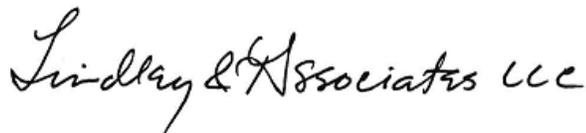
As discussed in Note 7 to the financial statements, the Organization has elected to change its method of accounting for professional audit fees for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2018, on our consideration of The Tor Project, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Tor Project, Inc. and Subsidiary's internal control over financial reporting and compliance.



Lindley & Associates LLC
March 21, 2018

THE TOR PROJECT, INC. AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 948,649	\$ 1,630,284
Cash - restricted	66,272	35,535
Grants and contracts receivable	1,332,532	457,414
Contributions receivable	48,738	-
Prepaid expenses and other assets	9,733	7,093
Total current assets	2,405,924	2,130,326
Computers and equipment	18,079	24,004
Less accumulated depreciation	(18,079)	(24,004)
	-	-
Total assets	\$ 2,405,924	\$ 2,130,326
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 78,365	\$ 168,660
Accrued salaries, vacations and benefits	7,200	117
Contingent liability	100,202	-
Other accrued expenses	26,573	21,400
Due to others-fiscal agent	66,272	35,535
Total current liabilities	278,612	225,712
Net assets unrestricted	2,127,312	1,904,614
Total liabilities and net assets	\$ 2,405,924	\$ 2,130,326

See accompanying notes to the financial statements.

THE TOR PROJECT, INC. AND SUBSIDIARY
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Unrestricted support and revenue		
Federal grants	\$ 791,758	\$ 1,188,419
Contracts for services	1,681,779	1,606,224
Contributions	411,296	460,298
Private grants	303,000	-
In-kind contributions	630,018	498,000
Investment income	2,455	2,209
Other income	-	21,302
Total support and revenue	<u>3,820,306</u>	<u>3,776,452</u>
Expenses		
Program services	3,085,917	3,052,270
Management and general	411,013	212,093
Fundraising	100,678	84,308
Total functional expenses	<u>3,597,608</u>	<u>3,348,671</u>
Change in net assets	222,698	427,781
Net assets at beginning of year	<u>1,904,614</u>	<u>1,476,833</u>
Net assets at end of year	<u>\$ 2,127,312</u>	<u>\$ 1,904,614</u>

See accompanying notes to the financial statements.

THE TOR PROJECT, INC. AND SUBSIDIARY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,343,030	\$ 65,705	\$ 7,016	\$ 1,415,751	\$ 903,496	\$ 122,953	\$ 5,624	\$ 1,032,073
Payroll tax expenses	95,413	4,667	498	100,578	57,763	7,996	348	66,107
Employee benefits	86,408	4,227	451	91,086	32,591	6,635	-	39,226
Total salary and benefits	<u>1,524,851</u>	<u>74,599</u>	<u>7,965</u>	<u>1,607,415</u>	<u>993,850</u>	<u>137,584</u>	<u>5,972</u>	<u>1,137,406</u>
Contract services	722,182	-	65,175	787,357	883,072	1,000	22,410	906,482
Postage and printing	4,714	4,684	2,777	12,175	-	-	-	-
Professional fees	72,009	79,057	-	151,066	411,606	29,616	6,065	447,287
Travel and meals	168,633	41,271	-	209,904	167,817	39,887	6,475	214,179
Swags and premiums	2,103	18,939	24,302	45,344	8,927	466	42,389	51,782
Information technology	35,358	16,515	178	52,051	40,527	187	38	40,752
Occupancy	21,151	7,944	86	29,181	23,674	1,698	348	25,720
Bank fees & service charges	8,643	7,619	-	16,262	13,828	1,060	209	15,097
Conferences	-	-	-	-	4,144	31	6	4,181
Office supplies	18,758	8,284	90	27,132	2,871	167	338	3,376
Insurance	4,480	2,654	29	7,163	2,099	155	32	2,286
Payroll service	14,390	704	76	15,170	1,691	242	26	1,959
Program supplies	7,370	-	-	7,370	164	-	-	164
In-kind goods	180,000	-	-	180,000	171,000	-	-	171,000
In-kind services	301,275	148,743	-	450,018	327,000	-	-	327,000
	<u>\$ 3,085,917</u>	<u>\$ 411,013</u>	<u>\$ 100,678</u>	<u>\$ 3,597,608</u>	<u>\$ 3,052,270</u>	<u>\$ 212,093</u>	<u>\$ 84,308</u>	<u>\$ 3,348,671</u>

See accompanying notes to the financial statements.

THE TOR PROJECT, INC. AND SUBSIDIARY
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 222,698	\$ 427,781
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	(5,925)	-
Change in operating assets and liabilities:		
Grants and contracts receivable	(875,118)	214,452
Contributions receivable	(48,738)	-
Prepaid expenses and other assets	(2,640)	9,145
Accounts payable	(90,295)	51,987
Accrued wages, vacation, and benefits	7,083	-
Contingent liability	100,202	
Other accrued expenses	5,173	(32,500)
Due to others-fiscal agent	30,737	-
Deferred revenue	-	(93,409)
Net cash provided (used) in operating activities	<u>(656,823)</u>	<u>577,456</u>
Cash flows from investing activities:		
Purchases of computer and equipment	5,925	-
Net cash provided (used) in investing activities	<u>5,925</u>	<u>-</u>
Cash flows from financing activities:		
Increase (decrease) cash - restricted	(30,737)	-
Net cash provided (used) in financing activities	<u>(30,737)</u>	<u>-</u>
Net increase (decrease), cash and cash equivalents	(681,635)	577,456
Cash and cash equivalents, beginning of period	<u>1,630,284</u>	<u>1,052,828</u>
Cash and cash equivalents, end of period	<u>\$ 948,649</u>	<u>\$ 1,630,284</u>

See accompanying notes to the financial statements.

THE TOR PROJECT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1. Nature of Organization and Significant Accounting Policies

The Tor Project, Inc. and Subsidiary (the Organization) is a nonprofit organization which was established in 2006. It was domiciled in Massachusetts in 2015 and Washington in 2016. The Tor network is a group of volunteer-operated servers that allows people to improve their privacy and security on the Internet. Tor's users employ this network by connecting through a series of virtual tunnels rather than making a direct connection, thus allowing both organizations and individuals to share information over public networks without compromising their privacy. Along the same line, Tor is an effective censorship circumvention tool, allowing its users to reach otherwise blocked destinations or content. Tor can also be used as a building block for software developers to create new communication tools with built-in privacy features.

Basis of accounting: The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets are available without restriction for support of the Organization's operations. The Organization has no temporarily or permanently restricted net assets.

Principles of Consolidation: The consolidated financial statements of The Tor Project, Inc. and subsidiary, include the accounts of The Tor Project, Inc. (the Organization) and the Tor Solution Corporation (the subsidiary). All significant intercompany balances and transactions have been eliminated in the consolidation.

The subsidiary is a Massachusetts corporation incorporated in June 2011, on which date the Organization became the sole member. The subsidiary was established to design, develop, publish and reproduce computer software or the equivalent for any mode of electronic or internet-based communications. As of April 4, 2016, the subsidiary was dissolved and all assets were transferred to the Organization.

Net assets: The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 Not-for-Profit Entities. The Corporation is required to classify net assets and revenues, expenses, gains and losses into three categories, based on the existence or absence of donor-imposed restrictions. The categories are unrestricted, temporarily restricted and permanently restricted net assets, as defined below:

Unrestricted net assets bear no donor limitations. The use of these funds is determined by the Board of Trustees.

Temporarily Restricted net assets represent unexpended amounts which are restricted by donors for specific purposes. When a donor restriction expires, a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

THE TOR PROJECT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015 (CONTINUED)

Note 1. Nature of Organization and Significant Accounting Policies (continued)

Permanently Restricted net assets represent unexpended amounts restricted by donors to be maintained in perpetuity, permanently restricted for designated use.

The Organization has no temporarily or permanently restricted net assets for the years ended December 31, 2016 and 2015.

Cash and cash equivalents: Cash consists of cash held in checking and savings accounts. Cash equivalents consist of cash held in a money market account. For purposes of the statements of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. The amount of deposit exceeded the federally insured deposit limits at times during the year.

Cash restricted and due to others - fiscal agent: Restricted cash is cash held by the Organization, along with other sponsors, to act as an agent on behalf of the Privacy Enhancing Technology Symposium (the Conference) by performing administrative functions, including custody of the Conference's operating cash account and performing cash receipt and cash disbursement functions. Funds held for the Conference are segregated from the general assets of the Organization and are shown on the consolidated statements as an asset and liability of \$66,272 and \$35,535 for the years ended December 31, 2016 and 2015. The Organization charges no fees for this service.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to credit risk are cash and cash equivalents and investments. The Organization maintains bank deposits in financial institutions which are federally insured, and other investing institutions which may not be federally insured, and values are subject to change based on market fluctuations.

The exposure to concentrations of credit risk relative to the Organization's investments is limited to the Organization's investment objectives and policies which require, among other things, that securities be diversified, meet certain quality criteria and utilize only high credit quality institutions for investments. The investments are not insured for market risk.

Grants and contracts receivable: Grants and contracts receivable are recorded for amounts due from governmental entities and other organizations for services provided. No allowance is considered necessary as reimbursement is contractually guaranteed.

Computers and equipment: Computers and equipment are stated at cost, if purchased, or at the estimated fair value, if donated. Computers and equipment with values in excess of \$3,000 and \$1,000 are capitalized and depreciated for the years ended December 31, 2016 and 2015, respectively. Depreciation is computed by the straight-line method over the estimated useful lives for computers and equipment.

THE TOR PROJECT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015 (CONTINUED)

Note 1. Nature of Organization and Significant Accounting Policies (continued)

Contingent liability: The Organization receives funding or reimbursement from agencies of the United States government for various activities that are subject to audit. The settlement of audits is subject to inherent uncertainties, and it is possible that such liabilities, if any, will differ materially from management's current expectations. The Organization has reported \$100,202 in unallowable costs charged to the grantor for the year ended December 31, 2016. The grantor may waive the unallowed costs, may accept the unallowable costs or request such amounts be offset the amount against current or future billings or may request direct payment.

Cost reimbursement contracts: Revenues under cost-reimbursement type contracts are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustments that may be made by the funding agencies.

Contributions: Donor-restricted gifts which are received and either spent or deemed spent within the same year are reported as unrestricted revenues. Gifts of long-lived assets and gifts specified for the acquisition or construction of long-lived assets are reported as unrestricted net assets when the assets are placed in service.

In-kind contributions: The Organization received \$148,743 in non-program related in-kind legal services for the year ended December 31, 2016. The Organization received \$180,000 and \$171,000 in computer server hours, and \$301,275 and \$327,000 in professional services for the years ended December 31, 2016 and 2015, respectively.

Functional allocation of expenses: The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income tax status: The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for federal income taxes has been made in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization files information and tax returns in the U.S. federal jurisdiction, and state and local jurisdictions. The Organization is subject to U.S. federal, state and local examinations by tax authorities for the current year and certain prior years based on applicable laws and regulations.

The subsidiary is a disregarded entity for tax purposes.

Use of estimates: Management has used estimate and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in the preparation of the consolidated financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

THE TOR PROJECT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015 (CONTINUED)

Note 1. Nature of Organization and Significant Accounting Policies (continued)

Subsequent events: Management of the Organization has evaluated events and transactions occurring after December 31, 2016, through the date this report, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events or transactions that require recognition and disclosures in the financial statements.

Reclassifications: Certain accounts in the December 31, 2016, financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the net assets or change in net assets as of or for the year ended December 31, 2016.

Note 2. Grants and Contracts Receivable

Grants receivable are due from governmental agencies for services provided under grants and contracts. The Organization considers the amounts fully collectible.

Contracts receivable are due from funders and grantors for consulting and technology resources provided. The Organization considers accounts greater than 30 days old to be past due and uses the allowance method for recognizing bad debts. When determining an appropriate allowance, management considers such things as the age of the receivable and the credit history of the customer. When an account is deemed uncollectible, it is generally written off against the allowance.

Grants and contracts receivable consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
<i>Grants and contracts receivable</i>		
US Dept of State	\$ 218,796	\$ 199,071
National Science Foundation	327,816	83,843
Radio Free Asia	649,220	-
SRI International	50,000	174,500
Mozilla	24,500	-
New Venture Fund	53,500	-
Google Summer of Code	5,700	-
Counterpart International	3,000	-
	<u>\$ 1,332,532</u>	<u>\$ 457,414</u>

THE TOR PROJECT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015 (CONTINUED)

Note 3. Concentration

The Organization received approximately 80% and 88% of its grants and contract revenue from three sources for the years ended December 31, 2016 and 2015, respectively. The contracts and grants receivable were 50% and 80% due from two sources for the years ended December 31, 2016 and 2015, respectively.

The Organization received 100% of its contract revenue from two funders and grantors for the years ended December 31, 2016 and 2015.

Note 4. In-kind Services

The Organization receives donated services in various aspects of its operations and programs. The fair value of the services as determined by the donor or management was as follows at December 31:

	<u>2016</u>	<u>2015</u>
<i>In-kind services</i>		
Software development	\$ 204,300	\$ 229,500
Legal services	148,743	-
Language translation	96,975	97,500
<i>In-kind goods</i>		
Computer servers use	180,000	171,000
	<u>\$ 630,018</u>	<u>\$ 498,000</u>

Note 5. Operating Leases

During 2016, the Organization entered into an operating lease for office space in Seattle WA, expiring February 2018. The monthly lease payments are approximately \$1,700.

During 2013, the Organization entered into an operating lease for office space in Cambridge MA, which expires August 2018. The monthly lease payments were approximately \$1,500. The lease was cancelled in August of 2016.

Future minimum lease payments due under this non-cancellable lease agreement was as follows at December 31:

2017	\$ 38,539
2018	40,188
2019	15,249
	<u>\$ 93,976</u>

THE TOR PROJECT, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015 (CONTINUED)

Note 6. Employee Benefit Plan

The Organization sponsors an IRC Section 408(p), SIMPLE IRA Plan (the Plan) for all employees, which allows participants to defer a portion of their salaries into an investment plan of the participant's choosing. Once the employee has established an account with a financial institution, the Organization makes a contribution to the Plan each month equal to 3% and 2% of the employee's gross salary for the years ended December 31, 2016 and 2015, respectively. Total expenses related to this plan were \$4,146 and \$2,950 for the years ended December 31, 2016 and 2015, respectively.

Note 7. Change of Accounting Method

The Organization elected to change the method of recording professional auditing fees from accruing at the date the amount was determined and releasing ratably over the calendar year for the year ended December 31, 2015, to treating as a payable for the year ended December 31, 2016. The net impact of this change was to record auditing fees of \$5,900 for the year ended December 31, 2016, and \$24,000 for the year ended December 31, 2015. This change was made currently and the amount was reported in the current year statement of activities.

SUPPLEMENTARY REPORTS AND SCHEDULES
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
AND THE UNIFORM GUIDANCE

THE TOR PROJECT, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through or Contract Number	Amount to Sub recipients	Grant Period	UG or OMB A-133	Federal Expenditures
<i>US Department of State</i>						
International Programs to Support Democracy, Human Rights and Labor	19.345	S-LMAQM-14-GR- 1095		7/1/2014-11/30/2016	UG*	\$ 509,307
Pass thru Internews Network						
International Programs to Support Democracy, Human Rights and Labor	19.345	SG-R-GX1456-1-02		10/1/2014-6/30/2016	UG*	<u>48,104</u>
<i>Total US Department of State</i>						557,411
RESEARCH AND DEVELOPMENT CLUSTER						
<i>National Science Foundation</i>						
Computer and Information Science and Engineering	47.070	Collaborative Research		9/1/2012-8/31/2018	UG	242,776
Pass thru Regents of the University of Minnesota						
Computer and Information Science and Engineering	47.070	A0033482101		1/1/2016-12/31/2016	UG	<u>61,773</u>
<i>Total Research and Development Cluster</i>						<u>304,549</u>
<i>Total Expenditures of Federal Awards</i>						<u>\$ 861,960</u>

UG = Uniform Guidance

See notes to Schedule of Expenditures of Federal Awards

*Denotes a major program

THE TOR PROJECT, INC. AND SUBSIDIARY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Tor Project, Inc. and Subsidiary
Seattle WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Tor Project, Inc. and Subsidiary (the Organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, which are described in the accompanying schedule of findings and questioned costs as Findings 2016-04.

Lindley & Associates LLC
The Tor Project, Inc. and Subsidiary

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items Findings 2016-01-03 and 2016-06.

The Tor Project, Inc. and Subsidiary's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's responses were not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lindley & Associates LLC".

Lindley & Associates LLC
March 21, 2018



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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
The Tor Project, Inc. and Subsidiary
Seattle Washington

Report on Compliance for Each Major Federal Program

We have audited The Tor Project, Inc. and Subsidiary's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2016. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Lindley & Associates LLC
The Tor Project, Inc. and Subsidiary

Basis for Qualified Opinion on CFDA 19.345 International Programs to Support Democracy, Human Rights and Labor

As described in the accompanying schedule of findings and questioned costs, The Tor Project, Inc. and Subsidiary did not comply with requirements regarding CFDA 19.345 International Programs to Support Democracy, Human Rights and Labor as described in:

- Finding 2016-01 – Allowable Costs/Cost Principles
- Finding 2016-02 – Reporting
- Finding 2016-03 – Allowable Costs/Cost Principles
- Finding 2016-05 – Allowable Costs/Cost Principles

Compliance with such requirements is necessary, in our opinion, for The Tor Project, Inc. and Subsidiary to comply with the requirements applicable to that program.

Opinion on CFDA 19.345 International Programs to Support Democracy, Human Rights and Labor

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, The Tor Project, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Other Matters

The Tor Project, Inc. and Subsidiary's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Tor Project, Inc. and Subsidiary's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However,

Lindley & Associates LLC
The Tor Project, Inc. and Subsidiary

as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Finding 2016-04 to be a significant deficiency.

The Tor Project, Inc. and Subsidiary's responses to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Tor Project, Inc. and Subsidiary's response were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lindley & Associates LLC".

Lindley & Associates LLC
March 21, 2018

THE TOR PROJECT, INC. AND SUBSIDIARY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2016

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: _____ yes no

Significant deficiency(s) identified: yes _____ no

Noncompliance material to the financial statements noted? yes _____ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified: yes _____ no

Significant deficiency(s) identified _____ yes no

Type of auditors' report issued on compliance for major federal award programs: Modified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes _____ no

Identification of major programs (loans):

<u>CFDA Number (s)</u> 19.345	<u>Name of Federal Program or Cluster</u> International Programs to Support Democracy, Human Rights and Labor
----------------------------------	--

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee: _____ yes no

THE TOR PROJECT, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(continued)

SECTION 2 – FINANCIAL STATEMENT FINDINGS (SEE FOLLOWING SCHEDULE)

FINDING 2016-04

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (SEE FOLLOWING SCHEDULE)

FINDING 2016-01
FINDING 2016-02
FINDING 2016-03
FINDING 2016-05

SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

SECTION 2 – FINANCIAL STATEMENT FINDINGS

NONE

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**THE TOR PROJECT, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31 2016
(continued)**

FINDING	REPORTED UNDER	FINDING	CONDITION	CAUSE	CRITERIA	EFFECT	RECOMMENDATION	QUESTIONED COSTS	MANAGEMENT'S RESPONSE
2016-01	B	ALLOWABLE COSTS - COST ALLOCATION BETWEEN GRANTS	The Tor Project, Inc. recorded some costs as direct costs. Not all costs were charged proportionally to each grant, but billed up to the budgeted amount. For example, total rent expenses for September thru December 2016 were charged to the major grant. The amount charged for rent was less than the budgeted amount, but not in compliance with grant allocation criteria which requires indirect costs to be charged proportionately to all funded programs. We performed an estimated calculation of the amount of indirect costs billed by grouping costs billed as direct costs totaling \$258,000 and reallocating those costs proportionately to the individual grants (22% allocation to the major program) based on the percentage for the individual grant to revenue in total. From this calculations, we determined the under/over billing to the major program(s) and other federally funded programs. This was a systemic problem over all funded programs.	The Tor Project, Inc. has a procedure to allocate costs as direct and indirect, but did not follow the procedure consistently. To exhaust the "budgeted cost" line items for the major Federal Grant, certain costs were charged directly to the Federal Grant rather than following the established allocation method procedure used for other grants.	Uniform Guidance, Section 200.404, Allocable Costs. (b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs. (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit.	Grants were charged incorrectly for costs, some over charged and some under charged. The Major program(s) was overcharged \$34,879 in charges that must be allocated to other grant programs using a reasonable basis for allocation of indirect costs. Other federal programs were either undercharged, or overcharge, but which was below the \$25,000 questioned cost threshold.	We recommend costs are to be classified as direct and/or indirect. Costs benefiting more than one program and other functions of The Tor Project, Inc. must be allocated proportionately between programs.	\$ 34,879	Management agrees with the auditor's recommendation, and we will establish a better procedure to allocate costs as direct and indirect to ensure that we are charging our grants properly. By the end of fiscal year 2018 (June 30, 2018), we will review which costs must be classified as direct versus indirect under the Uniform Guidance, Section 200.404, and we will update the formulas we use to reflect what we learn. We will also make sure to allocate both direct and indirect costs proportionally between funded programs and to allocate indirect costs uniformly across grants between management & general costs.
2016-02	B	QUARTERLY PERFORMANCE AND FINANCIAL REPORTS NOT FILED TIMELY. THE DATA COLLECTION FORM TO THE FEDERAL CLEARINGHOUSE WAS NOT FILED WITHIN NINE MONTHS OF THE DUE DATE.	The major grant program requires quarterly performance and quarterly financial reports be filed timely each quarter so the grantor can monitor meeting the scope of work criteria and to remit timely payments. s. The Data Collection Form due no later than September 30, 2017, was not filed timely.	The Tor Project, Inc. failed to monitor the reporting deadlines required to file the performance monitoring reports and financial reports on a timely basis. The administrative office moved from one state to another during the audit period, thus prior monitoring procedures were disrupted.	US Dept of State Bureau/Program Specific Requirements, 1. Program reporting. Programs reports are due quarterly. The due date is always 30 days flowing the end of the calendar year quarter. 2. Financial reporting. Financial reports are due for each quarter the grant is active, even if only one day remains in the quarter. Uniform Guidance § 200.512 Report submission. (a) General. (1) The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor Tor Project, Inc.'s report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.	Quarterly performance reports were not filed timely. The financial report for fourth quarter 2016 was not filed timely.	We recommend federal reporting deadlines be tracked and monitored to follow grant reporting criteria. The Tor Project, Inc. must develop a comprehensive monitoring and evaluation plan that is consistent with program objectives and tracks both outputs and outcomes.		Management agrees with the auditor's recommendation, and we will do a better job of monitoring reporting deadlines required to file all performance monitoring reports and financial reports on a timely basis. During fiscal year 2017, we implemented a new grants management database tool, and we will continue to update and refine the information we enter there to assure that we are aware of all impending deadlines.
2016-03	B	ALLOWABLE COSTS - LEGAL EXPENSES	During audit procedures, we reviewed all billings from lawyers. The Tor Project, Inc. recorded all legal expenses from one attorney for services regarding an internal personnel issue to the major grant program as an expense for community relations. Legal costs are allowed for The Tor Project, Inc. to defend itself from criminal and civil proceedings, not for internal issues. This expense was not an allowable cost for this grant. In addition, the allowed budget categories do not include a "community relations" category. Further, the legal expenses were paid by another entity as an in-kind donation.	The Tor Project, Inc. did not follow the Uniform Guidance definition of allowable legal costs for the major program, but rather charged costs to an under billed budget line item, "Other Direct Costs". The Tor Project, Inc. requested this line item be amended in order to bill the entire legal expense.	Uniform Guidance § 200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.....costs incurred in connection with any criminal, civil or administrative proceeding ...are not allowable if the proceeding...(B) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of non-Federal entity liability.	Unallowed costs were charged to a major program(s).	We recommend review of Federally defined allowable costs by the program and accounting personnel to establish guidelines for charging only allowable program costs.	\$ 60,817	Management agrees with the auditor's recommendation, and we will do a better job of following the Uniform Guidance definitions of allowable costs. Effective immediately, the Tor Project's management and finance staff will review all costs to make sure they are allowable before they are charged to grants. Management and finance staff will also review the federal cost principles outlined in 2 CFR Section 200 on an annual basis and whenever they are unsure about whether a particular expense is allowable.

THE TOR PROJECT, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31 2016
(continued)

FINDING	REPORTED UNDER	FINDING	CONDITION	CAUSE	CRITERIA	EFFECT	RECOMMENDATION	QUESTIONED COSTS	MANAGEMENT'S RESPONSE	
2016-04	A	INTERNAL CONTROL - MONITORING - FAILURE TO OBTAIN CANCELLED CHECKS WITH BANK STATEMENT	Review of checks which have cleared the bank is not performed by supervisory personnel in conjunction of the review of the bank statement and bank reconciliation.	The Tor Project, Inc. had not requested copies of checks be returned with the bank account statements at the time the statements were issued by the bank. The importance of cancelled checks was underestimated in a paperless office environment.	2 CFR Part 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS Para 200.303 Internal controls (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).	Unauthorized transactions of cash disbursements or electronic funds transfers could occur without being detected. The Data Collection Form has not been filed according to federal regulations.	We recommend copies of checks clearing the bank and authorizations of electronic fund transfers be obtained monthly, retained under the record retention policy, and reviewed and approved by supervisory personnel documenting such review by initialing and dating the documentation reviewed.		Management agrees with the auditor's recommendation, and we now recognize the importance of retaining copies of canceled checks and authorizations of electronic fund transfers, even in the paperless office environment. We had been relying on the copies of the canceled checks available on our bank's website, but those copies became unavailable to us when we changed our bank account to another institution. During fiscal year 2017, we began downloading these records each month and retaining them under our record retention policy. We have also set up a system where supervisory personnel document their review and approval of bank statements and reconciliations each month by initialing and dating the documentation that has been reviewed.	
2016-05	B	ALLOWABLE COSTS - CASH DISBURSEMENTS	The Tor Project, Inc. billed legal expenses from one law firm that was hired to determine the legality of a fundraising question to a major program(s).	The Tor Project, Inc. did not follow the Uniform Guidance definition of costs and compare those definition(s) to allowable costs.	Uniform Guidance § 200.442 Fund raising and investment management costs. (a) Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Also reference criteria in 2016-03.	Unallowed costs were charged to a major program(s).	We recommend review of Federally defined allowable costs by program and accounting personnel to establish guidelines for allowable program costs.	\$ 4,506	Management agrees with the auditor's recommendation, and we will do a better job of following the Uniform Guidance definitions of allowable costs. Effective immediately, the Tor Project's management and finance staff will review all costs to make sure they are allowable before they are charged to grants. Management and finance staff will also review the federal cost principles outlined in 2 CFR Section 200 on an annual basis and whenever they are unsure about whether a particular expense is allowable.	
	A	FINANCIAL STATEMENT FINDINGS								
	B	FEDERAL AWARD FINDINGS AND QUESTIONED COSTS								
								TOTAL QUESTIONED COSTS	\$ 100,202	