

**ACCESS NOW, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Access Now, Inc.

We have audited the accompanying financial statements of Access Now, Inc. ("Access Now", the "Organization") which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Now, Inc. as of December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Lederer, Levine & Associates, LLC

August 13, 2015

ACCESS NOW, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents (Notes B and H)	\$ 342,096	\$ 732,594
Grants receivable, net (Notes B and C)	258,590	647,282
Prepaid expenses	13,280	60,557
Property and equipment (Notes B and D)	55,073	23,755
Other assets (Note E)	<u>12,133</u>	<u>20,263</u>
TOTAL ASSETS	<u>\$ 681,172</u>	<u>\$ 1,484,451</u>
 LIABILITIES		
Accounts payable and accrued expenses (Note J)	\$ 187,612	\$ 114,459
Deferred revenue (Note F)	<u>6,393</u>	<u>20,904</u>
TOTAL LIABILITIES	<u>194,005</u>	<u>135,363</u>
 COMMITMENTS AND CONTINGENCIES (Note J)		
 NET ASSETS		
Unrestricted (deficit) (Note K)	(282,864)	149,161
Temporarily restricted (Note I)	<u>770,031</u>	<u>1,199,927</u>
TOTAL NET ASSETS	<u>487,167</u>	<u>1,349,088</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 681,172</u>	<u>\$ 1,484,451</u>

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

ACCESS NOW, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions and grants (Notes B and C)	\$ 661,156	\$ 125,000	\$ 786,156	\$ 753,208	\$ 1,239,899	\$ 1,993,107
Swedish International Development Agency (Note H)		1,171,361	1,171,361		781,813	781,813
Program income (Note B)	100,817		100,817			
In kind contributions (Notes B and G)	18,996		18,996			
(Loss) on foreign currency conversions	(28,925)		(28,925)			
Other income	977		977	6,547		6,547
Net assets released from restrictions	1,726,257	(1,726,257)		1,011,997	(1,011,997)	
TOTAL SUPPORT AND REVENUE	<u>2,479,278</u>	<u>(429,896)</u>	<u>2,049,382</u>	<u>1,771,752</u>	<u>1,009,715</u>	<u>2,781,467</u>
EXPENSES:						
Program services	2,264,806		2,264,806	1,324,770		1,324,770
Management and general	506,855		506,855	174,229		174,229
Fundraising and development	139,642		139,642	62,159		62,159
TOTAL EXPENSES	<u>2,911,303</u>		<u>2,911,303</u>	<u>1,561,158</u>		<u>1,561,158</u>
Change in Net Assets	<u>(432,025)</u>	<u>(429,896)</u>	<u>(861,921)</u>	<u>210,594</u>	<u>1,009,715</u>	<u>1,220,309</u>
Net Assets - Beginning of Year	149,161	1,199,927	1,349,088	(61,433)	190,212	128,779
Net Assets - End of Year	<u>\$ (282,864)</u>	<u>\$ 770,031</u>	<u>\$ 487,167</u>	<u>\$ 149,161</u>	<u>\$ 1,199,927</u>	<u>\$ 1,349,088</u>

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

ACCESS NOW, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014		2013					
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 832,143	\$ 165,714	\$ 98,320	\$ 1,096,177	\$ 583,370	\$ 55,248	\$ 37,412	\$ 676,030
Payroll taxes and employee benefits	129,002	25,460	15,277	159,739	107,748	10,204	6,910	124,862
Total salaries and related costs	961,145	191,174	113,597	1,265,916	691,118	65,452	44,322	800,892
Grants expense	60,881			60,881	1,900			1,900
Program conference costs	367,778	923	13,021	381,722	27,307			27,307
Outside services	31,851	3,382		35,233	18,204	2,025		20,229
Occupancy costs (Note J)	50,946	74,706		125,652	55,978	8,929	1,904	66,811
International staff and related expenses	375,590	6,935	684	383,209	255,808	11,602		267,410
Computer and website (Note G)	57,750	3,212		60,962	21,175	4,432		26,466
Professional fees (Note G)	20,725	84,685		105,410	10,142	34,702	859	46,748
Design expenses	21,717	2,028		23,745	9,919	916		10,835
Travel and travel support	224,407	25,281	10,802	260,490	163,773	8,160	5,148	177,081
Meetings and conference hosting	2,140			2,140	5,019			5,019
Office supplies and expenses	7,731	18,416	147	26,294	10,350	8,610		18,960
Telecommunications	14,641	16,710	164	31,515	26,950	7,146	155	34,251
Insurance		6,122		6,122	4,888			4,888
Printing	4,359	6,001	143	10,503	3,533	201		3,734
Postage	2,953	741	117	3,811	940	112	144	1,196
Staff development	11,323	7,908		19,231	1,523	650		2,173
Web development (Note G)	39,882	6,353	180	46,415	10,763			10,763
Bank processing fees	4,660	8,696	787	14,143	870	6,166	523	7,559
Translation fees	1,118	184		1,302	2,399			2,399
Depreciation and amortization		18,792		18,792		11,233		11,233
Provision for doubtful accounts		17,585		17,585				
Fiscal sponsor fees							7,200	7,200
Miscellaneous	3,209	7,021		10,230	2,211	3,893		6,104
TOTAL EXPENSES	\$ 2,264,806	\$ 506,855	\$ 139,642	\$ 2,911,303	\$ 1,324,770	\$ 174,229	\$ 62,159	\$ 1,561,158

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

ACCESS NOW, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (861,921)	\$ 1,220,309
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	18,792	11,233
Provision for doubtful accounts	17,585	
Changes in Assets and Liabilities:		
Decrease (increase) in assets:		
Grants receivable	371,107	(474,531)
Prepaid expenses	47,277	(56,688)
Other assets	8,130	(13,763)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	73,153	46,816
Grants payable		(5,000)
Deferred revenue	(14,511)	20,904
Net Cash (Used) Provided by Operating Activities	<u>(340,388)</u>	<u>749,280</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	<u>(50,110)</u>	<u>(17,921)</u>
Net Cash Used by Investing Activities	<u>(50,110)</u>	<u>(17,921)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(390,498)	731,359
Cash and cash equivalents - beginning of year	<u>732,594</u>	<u>1,235</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 342,096</u>	<u>\$ 732,594</u>
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ -0-</u>	<u>\$ -0-</u>

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

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note A - Organization and Nature of Activities

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

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

Note B - Summary of Significant Accounting Policies

Basis of Accounting

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

Cash and Cash Equivalents

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

Grants Receivable

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

Restricted Contributions

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

Conditional Contributions

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

Estimates

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

Fair Value Measurements

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

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

Note B – Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. Access Now capitalizes property and equipment with a useful life of two years or more and a cost of \$1,000 or more.

Program Income

Represents registration fees at a conference presented by the Organization.

In-Kind Contributions

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

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statement through the date that the financial statements were available to be issued, which date is August 13, 2015.

Accounting for Uncertainty in Income Taxes

Access Now's accounting policy is to record liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. The Organization is no longer subject to examination by federal tax authorities for fiscal years prior to 2011.

Reclassification

Certain line items in the December 31, 2013 financial statements have been reclassified to conform to the December 31, 2014 presentation.

Note C – Grants Receivable

Grants receivable consist of the following as of December 31:

Unconditional promises to be collected in:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 276,175	\$ 412,630
One to five years		<u>242,630</u>
	<u>276,175</u>	655,260
Less: allowance for doubtful accounts	<u>(17,585)</u>	
	258,590	<u>655,260</u>
Less: present value discount		<u>(7,978)</u>
	<u>\$ 258,590</u>	<u>\$ 647,282</u>

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

Note D – Property and Equipment

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

	<u>2014</u>	<u>2013</u>
Equipment	\$ 74,120	\$ 63,299
Website	43,689	4,400
	<u>117,809</u>	<u>67,699</u>
Less: accumulated depreciation and amortization	<u>(62,736)</u>	<u>(43,944)</u>
	<u>\$ 55,073</u>	<u>\$ 23,755</u>

Note E – Other Assets

Other assets consist of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Security deposits	\$ <u>12,133</u>	\$ <u>20,263</u>

Note F – Deferred Revenue

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

Note G – In-Kind Contributions

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

	<u>2014</u>	<u>2013</u>
Professional fees	\$ 15,000	\$
Computer and website	3,502	
Web development	494	
	<u>\$ 18,996</u>	<u>\$</u>

Note H – Concentrations of Credit Risk

- 1) For the year ended December 31, 2014 approximately 59% and 21%, respectively, of Access Now's support and revenue was received from two contributors. For the year ended December 31, 2013 approximately 28% and 26%, respectively, of Access Now's support and revenue was received from two contributors.
- 2) Access Now maintains two bank accounts at a bank which is an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At December 31, 2014 and 2013, the uninsured cash balances amounted to \$88,981 and \$484,644, respectively. Management believes the credit risk related to these accounts to be minimal. The Organization maintains a foreign bank account with approximately \$12,000 which is not insured.

Note I – Temporarily Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Program restrictions	\$ 286,995	\$ 286,995
Program and time restrictions	527,401	427,672
Time restrictions	<u>242,630</u>	<u>485,260</u>
	<u>\$ 770,031</u>	<u>\$ 1,199,927</u>

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

Note J – Commitments and Contingencies

- 1) Access Now's lease for office space in NYC, NY expired in February, 2014. Current rental payments are \$4,000 per month on a month to month basis. The Organization also leases offices in various other locations including Washington, DC, Tunisia and Belgium. Occupancy costs amounted to \$114,427 and \$66,811 for the years ended December 31, 2014 and 2013, respectively. Approximate future minimum annual rental commitments under non-cancelable rental lease obligations are as follows:

For the years ended December 31, 2015	\$ 69,837
2016	70,313
2017	46,621

- 2) The Organization has a line of credit with a bank up to \$75,000 related to its credit card usage by various employees. At December 31, 2014 and 2013, approximately \$35,000 and \$17,000, respectively, was used. The line of credit balances are included in accounts and accrued expense payable on the statements of financial position.

Note K – Unrestricted (Deficit)

Calendar year 2014 included the development of some new and expanded global programs which were primarily funded by temporarily restricted funds. The unrestricted deficit as at December 31, 2014 is a matter of timing and not program type, and was eliminated in early 2015. Access Now is actively focusing on analyzing costs, streamlining operations to improve efficiencies, and developing new and enhanced unrestricted revenue streams according to its funding strategy.