

**ACCESS NOW, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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LEDERER, LEVINE & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

KENNETH J. LEDERER, CPA
STEVEN J. LEVINE, CPA
DEREK A. FLANAGAN, CPA

1099 WALL STREET WEST - SUITE 280
LYNDHURST, NEW JERSEY 07071
(201) 933-3780
(201) 933-3575 FAX

99 MADISON AVENUE - 11th FLOOR
NEW YORK, NEW YORK 10016
(800) 269-3457 (NYC)

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Access Now, Inc.

We have audited the accompanying statements of financial position of Access Now, Inc. ("Access Now", the "Organization") as of December 31, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Access Now's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Access Now, Inc. as of December 31, 2011 and 2010 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Lederer, Levine & Associates, LLC

New York, NY
September 19, 2012

ACCESS NOW, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents (Notes B and H)	\$ 96,485	\$ 69,268
Grants receivable (Note C)	133,800	15,000
Prepaid expenses	2,670	3,336
Property and equipment (Notes B and D)	24,964	24,763
Other assets (Note E)	<u>2,500</u>	<u>1,200</u>
TOTAL ASSETS	\$ <u>260,419</u>	\$ <u>113,567</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 78,778	\$ 78,834
Grants payable (Note F)	15,000	
Loan payable (Note G)	<u>5,000</u>	<u>5,000</u>
TOTAL LIABILITIES	<u>98,778</u>	<u>83,834</u>
 COMMITMENTS AND CONTINGENCIES (Note J)		
 NET ASSETS		
Unrestricted (deficit)	(7,827)	(45,267)
Temporarily restricted (Note I)	<u>169,468</u>	<u>75,000</u>
TOTAL NET ASSETS	<u>161,641</u>	<u>29,733</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>260,419</u>	\$ <u>113,567</u>

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

ACCESS NOW, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>			<u>2010</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE						
Contributions and grants (Notes B and C)	\$ 850,307	\$ 270,000	\$ 1,120,307	\$ 391,141	\$ 75,000	\$ 466,141
Program income (Note B)	19,937		19,937			
Other income	5,670		5,670			
Loss on foreign currency conversion	(161)		(161)	(216)		(216)
Net assets released from restrictions	<u>175,532</u>	<u>(175,532)</u>				
TOTAL SUPPORT AND REVENUE	<u>1,051,285</u>	<u>94,468</u>	<u>1,145,753</u>	<u>390,925</u>	<u>75,000</u>	<u>465,925</u>
EXPENSES:						
Program services	861,915		861,915	333,570		333,570
Management and general	106,972		106,972	80,378		80,378
Fundraising and development	44,958		44,958	24,481		24,481
TOTAL EXPENSES	<u>1,013,845</u>		<u>1,013,845</u>	<u>438,429</u>		<u>438,429</u>
Change in Net Assets	<u>37,440</u>	<u>94,468</u>	<u>131,908</u>	<u>(47,504)</u>	<u>75,000</u>	<u>27,496</u>
Net Assets - Beginning of Year	<u>(45,267)</u>	<u>75,000</u>	<u>29,733</u>	<u>2,237</u>		<u>2,237</u>
Net Assets- End of Year	<u>\$ (7,827)</u>	<u>\$ 169,468</u>	<u>\$ 161,641</u>	<u>\$ (45,267)</u>	<u>\$ 75,000</u>	<u>\$ 29,733</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, 2011 AND 2010

	2011				2010			
	Program Services	Mangement and General	Fundraising and Development	Total	Program Services	Mangement and General	Fundraising and Development	Total
Salaries	\$ 295,731	\$ 35,106	\$ 33,335	\$ 364,172	\$ 104,693	\$ 10,437	\$ 8,188	\$ 123,318
Payroll taxes and employee benefits	46,839	5,768	5,072	57,679	13,068	1,273	1,052	15,393
Total salaries and related costs	342,570	40,874	38,407	421,851	117,761	11,710	9,240	138,711
Grants distribution	80,000			80,000				
Miscellaneous professional fees	1,513	81	16	1,610	89,188	1,002	10,021	100,211
Web development expenses	10,883	579	116	11,578	5,429	61	610	6,100
Design expenses	10,222	544	108	10,874	2,726	31	307	3,064
Translation expenses	2,009	107	21	2,137				-
Special Project expenses	70,476	3,749	749	74,974	14,053	158	1,579	15,790
International staff expenses	56,781	3,020	604	60,405				-
Computer and website expenses	33,250	135		33,385	57,451	50		57,501
Professional fees		32,194		32,194		34,616		34,616
Travel and travel support expenses	92,608	2,516	1,439	96,563	18,779	14,108	1,078	33,965
Meetings and conference hosting	107,039			107,039	1,312			1,312
Occupancy costs	20,772	3,168	1,639	25,579	1,940	865	199	3,004
Fiscal sponsor fees		7,500		7,500		6,600		6,600
Office supplies and expenses	5,132	783	405	6,320	5,234	522	409	6,165
Insurance	375	2,624		2,999	121	847		968
Telecommunications	8,587	1,310	678	10,575	5,196	518	406	6,120
Printing	5,839	9	16	5,864	257	26	20	303
Postage	1,753	325		2,078	289	27		316
Staff development	727	102		829		465		465
Bank processing fees		3,503		3,503		3,332		3,332
Depreciation and amortization	9,637	1,470	760	11,867	3,962	496	495	4,953
Miscellaneous	1,742	2,379		4,121	9,872	4,944	117	14,933
TOTAL EXPENSES	\$ 861,915	\$ 106,972	\$ 44,958	\$ 1,013,845	\$ 333,570	\$ 80,378	\$ 24,481	\$ 438,429

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

ACCESS NOW, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 131,908	\$ 27,496
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,867	4,953
Changes in Assets and Liabilities:		
Increase (decrease) in assets:		
Grants receivable	(118,800)	(15,000)
Prepaid expenses	666	(3,336)
Other assets	(1,300)	(1,200)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(56)	78,834
Grants payable	15,000	
Net Cash Provided by Operating Activities	<u>39,285</u>	<u>91,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	<u>(12,068)</u>	<u>(29,716)</u>
Net Cash Used by Investing Activities	<u>(12,068)</u>	<u>(29,716)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of loan payable		<u>5,000</u>
Net Cash Provided by Financing Activities		<u>5,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,217	67,031
Cash and cash equivalents - beginning of year	<u>69,268</u>	<u>2,237</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 96,485</u>	<u>\$ 69,268</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, 2011 AND 2010

Note A - Organization and Nature of Activities

Access Now, Inc. ("Access Now") 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 has applied for income tax exemption with the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The application is pending as of the date of this report.

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.

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.

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.

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note B – Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statement through the date that the financial statements were available to be issued, which date is September 19, 2012.

Accounting for Uncertainty in Income Taxes

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

Reclassification

Certain line items in the December 31, 2010 financial statements have been reclassified to conform to the December 31, 2011 presentation.

Note C – Grants Receivable

Grants receivable consist of the following as of December 31:

Unconditional promises to be collected in:

	<u>2011</u>	<u>2010</u>
Less than one year	\$ <u>133,800</u>	\$ <u>15,000</u>

Note D – Property and Equipment

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

	<u>2011</u>	<u>2010</u>
Equipment	\$ 37,384	\$ 29,716
Website	<u>4,400</u>	<u> </u>
	41,784	29,716
Less: accumulated depreciation and amortization	<u>(16,820)</u>	<u>(4,953)</u>
	\$ <u>24,964</u>	\$ <u>24,763</u>

Note E – Other Assets

Other assets consist of the following as of December 31:

	<u>2011</u>	<u>2010</u>
Security deposits	\$ <u>2,500</u>	\$ <u>1,200</u>

Note F – Grants Payable

Grants payable consists of the following as of December 31:

	<u>2011</u>	<u>2010</u>
Payable in less than one year	\$ <u>15,000</u>	\$ <u> </u>

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note G – Loan Payable

During 2010 an interest free loan was made by a board member. At December 31, 2011 the outstanding balance on the loan amounted to \$5,000. The loan has no maturity date.

Note H – Concentrations of Credit Risk

- 1) For the year ended December 31, 2011 approximately 56% of Access Now's support and revenue was received from two contributors. For the year ended December 31, 2010 approximately 45% 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. This limit will be in effect through December 31, 2013. At December 31, 2011 and 2010, there were no uninsured cash balances.

Note I – Temporarily Restricted Net Assets

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

	<u>2011</u>	<u>2010</u>
Program restrictions	\$ 50,668	\$ 60,000
Program and time restrictions	118,800	15,000
	<u>\$ 169,468</u>	<u>\$ 75,000</u>

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Note J – Commitments and Contingencies

From November 2010 through February 2012, the Organization had a month to month sub-lease for office space in New York City, NY. Payments were \$1,000 per month. On February 6, 2012, Access Now entered into a lease for new office space in NYC, NY. Payments are \$4,000 per month and the lease expires on February 5, 2013. Occupancy costs amounted to \$25,579 and \$3,004 for the years ended December 31, 2011 and 2010, respectively.

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