

**ACCESS NOW, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Access Now, Inc.

We have audited the accompanying statement of financial position of Access Now, Inc. ("Access Now") as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the year 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 audit.

We conducted our audit 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 audit 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, 2010 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lederer, Levine & Associates, LLC
Lederer, Levine & Associates, LLC

New York, NY
October 19, 2011

ACCESS NOW, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

ASSETS

Cash and cash equivalents (Notes B and G)	\$ 69,268
Grant receivable (Note C)	15,000
Prepaid expenses	3,336
Property and equipment (Notes B and D)	24,763
Other assets (Note E)	<u>1,200</u>
TOTAL ASSETS	\$ <u>113,567</u>

LIABILITIES

Accrued expenses payable	\$ 78,834
Loan payable (Note F)	<u>5,000</u>
TOTAL LIABILITIES	<u>83,834</u>

COMMITMENTS AND CONTINGENCIES (Note I)

NET ASSETS

Unrestricted (deficit)	(45,267)
Temporarily restricted (Note H)	<u>75,000</u>
TOTAL NET ASSETS	<u>29,733</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>113,567</u>

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

**ACCESS NOW, INC.
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants (Notes B and C)	\$ 391,141	\$ 75,000	\$ 466,141
Loss on foreign currency conversion	<u>(216)</u>		<u>(216)</u>
TOTAL SUPPORT AND REVENUE	<u>390,925</u>	<u>75,000</u>	<u>465,925</u>
EXPENSES:			
Program services	330,483		330,483
Management and general	82,388		82,388
Fundraising and development	<u>25,558</u>		<u>25,558</u>
TOTAL EXPENSES	<u>438,429</u>		<u>438,429</u>
Change in Net Assets	<u>(47,504)</u>	<u>75,000</u>	<u>27,496</u>
Net Assets - Beginning of Year	<u>2,237</u>		<u>2,237</u>
Net Assets- End of Year	<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.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Program Services</u>	<u>Mangement and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 104,693	\$ 10,437	\$ 8,188	\$ 123,318
Payroll taxes and employee benefits	<u>13,068</u>	<u>1,273</u>	<u>1,052</u>	<u>15,393</u>
Total salaries and related costs	117,761	11,710	9,240	138,711
Consulting and outside services	121,229	1,730	13,205	136,164
Computer and website expenses	59,228	3,296	1,099	63,623
Professional fees		34,616		34,616
Travel and related expenses	18,750	14,108	1,078	33,936
Fiscal sponsor fees		6,600		6,600
Office supplies and expenses	1,862	3,074		4,936
Meetings and conferences	2,804	387		3,191
Occupancy costs	1,940	865	199	3,004
Insurance	242	484	242	968
Depreciation	3,962	496	495	4,953
Bank fees		3,332		3,332
Miscellaneous	<u>2,705</u>	<u>1,690</u>		<u>4,395</u>
TOTAL EXPENSES	\$ <u>330,483</u>	\$ <u>82,388</u>	\$ <u>25,558</u>	\$ <u>438,429</u>

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

**ACCESS NOW, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	27,496
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		4,953
Changes in Assets and Liabilities:		
Increase (decrease) in assets:		
Grant receivable		(15,000)
Prepaid expenses		(3,336)
Security deposits		(1,200)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		78,834
Net Cash Provided by Operating Activities		<u>91,747</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Property and equipment acquisitions		<u>(29,716)</u>
Net Cash Used by Investing Activities		<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

67,031

Cash and cash equivalents - beginning of year

2,237

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 69,268

Supplementary Disclosure of Cash Flow Information:

Cash paid during the year for interest	\$	<u><u>0</u></u>
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The accompanying notes are an integral part of these financial statements.

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note A - Organization and Nature of Activities

Access Now, Inc. ("Access Now") is a global movement that believes political participation and the realization of human rights in the 21st century is increasingly dependent on access to the internet and other forms of new technology. Founded in the wake of the 2009 Iranian post-election crackdown, Access Now teams with digital activists and civil society groups internationally to build their technical capacity and to help them advocate globally for their digital rights. We provide technical support, thought leadership and practical policy recommendations in the field of internet freedom, and mobilizes its global movement of citizens to campaign for an open internet accessible to all.

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.

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. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives.

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 October 19, 2011.

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.

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

Note C – Grants Receivable -

Grants receivable consist of the following as of December 31, 2010:

Unconditional promises to be collected in:

Less than one year		\$ <u>15,000</u>
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Note D – Property and Equipment

Property and equipment consist of the following as of December 31, 2010:

Equipment		\$ 29,718
Less: accumulated depreciation		<u>4,953</u>
		\$ <u>24,763</u>

Depreciation expense amounted to \$4,953 for the year ended December 31, 2010.

Note E – Other Assets

Other assets consist of the following as of December 31, 2010:

Security deposits		\$ <u>1,200</u>
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Note F – Loan Payable

This represents a loan to the Organization by a Board member.		\$ <u>5,000</u>
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Note G – Concentrations of Credit Risk

- 1) 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 one 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, 2010, there were no uninsured cash balances.

Note H – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2010:

Program restrictions		\$ 60,000
Program and time restrictions		<u>15,000</u>
		\$ <u>75,000</u>

Note I – Commitments and Contingencies

The Organization has entered into a month to month sub-lease for office space in New York City, NY at a monthly cost of \$1,000 beginning November 2010.

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