

**ACCESS NOW, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**ACCESS NOW, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8

LEDERER, LEVINE & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

1099 WALL STREET WEST - SUITE 280
LYNDHURST, NEW JERSEY 07071
(201) 933-3780
(201) 933-3175 FAX

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

149 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 financial statements of Access Now, Inc. ("Access Now", the "Organization") which comprise the statements of financial position as of December 31, 2012 and 2011, 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

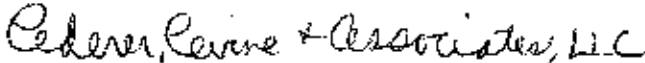
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2012 and 2011 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

November 15, 2013

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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, 2011. Effective January 1, 2012, 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.

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.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents (Notes B and H)	\$ 1,235	\$ 96,485
Grants receivable (Note C)	172,751	133,800
Prepaid expenses	3,869	2,670
Property and equipment (Notes B and D)	17,067	24,964
Other assets (Note E)	<u>6,500</u>	<u>2,500</u>
TOTAL ASSETS	\$ <u>201,422</u>	\$ <u>260,419</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 67,643	\$ 78,778
Grants payable (Note F)	5,000	15,000
Loan payable (Note G)	<u> </u>	<u>5,000</u>
TOTAL LIABILITIES	<u>72,643</u>	<u>98,778</u>
 COMMITMENTS AND CONTINGENCIES (Note J)		
 NET ASSETS		
Unrestricted (deficit) (Note K)	(61,433)	(7,827)
Temporarily restricted (Note I)	<u>190,212</u>	<u>169,468</u>
TOTAL NET ASSETS	<u>128,779</u>	<u>161,641</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>201,422</u>	\$ <u>260,419</u>

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

ACCESS NOW, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012		2011	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
SUPPORT AND REVENUE				
Contributions and grants (Notes B and C)	\$ 365,775	\$ 885,658	\$ 850,307	\$ 270,000
Program income (Note B)	3,781	3,781	19,937	19,937
Other income	1,910	1,910	5,670	5,670
Loss on foreign currency conversion			(161)	(161)
Net assets released from restrictions	<u>864,914</u>	<u>(864,914)</u>	<u>175,532</u>	<u>(175,532)</u>
TOTAL SUPPORT AND REVENUE	<u>1,236,380</u>	<u>20,744</u>	<u>1,051,285</u>	<u>94,468</u>
				<u>1,145,753</u>
EXPENSES:				
Program services	1,011,038		861,915	861,915
Management and general	209,014		106,972	106,972
Fundraising and development	69,934		44,958	44,958
TOTAL EXPENSES	<u>1,289,986</u>		<u>1,013,845</u>	<u>1,013,845</u>
Change in Net Assets	<u>(53,606)</u>	<u>20,744</u>	<u>37,440</u>	<u>94,468</u>
Net Assets - Beginning of Year	<u>(7,827)</u>	<u>169,468</u>	<u>(45,267)</u>	<u>75,000</u>
Net Assets- End of Year	<u>\$ (61,433)</u>	<u>\$ 190,212</u>	<u>\$ (7,827)</u>	<u>\$ 169,468</u>
				<u>\$ 161,641</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, 2012 AND 2011

	2012				2011			
	Program Services	Mangement and General	Fundraising and Development	Total	Program Services	Mangement and General	Fundraising and Development	Total
Salaries	\$ 420,108	\$ 57,659	\$ 37,923	\$ 515,690	\$ 286,731	\$ 35,106	\$ 33,335	\$ 364,172
Payroll taxes and employee benefits	86,393	10,381	5,957	103,731	46,839	5,768	5,072	57,679
Total salaries and related costs	486,501	68,040	43,880	597,421	342,570	40,874	38,407	421,851
Grants distribution	100,000			100,000	80,000			80,000
Special project expenses	82,585	300		82,885	70,476	3,749	749	74,974
Outside services	41,523	5,775	20,662	67,960	1,513	81	16	1,610
Design expenses	15,322		17	15,339	10,222	544	108	10,874
International staff expenses	72,362			72,362	56,781	3,020	604	60,405
Computer and website expenses	24,552	1,716		26,267	33,250	135		33,385
Professional fees		65,277		65,277	32,194	32,194		32,194
Travel and travel support expenses	117,598	5,131	5,282	128,011	92,608	2,516	1,439	96,563
Meetings and conference hosting	16,040			16,040	107,039			107,039
Occupancy costs (Note J)	24,216	22,000		46,216	20,772	3,168	1,639	25,579
Office supplies and expenses	3,199	4,450		7,649	5,132	783	405	6,320
Insurance	6,182	4,449	47	10,678	375	2,624		2,999
Telecommunications	5,450	8,074		14,256	8,987	1,310	678	10,575
Printing	269	116		385	5,839	9	16	5,864
Postage	1,697	329	46	2,072	1,753	325		2,078
Staff development	147	75		222	727	102		829
Bank processing fees		4,339		4,339		3,503		3,503
Depreciation and amortization		15,891		15,891	9,637	1,470	760	11,867
Web development expenses	8,892	421		9,313	10,883	579	116	11,578
Miscellaneous	1,744	2,632		4,376	1,742	2,379		4,121
Translation expenses	2,859			2,859	2,009	107	21	2,137
Fiscal sponsor fees	900			900		7,500		7,500
TOTAL EXPENSES	\$ 1,011,038	\$ 209,014	\$ 69,934	\$ 1,289,986	\$ 861,915	\$ 106,972	\$ 44,958	\$ 1,013,845

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

ACCESS NOW, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (32,862)	\$ 131,908
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	15,891	11,867
Changes in Assets and Liabilities:		
(Increase) decrease in assets:		
Grants receivable	(38,951)	(118,800)
Prepaid expenses	(1,199)	666
Other assets	(4,000)	(1,300)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(11,135)	(56)
Grants payable	<u>(10,000)</u>	<u>15,000</u>
Net Cash (Used) Provided by Operating Activities	<u>(82,256)</u>	<u>39,285</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	<u>(7,994)</u>	<u>(12,068)</u>
Net Cash Used by Investing Activities	<u>(7,994)</u>	<u>(12,068)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of loan payable	<u>(5,000)</u>	<u> </u>
Net Cash Used by Financing Activities	<u>(5,000)</u>	<u> </u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(95,250)	27,217
Cash and cash equivalents - beginning of year	<u>96,485</u>	<u>69,268</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,235</u>	<u>\$ 96,485</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, 2012 AND 2011
(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 November 15, 2013.

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 2009.

Reclassification

Certain line items in the December 31, 2011 financial statements have been reclassified to conform to the December 31, 2012 presentation.

Note C – Grants Receivable

Grants receivable consist of the following as of December 31:

Unconditional promises to be collected in:

	<u>2012</u>	<u>2011</u>
Less than one year	\$ <u>172,751</u>	\$ <u>133,800</u>

Note D – Property and Equipment

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

	<u>2012</u>	<u>2011</u>
Equipment	\$ 45,378	\$ 37,384
Website	<u>4,400</u>	<u>4,400</u>
	49,778	41,784
Less: accumulated depreciation and amortization	<u>(32,711)</u>	<u>(16,820)</u>
	\$ <u>17,067</u>	\$ <u>24,964</u>

Note E – Other Assets

Other assets consist of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Security deposits	\$ <u>6,500</u>	\$ <u>2,500</u>

Note F – Grants Payable

Grants payable consists of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Payable in less than one year	\$ <u>5,000</u>	\$ <u>15,000</u>

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)

Note G – Loans Payable

During 2010, a \$5,000 interest free loan was made by a Board member. The loan was repaid in full during 2012.

Note H – Concentrations of Credit Risk

- 1) For the year ended December 31, 2012 approximately 28% and 20%, respectively, of Access Now's support and revenue was received from two contributors. For the year ended December 31, 2011 approximately 24% 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, 2012 and 2011, there were no uninsured cash balances.

Note I – Temporarily Restricted Net Assets

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

	<u>2012</u>	<u>2011</u>
Program restrictions	\$ 107,037	\$ 50,668
Program and time restrictions	83,175	118,800
	<u>\$ 190,212</u>	<u>\$ 169,468</u>

Note J – Commitments and Contingencies

On February 6, 2012, Access Now entered into a lease for new office space in NYC, NY. Payments were \$4,000 per month and the lease expired on February 5, 2013. The Organization is currently paying rent on a month to month basis. Occupancy costs amounted to \$46,216 and \$25,579 for the years ended December 31, 2012 and 2011, respectively.

Note K – Unrestricted Net Deficit

As indicated in the accompanying financial statements, Access Now has a deficiency in unrestricted net assets of \$61,433 and \$7,827 as of December 31, 2012 and 2011, respectively. The Organization has taken measures in 2013 to address the deficit through the reduction of costs and increases in revenues.