

**ACCESS NOW, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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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, 2013 and 2012, 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

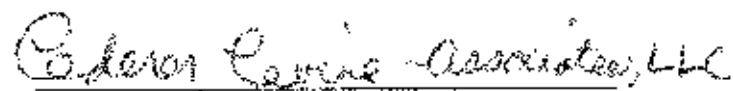
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2013 and 2012 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

May 23, 2014

ACCESS NOW, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents (Notes B and H)	\$ 732,594	\$ 1,235
Grants receivable, net (Notes B and C)	647,282	172,751
Prepaid expenses	60,557	3,869
Property and equipment (Notes B and D)	23,755	17,067
Other assets (Note E)	<u>20,263</u>	<u>6,500</u>
TOTAL ASSETS	\$ <u>1,484,451</u>	\$ <u>201,422</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 114,459	\$ 67,643
Grants payable (Note F)		5,000
Deferred revenue (Note G)	<u>20,904</u>	<u> </u>
TOTAL LIABILITIES	<u>135,363</u>	<u>72,643</u>
 COMMITMENTS AND CONTINGENCIES (Note J)		
 NET ASSETS		
Unrestricted (deficit)	149,161	(61,433)
Temporarily restricted (Note I)	<u>1,199,927</u>	<u>190,212</u>
TOTAL NET ASSETS	<u>1,349,088</u>	<u>128,779</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,484,451</u>	\$ <u>201,422</u>

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

ACCESS NOW, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		2012	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
SUPPORT AND REVENUE				
Contributions and grants (Notes B and C)	\$ 753,208	\$ 1,238,899	\$ 365,775	\$ 865,658
International Development Agency Income (Note H)		781,813		
Program income (Note B)			3,781	3,781
Other income	6,547		1,910	1,910
Net assets released from restrictions	1,013,997	(1,011,997)	864,914	(864,914)
TOTAL SUPPORT AND REVENUE	<u>1,771,752</u>	<u>1,009,715</u>	<u>1,236,380</u>	<u>20,744</u>
				<u>1,257,124</u>
EXPENSES:				
Program services	1,324,770		1,011,034	1,011,034
Management and general	174,229		209,018	209,018
Fundraising and development	62,159		69,934	69,934
TOTAL EXPENSES	<u>1,561,158</u>		<u>1,289,986</u>	<u>1,289,986</u>
Change in Net Assets	210,594	1,009,715	(53,606)	20,744
Net Assets - Beginning of Year	(61,433)	190,212	(7,827)	169,468
Net Assets- End of Year	<u>\$ 149,161</u>	<u>\$ 1,199,927</u>	<u>\$ (61,433)</u>	<u>\$ 190,212</u>
				<u>\$ 128,779</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, 2013 AND 2012

	2013		2012					
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 583,370	\$ 55,248	\$ 37,412	\$ 676,030	\$ 420,108	\$ 57,659	\$ 37,923	\$ 515,690
Payroll taxes and employee benefits	107,748	10,294	8,910	124,862	65,393	10,381	5,957	81,731
Total salaries and related costs	691,118	65,452	44,322	800,892	485,501	68,040	43,880	597,421
Grants distribution	1,900			1,900	100,000			100,000
Special project expenses	27,307			27,307	82,585	300		82,885
Outside services	18,204	2,025		20,229	41,523	5,776	20,662	67,960
Design expenses	9,919	916		10,835	13,385			13,385
International staff and related expenses	258,608	11,602		267,410	72,362			72,362
Computer and website expenses	21,175	4,432	859	26,466	8,257	1,718		9,975
Professional fees	10,142	34,702	1,904	46,748	65,277	65,277		128,011
Travel and travel support expenses	163,773	8,160	5,148	177,081	117,598	5,131	5,282	128,011
Meetings and conference hosting	5,019			5,019	16,040			16,040
Occupancy costs (Note J)	55,978	8,929	1,904	66,811	24,216	22,060		46,216
Office supplies and expenses	10,350	8,610		18,960	3,199	4,450	47	7,696
Telecommunications	26,950	7,146	155	34,251	22,474	8,074		30,548
Insurance	4,898			4,888	4,449	4,449		4,449
Printing	3,533	201		3,734	5,450	116		5,566
Postage	940	112	144	1,196	269	328	46	644
Staff development	1,523	650		2,173	1,697	75		1,772
Depreciation and amortization		11,233		11,233		15,891		15,891
Web development expenses	10,763			10,763	10,848	421	17	11,286
Bank processing fees	870	6,166	523	7,559	147	4,339		4,486
Translation expenses	2,399			2,399	2,859			2,859
Fiscal sponsor fees			7,200	7,200	900			900
Miscellaneous	2,211	3,893		6,104	1,744	2,633		4,377
TOTAL EXPENSES	\$ 1,324,770	\$ 174,229	\$ 62,159	\$ 1,561,158	\$ 1,011,034	\$ 208,018	\$ 69,934	\$ 1,289,998

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

ACCESS NOW, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,220,309	\$ (32,862)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	11,233	15,891
Changes in Assets and Liabilities:		
(Increase) decrease in assets:		
Grants receivable	(474,531)	(38,951)
Prepaid expenses	(56,688)	(1,199)
Other assets	(13,763)	(4,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	46,816	(11,135)
Grants payable	(5,000)	(10,000)
Deferred revenue	<u>20,904</u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>749,280</u>	<u>(82,256)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	<u>(17,921)</u>	<u>(7,994)</u>
Net Cash Used by Investing Activities	<u>(17,921)</u>	<u>(7,994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of loan payable	<u> </u>	<u>(5,000)</u>
Net Cash Used by Financing Activities	<u> </u>	<u>(5,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	731,359	(95,250)
Cash and cash equivalents - beginning of year	<u>1,235</u>	<u>96,485</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 732,594</u>	<u>\$ 1,235</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, 2013 AND 2012

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, 2012. Effective January 1, 2013, 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 the present value of their estimated future cash flows, unless management deems such discount to be immaterial to the financial statements.

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.

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

Note B – Summary of Significant Accounting Policies (continued)

Program Income

Represents registration fees at a conference presented by the Organization.

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 May 23, 2014.

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 2010.

Reclassification

Certain line items in the December 31, 2012 financial statements have been reclassified to conform to the December 31, 2013 presentation.

Note C – Grants Receivable

Grants receivable consist of the following as of December 31:

Unconditional promises to be collected in:

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 412,630	\$ 172,751
One to five years	<u>242,630</u>	<u> </u>
	655,260	172,751
Less: present value discount	<u>(7,978)</u>	<u> </u>
	<u>\$ 647,282</u>	<u>\$ 172,751</u>

Note D – Property and Equipment

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

	<u>2013</u>	<u>2012</u>
Equipment	\$ 63,299	\$ 45,378
Website	<u>4,400</u>	<u>4,400</u>
	67,699	49,778
Less: accumulated depreciation and amortization	<u>(43,944)</u>	<u>(32,711)</u>
	<u>\$ 23,755</u>	<u>\$ 17,067</u>

Note E – Other Assets

Other assets consist of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Security deposits	\$ <u>20,263</u>	\$ <u>6,500</u>

ACCESS NOW, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

Note F – Grants Payable

Grants payable consists of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Payable in less than one year	\$ <u> </u>	\$ <u>5,000</u>

Note G – Deferred Revenue

Deferred revenue consists of payments received for the 2013 conference that was rescheduled to 2014.

Note H – Concentrations of Credit Risk

- 1) For the year ended December 31, 2013 approximately 28% and 26%, respectively, of Access Now's support and revenue was received from two contributors. For the year ended December 31, 2012 approximately 28% and 20%, 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, 2013 and 2012, the uninsured cash balances amounted to \$484,644 and \$-0-, respectively. Management believes the credit risk related to these accounts to be minimal.

Note I – Temporarily Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Program restrictions	\$ 286,995	\$ 107,037
Program and time restrictions	427,672	83,175
Time restrictions	<u>485,260</u>	<u> </u>
	<u>\$ 1,199,927</u>	<u>\$ 190,212</u>

Note J – Commitments and Contingencies

Access Now's lease for office space in NYC, NY expired in February, 2013. 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 \$66,811 and \$46,216 for the years ended December 31, 2013 and 2012, respectively. Approximate future minimum annual rental commitments under non-cancelable rental lease obligations are as follows:

For the years ended December 31, 2014	\$ 42,100
2015	<u>7,000</u>
	<u>\$ 49,100</u>