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ACCESS POWER INC
Form 10KSB/A
December 06, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB/A No. 7

/X/ Annual Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2000

/ / Transition Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Commission File Number ____-_____

ACCESS POWER, INC.
(Name of Small Business Issuer in its Charter)

Florida

59-3420985

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

10033 Sawgrass Dr., W, Ponte Vedra Beach, FL 32082

(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: (904) 273-2980

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: None

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. /X/

State issuer's revenues for its most recent fiscal year. \$341,370

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock as of a specified date within the past 60 days: As of March 16, 2001 there were 74,358,413 shares of Common Stock outstanding held by non-affiliates of the issuer, with an aggregate value of \$4,461,504.78 (based upon a value of \$0.06 per share, the average of the high and low bid price of the Common Stock on March 16, 2001)

At March 16, 2001, there were issued and outstanding 87,527,913

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shares of Common Stock.

Transitional Small Business Disclosure Format (check one): Yes / / No /x/

DOCUMENTS INCORPORATED BY REFERENCE

None.

PART II

ITEM 7. FINANCIAL STATEMENTS

The revised financial statements and the independent auditor's report are included in this report beginning at page F-1.

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ACCESS POWER, INC.
(A Development Stage Company)
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Independent Auditors' Report

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The Board of Directors
Access Power, Inc.:

We have audited the accompanying balance sheets of Access Power, Inc. (a development stage company) as of December 31, 2000 and 1999, and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the cumulative period from October 10, 1996 (date of inception) through December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Power, Inc. (a development stage company) as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended, and the cumulative period from October 10, 1996 (date of inception) through December 31, 2000, in conformity with generally accepted accounting principles.

The financial statements for the years ended December 31, 2000 and 1999 and for the cumulative period from October 10, 1996 through December 31, 2000 have been restated for a prior period adjustment for the effect of the beneficial conversion feature of convertible debentures and warrants as disclosed in note 8.

/s/ PARKS, TSCHOPP, WHITCOMB & ORR, P.A.

March 13, 2001, except for note 8 which the date is December 5, 2001
Maitland, Florida

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ACCESS POWER, INC.
(A Development Stage Company)

BALANCE SHEETS

December 31, 2000 and 1999

ASSETS

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	2000 (Restated)

Current assets:	
Cash	\$ 15,452
Certificate of deposit	100,000
Accounts receivable	56,312
Prepaid expenses	560,993
Inventory	-

Total current assets	732,757

Property and equipment, net (note 2)	721,724
Other assets	8,000

Total assets	\$ 1,462,481
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	

Current liabilities:	
Accounts payable and accrued expenses	2,154,321
Current portion of long-term debt	112,576

Total current liabilities	2,266,897

Long-term debt, less current portion (note 3)	-
Convertible debentures (note 4)	210,000

Total liabilities	2,476,897

Stockholders' equity:	
Common stock, \$.001 par value, authorized 100,000,000 shares, issued and outstanding 53,089,389 and 31,248,253 shares in 2000 and 1999	53,087
Notes receivable, stockholders	(402,315)
Preferred stock, \$.001 par value, authorized 10,000,000 shares, issued and outstanding none and 3,952 shares in 2000 and 1999	-
Additional paid in capital	12,000,011
Deficit accumulated during the development stage	(12,665,199)

	(1,014,416)

Commitments (notes 3 and 4)	

Total liabilities and stockholders' equity	\$ 1,462,481
	=====

See accompanying notes to financial statements.

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STATEMENTS OF OPERATIONS

For the years ended December 31, 2000 and 1999 and the cumulative period

	2000 (Restated)	1999 (Restated)
	-----	-----
Revenue:		
Product sales	\$ -	9
Services	341,370	170
	-----	-----
Total revenue	341,370	180
	-----	-----
Costs and expenses:		
Cost of services	1,438,776	328
Cost of sales	-	2
Product development and marketing	1,279,330	687
General and administrative	2,504,206	1,642
	-----	-----
Total costs and expenses	5,222,312	2,660
	-----	-----
Loss from operations	(4,880,942)	(2,480)
Other income (expense):		
Interest income	82	
Interest expense (note 8)	(2,428,915)	(370)
Loss on disposal of equipment	-	(6)
	-----	-----
Total other income (expense)	(2,428,833)	(377)
Net loss	\$ (7,309,755)	\$ (2,858)
	=====	=====
Net loss per share	\$ (0.16)	\$ (
	=====	=====
Weighted average number of shares	46,408,006	25,174
	=====	=====

See accompanying notes to financial statements.

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ACCESS POWER, INC.
(A Development Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY

For the years ended December 31, 2000 and 1999 and the period from October
(date of inception) through December 31, 2000

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		COMMON STOCK	
		-----	-----
	DATE	SHARES	AMOUNT
		-----	-----
Common stock issued to founding directors		8,000,000	8,000
Net loss		--	--
		-----	-----
Balances at December 31, 1996		8,000,000	8,000
Common stock issued for cash	5/23/97	750,000	750
Common stock issued for cash	6/30/97	1,000,000	1,000
Common stock issued for cash	7/97 - 10/97	1,734,000	1,734
Stock issuance cost		--	--
Net loss		--	--
		-----	-----
Balances at December 31, 1997		11,484,000	11,484
		-----	-----
Preferred stock issued for cash	5/98	--	--
Common stock issued as additional interest	2/2/98	50,000	50
Common stock issued as additional interest	2/19/98	125,000	125
Common stock issued as finder's fee	2/19/98	75,000	75
Common stock issued for services	2/98	25,000	25
Common stock issued for cash	9/24/98	50,000	50
Preferred stock issued for cash	11/98	--	--
Common stock issued for finder's fee	11/98	60,857	61
Preferred stock issued for cash	12/98	--	--
Common stock issued for investment banking fee	12/98	30,000	30
Conversion of preferred stock to common stock	12/98	425,931	426
Net loss		--	--
		-----	-----
Balances at December 31, 1998		12,325,788	12,326
		-----	-----
Common stock issued for cash	6/99	3,745,000	3,745
Preferred stock issued for cash	1/99	--	--
Common stock issued for finder's fee	1/99	25,777	26
Common stock issued for services	6/99	3,207,950	3,208
Common stock issued as additional interest	12/99	144,204	144
Common stock issued to retire debt	4/99	400,000	400
Common issued on convertible debentures	12/99	2,464,691	2,465
Common stock converted to preferred	9/99	(3,952,000)	(3,952)
Preferred stock converted to common stock	1/99 - 4/99	12,886,843	12,887
Value of warrants in excess of exercise price		--	--
Net loss, as restated		--	--
		-----	-----
Balances at December 31, 1999, as restated		31,248,253	31,249
		-----	-----
Preferred stock converted to common stock	1/00	3,952,000	3,952
Common stock issued on exercise of warrants	1/00-2/00	600,000	600
Common stock issued for cash	1/00-3/00	682,000	682
Common stock issued for services	9/00-11/00	670,000	670
Common stock issued on convertible debentures	1/00-12/00	15,540,325	15,540
Common stock issued as interest	1/00-12-00	396,811	394
Value of warrants in excess of exercise price	1/00	--	--
Value of beneficial conversion feature of debentures	1/00-9/00	--	--

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Net loss, as restated	-----	-----
	--	--
Balances at December 31, 2000 as restated	53,089,389	53,087
	=====	=====

STATEMENT OF STOCKHOLDERS' EQUITY

For the years ended December 31, 2000 and 1999 and the period from October
(date of inception) through December 31, 2000
(continued)

	ADDITIONAL PAID IN CAPITAL -----	ACCUMULATED DEFICIT -----	TOTAL STOCKHOLDERS' EQUITY -----
Common stock issued to founding directors	(7,200)	--	800
Net loss	--	(5,701)	(5,701)
	-----	-----	-----
Balances at December 31, 1996	(7,200)	(5,701)	(4,901)
Common stock issued for cash	35,000	--	35,750
Common stock issued for cash	100,000	--	101,000
Common stock issued for cash	854,573	--	856,307
Stock issuance cost	(75,000)	--	(75,000)
Net loss	--	(426,438)	(426,438)
	-----	-----	-----
Balances at December 31, 1997	907,373	(432,139)	486,718
Preferred stock issued for cash	999,999	--	1,000,000
Common stock issued as additional interest	29,950	--	30,000
Common stock issued as additional interest	84,250	--	84,375
Common stock issued as finder's fee	24,925	--	25,000
Common stock issued for services	27,163	--	27,188
Common stock issued for cash	24,950	--	25,000
Preferred stock issued for cash	100,000	--	100,000
Common stock issued for finder's fee	19,817	--	19,878
Preferred stock issued for cash	25,000	--	25,000
Common stock issued for investment banking fee	9,970	--	10,000
Conversion of preferred stock to common stock	(426)	--	--
Net loss	--	(2,064,940)	(2,064,940)
	-----	-----	-----
Balances at December 31, 1998	2,252,971	(2,497,079)	(231,781)
	-----	-----	-----
Common stock issued for cash	1,282,455	--	1,286,200
Preferred stock issued for cash	75,000	--	75,000
Common stock issued for finder's fee	6,418	--	6,444
Common stock issued for services	621,831	--	625,039
Common stock issued as additional interest	19,837	--	19,981
Common stock issued to retire debt	49,600	--	50,000

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Common issued on convertible debentures	447,535	--	450,000
Common stock converted to preferred	3,948	--	--
Preferred stock converted to common stock	(12,886)	--	--
Value of warrants in excess of exercise price	354,400	--	354,400
Net loss, as restated	--	(2,858,345)	(2,858,345)
	-----	-----	-----
Balances at December 31, 1999, as restated	5,101,109	(5,355,424)	(223,062)
	-----	-----	-----
Preferred stock converted to common stock	(3,948)	--	--
Common stock issued on exercise of warrants	46,400	--	47,000
Common stock issued for cash	146,538	--	147,220
Common stock issued for services	165,530	--	166,200
Common stock issued on convertible debentures	4,130,560	--	4,146,100
Common stock issued as interest	91,102	--	91,496
Value of warrants in excess of exercise price	322,720	--	322,720
Value of beneficial conversion feature of debentures	2,000,000	--	2,000,000
Net loss, as restated	--	(7,309,775)	(7,309,775)
	-----	-----	-----
Balances at December 31, 2000, as restated	12,000,011	(12,665,199)	(612,101)
	=====	=====	=====

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ACCESS POWER, INC.
(A Development Stage Company)

STATEMENT OF CASH FLOWS

For the years ended December 31, 2000 and 1999 and the cumulative period from October 10, 1996 (date of inception) through December 31, 2000

	2000 (RESTATED)	1999 (RESTATED)	FOR THE 10 DE
	-----	-----	-----
Cash flows from operating activities:			
Net loss	\$ (7,309,755)	\$ (2,858,345)	\$
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	261,397	204,323	
Loss on disposal of property and equipment	-	6,880	
Stock issued for services	166,200	631,483	
Stock issued for interest	91,496	19,981	
Value of beneficial conversion feature of debentures	2,000,000	340,000	
Value of warrants in excess of exercise price	322,720	14,400	
Change in operating assets and liabilities:			
Accounts receivable	15,772	(150,265)	
Accounts payable and accrued expenses	1,471,310	(173,025)	
Other assets	(185,939)	(263,638)	

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Inventory	21,800	(30)
Net cash used in operating activities	(3,145,019)	(2,228,236)
Cash flows from investing activities:		
Purchase of certificate of deposit	(100,000)	-
Proceeds from sale of property and equipment	-	12,050
Purchase of property and equipment	(543,555)	(50,864)
Note receivable, stockholders	53,685	(425,209)
Net cash used in investing activities	(589,870)	(464,023)
Cash flows from financing activities:		
Proceeds from issuance of stock	194,220	1,411,200
Proceeds from issuance of notes payable	3,712,576	1,575,000
Principal payments on notes payable	(370,340)	(113,112)
Net cash provided by financing activities	3,536,456	2,872,988
Net change in cash	(198,433)	180,729
Cash, at beginning of period	213,885	33,156
Cash at end of period	\$ 15,452	\$213,885

See accompanying notes to financial statements.

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ACCESS POWER, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) NATURE OF DEVELOPMENT STAGE OPERATIONS

Access Power, Inc., (API or the Company) was formed on October 10, 1996. The Company offers Internet Telephony (IT) which will provide advanced computer telephony solutions to the global consumer market place, with an emphasis on marketing to consumers.

Operations of the Company through the date of these financial statements have been devoted primarily to product development and marketing, raising capital, and administrative activities.

(b) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the assets which range from three to five years, using the straight-line method.

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The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets.

(c) INTANGIBLE ASSETS

Organization costs are amortized over a five-year period using the straight-line method and are included in other assets in the accompanying balance sheet.

(d) INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in tax rates are recognized in the period that includes the enactment date.

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ACCESS POWER, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(1), Continued

Development stage operations for the period ended December 31, 2000 resulted in a net operating loss. It is uncertain whether any tax benefit of net operating loss will be realized in future periods. Accordingly, no income tax provision has been recognized in the accompanying financial statements. At December 31, 2000, the Company has net operating loss carryforwards of approximately \$9,988,000 which will expire in years beginning in 2011. A valuation allowance equal to the tax benefit of the net operating loss has been established, since it is uncertain that future taxable income will be realized during the carryforward period. Accordingly, no income tax provision has been recognized in the accompanying financial statements.

(e) FINANCIAL INSTRUMENTS FAIR VALUE, CONCENTRATION OF BUSINESS AND CREDIT RISKS

The carrying amount reported in the balance sheet for cash, accounts

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and notes receivable, accounts payable and accrued expenses approximates fair value because of the immediate or short-term maturity of these financial instruments. The carrying amount reported in the accompanying balance sheet for notes payable approximates fair value because the actual interest rates do not significantly differ from current rates offered for instruments with similar characteristics. Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts and notes receivable which amounts to approximately \$539,000. The Company performs periodic credit evaluations of its trade customers and generally does not require collateral. The notes receivable consist primarily of amounts due from employees from the exercise of stock options. The notes are due no later than May 1, 2001. Currently, all of the Company's hardware and software is purchased from one supplier, however, management believes there are other alternatives to this supplier.

(f) USE OF ESTIMATES

Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

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(1), Continued

(g) CASH FLOWS

For purposes of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(h) PREPAID OFFERING COSTS

Prepaid offering costs represent direct costs and expenses incurred in connection with the offering of securities. Upon completion of the offering, such amounts are offset against the proceeds from the offering, in the event of an offering of equity securities, and capitalized and amortized using the interest method in the event of an offering of debt securities.

(i) REVENUE RECOGNITION

The Company has earned revenues and plans to earn revenue by providing access to its internet telephony system (access revenue) for long distance calls placed by the Company's customers and those of other carriers within the Company's service area (long distance). Access revenue is billed one month in advance and is recognized when earned. Long distance revenue is recognized when the service is rendered. Equipment sales were recognized on delivery of the equipment to the customer.

The Company also earns revenue from business services and electronic commerce transactions. Business services revenues include fees. License revenues for enterprise services are recognized under Statement of Position No. 97-2, "Software Revenue Recognition" (SOP 97-2) when persuasive evidence of an arrangement exists and delivery has occurred,

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provided the fee is fixed and determinable, collectibility is probable and the arrangement does not require significant customization of the software. For contracts with multiple elements, and for which vendor-specific objective evidence of fair value for the undelivered elements exists, revenue is recognized for the delivered elements based upon the residual contract value as prescribed by Statement of Position No. 98-4, "Modification of SOP No. 97-2 with Respect to Certain Transactions." Revenues from enterprise services were not significant for all periods presented. Maintenance revenues for enterprise services are recognized ratably over the term of the contract. Revenues from advertising are recognized by the Company during the period the advertising occurs.

The Company is presently operating in this one business segment and only in the United States.

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ACCESS POWER, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(1), Continued

(j) LOSS PER COMMON SHARE

Earnings per common share have been computed based upon the weighted average number of common shares outstanding during the years presented. Common stock equivalents resulting from the issuance of the stock options have not been included in the per share calculations because such inclusion would be anti-dilutive.

(k) SOFTWARE AND DEVELOPMENT COSTS

The Company capitalizes purchased software which is ready for service and software development costs incurred from the time technological feasibility of the software is established until the software is ready for use to provide services to customers. Research and development costs and other computer software maintenance costs related to software development are expensed as incurred. Software cost capitalized through December 31, 2000 amounts to \$403,257 and is depreciated over three years.

The carrying value of software and development costs that have been capitalized is regularly reviewed by the Company, and a loss is recognized when the net realizable value falls below the unamortized cost.

(l) STOCK-BASED COMPENSATION

During 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation".

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This pronouncement establishes financial accounting and reporting standards for stock-based compensation. It encourages, but does not require, companies to recognize compensation expense for grants of stock, stock options and other equity instruments to employees based on new fair value accounting rules. Such treatment is required for non-employee stock-based compensation. The Company has chosen to continue to account for employee stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No.25, "Accounting for Stock Issued to Employees". Accordingly, compensation expense for employee stock options or warrants is measured as the difference between the quoted market price of the Company's stock at the date of grant and the amount the employee must pay to require the stock. SFAS 123 requires companies electing to continue using the intrinsic value method to make certain pro forma disclosures (see Note 6).

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(1), Continued

(m) COMPREHENSIVE INCOME

In 1998, the Company adopted the provisions of Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." For the years ended December 31, 2000 and 1999, the Company has no items of comprehensive income.

(n) RECENT ACCOUNTING PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. (SAB 101), "Revenue Recognition in Financial Statements." SAB 101 summarizes the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company adopted SAB 101 in the fourth quarter of fiscal 2000. The adoption of SAB 101 did not have a material effect on the Company's operations or financial position.

In April 2000, the Financial Accounting Standards Board issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation, an interpretation of APB Opinion No. 25." Among other issues, that interpretation clarifies the definition of employees for purposes of applying Opinion No. 25, the criteria for determining whether a plan qualifies as a non-compensatory plan, the accounting consequence of various modifications to the terms of a previously fixed stock option or award and the accounting for an exchange of stock compensation awards in a business combination. This interpretation is effective July 1, 2000, but certain conclusions in the interpretation cover specific events that occur after either December 15, 1998 or January 12, 2000. To the extent that this interpretation covers events occurring during the period after December 15, 1998, or January 12, 2000, but before the effective date of July 1, 2000, the effect of applying this interpretation is recognized on a prospective basis from July 1, 2000. The implementation of this interpretation does not have a material impact on the Company's financial statements.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," is required to be adopted in years beginning after June

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15, 2000. The Company does not hold derivative instruments or engage in hedging activities. The Company implemented Statement 133 beginning in the first quarter of its fiscal year ending December 31, 2001, with no effect on its financial position, results of operations or cash flows.

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ACCESS POWER, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(2) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2000	1999
	-----	-----
Office furniture and equipment	\$ 101,667	\$ 59,908
Computer hardware	861,821	485,007
Computer software	403,257	278,769
	-----	-----
	1,366,745	823,684
Less accumulated depreciation and amortization	645,021	384,028
	-----	-----
	\$ 721,724	\$ 439,656
	=====	=====

(3) NOTES PAYABLE

Notes payable consist of the following at December 31,:

	2000

Promissory notes to stockholders bearing interest at 6% - 8% payable on demand. Unsecured.	\$ 112,
Note payable to vendor bearing interest at 10%, payable in monthly installments of \$18,236 through December, 2001. Note is a result of the settlement of litigation in which the vendor agreed to reduce the price of purchased computer hardware by	

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approximately \$636,000.

Less current portion

Long-term debt, less current portion

112,
112,

-
=====

(4) 6% CONVERTIBLE DEBENTURE

\$1,000,000, \$200,000, and \$800,000 6% Convertible Debentures were sold on September 30, 1999, December 30, 1999, and January 18, 2000, respectively. They are convertible into common stock by dividing each \$100,000 debenture by the lower of 75% of the average of the three lowest closing bid prices during the preceding 22 trading days or 110% of such average price on September 30, 1999 (\$0.42), subject to certain adjustments. \$2,500,000, \$100,000, \$100,000, \$100,000 6% Convertible Debentures were sold on February 29, 2000, August 14,

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ACCESS POWER, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(4) 6% CONVERTIBLE DEBENTURE (Continued)

August 30 and September 15, 2000, respectively. They are convertible into common stock by dividing each \$100,000 debenture by the lower of 80% of the average of the three lowest closing bid prices during the preceding 22 trading days or 110% of such average price on February 28, 2000 (\$2.20), subject to certain adjustments. As of December 31, 2000, \$4,590,000 of the Convertible Debentures had been converted into 18,005,016 common shares including shares converted representing accrued interest to the conversion dates.

Accordingly, the Company recorded \$2,322,720 and \$354,400 non-cash expense during the years ended December 31, 2000 and 1999, respectively, to account for a beneficial conversion feature associated with the Debentures. The Company has presented the charge as interest expense in the accompanying consolidated statements of operations.

(5) COMMITMENTS

The Company leases its office space under a non-cancellable operating lease with a remaining term of one year. Future minimum payments under

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this lease are as follows:

Year	Amount
2001	\$ 61,700
2002	\$ 43,300

Rent expense for the years ended December 31, 2000 and 1999 amounted to \$53,064 and \$48,982, respectively.

(6) STOCK OPTIONS

In 1997, the Company established an incentive stock option plan (the Plan) to provide an incentive to key employees of the Company who are in a position to contribute materially to expanding and improving the Company's profits, to aid in attracting and retaining employees of outstanding ability and to encourage ownership of shares by employees.

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ACCESS POWER, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(6) STOCK OPTIONS (Continued)

The Plan was amended in March, 1998 to increase the number of shares available for issuance thereunder from 1,000,000 to 2,500,000 shares. Total options granted through December 31, 2000 amounted to 2,100,500 at an average price of \$.33. There were no incentive stock options granted during 2000.

The Plan is designed to serve as an incentive for retaining qualified and competent employees. The Company's Board of Directors, or a committee thereof, administers and interprets the Plan and is authorized, in its discretion, to grant options thereunder to all eligible employees of the Company, including officers and directors (whether or not employees) of the Company. The per share exercise price of options granted under the Plan will not be less than the fair market value of the common stock on the date of grant. Options granted under the Plan will be exercisable after the period or periods specified in the option agreement. The Board may, in its sole discretion, accelerate the date on which any option may be exercised. Options granted under the Plan are not exercisable after the expiration of ten years from the date of grant and are nontransferable other than by will or by the laws of descent and distribution. The Company recognizes compensation expense for options granted under the Plans based on the difference between the quoted market price of the Company's stock at the date of grant and the amount the employee must pay to acquire the stock. No compensation cost has been recognized for employee stock options which had been granted to date. Had compensation cost for the Plans been determined based on the fair value at the date of grant for awards under those Plans, consistent with the method prescribed by SFAS 123, the Company's net loss and net loss per share would have been increased to the pro forma amounts

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indicated below:

	Year ended December 31, 2000	Year ended December 31, 1999	For t Oct D
	-----	-----	-----
Pro forma net loss:			
As reported	\$ (7,309,775)	\$ (2,858,345)	\$
Pro forma	(7,309,775)	(2,913,334)	
Pro forma net loss per share			
As reported	(0.16)	(0.11)	
Pro forma	(0.16)	(0.11)	

The fair value of each option granted under the Plans is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 1999 and 1998: no dividend yield; expected volatility of the underlying stock of 90%, risk-free interest rate of 4.98% and 5.27%, respectively, covering the related option period; and expected lives of the options of 10 years based on the related option period.

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ACCESS POWER, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(7) SELECTED FINANCIAL DATA (UNAUDITED)

The following is a summary of the quarterly results of operations for the years ended December 31, 2000 and 1999, respectively:

	QUARTER ENDED MARCH 31, -----	QUARTER ENDED JUNE 30, -----	QUARTER ENDED SEPTEMBER 30, -----
2000			

Net revenues	\$ 145,611	108,556	66,709
Gross profit	145,611	108,556	66,709
Net earnings from operations	(1,150,839)	(1,154,414)	(1,227,805)
Basic and fully diluted			
earnings per share	(0.04)	(0.03)	(0.03)
Weighted-average number of			

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shares issued and outstanding	31,688,258	39,189,807	43,971,501
1999			

Revenues	\$ 14,550	13,250	51,649
Gross profit	12,495	12,665	51,334
Net earnings from operations	(476,138)	(690,578)	(545,969)
Basic and fully diluted earnings per share	(0.03)	(0.03)	(0.02)
Weighted-average number of shares issued and outstanding	16,979,668	25,825,159	31,386,691

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(8) PRIOR PERIOD ADJUSTMENT

The financial statements for the years ended December 31, 2000 and 1999 have been restated to reflect charges of \$2,322,720 and \$354,400, respectively, for additional interest expense related to the beneficial conversion feature of convertible debentures and warrants as required under Emerging Issues Task Force 98-5.

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(8) PRIOR PERIOD ADJUSTMENT (CONTINUED)

The effects of this prior period adjustment for the years ended December 31, 2000 and 1999 are as follows:

	2000	1999
	----	----
Loss from operations:		
As previously reported	\$ (4,880,942)	(2,480,775)
As restated	(4,880,942)	(2,480,775)
Net loss:		
As previously reported	(4,987,055)	(2,503,945)
As restated	(7,309,775)	(2,858,345)
Net loss per share:		
As previously reported	(0.11)	(0.10)
As restated	(0.16)	(0.11)
Additional paid-in capital:		
As previously reported	9,677,291	4,746,709
As restated	12,000,011	5,101,109
Accumulated deficit:		
As previously reported	(9,988,079)	(5,001,024)
As restated	(12,665,199)	(5,355,424)

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on December 6, 2001.

ACCESS POWER, INC.

By: *

Glenn A. Smith, Chief Executive Officer

Signature -----	Position -----
/s/ Glenn A. Smith ----- Glenn A. Smith	President and Chief Executive Officer and Director (principal executive officer)
* ----- Howard Kaskel	Chief Financial Officer (principal financial and accounting officer)
* ----- Tod R. Smith	Director
* ----- Maurice J. Matovich	Director

*By: /s/ Glenn A. Smith

Glenn A. Smith
Attorney-in-Fact