ACCESS POWER INC
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ACCESS POWER INC

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EX-10 OTHERDOC

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-KSB/A

/X/ Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2001

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

Commission File Number 333-65069

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. $19,645

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, 2002 there were 96,624,599 shares of Common Stock outstanding held by non-affiliates of the issuer, with an aggregate value of $1,932,492 (based upon a value of $0.02 per share, the average of the high and low bid price of the Common Stock on March 16, 2002)

At March 16, 2002, there were issued and outstanding 109,370,099 shares of Common Stock.

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

DOCUMENTS INCORPORATED BY REFERENCE

None.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Some of the statements in this annual report under

- ITEM 1. DESCRIPTION OF BUSINESS, and
- ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS,

and elsewhere in this annual report are "forward-looking statements." Forward-looking statements include, among other things, statements about the competitiveness of the telecommunications industry, our plans and objectives for future operations, the likelihood of our success in developing and expanding our business, potential regulatory obligations, and other statements that are not historical facts. The forward-looking statements included herein are based upon a number of assumptions and estimates, which are inherently subject to significant uncertainties, many of which are beyond our control. When used in this annual report, the words "anticipate," "believe,", "estimate," or similar expressions generally identify forward-looking statements. Because forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

In evaluating these statements, you should specifically consider various factors, including the risks outlined in this document and in our former registration statements or future registration statements. These factors may cause our actual results to differ materially from any forward-looking statement.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Overview

Formed in 1996, Access Power, Inc. provides collaboration services to the consumer and business markets and has been a pioneer provider of global Internet-based communications for voice and multi-media applications, integrating the Internet and traditional telephony. As of March 1, 2002 the Company retained 6 full time, and 1 part time, employees. In addition, certain aspects of Access Power's software development efforts are outsourced.

The Company's consumer-oriented web portal, FreeWebCall.com(TM), offers a suite of PC-to-PC collaboration services including audio, text chat, video conferencing, document sharing and program sharing. The offering of PC-to-Phone services, offered through FreeWebCall.com and e-button(TM), to new customers, has recently been suspended in response to market conditions.

PowerConferenceCall(TM), scheduled for launch during the second quarter of 2002, is a business-oriented audio conferencing service. The introduction of PowerConferenceCall marks a focused expansion into the business-oriented segment of the collaboration industry. Initially, this service will provide audio conferencing, the largest portion of the collaboration market, utilizing the public switched telephone network (PSTN). Longer term, we believe that the growth of the market will continue to shift to more elaborate product suites that will draw increasingly upon Internet-based features, possibly including even the audio component of the conference. We will promote and service this shift through an evolving integration of voice and data communications technologies, drawing upon our background in the Internet-based communications business.

Industry Background

The collaboration industry has been growing in both the consumer and business segments. Traditional telephony technology is being combined with evolving and increasing capabilities of Internet-based technologies, establishing a dynamic infrastructure to support consumer and business communication needs. The capabilities of these technologies and the increasing acceptance and need for virtual collaboration have contributed to considerable growth in the collaboration industry.

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Historically, long distance telephone services have been offered through PSTN using traditional telephone lines, a well-established and quality service. In recent years, however, the Internet's developing technologies, unprecedented popularity, and commercialization have accelerated the integration of technologies involving computers and telephones.

This commercial integration has led to a new sector in the communications industry, generally referred to as computer telephony or Internet telephony, that has developed a less expensive and more workable method of telecommunication over the Internet. Companies that offer Internet telephony services and products are generally referred to as Internet telephony service providers. Because the global marketplace is becoming familiar with the Internet and its value as a communications mechanism, companies have invested millions of dollars to develop new and enhanced applications to improve the service quality and lower implementation costs of Internet telephony.

Internet telephony has certain advantages over traditional long distance telephone services. First, voice and message traffic through Internet telephony systems is less expensive than traditional telephone systems because Internet telephony services are not subject to the tariffs affecting traditional telephone services. Also, the Internet protocol telephony network routes transmissions using packet-based switching that is less expensive to deploy and allows for more efficient use of the capacity that exists in the communications infrastructure. Second, Internet protocol telephony has superior capability than traditional telecommunications technology for innovative features such as interactive document and data sharing and multi-media data transmissions.

Despite these advances in Internet-based communications, the business segment in particular has continued to utilize the traditional PSTN due to the need for high voice transmission quality and reliability, especially for multi-point conferencing.

Access Power Solutions and Strategies

Access Power provides separate solutions to the consumer and business market segments.

Consumer Market

For consumers, we have historically provided PC-to-Phone and PC-to-PC services primarily through FreeWebCall.com, a sponsor-supported product that charges customers for long distance telephone usage for the PC-to-Phone component. FreeWebCall.com customers' experience is supported by a standards-based solution featuring Microsoft's NetMeeting software and Cisco Systems hardware.

FreeWebCall.com reached a subscriber base over 500,000. This subscriber base has fallen to approximately 30,000 reflecting the increasing availability of inexpensive or free services from competitors. In response, we have suspended processing new orders for FreeWebCall.com PC-to-Phone.com.

Business Segment

Access Power's products have historically been consumer-oriented, with relatively limited product offerings, such as e-button, aimed at the business segment. We are introducing a new product, PowerConferenceCall, announced in March, 2002 and scheduled for launch in the second quarter of 2002 that is targeted at the business community. PowerConferenceCall is an audio teleconferencing service that utilizes and enhances the PSTN, bridging multiple lines together, managing audio quality and providing conferencing features not typically available on the traditional PSTN. This service is normally used by business customers who pay for the service primarily on a per minute per line basis. Feature sets apply to how the call can be managed by participants (e.g., self-muting) and hosts (e.g., recording segments of the call). Calls can be scheduled, which enables certain features, such as system notifications and reminders, or they can be initiated on demand, using pre-assigned toll-free numbers and access codes.

The scheduled launch of PowerConferenceCall will expand our collaboration presence in the business community. The business collaboration market is substantial and we intend to establish ourselves in this market segment with differentiated teleconferencing services. This service launch will increase our utilization of the established PSTN for audio teleconferencing, which is the technology that currently comprises most of the business collaboration market. To the extent growth in the business collaboration industry shifts to more elaborate product suites that draw increasingly upon Internet-based features, we will have established an expanded relationship with that segment and will be prepared to promote and support the evolving technologies and services.

This business segment of the collaboration market is well-established and is growing rapidly. As a result there is a considerable base of well-established competitors. These competitors fall primarily into two groups: 1) Traditional telephone companies who also provide conferencing services; 2) Conference Service Providers who specialize in conferencing services. Our strategy is to compete with both groups on the basis of ease of use, features and overall value, proactively selling our services to small and medium sized business in selected business services markets that we believe are most likely to respond to our value proposition.

ITEM 2. PROPERTY

The Company headquarters, executive offices and customer service center are located in facilities consisting of approximately 3,000 square feet in a 13,500 square foot office building in Ponte Vedra Beach, Florida. The lease on the space started in September 1997 and includes two successive extension options; the first extension option was exercised on April 1, 2000. The Company is paying approximately $5,000 per month rent under this lease which expires August 15,

2002. The Company believes the office space is adequate for its current needs and could easily be replaced with other suitable accommodations.

The Company maintains its servers and network equipment through co-location arrangements with local service providers. These facilities are climate controlled and offer the necessary telephone, internet and electrical power services. Providers of these services are available from more than one source.

ITEM 3. LEGAL PROCEEDINGS

Access Power is a party to two legal proceedings arising in the course of its business. These proceedings are described below. Management recognizes the uncertainties of litigation and the possibility that one or more adverse rulings could materially impact operating results. However, although no assurances can be given, Access Power believes, based on the nature of and Access Power's understanding of the facts and circumstances which give rise to such actions and claims, that the ultimate resolution of these items, are not likely to have a materially adverse effect on Access Power's financial position.

In February of 2002, Sunrise International Leasing Corporation (the Plaintiff) filed suit in Hennepin County District Court in the State of Minnesota against Access Power (the Defendant). The Plaintiff is a leasing organization, which leased equipment to Defendant. Plaintiff alleges that Defendant defaulted on its lease payments and is seeking the return of the leased equipment, along with $54, 645.55 plus expenses. Defendant is currently in negotiations with the Plaintiff in this matter.

In February of 2002 Business Telecom, Inc (the Plaintiff) filed suit in St. Johns County District Court in the State of Florida against Access Power (the Defendant). The Plaintiff is a telecommunications service provider. The Plaintiff is seeking $608,708.52 plus interest and court costs for services related to a 1999 agreement between the parties. The Defendant believes it has strong legal and factual defenses, and intends to vigorously contest the claim.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None during 4th quarter - see Part II Item 5 for Voting held March 7, 2001.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded over-the-counter and quoted on the OTC electronic bulletin board under the symbol "ACCR" on a limited and sometimes sporadic basis. Quoting began in December of 1997. The reported high and low bid prices for the common stock are shown below for the indicated periods through December 31, 2001. The prices presented are bid prices that represent prices between broker-dealers and do not include retail mark-ups and mark-downs or any commission to the broker-dealer. The prices do not necessarily reflect actual transactions. As of December 31, 2001 there were approximately 352 shareholders of record of our common stock.

	Bid

	Low	High
1998		
First Quarter	$0.81	$1.38
Second Quarter	$1.38	$4.06
Third Quarter	$0.53	$2.19
Fourth Quarter	$0.22	$0.75
1999		
First Quarter	$0.08	$0.33
Second Quarter	$0.12	$1.56
Third Quarter	$0.30	$0.79
Fourth Quarter	$0.20	$0.97
2000		
First Quarter	$0.37	$3.47
Second Quarter	$0.43	$1.43
Third Quarter	$0.22	$0.47
Fourth Quarter	$0.09	$0.29
2001		
First Quarter	$0.05	$0.13
Second Quarter	$0.03	$0.05
Third Quarter	$0.02	$0.03
Fourth Quarter	$0.02	$0.08

At a special meeting on March 7, 2001, our shareholders approved an increase in our authorized capital stock to 500,000,000 shares of common stock, $0.001 par value, and 10,000,000 shares of preferred stock, $0.001 par value. Of the preferred stock, 1,200 shares have been designated as Series A Convertible Preferred Stock and 4,000 shares have been designated as Series B Convertible Preferred Stock. Of the preferred stock, none is outstanding. The following summary of our capital stock does not purport to be complete and is qualified in its entirety by reference to our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws, which are included as exhibits to the Registration Statement that became effective December 6, 2001, and the applicable provisions of the Florida Business Corporation Act.

Previous to March 7, 2001, we had issued 23,534,500 shares of common stock to Grandview Court, LLP for an aggregate of $1,149,171. The shares were issued as follows:

Date	Number of Shares	Price
1/21/01	2,222,222	$0.045
1/19/01	17,014,778	$0.045
2/12/01	4,297,500	$0.0657
	23,534,500	

Subsequent to our SB2 Registration becoming "effective" on 12/06/01, through 12/31/01 we issued 816,550 shares of common stock to Grandview Court, LLP for an aggregate of $16,333.

12/12/01	121,650	$0.029
12/17/01	416,100	$0.028
12/19/01	125,000	$0.025
12/24/01	114,800	$0.025
12/27/01	39,000	$0.025
	816,550	

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES THERETO AND THE OTHER FINANCIAL INFORMATION INCLUDED ELSEWHERE IN THIS DOCUMENT.

Operational Background

Formed in 1996, Access Power, Inc. provides collaboration services to the consumer and business markets and has been a pioneer provider of global Internet-based communications for voice and multi-media applications, integrating the Internet and traditional telephony.

The Company's consumer-oriented web portal, FreeWebCall.com(TM), offers a suite of PC-to-PC collaboration services including audio, text chat, video conferencing, document sharing and program sharing. PC-to-Phone services, offered through FreeWebCall.com and e-button(TM), are currently not being offered to new customers in response to market conditions.

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PowerConferenceCall(TM), scheduled for launch during the second quarter of 2002, is a business-oriented audio conferencing service. The introduction of PowerConferenceCall represents an expansion into the business-oriented segment of the collaboration industry. Initially, this service will provide audio conferencing, the largest portion of the collaboration market, utilizing the public switched telephone network (PSTN). Longer term, we believe that the growth of the market will continue to shift to more elaborate product suites that will draw increasingly upon Internet-based features, possibly including even the audio component of the conference. We will promote and service this shift through an evolving integration of voice and data communications technologies, drawing upon our background in the Internet-based communications business.

Twelve Months Ended December 31, 2001 Compared To Twelve Months Ended December 31, 2000

REVENUES AND COSTS OF REVENUES

Total revenues for the twelve months ended December 31, 2001 decreased $322,000 or 94% due to the decreased demand for the Net.Caller product that offered flat rate calling to any telephone in a number of countries from any PC worldwide. The company began marketing FreeWebCall.com in response to this erosion, however market conditions limited sponsor-based revenue streams and, for PC-to-Phone, subscriber-based revenue did not substantially develop. Consequently, the offering of PC-to-Phone service portion of FreeWebCall to new customers was subsequently suspended (in March, 2002). FreeWebCall.com PC-to-PC service continues to operate without charge to subscribers.

A new product, PowerConferenceCall, is scheduled for launch in the second quarter of 2002; this product is aimed at the business segment of the virtual collaboration market. In this market, revenue is typically generated solely from the subscriber without any reliance upon sponsor-based revenue streams. (See additional information on this product under Part I, Item 1. Description of Business.)

COSTS and EXPENSES (from Operations)

Operating Costs and Expenses decreased about $1.7 million, or 23%, generally in response to lower business volumes. About two-thirds of the decrease is associated with two expense categories: Telecommunications expenses decreased about $0.6 million reflecting lower business volumes; Professional services decreased about $0.5 million, which includes fees for securities financing services. Various other expense categories contribute to the decrease, including Public Relations, Affiliate Commissions, Office Expense, Payroll Expense and Interest Expense, all reflecting generally lower business volumes.

Operating Costs and Expenses may increase generally in 2002, the extent of which is tied most closely to the business volumes generated for PowerConferenceCall. Examples of expense categories required to support this product include Software Development, Depreciation on Hardware, Telecommunications as well as Sales, Administrative and Technical Staff.

OTHER INCOME and EXPENSE

Other Expense (net) decreased about $2.1 million, or 85%, reflecting lower interest costs associated with the conversion of Debentures (see Note 9 to Financial Statements).

No significant Other Income or Expenses are anticipated in the near future for 2002.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception, we have financed our operations through the proceeds from the issuance of equity securities and loans from stockholders and others. To date, we have raised approximately $4,340,000 from the sale of common stock and preferred stock, and have borrowed approximately $3,958,000 from investors and stockholders. Funds from these sources have been used as working capital to fund the build-out of our network and for internal operations, including the purchases of capital equipment.

We generated negative cash flow from operating activities for the period from inception (October 10, 1996) through December 31, 2001. We realized negative cash from operating activities for the year ended December 31, 2001, of ($1,531,733) compared to negative cash from operating activities of ($3,145,019) for the year 2000. Investing activities for the period from inception through December 31, 2001 consisted primarily of equipment purchases to build out the network.

The timing and amount of our capital requirements will depend on a number of factors, including demand for our products and services. At December 31, 2001, we had $3.2 million in accounts payable and accrued expenses. We signed an amended and restated investment agreement with Grandview Court, LLC, a Cayman Islands limited liability company, on September 19, 2001, for the future issuance and purchase of shares of our common stock. The investment agreement establishes what is sometimes referred to as an equity line of credit.

We raised $75,000 in January 1999 from the sales of a total of 75 shares of Series A Preferred Stock for $1,000 per share. In connection with one of these sales, we also issued 27,777 shares of common stock as a finder's fee and recognized expense of $7,500 and an increase to capital stock of the same amount. We received $150,000 as a good faith deposit with the letter of intent and issued 1,500,000 shares of common stock in return to the investor.

We issued 512,000 shares of common stock in exchange for a debt repayment and the interest due thereon in April 1999.

We issued 2,630,000 shares of common stock upon the exercise of employee stock options for $1,257,100 in June 1999. We issued $1,000,000 of 6% convertible debentures in September of 1999 and $200,000 of 6% convertible debentures in December of 1999.

We issued $800,000 of 6% convertible debentures in January of 2000, $2,500,000 of 6% convertible debentures in February of 2000, $200,000 of 6% convertible debentures in August of 2000, and $100,000 of 6% convertible debentures in September of 2000.

We issued 19,237,000 shares of common stock in January 2001 and 4,297,500 shares of common stock in February 2001, both for cash. We issued 650,000 shares of common stock in March 2001 in settlement of a lawsuit.

We issued 1,500,000 shares in May 2001 to secure obligations under an investor relations agreement. In September 2001, we agreed to transfer all rights to the shares to the service provider. We also issued options for 200,000 shares to the provider.

In December, 2001, we issued 816,550 shares of common stock to Grandview Court, LLP for an aggregate of $16,333, pursuant to the equity line of credit executed in September, 2001; we have issued additional common shares in 2002 and expect to continue issuing shares under that agreement.

Our financing activities for the twelve months ended December 31, 2001 provided a net total of $1,368,046.

ITEM 7. FINANCIAL STATEMENTS

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

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CENTRAL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE NET

The executive officers and directors of the Company and their ages as of March 16, 2001 are as follows:

Name	Age	Position
Glenn A. Smith	46	Chief Executive Officer and Director
Bradley W. Benton	49	President, Chief Financial Officer and Director
Maurice J. Matovich	42	Chief Operations Officer and Director
Tod R. Smith	40	Chief Information Officer, General Counsel and Director
Ron Tregaskis	50	Chief Technology Officer and Director

Glenn A. Smith has served as the President, Chief Executive Officer and a director of Access Power, Inc. since the Company's formation in 1996. He has over twenty years experience in developing interactive systems and Internet-based businesses and services.

Bradley W. Benton joined Access Power on February 1, 2002 as President and Chief Financial Officer. Mr. Benton led 2 telecommunications-based businesses; one as Executive Director for an AT&T business unit; another as National Director with PricewaterhouseCoopers. He also has extensive experience managing consulting engagements as a Principal Consultant for PricewaterhouseCoopers in the Customer Relationship Management industry as. He also has held several senior financial management positions, including Controller and CFO responsibilities for AT&T's emerging cellular business.

Howard L. Kaskel served as the Chief Financial Officer for Access Power from 1998 through January 2002, as a limited partner with Tatum CFO Partners, LLP, a partnership of career chief financial officers.

Maurice Matovich has served as Chief Operating Officer since 1998 and a director for Access Power since 1997. Mr. Matovich served as a manager at AT&T where he specialized in high-tech operations management, client relations and stockholder relations from 1984-1997.

Tod R. Smith has served as Chief Technology Officer and General Counsel since 1998 and a director of the Company since 1997. Mr. Smith worked at AT&T as a Technical Staff member specializing in computer consulting and the development of software from 1988 to 1998.

Ron Tregaskis was appointed Chief Technology Officer in March, 2002. Prior to joining Access Power as Senior Vice President in 1997, Mr. Tregaskis was an ITS Project Manager at Matrixx Marketing, where he was responsible for the development and maintenance of employee care systems. Previously, he was a senior systems analyst for AT&T where he gained extensive experience with employee health and welfare systems. During his military service with the US Navy, he was heavily involved in computer and telecommunications systems.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth certain information regarding the annual compensation for services in all capacities to the Company for the years ended December 31, 1999, 2000, and 2001 with respect to the Chief Executive Officer and the Chief Financial Officer (collectively, the "Named Executive Officers"):

Name and Principal Position	Year	Annual Compensation Salary	Long-Term Compensation Awards Outstanding Securit Underlyin
Glenn A. Smith	2001	$96,000	4,050,000
Chief Executive Officer	2000	96,000	4,650,000
	1999	96,000	4,700,000
Howard Kaskel,	2001	108,000	893,000
Chief Financial Officer	2000	108,000	1,094,000
	1999	113,750	1,205,500

From time to time, in 2000 and 2001 and continuing into 2002, the company has deferred and will continue to defer, the payment of compensation to its "Named Executive Officers" and to other officers of the company.

STOCK OPTIONS

There were no options to purchase Common Stock granted to the Named Executive Officers during the year ended December 31, 2001. The Company did not grant any stock appreciation rights in 2001.

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The following table summarizes the number and value of unexercised options held by the Named Executive Officers as of December 31, 2001. The Chief Executive Officer did not exercise any options in the year ending December 31, 2001.

FISCAL YEAR-END OPTION VALUES

Name	Number of Securities Underlying Unexercised Options/SAR at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-The-Money Options/SARs at FY-End ($) Exercisable/Unexercisable

Glenn A. Smith	200,000 / 0	(1)
	3,500,000 / 0	(1)
	100,000 / 0	(1)
	250,000 / 0	(1)
Howard Kaskel	150,000 / 0	(1)
	518,000 / 0	(1)
	37,500 / 0	(1)
	187,500 / 0	(1)

(1) At December 31, 2001, there were no unexercised stock options that were in-the-money.

EMPLOYMENT AGREEMENTS

The Company had entered into retainer and employment agreements with Howard Kaskel, most recently on June 29, 2001. The agreement most recently provided that Mr. Kaskel will serve as Chief Financial Officer of the Company on a part-time basis (two days per week) for a base salary of $6,000 per month. Additional days are paid at the rate of $1000 per day. The agreement terminated with Mr. Kaskel's resignation on January 25, 2002. The Company does not have employment agreements with any other of its executive officers.

DIRECTORS COMPENSATION

The directors have not received compensation for their duties as such, and the Company has no current plans to compensate directors for serving on the Board in the future.

STOCK INCENTIVE PLAN

In June, 1997, the Company adopted its Stock Incentive Plan (the "Plan") to provide selected employees and affiliates providing services to the Company or its affiliates an opportunity to purchase Common Stock of the Company. The Plan promotes the success and enhances the value of the Company by linking the personal interests of participants to those of the Company's stockholders, and by providing participants with an incentive for outstanding performance. Awards under the Plan may be structured as "incentive stock options" (ISOs) as defined in Section 422 of the Internal Revenue Code of 1986, as amended ("IRC"), for employees or as non-qualified stock options for any participant.

The Plan, as amended, provides that the aggregate number of shares of Common Stock with respect to which options may be granted pursuant to the Plan shall not exceed 2,500,000 shares.

ISOs are subject to certain limitations prescribed by the IRC, including the requirement that such options be granted with an exercise price no less than the fair market value of the Common Stock at the date of grant and that the value of stock with respect to which ISOs are exercisable by a participant for the first time in any year under the terms of the Plan (and any other incentive stock option plans of the Company and its subsidiaries) may not exceed $100,000, based on the fair market value of the stock at the date of grant. In addition, ISOs may not be granted to employees who own more than 10% of the combined voting power of all classes of voting stock of the Company, unless the option price is at least 110% of the fair market value of the Common Stock subject to the option and unless the option is exercisable for no more than five years from the grant date.

The compensation committee of the Board of Directors of the Company has discretion to set the terms and conditions of options, including the term, exercise price and vesting conditions, if any, to determine whether the option is an ISO or a non-qualified stock option, to select the persons who receive such grants and to interpret and administer the Plan.

As of the date of this 10-KSB, options to purchase an aggregate of 11,484,500 shares of Common Stock have been granted under the Plan and were outstanding, including options for 4,050,000 shares of Common Stock issued to Glenn A. Smith and options for 893,000 shares of common stock issued to Howard L. Kaskel. Mr. Smith's options have an exercise price of $0.11 per share for 4,100,000 shares, $0.54 per share for 100,000 shares, $0.22 per share for 200,000 shares and $0.51 per share for 250,000. Mr. Kaskel's options have an exercise price of $0.22 per share for 150,000 shares, $0.11 per share for 518,000 shares, $0.54 per share for 37,500 shares, and $0.51 per share for 187,500 shares.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information regarding the beneficial ownership of the shares of Common Stock as of March 16, 2002, by (i) each person who is known by the Company to be the beneficial owner of more than five percent (5%) of the issued and outstanding shares of Common Stock, (ii) each of the Company's directors and executive officers and (iii) all directors and executive officers as a group: The percentages below are calculated based upon 109,370,099 shares outstanding as of March 16, 2002.

Name and Address of Beneficial Owner*	Amount and Nature of Beneficial Owner	Percent of Shares Outstanding**
Glenn A. Smith, CEO	8,874,500(1)	7.82%
Tod Smith, CIO	4,540,000(2)	4.08%
Maurice Matovich, COO	4,069,000(3)	3.66%
Bradley W. Benton, Current CFO	2,000,000	1.83%
Howard L. Kaskel, Prior CFO	1,105,000(4)	1.00%
Ronald Tregaskis	1,080,000(5)	0.99%
All Directors and Executive Officers as a Group (4 persons)	21,663,500(6)	17.54%

* Unless otherwise indicated, the beneficial owner's address is the same as the Company's principal office.

** Percentages calculated on the basis of the amount of outstanding shares plus, for each person, any shares that person has the right to acquire within 60 days pursuant to options or other rights.

(1) Includes 10,400 shares of Common Stock held for a minor child and 4,050,000 shares subject to presently exercisable options.

(2) Includes 1,900,000 shares subject to presently exercisable options.

(3) Includes 1,800,000 shares subject to presently exercisable options.

(4) Includes 893,000 shares of Common Stock subject to presently exercisable options.

(5) Includes 75,000 shares of Common Stock subject to presently exercisable options.

(6) Please see footnotes (1) through (3) and (5). Shares of Mr. Kaskel not included as he had resigned prior to March 16, 2002.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

ITEM 13. EXHIBITS, LIST, AND REPORTS ON FORM 8-K.

(a) Exhibits. The exhibits filed as part of this Annual report on Form 10-KSB are as listed below.

Exhibit Number	Description of Exhibit
3.1	Amended Articles of Incorporation of Access Power, Inc. (filed as Exhibit 3.1 to Access Power, Inc.'s quarterly report on Form 10-QSB for the quarter ended September 30, 1999 (the "10-Q") and is hereby incorporated by reference)
3.2	Bylaws of the Registrant (filed as Exhibit 3.2 to Access Power, Inc.'s annual report on Form 10-KSB for the year ended December 31, 1999 (the "10-K") and is hereby incorporated by reference)
4.1	Form of common stock Certificate of the Registrant (filed as Exhibit 4.1 to the 10-K and is hereby incorporated by reference)
4.2	6% Convertible Debenture due September 30, 2001 (filed as Exhibit 4.2 to the 10-Q and is hereby incorporated by reference)
4.3	Warrant to purchase common stock, par value $0.001 per share, of Access Power, Inc. (filed as Exhibit 4.3 to the 10-Q and is hereby incorporated by reference)
4.4	Warrant to purchase common stock, par value $0.001 per share of Access Power, Inc. dated November 13, 2000 (filed as Exhibit 4.4 to Access Power. Inc.'s Registration Statement on Form SB-2 (File No. 333-51836 (the "2000 SB-2") and is hereby incorporated by reference)
10.1	International Master Franchise Agreement between Access Power, Inc. and Access Power Canada, Inc. (filed as Exhibit 10.1 to Access Power, Inc.'s Registration Statement on Form SB-2 (File No. 333-65069) (the "1999 SB-2") and is hereby incorporated by reference)
10.2	Access Power, Inc. Stock Option Plan (filed as Exhibit 10.2 to the 1999 SB-2 and is hereby incorporated by reference)
10.3	Amendment No. 1 to Stock Option Plan (filed as Exhibit 10.3 to the 1999 SB-2 and is hereby incorporated by reference)
10.4(a)	Employment Agreement with Howard Kaskel dated July 1, 1998 (filed as Exhibit 10.5 to the 1999 SB-2 and is hereby incorporated by reference)

10.4(b) Employment Agreement with Howard Kaskel dated June 29, 2001 (filed as Exhibit 10 to the Form 10-QSB for the quarter ended June 30, 2001 and is hereby incorporated by reference)

10.5 Agreement to terminate Master Franchise Agreement between Access Power, Inc. and Access Power Canada, Inc. dated December 11, 1998 (filed as Exhibit 10.6 to the 1999 SB-2 and is hereby incorporated by reference)

10.6* Internet Telephony Services Agreement dated December 14, 1998, between Access Power, Inc. and Access Universal, Inc. (filed as Exhibit 10.7 to the 1999 SB-2 and is hereby incorporated by reference)

10.7 Office Lease Agreement between Douglas Partnerships II, and Access Power, Inc. dated August 1, 1997 (filed as Exhibit 10.9 to the 1999 SB-2 and is hereby incorporated by reference)

10.8 Retainer Agreement dated September 23, 1999, among Access Power, Inc., Tatum CFO Partners, LLP, and Howard Kaskel (filed as Exhibit 10.1 to the 10-Q and is hereby incorporated by reference)

10.9 Securities Purchase Agreement dated as of September 30, 1999, among Access Power, Inc., certain shareholders of Access Power, Inc. named therein, and Bamboo Investors, LLC (filed as Exhibit 10.2 to the 10-Q and is hereby incorporated by reference)

10.10 Warrant to purchase 6% Convertible Debentures and common stock warrants of Access Power, Inc. (filed as Exhibit 10.3 to the 10-Q and is hereby incorporated by reference)

10.11 Registration Rights Agreement, dated as of September 30, 1999, by and among Access Power, Inc. and Bamboo Investors LLC (filed as Exhibit 10.4 to the 10-Q and is hereby incorporated by reference)

10.12 Share Exchange Agreement dated as of September 30, 1999 between Access Power, Inc. and each of Glenn Smith, Maurice Matovich, Howard Kaskel, and Tod Smith (filed as Exhibit 10.5 to the 10-Q and is hereby incorporated by reference)

10.13* Web services agreement as of August 6, 1999, between Access Power, Inc. and Lycos-Bertelsmann GmbH (filed as Exhibit 10.6 to the 10-Q and is hereby incorporated by reference)

10.14 Consulting Agreement dated as of October 4, 1999 between Access Power, Inc. and Northstar Advertising, Inc. (filed as Exhibit 10.7 to the 10-Q and is hereby incorporated by reference)

10.15 Amended and Restated Investment Agreement between Access Power, Inc. and Grandview Court, LLC dated as of September 19, 2001 (filed as Exhibit 10.15 to the 2001 SB-2 and is hereby incorporated by reference)

10.16 Amended and Restated Registration Rights Agreement between Access Power, Inc. and Grandview Court, LLC dated as of September 19, 2001 (filed as Exhibit 10.16 to the 2001 SB-2 and is hereby incorporated by reference)

10.17 Amended and Restated Escrow Agreement between Access Power,Inc. and

Grandview Court, LLC dated as of September 9, 2001 (filed as Exhibit 10.17 to the 2001 SB-2 and is hereby incorporated by reference)

10.18 Amendment to Lease and Guaranty Agreements between Access Power, Inc. and Maguire Land Corporation dated April 1, 2000 (filed as Exhibit 10.18 to the 2000 10-K and is hereby incorporated by reference)

23.1 Consent of Kilpatrick Stockton, LLP (filed as Exhibit 23.1 to the 2001 SB-2 and is hereby incorporated by reference)

24.1 Power of Attorney (included in Signature Page) **

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* Certain portions of this exhibit have been omitted pursuant to the grant of a request for confidential treatment.

** Previously-filed

(b) Reports on Form 8-K were filed during this period

None

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ACCESS POWER, INC.
(A Development Stage Company)
INDEX TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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PARKS, TSCHOPP, WHITCOMB & ORR, P.A.
Certified Public Accountants
2600 Maitland Center Parkway
Suite 330
Maitland, Florida 32751

Independent Auditors' Report

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, 2001 and 2000, 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, 2001. 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 auditing standards generally accepted in the Untied States of America. 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, 2001 and 2000, 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, 2001, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 3 to the consolidated financial statements, the Company has experienced net operating losses of $3,868,417 and $7,309,775 for the years ended December 31, 2001 and 2000, respectively. At December 31, 2001, the Company continues to experience a working capital deficit and also has a stockholders' deficit of $2,793,280. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in note 2. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

March 14, 2002

/s/ Parks, Tschopp, Whitcomb & Orr, P.A.

Maitland, Florida
March 13, 2001

ACCESS POWER, INC.
(A Development Stage Company)

Balance Sheets

December 31, 2000 and 1999

Assets

	2001	20 (Rest
Current assets:		
Cash	$ 2,786	
Certificate of deposit	-	
Accounts receivable	5,560	
Prepaid expenses	69,637	
Total current assets	77,983	
Property and equipment, net (note 3)	354,389	
Other assets	4,000	
Total assets	$ 436,372	
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	3,229,652	
Current portion of long-term debt (note 4)	-	
Total current liabilities	3,229,652	
Convertible debentures (note 5)	-	
Total liabilities	3,229,652	
Stockholders' equity (deficit) (notes 5 and 7):		
Common stock, $.001 par value, authorized 500,000,000 shares, issued and outstanding 94,118,595 and 53,089,389 shares in 2001 and 2000	94,118	
Notes receivable, stockholders	(361,760)	
Preferred stock, $.001 par value, authorized 10,000,000 shares, issued and outstanding 0 shares in 2001 and 2000	-	
Additional paid in capital	14,007,978	
Deficit accumulated during the development stage	(16,533,616)	(
	(2,793,280)	
Commitments (notes 5, 6 and 7)		
Total liabilities and stockholders' equity (deficit)	$ 436,372	

See accompanying notes to financial statements.

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ACCESS POWER, INC.
(A Development Stage Company)

Statements of Operations

For the years ended December 31, 2001 and 2000 and the cumulative period from October 10, 1996 (date of inception) through December 31, 2001

	2001	2000 (Restated)	For the period October 10, 1996 through December 31, 2001
Revenue:			
Product sales	$ -	$ -	223,881
Services	19,645	341,370	625,593
Total revenue	19,645	341,370	849,474
Costs and expenses:			
Cost of services	-	1,438,776	1,803,454
Cost of sales	-	-	164,605
Product development and marketing	541,702	1,279,330	3,241,247
General and administrative	2,969,969	2,504,206	8,866,739
Total costs and expenses	3,511,671	5,222,312	14,076,045
Loss from operations	(3,492,026)	(4,880,942)	(13,226,571
Other income (expense):			
Interest income	5,292	82	7,672
Interest expense (note 9)	(239,478)	(2,428,915)	(3,165,632
Loss on disposal of equipment	(142,205)	-	(149,085
Total other income (expense)	(376,391)	(2,428,833)	(3,307,045
Net loss	$(3,868,417)	$(7,309,775)	(16,533,616
Net loss per share	$ (0.05)	$ (0.16)	(0.45
Weighted average number of shares	80,446,465	46,408,006	36,201,185

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See accompanying notes to financial statements.

ACCESS POWER, INC.
(A Development Stage Company)

Statement of Stockholders' Equity (Deficit)

For the years ended December 31, 2001 and 2000 and the cumulative period from
October 10, 1996 (date of inception) through December 31, 2001

	Date	Common Stock Shares	Common Stock Amount	Preferred stock Shares	Preferred stock Amount	Additio Paid i Capita
Common stock issued to founding directors		8,000,000	$ 8,000	-	-	(7,2
Net loss		-	-	-	-	
Balances at December 31, 1996		8,000,000	8,000	-	-	(7,2
Common stock issued for cash	05/23/1997	750,000	750	-	-	35,0
Common stock issued for cash	06/30/1997	1,000,000	1,000	-	-	100,0
Common stock issued for cash	7/97 - 10/97	1,734,000	1,734	-	-	854,5
Stock issuance cost		-	-	-	-	(75,0
Net loss		-	-	-	-	
Balances at December 31, 1997		11,484,000	11,484	-	-	907,3
Preferred stock issued for cash	5/98	-	-	1,000	1	999,9
Common stock issued as additional interest	02/02/1998	50,000	50	-	-	29,9
Common stock issued as additional interest	02/19/1998	125,000	125	-	-	84,2
Common stock issued as finder's fee	02/19/1998	75,000	75	-	-	24,9
Common stock issued for services	2/98	25,000	25	-	-	27,1
Common stock issued for cash	09/24/1998	50,000	50	-	-	24,9
Preferred stock issued for cash	11/98	-	-	100	-	100,0
Common stock issued for finder's fee	11/98	60,857	61	-	-	19,8
Preferred stock issued for cash	12/98	-	-	25	-	25,0
Common stock issued for investment banking fee	12/98	30,000	30	-	-	9,9
Conversion of preferred stock to common stock	12/98	425,931	426	(75)	-	(4
Net loss		-	-	-	-	
Balances at December 31, 1998		12,325,788	12,326	1,050	1	2,252,9

Common stock issued for cash	6/99	3,745,000	3,745	-	-	1,282,4
Preferred stock issued for cash	1/99	-	-	75	-	75,0
Common stock issued for finder's fee	1/99	25,777	26	-	-	6,4
Common stock issued for services	6/99	3,207,950	3,208	-	-	621,8
Common stock issued as additional interest	12/99	144,204	144	-	-	19,8
Common stock issued to retire debt	4/99	400,000	400	-	-	49,6
Common issued on convertible debentures	12/99	2,464,691	2,465	-	-	447,5
Common stock converted to preferred	9/99	(3,952,000)	(3,952)	3,952	4	3,9
Preferred stock converted to common stock	1/99 - 4/99	12,886,843	12,887	(1,125)	(1)	(12,8
Net loss		-	-		-	
Balances at December 31, 1999, as previously reported		31,248,253	31,249	3,952	4	4,746,7
Correction of error (note 8)		-	-	-	-	354,4
Balances at December 31, 1999, as restated		31,248,253	31,249	3,952	4	5,101,1
Preferred stock converted to common stock	1/00	3,952,000	3,952	(3,952)	(4)	(3,9
Common stock issued on exercise of warrants	1/00-2/00	600,000	600	-	-	46,4
Common stock issued for cash	1/00-3/00	682,000	682	-	-	146,5
Common stock issued for services	9/00-11/00	670,000	670	-	-	165,5
Common stock issued on convertible debentures	1/00-12/00	15,540,325	15,540	-	-	4,130,5
Common stock issued as interest	1/00-12-00	396,811	394	-	-	91,1
Value of warrants in excess of exercise price	1/00	-	-	-	-	322,7
Value of beneficial conversion feature of debentures	1/00-9/00	-	-	-	-	2,000,0
Net loss, as restated		-	-	-	-	
Balances at December 31, 2000, as restated		53,089,389	$ 53,087	-	-	12,000,0

See accompanying notes to financial statements. (Continued)

ACCESS POWER, INC.
(A Development Stage Company)

Statement of Stockholders' Equity (Deficit)

For the years ended December 31, 2001 and 2000 and the cumulative period from October 10, 1996 (date of inception) through December 31, 2001

		Common Stock		Preferred stock		Addi

	Date	Shares	Amount	Shares	Amount	Pai Cap
Common stock issued for cash		24,351,050	24,352	-	-	1,146
Common stock issued for interest		106,101	106	-	-	4
Common stock issued for settlement of lawsuit		650,000	650	-	-	37
Common stock issued for convertible debentures		14,022,055	14,023	-	-	505
Common stock issued for services		1,500,000	1,500	-	-	118
Common stock issued for exercising warrants		400,000	400	-	-	(39
Value of beneficial conversion features of debentures						235
Net loss						
Balances at December 31, 2001		94,118,595	$ 94,118.00	-	-	14,00

See accompanying notes to financial statements.

ACCESS POWER, INC.
(A Development Stage Company)

Statements of Cash Flows

For the years ended December 31, 2001 and 2000 and the cumulative period from October 10, 1996 (date of inception) through December 31, 2001

	2001	2000 (Restate
Cash flows from operating activities:		
Net loss	$ (3,868,417)	$ (7,30
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	178,109	26
Loss on disposal of property and equipment	142,205	
Stock issued for services	158,350	16
Stock issued for interest	4,481	9
Value of beneficial conversion feature of debenture	235,000	2,00

Value of warrants in excess of exercise price	-	32
Change in operating assets and liabilities:		
Accounts receivable	50,752	1
Accounts payable and accrued expenses	1,076,431	1,47
Other assets	491,356	(18
Inventory	-	2
Net cash used in operating activities	(1,531,733)	(3,14
Cash flows from investing activities:		
Purchase of certificate of deposit	100,000	(10
Proceeds from sale of property and equipment	60,543	
Purchase of property and equipment	(9,522)	(54
Note receivable, stockholders	-	5
Net cash provided by (used) in investing activities	151,021	(58
Cash flows from financing activities:		
Proceeds from issuance of stock	1,171,317	19
Proceeds from issuance of notes payable	309,305	3,71
Principal payments on notes payable	(112,576)	(37
Net cash provided by financing activities	1,368,046	3,53
Net change in cash	(12,666)	(19
Cash, at beginning of period	15,452	21
Cash at end of period	$ 2,786	$ 1

See accompanying notes to financial statements.

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 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.

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. (Continued)

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 2000

(1), Continued

Development stage operations for the period ended December 31, 2001 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, 2001, the Company has net operating loss carryforwards of approximately $10,000,000 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 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 receivable. The Company performs periodic credit evaluations of its trade customers and generally does not require collateral. 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.

(Continued)

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 2000

(1), Continued

(g) Cash Flows

For purposes of cash flows, the Company considers all highly liquid investments 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, 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. (Continued)

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 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, 2001 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". 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).

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 2000

(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, 2001 and 2000, 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 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.

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 2000

(2) Going Concern

The Company's consolidated financial statements have been presented on a going concern basis which contemplates the realization and the satisfaction of liabilities in the normal course of business. As more fully described below, the liquidity of the Company has been adversely affected by significant losses from operations. The Company reported net losses of $3,868,417 and $7,309,775 for the years ended December 31, 2001 and 2000, respectively. Additionally, there is a stockholders' deficit of $2,793,280 at December 31, 2001.

These conditions raise substantial doubt about the Company's ability to continue as a going concern without additional capital contributions and/or achieving profitable operations. Management's plans are to generate additional revenue from other services and to raise additional capital through either debt or equity instruments. In this regard, in March 2002, management announced the scheduled launch of a new service; and management secured access to equity financing pursuant to an SEC registration that became effective in December, 2001.

(3) Property and Equipment

Property and equipment consist of the following at December 31:

	2001
Office furniture and equipment	$ 101
Computer hardware	669

Computer software	403
	1,173
Less accumulated depreciation and amortization	819
	$ 354

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 2000

(4) Notes Payable

Notes payable consist of the following at December 31,:

	2001
Promissory notes to stockholders bearing interest at 6% - 8% payable on demand. Unsecured.	$ -
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 approximately $636,000.	
Less current portion	
Long-term debt, less current portion	$ -

(5) 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, 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, 2001, $5,109,250 of the convertible debentures had been converted into 32,027,071 common shares including shares converted representing accrued interest to the conversion dates.

Accordingly, the Company recorded $235,000 and $2,322,720 non-cash expense during the years ended December 31, 2001 and 2000, 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.

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 2000

(6) Commitments

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

Rent expense for the years ended December 31, 2001 and 2000 amounted to $66,960 and $53,064, respectively.

(7) 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.

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, 2001 amounted to 2,100,500 at an average price of $.33. There were no incentive stock options granted during 2001.

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 indicated below:

ACCESS POWER, INC.
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Notes to Financial Statements

December 31, 2001 and 2000

(7) Stock Options (Continued)

	Year ended December 31, 2001	Year ended December 31, 2000	F Oc Dec
Pro forma net loss:			
As reported	$(3,868,417)	$(7,309,775)	
Pro forma	(3,868,417)	(7,309,775)	
Pro forma net loss per share			
As reported	(.05)	(0.16)	
Pro forma	(.05)	(0.16)	

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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Notes to Financial Statements

December 31, 2001 and 2000

(8) Selected Financial Data (Unaudited)

The following is a summary of the quarterly results of operations for the years ended December 31, 2001 and 2000, respectively:

	Quarter ended March 31,	Quarter ended June 30,	Quarter ended September 30,
2001			
Revenues	$ 7,907	9,452	2,506
Gross profit	7,907	9,452	2,506
Net earnings from operations	(1,150,803)	(555,015)	(386,180)
Basic and fully diluted earnings per share	(0.02)	(0.01)	(0.00)
Weighted-average number of shares issued and outstanding	73,735,381	89,206,064	92,761,328
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 shares issued and outstanding	31,688,258	39,189,807	43,971,501

(9) Prior Period Adjustment

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

(Continued)

ACCESS POWER, INC.
(A Development Stage Company)

Notes to Financial Statements

December 31, 2001 and 2000

(9) Prior Period Adjustment (Continued)

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

Loss from operations:	
As previously reported	$ (4,880,942)
As restated	(4,880,942)
Net loss:	
As previously reported	(4,987,055)
As restated	(7,309,775)
Net loss per share:	
As previously reported	(0.11)
As restated	(0.16)
Accumulated deficit:	
As previously reported	(9,988,079)
As restated	(12,665,199)

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 March 31, 2002.

ACCESS POWER, INC.

By: *

Glenn A. Smith, Chief Executive Officer

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

Maurice J. Matovich

*By: /s/ Maurice J. Matovich

Maurice J. Matovich
Attorney-in-Fact