

BLINKNOW FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2013 and 2012
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BLINKNOW FOUNDATION
DECEMBER 31, 2013 AND 2012
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Independent Auditor's Report

To: The Board of Trustees
BlinkNow Foundation
Mendham, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the ***BlinkNow Foundation*** (a New Jersey non-profit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **BlinkNow Foundation** as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ray, Bernardi, Susy + Co.

Collingswood, NJ
September 22, 2014

BLINKNOW FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 460,448	\$ 268,430
Investments, at market	100,101	7,500
Prepaid expenses	2,177	-
	<u>562,726</u>	<u>275,930</u>
Office furniture and equipment, net	<u>61,116</u>	<u>4,848</u>
Total assets	<u>\$ 623,842</u>	<u>\$ 280,778</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 6,896</u>	<u>\$ 2,464</u>
Total current liabilities	<u>6,896</u>	<u>2,464</u>
Net assets		
Unrestricted net assets	240,663	121,508
Temporarily restricted net assets	<u>376,283</u>	<u>156,806</u>
Total net assets	<u>616,946</u>	<u>278,314</u>
Total liabilities and net assets	<u>\$ 623,842</u>	<u>\$ 280,778</u>

The accompanying notes are an integral part of this statement.

BLINKNOW FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>REVENUE AND SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions	\$ 667,792	\$ 300,040	\$ 967,832
Miscellaneous income	1,539	-	1,539
	669,331	300,040	969,371
Net assets released from restriction	80,563	(80,563)	-
Total revenue and support	<u>749,894</u>	<u>219,477</u>	<u>969,371</u>
 <u>EXPENSES</u>			
Program services	569,260	-	569,260
General and administrative	58,715	-	58,715
Fundraising	2,764	-	2,764
Total expenses	<u>630,739</u>	<u>-</u>	<u>630,739</u>
Changes in net assets	119,155	219,477	338,632
Net assets, beginning of year	<u>121,508</u>	<u>156,806</u>	<u>278,314</u>
Net assets, end of year	<u>\$ 240,663</u>	<u>\$ 376,283</u>	<u>\$ 616,946</u>

The accompanying notes are an integral part of this statement.

BLINKNOW FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>REVENUE AND SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions	\$ 321,642	\$ 156,806	\$ 478,448
Miscellaneous income	102	-	102
	<u>321,744</u>	<u>156,806</u>	<u>478,550</u>
Net assets released from restriction	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total revenue and support	<u>331,744</u>	<u>146,806</u>	<u>478,550</u>
 <u>EXPENSES</u>			
Program services	412,307	-	412,307
General and administrative	44,387	-	44,387
Fundraising	-	-	-
Total expenses	<u>456,694</u>	<u>-</u>	<u>456,694</u>
Changes in net assets	(124,950)	146,806	21,856
Net assets, beginning of year	<u>246,458</u>	<u>10,000</u>	<u>256,458</u>
Net assets, end of year	<u>\$ 121,508</u>	<u>\$ 156,806</u>	<u>\$ 278,314</u>

The accompanying notes are an integral part of this statement.

BLINKNOW FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2013</u>	<u>2012</u>
Changes in net assets	\$ 338,632	\$ 21,856
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,565	1,127
(Increase) decrease in assets:		
Prepaid expenses	(2,177)	22,222
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>4,432</u>	<u>(14,063)</u>
Net cash provided by operating activities	<u>342,452</u>	<u>31,142</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(92,601)	(7,500)
Purchase of office furniture and equipment	<u>(57,833)</u>	<u>(2,383)</u>
Net cash (used in) investing activities	<u>(150,434)</u>	<u>(9,883)</u>
Net increase in cash	192,018	21,259
Cash and cash equivalents, beginning of year	<u>268,430</u>	<u>247,171</u>
Cash and cash equivalents, end of year	<u>\$ 460,448</u>	<u>\$ 268,430</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

BLINKNOW FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

1. NATURE OF OPERATIONS

BlinkNow Foundation (the “Foundation”) is a New Jersey, non-profit corporation established on October 1, 2007. The Foundation’s mission is to improve the quality of life for children in Surkhet, Nepal by maintaining a home for orphaned children and a school, women’s center and health clinic for the community. BlinkNow achieves its mission by providing financial and management support to Kopila Valley Sewa Samaj, a Nepali NGO that operates the home and school. It also seeks to inspire others by serving as a model for excellence in providing a loving home for orphaned children, educating impoverished children, teaching women the tools they need for economic self-sufficiency and healthcare services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in which revenue and gains are recognized when earned and expenses and losses are recognized when incurred. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) Topic 958, Not-for-Profit Entities. Under FASB ASC Topic 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Annual corporate and individual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as revenue when promised.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. Grants, contracts and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as an unrestricted contribution.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investment for general or specific purposes. The Foundation had no permanently restricted net assets at December 31, 2013 or 2012.

BLINKNOW FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Office Furniture and Equipment

Additions in excess of \$500 are recorded at cost and charged to the office furniture and equipment account, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed currently.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which is 5-7 years for furniture and equipment.

When retired or otherwise disposed of, the carrying value of the assets and related depreciation are removed from the respective accounts, and the net difference, less any amount realized from disposition, is charged or credited to income.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

The Foundation recognizes the fair value of contributed services received in accordance with ASC No. 958-605-25-16, if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Whenever possible costs are directly assigned to the appropriate benefiting program activities and supporting services. If costs cannot be identified to a specific program activity or supporting service, than these costs are allocated among the various benefiting activities and services, utilizing an appropriate basis. Accordingly, certain costs have been allocated among program and supporting services benefited.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the statement of activities and changes in net assets. Donated securities are recorded at the market value on the date of contribution. Gain or loss on sale of investments is determined on the basis of average cost.

BLINKNOW FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Taxes

The Foundation is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code, accordingly, no provision for taxes has been included in the financial statements.

Effective January 1, 2009, management adopted the accounting standard, "Accounting for Uncertainty in Income Taxes." This standard clarifies the accounting and reporting for uncertainties in income tax positions taken or expected to be taken in filings with taxing jurisdictions, using minimum recognition and measurement thresholds.

Management has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. These tax filings are subject to examination, generally for three years after they are filed.

Should settlement of an examination or other event result in a change in management's evaluation of a tax position taken or expected to be taken in filings that have not been closed by statute or examination, any interest and penalties related to the unrecognized tax benefit as a result of the uncertain tax position would be included in interest expense and administrative expenses, respectively.

Uninsured Cash Balances

Cash accounts at banks are insured by the FDIC for up to \$250,000. The Foundation has, periodically throughout the year, maintained balances in its operating account in excess of the federally insured limits.

3. INVESTMENTS

The valuation techniques required by FASB ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect management's market assumptions. These two types of inputs create the three levels of fair value hierarchy described below:

- Level 1 - quoted prices in active markets for identical securities
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 - significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of investments).

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement.

BLINKNOW FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

3. INVESTMENTS (CONT'D)

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Investments at December 31, 2013 consist of a bond fund with the fair value determined by level 1 inputs. The cost and unrealized gain at December 31, 2013 was \$100,050 and \$51, respectively.

4. OFFICE FURNITURE AND EQUIPMENT

Office furniture and equipment consists of computer equipment and website design costs with an original cost of \$64,647 and accumulated depreciation of \$3,531 as of December 31, 2013.

Depreciation expense is \$1,565 and \$1,127 for the years ended December 31, 2013 and 2012, respectively.

5. DONATED SERVICES, MATERIALS AND FACILITIES

A substantial number of unpaid volunteers have made significant contributions of their time to the Foundation's programs, principally in residential services and educational programs. These contributed services are not reflected in the financial statements since the criteria for recognition of such volunteer effort have not been satisfied.

6. SUBSEQUENT EVENTS

In preparing these financial statements, management of the Foundation has evaluated events and transactions for potential recognition or disclosure through September 22, 2014, the date the financial statements were available to be issued. The Foundation entered into a grant agreement with the Wilson Sheehan Foundation in January 2014 for \$350,000 for the purpose of expanding the Kopila Valley campus that will be comprised of seven buildings including a new High School and multiple outdoor and mixed-use spaces.

BLINKNOW FOUNDATION
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 510,000	\$ -	\$ -	\$ 510,000
Salaries & payroll taxes	36,159	37,683	-	73,842
School expense	3,679	-	-	3,679
Residence expenses	2,396	-	-	2,396
Depreciation	-	1,565	-	1,565
Donation processing fees	-	5,400	-	5,400
Bank charges	-	502	-	502
Insurance	630	2,159	-	2,789
Travel	16,170	2,482	-	18,652
Office expenses	226	6,924	2,764	9,914
Professional fees	-	2,000	-	2,000
	<u>\$ 569,260</u>	<u>\$ 58,715</u>	<u>\$ 2,764</u>	<u>\$ 630,739</u>

The accompanying notes are an integral part of this schedule.

BLINKNOW FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 369,200	\$ -	\$ -	\$ 369,200
Salaries and wages	37,746	16,413	-	54,159
Payroll taxes	2,467	1,020	-	3,487
School expense	1,649	-	-	1,649
Residence expenses	1,245	-	-	1,245
Depreciation	-	1,127	-	1,127
PayPal fees	-	2,500	-	2,500
Bank charges	-	257	-	257
Travel	-	14,780	-	14,780
Insurance	-	4,296	-	4,296
Office expenses	-	1,794	-	1,794
Professional fees	-	2,200	-	2,200
	<u>\$ 412,307</u>	<u>\$ 44,387</u>	<u>\$ -</u>	<u>\$ 456,694</u>

The accompanying notes are an integral part of this schedule.