

Kopernik Solutions, Inc.

Financial Statements as of and for the
Year Ended December 31, 2011, and
Independent Auditors' Report

KOPERNIK SOLUTIONS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Kopernik Solutions, Inc.:

We have audited the accompanying statement of financial position of Kopernik Solutions, Inc. ("Kopernik"), as of December 31, 2011, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Kopernik's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kopernik's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Kopernik at December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

January 24, 2012

KOPERNIK SOLUTIONS, INC.

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2011

ASSETS

CASH	\$ 232,441
RECEIVABLE	4,309
PREPAID EXPENSES	<u>9,977</u>
Total current assets	246,727
CAPITAL ASSETS — Net	<u>28,570</u>
TOTAL ASSETS	<u>\$ 275,297</u>

LIABILITIES AND NET ASSETS

LIABILITIES — Accrued expenses	<u>\$ 8,458</u>
Total liabilities	8,458
NET ASSETS — Unrestricted net assets	<u>266,839</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 275,297</u>

See notes to financial statements.

KOPERNIK SOLUTIONS, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

REVENUES:

Contributions:

Corporate	\$ 299,029
Individuals	172,612
Foundations and trusts	<u>75,961</u>

547,602

Product sales	49,420
In-kind contributions	37,797
Other	<u>11,049</u>

Total revenue 645,868

EXPENSES:

Fundraising costs	60,889
Program costs	370,761
General and administrative expenses	<u>86,790</u>

Total expenses 518,440

INCREASE IN NET ASSETS 127,428

UNRESTRICTED NET ASSETS — Beginning of year 139,411

UNRESTRICTED NET ASSETS — End of year \$ 266,839

See notes to financial statements.

KOPERNIK SOLUTIONS, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ 127,428
Reconciliation of net assets to net cash provided by operating activities:	
Depreciation and amortization	5,273
Changes in assets and liabilities:	
Increase in prepaid expenses	(7,467)
Increase in receivables	(4,284)
Decrease in accrued expenses	3,458
Decrease in grant payables	<u>(11,454)</u>
Net cash provided by operating activities	112,954
CASH FLOWS USED IN INVESTING ACTIVITIES:	
Additions to capital assets	<u>(20,188)</u>
NET CHANGE IN CASH	92,766
CASH — Beginning of year	<u>139,675</u>
CASH — End of year	<u>\$ 232,441</u>

See notes to financial statements.

KOPERNIK SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2011

1. ORGANIZATION

Kopernik Solutions, Inc. (“Kopernik”), is a not-for-profit corporation organized under the laws of the State of New York. Kopernik has been approved by the Internal Revenue Service (IRS) under section 501(c)(3) of the IRS code. Kopernik organizes events in order to solicit funds that are used to provide free and clean energy to third world countries that are in need of such assistance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying financial statements of Kopernik have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Kopernik accounts for and reports on its net assets based upon the existence or absence of donor-imposed restrictions. Temporarily restricted net assets are those whose donor-imposed restrictions as to a specific purpose or time have not been met. Permanently restricted net assets are those with donor-imposed restrictions on the corpus of the gifts specifying they be maintained in perpetuity. Unrestricted net assets include all resources that are not subject to donor-imposed restrictions. Currently, there are no temporarily or permanently restricted net assets. Therefore, all net assets are unrestricted.

Kopernik has elected to present a statement of financial position (“balance sheet”) that sequences assets and liabilities based on their relative liquidity.

Use of Estimates — The preparation of financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management considers these differences as immaterial and accordingly do not impact the overall financial condition or results of operations reported on these financial statements

Concentration of Credit Risk — The funds of Kopernik are primarily deposited in banks that are insured by the Federal Deposit Insurance Corporation (FDIC). At certain times, deposits may exceed FDIC insured limits. In addition, there are funds in accounts outside of the United States that are not insured by the FDIC or a similar organization.

Contributions — Contributions are recognized at the time a donor makes an unconditional pledge or promise.

Income Taxes — As described in note 1, Kopernik is organized under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from all federal, state, and local taxes. Accordingly no provision for income taxes is required.

Uncertain Tax Positions — Kopernik complies with the requirements to review its operation to ascertain whether or not they have taken any uncertain tax positions. This review has not resulted in the recognition of any tax liabilities.

Depreciation and Amortization —Depreciation and amortization are computed using the straight-line method based upon estimated useful lives, generally five to seven years for office furniture and fixtures, computers and automotive, and over the remaining life of the lease for leasehold improvements.

3. CAPITAL ASSETS — NET

Capital assets at December 31, 2011, consist of the following:

Office furniture and equipment	\$ 4,463
Computers	22,250
Leasehold improvements	8,775
Automotive	<u>1,423</u>
	36,911
Less accumulated depreciation	<u>8,341</u>
	<u>\$28,570</u>

Depreciation and amortization expense for the year ended December 31, 2011, was \$4,244 and \$1,029, respectively.

4. TAXES

Kopernik qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and, accordingly, is not subject to federal income taxes.

5. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses at December 31, 2011, consist of the following:

Depreciation expense	\$ 4,244
Amortization expense	1,029
Administrative labor costs	28,050
Maintenance costs	7,260
Telephone expense	4,887
Rent	6,613
Professional fees	1,288
Bank charges and fees	8,505
Postage	3,307
Supplies	3,745
Training and development	2,323
Credit card fees	4,087
Interest expense	6,391
Miscellaneous	<u>5,062</u>
	<u>\$86,791</u>

6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 24, 2012, the date on which the financial statements were available to be issued.

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