

# Kopernik Solutions, Inc.

Financial Statements as of and for the  
Year Ended December 31, 2013, 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 financial statements of Kopernik Solutions, Inc. ("Kopernik"), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year 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.

### Auditors' 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Firm'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 Firm'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 combined 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 Kopernik as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

August 21, 2014

# KOPERNIK SOLUTIONS, INC.

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2013

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### ASSETS

CASH	\$ 202,881
ACCOUNTS RECEIVABLE	4,483
CONTRIBUTION RECEIVABLE	400,000
PREPAID EXPENSES	<u>16,589</u>
Total current assets	623,953
CAPITAL ASSETS — Net	<u>22,957</u>
TOTAL ASSETS	<u>\$ 646,910</u>

### LIABILITIES AND NET ASSETS

Accounts payable	\$ 2,050
Accrued expenses	<u>24,663</u>
Total current liabilities	<u>26,713</u>
NET ASSETS —	
Unrestricted net assets	220,197
Temporarily restricted net assets	<u>400,000</u>
Total net assets	<u>620,197</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 646,910</u>

See notes to financial statements.

# KOPERNIK SOLUTIONS, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2013

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	<b>Total Unrestricted</b>	<b>Total Temporarily Restricted</b>	<b>Total</b>
REVENUES:			
Contributions:			
Corporate	\$ 185,176	\$ 400,000	\$ 585,176
Individuals	166,587		166,587
Foundations and trusts	94,256		94,256
Product sales	19,264		19,264
In-kind contributions	50,791		50,791
Net assets released from restrictions	400,000	(400,000)	
Other	112,480		112,480
	<u>1,028,554</u>	<u>-</u>	<u>1,028,554</u>
Total revenue			
EXPENSES:			
Fundraising costs	30,075		30,075
Program costs	748,435		748,435
General and administrative expenses	91,529		91,529
	<u>870,039</u>	<u>-</u>	<u>870,039</u>
Total expenses			
INCREASE IN NET ASSETS	158,515	-	158,515
NET ASSETS — Beginning of year	<u>61,682</u>	<u>400,000</u>	<u>461,682</u>
NET ASSETS — End of year	<u>\$ 220,197</u>	<u>\$ 400,000</u>	<u>\$ 620,197</u>

See notes to financial statements.

# KOPERNIK SOLUTIONS, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013

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CASH FLOWS FROM OPERATING ACTIVITIES —	
Changes in net assets	\$ 158,515
Reconciliation of net assets to net cash used in operating activities:	
Depreciation and amortization	7,966
Changes in assets and liabilities:	
Decrease in prepaid expenses	3,211
Increase in receivables	(4,483)
Increase in accounts payable and accrued expenses	<u>3,746</u>
Net cash provided by operating activities	<u>168,955</u>
CASH FLOWS USED IN INVESTING ACTIVITIES — Additions to capital assets	<u>(7,091)</u>
NET CHANGE IN CASH	161,864
CASH — Beginning of year	<u>41,017</u>
CASH — End of year	<u>\$ 202,881</u>

See notes to financial statements.

# KOPERNIK SOLUTIONS, INC.

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2013

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### 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 permanently restricted net assets. Therefore, all net assets are either unrestricted or temporarily restricted.

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, 2013, consist of the following:

Office furniture and equipment	\$ 6,938
Computers	30,510
Leasehold improvements	<u>8,775</u>
	46,223
Less accumulated depreciation	<u>23,266</u>
	<u>\$22,957</u>

Depreciation and amortization expense for the year ended December 31, 2013, was \$6,937 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, 2013, consist of the following:

Depreciation expense	\$ 6,937
Amortization expense	1,029
Equipment expense	827
Telephone expense	14,543
Rent	2,904
Professional fees	39,426
Bank charges and fees	8,165
Postage	1,530
Printing	643
Visa Related Costs	566
Website	14,834
Miscellaneous	<u>125</u>
Total	<u>\$ 91,529</u>



## **6. MAJOR CONTRIBUTOR**

Kopernik received another \$400,000 from ExxonMobil in 2013 as a contribution to be used on projects in Indonesia and operations support through the 2014 calendar year. This contribution has been recorded in the temporarily restricted net assets. An identical contribution was received in 2012 and was release from restrictions for use in 2013. Kopernik is required to reapply each year to receive commitments for subsequent years use. There is no guarantee that Kopernik will continue to receive such contributions in the future.

## **7. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 21, 2014, the date on which the financial statements were available to be issued.

In 2014, an independent Indonesian-registered Non-Profit entity was established under the name of Yayasan Kopernik for the purpose of conducting operations in Indonesia. The entity, which is an affiliate of Kopernik, will conduct financial reporting in accordance with Indonesian regulations and separately from Kopernik Solutions.

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