

**BLACKSMITH INSTITUTE, INC. AND
BLACKSMITH INITIATIVE (UK)**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2014 and 2013

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-11
Supplementary Information	
Consolidating Statements of Financial Position	12-13
Consolidating Statements of Activities	14-15
Schedules of Functional Expenses	16-17

INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors of
Blacksmith Institute, Inc. and Blacksmith Initiative (UK)

We have audited the accompanying consolidated financial statements of Blacksmith Institute, Inc. and Blacksmith Initiative, UK (collectively the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Blacksmith Institute, Inc. and Blacksmith Initiative, UK as of December 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the consolidating statements of financial position and consolidating statements of activities is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The consolidating information and supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

UHY LLP

New York, New York
September 9, 2015

FINANCIAL STATEMENTS

BLACKSMITH INSTITUTE, INC AND BLACKSMITH INITIATIVE (UK)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 704,180	\$ 585,301
Grants receivable	5,103,887	5,223,969
Pledges receivable, net	174,244	250,689
Prepaid expenses and other current assets	308,434	318,559
Total current assets	<u>6,290,745</u>	<u>6,378,518</u>
PROPERTY AND EQUIPMENT, NET	483,917	56,273
SECURITY DEPOSIT	25,000	-
INVESTMENTS	-	10,555
	<u>\$ 6,799,662</u>	<u>\$ 6,445,346</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 507,454	\$ 624,889
Accrued expenses	92,028	106,278
Total current liabilities	<u>599,482</u>	<u>731,167</u>
LONG TERM DEBT	484,043	-
Total liabilities	<u>1,083,525</u>	<u>731,167</u>
NET ASSETS		
Unrestricted net assets	448,315	461,694
Temporarily restricted net assets	5,267,822	5,252,485
Total net assets	<u>5,716,137</u>	<u>5,714,179</u>
	<u>\$ 6,799,662</u>	<u>\$ 6,445,346</u>

See notes to financial statements.

BLACKSMITH INSTITUTE, INC AND BLACKSMITH INITIATIVE (UK)
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Grants	\$ -	\$ 4,466,991	\$ 4,466,991	\$ -	\$ 2,206,591	\$ 2,206,591
Contributions	95,672	-	95,672	439,426	-	439,426
Fundraising income	476,200	-	476,200	269,307	-	269,307
In-kind contributions	461,990	-	461,990	248,452	1,063	249,515
Other income	-	-	-	1,186	-	1,186
Net assets released from restrictions	4,520,605	(4,520,605)	-	3,683,271	(3,683,271)	-
Total support and revenue	5,554,467	(53,614)	5,500,853	4,641,642	(1,475,617)	3,166,025
FUNCTIONAL EXPENSES						
Program	4,541,930	-	4,541,930	3,777,286	-	3,777,286
Administration	390,225	-	390,225	322,632	-	322,632
Fundraising	279,304	-	279,304	193,509	-	193,509
Total functional expenses	5,211,459	-	5,211,459	4,293,427	-	4,293,427
Excess (Deficiency) of support and revenue over functional expenses	343,008	(53,614)	289,394	348,215	(1,475,617)	(1,127,402)
Interest expense	(2,423)	-	(2,423)	-	-	-
Unrealized gain on investments	-	-	-	67	-	67
Realized (loss) gain on investments	(1,608)	-	(1,608)	29,301	-	29,301
Foreign currency translation adjustment	(352,356)	68,951	(283,405)	13,069	143,168	156,237
CHANGE IN NET ASSETS	(13,379)	15,337	1,958	390,652	(1,332,449)	(941,797)
NET ASSETS, Beginning	461,694	5,252,485	5,714,179	71,042	6,584,934	6,655,976
NET ASSETS, End	\$ 448,315	\$ 5,267,822	\$ 5,716,137	\$ 461,694	\$ 5,252,485	\$ 5,714,179

See notes to financial statements.

BLACKSMITH INSTITUTE, INC AND BLACKSMITH INITIATIVE (UK)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2014	2013
OPERATING ACTIVITIES		
Change in net assets	\$ 1,958	\$ (941,797)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	27,646	27,131
Security deposit	(25,000)	-
In-kind contribution of investments	(63,443)	(121,265)
Realized loss (gain) on investments	1,608	(29,301)
Unrealized gain on investments	-	(67)
Changes in:		
Grants receivable	120,082	747,387
Pledges receivable	76,445	(180,047)
Prepaid expenses and other current assets	10,125	(270,456)
Accounts payable	(117,435)	620,373
Accrued expense	(14,250)	(71,276)
Net cash provided by (used in) operating activities	<u>17,736</u>	<u>(219,318)</u>
INVESTING ACTIVITIES		
Proceeds from sale of investments	72,390	152,966
Fixed asset purchases	(455,290)	(9,694)
Net cash (used in) provided by investing activities	<u>(382,900)</u>	<u>143,272</u>
FINANCING ACTIVITIES		
Proceeds from long term debt	484,043	-
Net cash provided by financing activities	<u>484,043</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	118,879	(76,046)
CASH AND CASH EQUIVALENTS, Beginning	585,301	661,347
CASH AND CASH EQUIVALENTS, Ending	\$ 704,180	\$ 585,301
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 2,423</u>	<u>\$ -</u>

See notes to financial statements.

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 — ORGANIZATION

Blacksmith Institute, Inc. (the “Institute”) is a not-for-profit organization incorporated in the State of New York on July 29, 1999 under Section 501(c)(3) of the Internal Revenue Code and Blacksmith Initiative UK (the “Initiative”), is a private, limited charity incorporated in the United Kingdom, (collectively referred to as the “Organization”), which serves the global community by providing funding and services to support developing nations with pollution-related environmental issues in an attempt to ensure a clean and hospitable planet for future generations.

The Institute and the Initiative share a common board of directors, their efforts in serving the global community are inextricably intertwined and funding is pursued on a collaborative basis. The Initiative was established largely to expand the global footprint from which the Organization can pursue such funding. The operations have been consolidated because it is thought that such consolidation is meaningful.

Effective November 1, 2013, Blacksmith Institute launched a new initiative – Pure Earth. Pure Earth is an outreach and awareness raising program for the general public. Blacksmith has registered Pure Earth as a trademark.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization’s significant accounting policies is as follows:

Financial Statement Presentation

The consolidated financial statements include the accounts of the Institute and the Initiative. The consolidated financial statements include all adjustments and reclassifications necessary to eliminate the effects of significant intercompany accounts and transactions.

The Organization presents its consolidated financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

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 Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Organization places its cash with high credit quality institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limit. The uninsured cash was approximately \$240,000 and \$136,000 at December 31, 2014 and December 31, 2013, respectively.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Maintenance and repairs of a routine nature are charged to expense while those that extend the life of existing properties are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets generally from 3 to 10 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the term of the lease. The cost of property and equipment purchased in excess of \$1,000 is capitalized.

Pledge Receivable

The Organization’s revenue related to pledges received is recognized as revenue in the period received at its fair value and the Organization distinguishes such contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts were computed using the prime rate applicable to the year in which contribution is made. Amortization of discount is included in contribution revenue.

Fair Value of Financial Instruments

Fair Value Measurements and Disclosures, provides the framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

The Organization measures certain financial assets and liabilities at fair value on a recurring basis in the consolidated financial statements. The hierarchy ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset or liability's anticipated life.
- Level 3 Inputs are unobservable and cannot be corroborated by observable market data. Inputs generally reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the inputs of the model.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value measurement in its entirety is based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments

Investments are reported at fair value. Investment income, which consists of interest and dividend income earned, realized gains or losses and unrealized appreciation or depreciation on those investments, is included in the statement of activities.

Investment securities consist of donated stocks of publicly traded companies valued at closing price reported on the active market on which the securities are traded.

Income Taxes

The Institute has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC). The Institute qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Initiative is a private charity that is limited and incorporated under the Companies Act 1985 of the Registrar of Companies for England and Wales.

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization follows guidance issued by the Financial Accounting Standards Board (“FASB”) regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The income tax positions taken by the Organization for any years open under the various statutes of limitations are (1) that the Organization continues to be exempt from income taxes and (2) that the Organization does not have unrelated business income that would be subject to income taxes. Management believes these tax positions meet the more-likely-than-not threshold and, accordingly, the tax benefits of these income tax positions (no income tax expense or liability) have been recognized for the years ended on or before December 31, 2014.

The Organization believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date.

Expense Allocation

Directly identifiable expenses are charged to programs, supporting services and fundraising. Expenses related to more than one function are charged to programs, supporting services and fundraising on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provided for the overall support and direction of the Organization. The cost of providing program services and other activities have been summarized on a functional basis in the statement of activities.

Contributions and Grants

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction 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.

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Organization records contributions and corresponding expense for donated space and equipment, salaries, pollution-related program expense, office expense and telephone. The amount recorded is the estimated fair value of the donated expense. During 2014 and 2013, the Organization recorded contributions received in kind totaling \$461,990 and \$249,515, respectively.

Foreign Currency Translation

The Initiative's functional currency is in Great British Pounds ("GBP"). The financial statements of the Initiative have been translated into U.S. dollars upon consolidation with the Institute. All statement of financial position accounts have been translated using the exchange rate in effect at the statement of financial position dates. Statements of activities amounts have been translated using the monthly average exchange rates during the year. Foreign currency translation adjustments resulted in loss of (\$283,405) in 2014 and in gain of \$156,237 in 2013, and have been reported separately in the consolidated statements of activities.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent Events

For purposes of preparing this financial statement the Organization considered events through September 9, 2015, the date these financial statements are available for issuance.

NOTE 3— PROPERTY AND EQUIPMENT

Property and equipment consists of the following at:

	December 31,	
	2014	2013
Leasehold improvements	\$ 415,390	\$ 7,297
Equipment	128,522	121,353
Furniture, fixtures and equipment	63,561	23,533
Software	5,085	5,085
	<u>612,558</u>	<u>157,268</u>
Less: accumulated depreciation	128,641	100,995
	<u>\$ 483,917</u>	<u>\$ 56,273</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$27,646 and \$27,131, respectively.

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4 — LONG TERM DEBT

On June 3, 2014, the Institute obtained a \$500,000 line of credit to help finance the renovation of its office. This line is collateralized by all of the Institute's assets, and interest is payable monthly on the outstanding balance at an interest rate of 5.25%. On December 1, 2014, the line of credit was subsequently increased to \$700,000. Terms of the line of credit requires the Institute to maintain a debt service coverage ratio of not less than 1.20 to 1.00 to which the Institute was in compliance at December 31, 2014. Balance outstanding at December 31, 2014 was \$484,043 and is due on February 1, 2015. The line was refinanced in February 2015 (see Note 7).

On June 25, 2014, the Institute obtained another line of credit from the same bank in the amount of \$100,000 with interest rate of 5.25%. The Institute had no outstanding balance from this line of credit at December 31, 2014.

NOTE 5 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$5,267,822 and \$5,252,485 at December 31, 2014 and 2013, respectively, were restricted for specific research and development projects.

NOTE 6 — LEASE COMMITMENTS

The Organization has a lease arrangement for an office facility which expires in October 2015. On September 22, 2014, the Organization amended the same lease arrangement for a term of 10 years commencing on January 1, 2015. Annual rental for each year end will be an amount equal to the Organization's proportionate share of the landlord's total costs of ownership.

Rent expense under the operating lease was \$150,359 and \$115,936 for the years ended December 31, 2014 and 2013, respectively.

NOTE 7 — SUBSEQUENT EVENTS

On February 20, 2015 the Institute's line of credit was refinanced and replaced with a promissory note of \$700,000 from the same bank. The debt is therefore classified as long-term debt on the Organization's consolidated statement of financial position as of December 31, 2014. The terms are payments of approximately \$13,000 per month for 60 months with an interest rate of 5.25%.

SUPPLEMENTARY INFORMATION

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
December 31, 2014

	December 31, 2014				
	Blacksmith Institute, Inc.	Blacksmith Initiative (UK)	Total	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 620,262	\$ 83,918	\$ 704,180	\$ -	\$ 704,180
Grants receivable	3,704,671	1,399,216	5,103,887	-	5,103,887
Pledges receivable, net	95,757	78,487	174,244	-	174,244
Due from affiliate	37,978	-	37,978	(37,978)	-
Prepaid expenses and other current assets	306,925	1,509	308,434	-	308,434
Total current assets	<u>4,765,593</u>	<u>1,563,130</u>	<u>6,328,723</u>	<u>(37,978)</u>	<u>6,290,745</u>
PROPERTY AND EQUIPMENT, NET	483,917	-	483,917	-	483,917
SECURITY DEPOSIT	25,000	-	25,000	-	25,000
INVESTMENTS	-	-	-	-	-
	<u>\$ 5,274,510</u>	<u>\$ 1,563,130</u>	<u>\$ 6,837,640</u>	<u>\$ (37,978)</u>	<u>\$ 6,799,662</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 483,701	\$ 23,753	\$ 507,454	\$ -	\$ 507,454
Accrued expenses	88,144	3,884	92,028	-	92,028
Due to affiliate	-	37,978	37,978	(37,978)	-
Total current liabilities	<u>571,845</u>	<u>65,615</u>	<u>637,460</u>	<u>(37,978)</u>	<u>599,482</u>
Long-term liabilities	484,043	-	484,043	-	484,043
Total liabilities	<u>1,055,888</u>	<u>65,615</u>	<u>1,121,503</u>	<u>(37,978)</u>	<u>1,083,525</u>
NET ASSETS					
Unrestricted net assets	359,366	88,949	448,315	-	448,315
Temporarily restricted net assets	3,859,256	1,408,566	5,267,822	-	5,267,822
Total net assets	<u>4,218,622</u>	<u>1,497,515</u>	<u>5,716,137</u>	<u>-</u>	<u>5,716,137</u>
	<u>\$ 5,274,510</u>	<u>\$ 1,563,130</u>	<u>\$ 6,837,640</u>	<u>\$ (37,978)</u>	<u>\$ 6,799,662</u>

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
December 31, 2013

	December 31, 2013				
	Blacksmith Institute, Inc.	Blacksmith Initiative (UK)	Total	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 306,587	\$ 278,714	\$ 585,301	\$ -	\$ 585,301
Grants receivable	989,128	4,234,841	5,223,969.00	-	5,223,969
Pledges receivable	156,202	94,487	250,689.00	-	250,689
Due from affiliate	90,626	-	90,626	(90,626)	-
Prepaid expenses and other current assets	301,412	17,147	318,559.00	-	318,559
Total current assets	<u>\$ 1,843,955</u>	<u>\$ 4,625,189</u>	<u>\$ 6,469,144</u>	<u>\$ (90,626)</u>	<u>\$ 6,378,518</u>
PROPERTY AND EQUIPMENT, NET	56,273	-	56,273	-	56,273
INVESTMENTS	10,555	-	10,555	-	10,555
	<u>\$ 1,910,783</u>	<u>\$ 4,625,189</u>	<u>\$ 6,535,972</u>	<u>\$ (90,626)</u>	<u>\$ 6,445,346</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 554,745	\$ 70,144	\$ 624,889	\$ -	\$ 624,889
Accrued expenses	91,061	15,217	106,278	-	106,278.00
Due to affiliate	-	90,626	90,626	(90,626)	-
Total current liabilities	<u>\$ 645,806</u>	<u>\$ 175,987</u>	<u>\$ 821,793</u>	<u>\$ (90,626)</u>	<u>\$ 731,167</u>
NET ASSETS					
Unrestricted net assets	231,380	230,314	461,694	-	461,694
Temporarily restricted net assets	1,033,597	4,218,888	5,252,485	-	5,252,485
Total net assets	<u>1,264,977</u>	<u>4,449,202</u>	<u>5,714,179</u>	<u>-</u>	<u>5,714,179</u>
	<u>\$ 1,910,783</u>	<u>\$ 4,625,189</u>	<u>\$ 6,535,972</u>	<u>\$ (90,626)</u>	<u>\$ 6,445,346</u>

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
CONSOLIDATING STATEMENTS OF ACTIVITIES
Year Ended December 31, 2014

	Year Ended December 31, 2014				
	Blacksmith Institute, Inc.	Blacksmith Initiative (UK)	Total	Eliminations	Consolidated
SUPPORT AND REVENUE					
Grants	\$ 4,424,063	\$ 42,928	\$ 4,466,991	\$ -	\$ 4,466,991
Contributions	95,672	-	95,672	-	95,672
Fundraising income	476,200	-	476,200	-	476,200
In-kind contributions	461,990	-	461,990	-	461,990
Other income	-	-	-	-	-
Total support and revenue	<u>5,457,925</u>	<u>42,928</u>	<u>5,500,853</u>	<u>-</u>	<u>5,500,853</u>
FUNCTIONAL EXPENSES					
Program	2,037,961	2,503,969	4,541,930	-	4,541,930
Administration	163,524	226,701	390,225	-	390,225
Fundraising	<u>279,036</u>	<u>268</u>	<u>279,304</u>	<u>-</u>	<u>279,304</u>
Total functional expenses	<u>2,480,521</u>	<u>2,730,938</u>	<u>5,211,459</u>	<u>-</u>	<u>5,211,459</u>
Excess (Deficiency) of support and revenue over functional expenses	2,977,404	(2,688,010)	289,394	-	289,394
Interest income (expense)	(2,423)	-	(2,423)	-	(2,423)
Realized loss on investments	(1,608)	-	(1,608)	-	(1,608)
Foreign currency translation adjustment	<u>(19,465)</u>	<u>(263,940)</u>	<u>(283,405)</u>	<u>-</u>	<u>(283,405)</u>
CHANGE IN NET ASSETS	2,953,908	(2,951,950)	1,958	-	1,958
NET ASSETS, Beginning	<u>1,264,977</u>	<u>4,449,202</u>	<u>5,714,179</u>	<u>-</u>	<u>5,714,179</u>
NET ASSETS, End	<u>\$ 4,218,885</u>	<u>\$ 1,497,252</u>	<u>\$ 5,716,137</u>	<u>\$ -</u>	<u>\$ 5,716,137</u>

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
CONSOLIDATING STATEMENTS OF ACTIVITIES
Year Ended December 31, 2013

	Year Ended December 31, 2013				
	Blacksmith Institute, Inc.	Blacksmith Initiative (UK)	Total	Eliminations	Consolidated
SUPPORT AND REVENUE					
Grants	\$ 1,194,688	\$ 1,011,903	\$ 2,206,591	\$ -	\$ 2,206,591
Contributions	344,939	94,487	439,426.00	-	439,426
Fundraising income	269,307	-	269,307.00	-	269,307
In-kind contributions	248,515	1,000	249,515.00	-	249,515
Other income	1,186	-	1,186.00	-	1,186
Total support and revenue	<u>2,058,635</u>	<u>1,107,390</u>	<u>3,166,025</u>	<u>-</u>	<u>3,166,025</u>
FUNCTIONAL EXPENSES					
Program	1,517,613	2,259,673	3,777,286	-	3,777,286
Administration	161,349	161,283	322,632	-	322,632
Fundraising	<u>193,509</u>	<u>-</u>	<u>193,509</u>	<u>-</u>	<u>193,509</u>
Total functional expenses	<u>1,872,471</u>	<u>2,420,956</u>	<u>4,293,427</u>	<u>-</u>	<u>4,293,427</u>
(Deficiency) Excess of support and revenue over functional expenses	186,164	(1,313,566)	(1,127,402)	-	(1,127,402)
Interest income	67	-	67	-	67
Unrealized loss on investments	29,301	-	29,301	-	29,301
Foreign currency translation adjustment	<u>2,038</u>	<u>154,199</u>	<u>156,237</u>	<u>-</u>	<u>156,237</u>
CHANGE IN NET ASSETS	217,570	(1,159,367)	(941,797)	-	(941,797)
NET ASSETS, Beginning	<u>1,047,407</u>	<u>5,608,569</u>	<u>6,655,976</u>	<u>-</u>	<u>6,655,976</u>
NET ASSETS, End	<u>\$ 1,264,977</u>	<u>\$ 4,449,202</u>	<u>\$ 5,714,179</u>	<u>\$ -</u>	<u>\$ 5,714,179</u>

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 1,450,422	\$ 175,577	\$ 4,959	\$ 1,630,958
Professional Fees	1,138,305	125,104	44,080	1,307,489
In-Kind Professional Fees	437,990	-	-	437,990
Travel	597,653	3,146	757	601,556
Events & Conferences	206,255	-	187,446	393,701
Rent & Utilities	151,586	24,061	24,061	199,708
Equipment	223,461	6,079	-	229,540
Depreciation Expense	-	27,646	-	27,646
Supplies	126,721	687	1,349	128,757
Lab Fees	83,333	-	-	83,333
Communications	64,699	682	1,017	66,398
Printed Material	18,914	-	-	18,914
Insurance	5,210	18,553	-	23,763
Bank Fees	14,081	6,165	12,388	32,634
Payroll Services Fees	1,694	363	363	2,420
Repair & Maintenance	971	382	-	1,353
Misc. Expense	20,635	1,780	2,884	25,299
	<u>\$ 4,541,930</u>	<u>\$ 390,225</u>	<u>\$ 279,304</u>	<u>\$ 5,211,459</u>

BLACKSMITH INSTITUTE, INC. AND BLACKSMITH INITIATIVE (UK)
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 1,272,167	\$ 145,434	\$ 4,079	\$ 1,421,680
Professional Fees	1,286,460	87,435	37,150	1,411,045
In-Kind Professional Fees	198,118	-	-	198,118
Travel	458,387	663	1,128	460,178
Events & Conferences	146,373	-	120,500	266,873
Rent & Utilities	91,792	16,502	16,502	124,796
Equipment	118,469	14,982	131	133,582
Depreciation Expense	-	27,131	-	27,131
Supplies	49,479	812	1,287	51,578
Lab Fees	68,205	-	-	68,205
Communications	42,162	976	1,213	44,351
Printed Material	18,414	-	37	18,451
Insurance	4,210	14,279	-	18,489
Professional Development	598	-	-	598
Bank Fees	13,375	6,228	7,750	27,353
Payroll Services Fees	3,037	278	278	3,593
Repair & Maintenance	145	6,692	-	6,837
Misc. Expense	5,895	1,220	3,454	10,569
	<u>\$ 3,777,286</u>	<u>\$ 322,632</u>	<u>\$ 193,509</u>	<u>\$ 4,293,427</u>

