FRIENDS OF TILONIA, INC.

FINANCIAL STATEMENTS

Year Ended July 31, 2014

PATRICIA ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANT

FRIENDS OF TILONIA, INC.

Table of Contents

	Page
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Assets - Cash Basis	2
Statement of Support, Revenues, Expenses and Other Changes in Net Assets - Cash Basis	3
Statement of Functional Expenses - Cash Basis	4
Notes to Financial Statements	5 - 7

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Friends of Tilonia, Inc.
Brooklyn, NY

I have reviewed the accompanying statement of assets, liabilities and net assets - cash basis as of July 31, 2014 and the related statement of support, revenues, expenses, and other changes in net assets - cash basis, and statement of functional expenses - cash basis and the related notes to the financial statements for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting described in Note 2.

Patricia Armstrong

January 8, 2015

FRIENDS OF TILONIA, INC.
Statement of Assets, Liabilities and Net Assets - Cash Basis
July 31, 2014

ASSETS

Cash and cash equivalents	$ 11,893
Other receivables	66
Prepaid expenses	3,447
Inventory	10,031
Total Assets	$ 25,437

LIABILITIES AND NET ASSETS

LIABILITIES

Credit cards payable	$ 2,927
Sales tax payable	37
Notes payable - current portion	18,622
Due to officer	919
Notes payable	19,738
Total Liabilities	42,243

NET ASSETS

Unrestricted - deficit	$ (46,430)	
Temporarily restricted net assets	29,624	
Total net assets		(16 ,806)
Total Liabilities and Net Assets		$ 25,437

See accompanying notes and independent accountant's review report.

FRIENDS OF TILONIA, INC.
Statement of Support, Revenues, Expenses and Other Changes
in Net Assets - Cash Basis
For the Year Ended July 31, 2014

CHANGE IN UNRESTRICTED NET ASSETS		
REVENUE and SUPPORT		
Product sales		$ 37,810
Cost of goods sold		(20,092)
Net income		17,718
Grants and contributions		237,728
Total Unrestricted Revenue and Support		255,446
Net assets released from restriction		7,786
		263,232
EXPENSES		
Program Expenses		233,900
SUPPORTING ACTIVITIES		
Management and general		12,849
Fund-raising		6,150
Total Expenses		252,899
Increase in unrestricted net assets		10,333
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Grants and contributions	$ 29,624	
Net assets released from restrictions	(7,786)	
Increase in temporarily restricted net assets		21,838
Change in net assets		32,171
Net Deficit - beginning		(48,977)
Net Deficit - ending		$ (16,806)

See accompanying notes and independent accountant's review report.

FRIENDS OF TILONIA, INC.
Statement of Functional Expenses - Cash Basis
For the Year Ended July 31, 2014

	Program Services	Management & General	Fund - Raising	Totals
Online operations and sales	$ 25,385	$ -	$ -	$ 25,385
Sales and affiliate development	7,518	6,621	2,967	17,106
Insurance	-	981	-	981
Interest expense	5,034	-	-	5,034
Membership and conference fees	756	756	756	2,268
Miscellaneous expense	-	2,102	-	2,102
Office expenses	714	714	-	1,428
Professional fees	-	1,675	-	1,675
Travel and entertainment	2,427	-	2,427	4,854
Grant expense	192,066	-	-	192,066
Cost of goods sold	20,092	-	-	20,092
Total Expenses	253,992	12,849	6,150	272,991
Less: Expenses netted with revenues	(20,092)	-	-	(20,092)
Total Functional expenses	$ 233,900	$ 12,849	$ 6,150	$ 252,899

See accompanying notes and independent accountant's review report.

Note 1 - ORGANIZATION

Friends of Tilonia, Inc.(The Organization) is a not-for-profit corporation whose mission is to support the development of income-generating projects initiated by non-profit or non-governmental organizations working with communities, which are below national standards for housing, health, education, employment or other quality of life measures.

Friends of Tilonia is supported primarily by grants and contributions.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of Friends of Tilonia, Inc. have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles; accordingly, revenue is recognized when received and expenses are recognized when paid.

BASIS OF PRESENTATION

Friends of Tilonia reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Friends of Tilonia, Inc's net assets consist of unrestricted net assets, which are not restricted by donors or by law and temporarily restricted net assets, whose use has been restricted by donor imposed time and/or purpose restrictions..

INCOME TAX STATUS

Friends of Tilonia, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code. In addition, Friends of Tilonia is exempt from Federal income taxes and has been classified as an organization that is not a private foundation under Section 509(a)(2).

CONTRIBUTIONS

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

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 as net assets released from restrictions.

CASH AND CASH EQUIVALENTS

Friends of Tilonia, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CAPITALIZATION POLICY

Friends of Tilonia, Inc. capitalizes all expenditures for equipment in excess of $2,000.

SALES TAX

Fiends of Tilonia collects sales tax from non-exempt customers in the State of New York and remits the entire amount to the State. The Organization created a liability for the taxes collected.

SHIPPING AND HANDLING
Shipping and handling costs are included in cost of goods sold.

ADVERTISING COSTS
Friends of Tilonia uses advertising to promote its products. Advertising costs totaling $7,177 were expensed as incurred.

FUNCTIONAL ALLOCATION OF EXPENSES
Expenses are charged to program services and supporting activities on the basis of time and expense studies. Management and general expenses include those expenses that provide for the overall support and direction of Friends of Tilonia.

USE OF ESTIMATES
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities and the reported revenues and expenses. Actual results could differ from these estimates.

ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES
Friends of Tilonia, Inc.'s accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. Periods ending July 31, 2011 and subsequent remain subject to examination by applicable taxing authorities.

Note 3 - PROGRAM SERVICES
Friends of Tilonia helps to improve the quality of life of the rural poor by meeting basic needs for water, energy and economic opportunity through its partnerships with NGOs, artisan cooperatives and rural enterprises in rural India and support for their programs.

Artisan Enterprise Development - With the goal of creating broader economic opportunities in rural communities, Friends of Tilonia helps to build the business capacity and entrepreneurial skills of artisan enterprises, particularly ones that create livelihoods for women and educational opportunities for girls in rural areas.

Rainwater Harvesting to Provide Clean Drinking Water - Friends of Tilonia provides grant support for construction of rainwater harvesting systems at rural schools to provide clean drinking water for rural school children in desert regions of India.

Solar Energy to Provide Light to Rural Communities - Friends of Tilonia provides grant support for training of illiterate and semi-literate women from rural areas in Asia, Africa and Latin America to become Barefoot Solar Engineers.

Education for Rural Children in India - Friends of Tilonia provides grant support for operations and staffing of Night Schools for rural working children.

Scholarships for Girls' Education - Friends of Tilonia provides grant support for Bhadrajun Artisan Trust which operates the FabIndia School, an elementary and secondary school in Rajasthan, India.

Note 4 - Friends of Tilonia has outstanding unsecured notes payable to various supporters and a board member. The notes have a stated annual rate of 6%, and are payable in installments plus interest. The outstanding balance of notes payable is personally guaranteed by the Executive Director.

Principal payments due on notes payable are as follows:

2015	$ 19,622
2016	15,608
2017	3,130
	$ 38,360

Note 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for grants to:

Bhadrajun Artisans Trust	$ 3,727
Barefoot College	25,897
	$ 29,624

Note 6 - RELATED PARTY TRANSACTIONS

Friends of Tilonia has two unsecured three year notes payable to a board member. The outstanding principal due to the board member as of July 31, 2014 was $23,397 and the interest paid to the board member was $1,173.

Note 7 - COMMITMENTS

Friends of Tilonia's agreement with the Social Work Research Center (Barefoot College) in Rajasthan, India, expired July 31,2014. The Board of Directors agreed to extend the agreement for 90 days. The collaboration was formed to promote, develop and exhibit products produced by Barefoot College's artisan affiliates. Friends of Tilonia receives an administrative fee of 6% of grants and contributions received on behalf of Barefoot College.

Friends of Tilonia entered into a three year fiscal sponsorship agreement with the Bhadrajun Artisans Trust in New Delhi, India, on July 1, 2011. Friends of Tilonia receives an administrative fee of 7% of all contributions processed on the trust's behalf. The Board of Directors agreed to extend the agreement for small donations received through December 31, 2014.

Note 8 - SUBSEQUENT EVENTS

Management has evaluated all events occurring between July 31, 2014 and January 8, 2015, which is the date these financial statements were available to be issued. Management has determined there are no subsequent events that require recording or disclosure.