

Blink Technologies, Inc.
Form 10-Q
August 11, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2013

Blink Technologies, Inc.
(Exact name of registrant as specified in Charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

000-53564
(Commission File No.)

26-1395403
(IRS Employee Identification No.)

5536 S. Ft. Apache #102

Las Vegas, NV 89148

(Address of Principal Executive Offices)

(949) 903-9144

(Issuer Telephone number)

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Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a larger accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. At August 6, 2014 the registrant had outstanding 43,950,602 shares of common stock, \$.0001 par value per share. The registrant's common stock is listed under the symbol "PUNK.PK".

Blink Technologies, Inc.

FORM 10-Q

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PART 1 – FINANCIAL INFORMATION**Item 1. Financial Statements.****Blink Technologies, Inc.****Condensed Consolidated Balance Sheets (Unaudited)**

	December 31, 2013	September 30, 2013
ASSETS		
Current assets:		
Cash	\$ 2,748	\$ 1,951
Assets from discontinued operations	17,210	17,210
Total current assets	19,958	19,161
Assets from discontinued operations	-	30,139
Total assets	\$ 19,958	\$ 49,300

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable and accrued liabilities	\$ 25,974	\$ 19,323
Accrued interest	50,160	40,182
Convertible notes payable	344,809	344,809
Promissory note	100,000	100,000
Liabilities from discontinued operations	124,722	379,332
Total current liabilities	645,665	883,646
Total liabilities	645,665	883,646

Commitments and contingencies

Stockholders' deficit:

Preferred stock, \$0.0001 par value; 25,000,000 shares authorized; none issued and outstanding at December 31, 2013 and September 30, 2013	-	-
Common stock, \$0.0001 par value; 200,000,000 shares authorized; issued and outstanding 19,950,602 at December 31, 2013 and September 30, 2013	1,995	1,995

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Additional paid-in capital	1,444,102	1,385,250
Accumulated deficit	(2,071,804)	(2,221,591)
Total stockholders' deficit	(625,707)	(834,346)
Total liabilities and stockholder's deficit	\$ 19,958	\$ 49,300

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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Blink Technologies, Inc.**Consolidated Statements of Operations (Unaudited)**

	Three Months Ended	
	December 31,	
	2013	2012
Net sales	\$ -	\$ -
Cost of sales	-	-
Gross profit	-	-
Operating expenses:		
General and administrative	7,968	92,686
Operating loss	(7,968)	(92,686)
Other income (expense):		
Interest expense	(9,978)	(4,840)
Interest expense - accretion of debt discount	(58,852)	-
Total other income (expense)	(68,830)	(4,840)
Loss from continuing operations	(76,798)	(97,526)
Income tax provision (benefit)	-	-
Net loss from continuing operations	(76,798)	(97,526)
Gain (loss) from discontinued operations	226,585	(289,108)
Net income (loss)	149,787	(386,634)
Basic and diluted income (loss) per common share:		
Continuing operations	\$ (0.004)	\$ (0.002)
Discontinued operations	0.011	(0.006)
Total	\$ 0.008	\$ (0.008)
Weighted average common shares outstanding - basic	19,950,602	46,057,164

The shares listed below were not included in the computation of diluted losses per share because to do so would have been antidilutive for the periods presented:

Convertible promissory notes	2,705,376	1,473,994
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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Blink Technologies, Inc.**Consolidated Statements of Cash Flows (Unaudited)**

	Three Months Ended	
	December 31,	
	2013	2012
Cash flows from operating activities:		
Loss on continuing operations	\$ (76,798)	\$ (97,526)
Income (loss) on discontinued operations	226,585	(289,108)
Reconciliation to net cash provided by (used in) continuing operations:		
Depreciation and amortization	-	3,551
Accretion of debt discount	58,852	91,897
Common stock issued for services	-	116,438
Gain on forgiveness of debt	(256,092)	-
Impairment of assets	29,507	-
Changes in assets and liabilities:		
Accounts receivable	-	(4,353)
Inventory	-	960
Other current assets	-	2,628
Accounts payable	8,765	93,386
Accrued interest	9,978	11,124
Net cash provided (used) by operating activities	797	(71,003)
Cash flows from investing activities:		
Capital expenditures, net	-	-
Net cash used by investing activities	-	-
Net cash provided by financing activities:		
Proceeds from promissory notes	-	2,141
Payment of promissory note	-	(100,000)
Proceeds from revolving credit facility	-	93,650
Payments of revolving credit facility	-	(151,526)
Net cash used by financing activities	-	(155,735)
Net increase (decrease) in cash	797	(226,738)
Cash - beginning of period	1,951	226,738
Cash - end of period	\$ 2,748	\$ -

**SUPPLEMENTAL DISCLOSURES OF
CASH FLOW INFORMATION
CASH PAID DURING THE YEAR FOR:**

Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

NON-CASH FINANCING ACTIVITIES:

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Value of common stock issued for services	\$	-	\$	82,538
Value of debt discount recorded for beneficial conversion feature	\$	58,852	\$	91,897
Value of stock issued for deferred stock compensation	\$	-	\$	33,900

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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Blink Technologies, Inc.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

Basis of Presentation

The unaudited financial statements of Blink Technologies, Inc. as of December 31, 2013, and for the three months ended December 31, 2013 and 2012, have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and include our wholly-owned subsidiary, Punk Industries, Inc. (“Punk”). Accordingly, they do not include all of the disclosures required by accounting principles generally accepted in the United States for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended September 30, 2013, as filed with the Securities and Exchange Commission as part of the Company's Form 10-K. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the interim financial information have been included. The Company did not record an income tax provision during the periods presented due to net taxable losses. The results of operations for any interim period are not necessarily indicative of the results of operations for the entire year.

Note A – Organization and Going Concern

Organization

Blink Technologies, Inc. (fka ePunk, Inc.) was originally incorporated under the laws of the State of Delaware on April 27, 2007 as Sewell Ventures, Inc. On January 29, 2010, the Company was re-domiciled to the State of Nevada.

On February 10, 2014, the Company entered into a Share Exchange Agreement with and Blink Technologies, Inc., a Nevada corporation whereby the Company has agreed to issue, on a pro rata basis, a total of 24,000,000 shares of the Company's common stock, which will represent 54.98% of the post-closing issued and outstanding shares of the Company, in exchange for all of the issued and outstanding common share capital of Blink Technologies. Blink Technologies is based in Silicon Valley and is focused on delivering consumer technology solutions that enhance and expand the experiences people enjoy every-day while using essential electronic devices such as smartphones, tablets, and TVs. On June 26, 2014, the Company issued 24,000,000 shares of common stock due and allocated as of February 10, 2014, to sixty nine shareholders of record in accordance with the terms and conditions of the Share Exchange Agreement with Blink Technologies, Inc., dated February 10, 2014.

Going Concern

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplate continuation of the Company as a going concern. In the course of funding sales and marketing activities, the Company has sustained operating losses since inception, and, as of December 31, 2013, has an accumulated deficit of \$2,071,804 and negative working capital of \$625,707. The Company will continue to use capital and may not be profitable for the foreseeable future. These factors raise doubt about the ability of the Company to continue as a going concern. In this regard, management is proposing to raise any necessary additional funds not provided by operations through loans or through sales of common stock. There is no assurance that the Company will be successful in raising this additional capital. If adequate funds are not available on reasonable terms or at all, it would result in a material adverse effect on the Company's business, operating results, financial condition and prospects.

In view of these conditions, the ability of the Company to continue as a going concern is in substantial doubt and dependent upon achieving a profitable level of operations and on the ability of the Company to obtain necessary financing to fund ongoing operations. Management is planning to raise necessary additional funds for working capital through loans and additional sales of its common stock. However, there is no assurance that the Company will be successful in raising additional capital or that such additional funds will be available on acceptable terms, if at all. Should the Company be unable to raise this amount of capital its operating plans will be limited to the amount of capital that it can access. These financial statements do not give effect to any adjustments which will be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

Note B – Discontinued Operations

On October 9, 2013, the Company and TCA Global Credit Master Fund ("TCA") executed an Assignment, Assumption Waiver and Termination Agreement (the "Assignment Agreement") as a result of the default by the Company under the Credit Agreement for failure to make principle and interest payments. Under the Assignment Agreement the Company assigned all of its right, title and interest in the website www.countyimports.com in consideration for (i) the TCA's waiver of its rights to foreclose upon the Collateral (as defined in the Credit Agreement), (ii) TCA's immediate release and discharge of all liens and security interests currently held in favor of TCA against the Company, (ii) TCA's immediate release and discharge of all obligations owed by the Company under and pursuant to the Credit Agreement and all Loan Documents (as defined therein) and (iii) TCA's immediately termination of the Credit Agreement and all Loan Documents. As a result, the Company effectively ceased revenue generating activities and on October, 9, 2013, the Company impaired the full value of its fixed and intangible assets. These financial statements reflect the revenue generating activities and related financial statement items as discontinued operations.

Discontinued operations are comprised of the following balance sheet components:

	December 31, 2013	September 30, 2013
Current assets:		
Other current assets	17,210	17,210
Total current assets	17,210	17,210
Non current assets:		
Property, plant and equipment, net	-	22,252
Intangible assets net of \$4,613 and \$2,827 of amortization, respectively	-	7,887
Total non current assets	-	30,139
Total assets	\$ 17,210	\$ 47,349
Current liabilities:		
	\$ 124,722	\$ 123,240

Accounts payable and accrued liabilities		
Accrued interest	-	13,968
Revolving credit facility, net of \$0 and \$265,288 discount, respectively	-	242,124
Total current liabilities	\$ 124,722	\$ 379,332

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Note C – Promissory Notes**Convertible Promissory Notes ("CPN")**

As of December 31, 2013, the Company had the following CPNs:

Date of:	Conversion				Accrued	Total
Issuance	Maturity	Price	Status	Principle	Interest	Outstanding
01/28/11	07/28/11	\$ 0.10	In default	\$ 5,000	\$ 1,169	\$ 6,169
06/21/11	01/21/12	\$ 0.10	In default	2,500	506	3,006
06/24/11	01/24/12	\$ 0.10	In default	10,000	2,019	12,019
07/14/11	02/14/12	\$ 0.10	In default	10,000	1,975	11,975
07/28/11	02/28/12	\$ 0.10	In default	10,000	1,944	11,944
08/10/11	02/10/12	\$ 0.10	In default	15,263	2,924	18,187
08/19/11	02/19/12	\$ 0.10	In default	10,000	1,898	11,898
09/21/11	03/21/12	\$ 0.10	In default	21,500	3,925	25,425
10/12/11	04/12/12	\$ 0.10	In default	2,900	508	3,408
10/19/11	04/19/12	\$ 0.10	In default	7,500	1,290	8,790
11/09/11	05/09/12	\$ 0.10	In default	11,950	1,970	13,920
01/03/12	07/03/12	\$ 0.10	In default	11,817	1,886	13,703
02/27/12	08/27/12	\$ 0.10	In default	15,392	2,270	17,662
01/09/13	06/09/13	\$ 0.20	In default	75,021	5,854	80,875
02/08/13	08/08/13	\$ 0.20	In default	41,928	2,996	44,924
03/18/13	09/15/13	\$ 0.20	In default	35,185	2,221	37,406
05/22/13	11/22/13	\$ 0.20	In default	33,853	1,655	35,508
06/04/13	12/04/13	\$ 0.20	In default	25,000	1,151	26,151
				\$ 344,809	\$ 38,160	\$ 382,969

Number of shares issuable upon
exercise of the above debt upon
default

2,705,376

From time to time the Company has issued CPNs all with identical terms, including a maturity date six to seven months from the date of issuance, eight percent (8%) per annum interest rate, no requirement for any payments prior to maturity, and the right to convert the outstanding principle and interest in to into fully paid and non-assessable shares of the Company's common stock at a fixed conversion price of \$0.10 or \$0.20 per share upon default. The conversion privilege provides for net share settlement only. Pursuant to ASC 470-20-25-5, the Company determined that due to the market price of the Company's common stock being greater than the conversion price contained in each CPN on the commitment date, each CPN contained a beneficial conversion feature ("BCF") with an intrinsic value in excess of the face amount of each CPN. The resulting discount to the Loan is recorded to interest expense upon default. The Company has not received notice from the holder of the defaulted notes to enforce collection. The Company communicates regularly with the holder who has not expressed a desire to force collection at this time.

During the three months ended December 31, 2013 and 2012, the Company recognized \$58,852 and \$0 of expense related to the debt discount arising from the beneficial conversion feature of CPN's entering default status. During the three months ended December 31, 2013 and 2012, the Company recognized \$6,953 and \$2,698, respectively, of interest expense related to the stated interest rate contained in the Company's CPNs.

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Non-Convertible Promissory Notes

On March 19, 2012, the Company entered into a Securities Purchase Agreement, Guaranty and Note (the "Note") with Gemini Master Fund, Ltd. under which the Company issued a promissory note with a face amount of \$280,000 and received net proceeds of \$245,000. The net proceeds include a \$30,000 original issue discount ("OID") and \$5,000 in documentary fees associated with the note and with held by the lender. The Note matured six months from the date of issue, bears interest of twelve percent (12%) per annum on the face amount and is payable in full upon maturity. In the event of default, the Note is subject to a penalty of 130% of the then outstanding principle and increase in the interest rate to twenty four percent (24%) per annum. In connection with the Note the Company issued 200,000 shares of restricted common stock. Pursuant to ASC 470-20-25, the Company recorded a debt discount of \$105,933 including \$70,933 attributable to the 200,000 shares of common stock and \$35,000 to the OID and documentary fees. The debt discount was accreted over the term of the Note, or six months on a straight line basis during our second through the fourth quarter of 2012.

During the three months ended December 31, 2012, on October 3, 2012, the Company paid an additional \$100,000 against the principle balance of the Note and issued 20,000 shares of restricted common stock to Gemini Master Fund, Ltd. in exchange for their not exercising the default terms of the Note. The shares were valued on the date of the Agreement or \$0.93 per share. On December 31, 2012, Gemini sold and Amalfi Coast Capital purchased the remaining \$100,000 balance remaining under the Note.

During the three months ended December 31, 2013 and 2012, the Company recognized \$3,025 and \$2,142, respectively of interest expense related to this note.

Note D – Stockholders Deficit

Preferred Stock

The Company has authorized 25,000,000 shares of \$0.0001 par value preferred stock available for issuance. No shares of preferred stock have been issued as of December 31, 2013.

Common Stock

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The Company has authorized 200,000,000 shares of \$0.0001 par value common stock available for issuance. 19,950,602 shares are issued and outstanding as of December 31, 2013.

On May 22, 2013, 1) Jesse Gonzales returned and the company canceled 13,000,000 shares of common stock leaving Mr. Gonzales with 75,000 restricted common shares, 2) Justin Dornan returned and the company canceled 100% of Mr. Dornan's holdings or 7,910,000 shares of common stock, and 3) Frank Dreschler returned and the company canceled 100% of Mr. Dreschler's holdings or 5,300,000 shares of common stock.

On May 10, 2012 ("Effective Date"), the Company's Board of Directors and Majority Shareholders adopted the 2012 Stock Incentive Plan. (the "Plan")(See Exhibit 10.1 to the Company's December 31, 2011 Form 10-Q filed with the SEC on May 31, 2012). The purpose of the plan is to facilitate the ability of the Company and its subsidiaries to attract, motivate and retain eligible employees, directors and other personnel through the use of equity-based and other incentive compensation opportunities. The Company may issue each of the following under the Plan: incentive options, nonqualified options, Director shares, stock appreciation rights, restricted stock and deferred stock rights, other types of awards and performance-based awards as approved by the Board. No Award shall be granted pursuant to the Plan ten years after the Effective Date. Stock options to purchase shares of our common stock expire no later than ten years after the date of grant. The total number of shares available under the Plan is four million (4,000,000). In any fiscal year, the total number of shares that may be covered by awards made to an employee may not exceed 1,000,000 plus the aggregate amount of such individual's unused annual share limit as of the close of the preceding fiscal year, and the maximum amount of cash that may be payable to an employee pursuant to performance-based cash awards made under Section 10 of the Plan is \$1,000,000 plus the aggregate amount of such individual's unused annual dollar limit as of the close of the preceding fiscal year. During the year ended September 30, 2013 and 2012, 156,931 and 781,837 shares of restricted common stock were issued under the Plan, respectively. As of December 31, 2013, 938,768 shares of restricted common stock have been issued under the Plan.

The Company measures and records stock-based compensation awards to employees pursuant to guidance in ASC 718 Compensation-Stock Compensation. The Company measures and records stock-based compensation awards to non-employees pursuant to guidance in ASC 505-50 Equity-Based Payments to Non-Employees.

Note E – Subsequent Events

Pursuant to FASB Accounting Standards Codification 855, Subsequent Events, Including ASC 855-10-S99-2, the Company evaluated subsequent events through the date of this report.

On February 10, 2014, the Company entered into a Share Exchange Agreement with Blink Technologies, Inc., a Nevada corporation whereby the Company has agreed to issue, on a pro rata basis, a total of 24,000,000 shares of the Company's common stock, which will represent 54.98% of the post-closing issued and outstanding shares of the Company, in exchange for all of the issued and outstanding common share capital of Blink Technologies. Blink Technologies is based in Silicon Valley and is focused on delivering consumer technology solutions that enhance and expand the experiences people enjoy every-day while using essential electronic devices such as smartphones, tablets, and TVs. On June 26, 2014, the Company issued 24,000,000 shares of common stock due and allocated as of February 10, 2014, to sixty nine shareholders of record in accordance with the terms and conditions of the Share Exchange Agreement with Blink Technologies, Inc., dated February 10, 2014.

On February 27, 2014, Sean Clarke, acting CEO of the Registrant, tendered his resignation to the Board of Directors, and Dean Miller was appointed as CEO and President. Also on that date, Clarke resigned from his position as a director effective upon the expiration of the ten day notice period required by Rule 14f-1, at which time additional persons designated by Mr. Miller were appointed as directors of the Registrant, Steve Dowdell and Robert Gilbert.

On April 23, 2014, ePunk, Inc., a Nevada corporation changed its name from ePunk, Inc. to Blink Technologies, Inc. The Company has submitted an application for name and symbol change with the Financial Industry Regulatory Authority (FINRA) but does not anticipate any name change to be finalized until after our Securities Exchange Act of 1934 filings are brought current.

On May 22, 2014, Steve Dowdell resigned as a director of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included or incorporated by reference in this Form 10-Q which address activities, events or developments which the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof); finding suitable merger or acquisition candidates; expansion and growth of the Company's business and operations; and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. However, whether actual results or developments will conform with the Company's expectations and predictions is subject to a number of risks and uncertainties, including general economic, market and business conditions; the business opportunities (or lack thereof) that may be presented to and pursued by the Company; changes in laws or regulation; and other factors, most of which are beyond the control of the Company.

These forward-looking statements can be identified by the use of predictive, future-tense or forward-looking terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," "will," or similar terms. These statements appear in a number of places in this Filing and include statements regarding the intent, belief or current expectations of the Company, and its directors or its officers with respect to, among other things: (i) trends affecting the Company's financial condition or results of operations for its limited history; (ii) the Company's business and growth strategies; and, (iii) the Company's financing plans. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Such factors that could adversely affect actual results and performance include, but are not limited to, the Company's limited operating history, potential fluctuations in quarterly operating results and expenses, government regulation, technological change and competition.

Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

Business

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On October 9, 2013, we assigned all of our right, title and interest in the website www.countyimports.com to TCA Global Credit Master Fund as a result of the default by our Company under the Credit Agreement for failure to make principle and interest payments. As a result, we effectively ceased revenue generating activities.

On February 10, 2014, we entered into a Share Exchange Agreement with Blink Technologies, Inc., a Nevada corporation whereby we agreed to issue, on a pro rata basis, a total of 24,000,000 shares of our common stock, which will represent 54.98% of the post-closing issued and outstanding shares our company, in exchange for all of the issued and outstanding common share capital of Blink Technologies. On June 26, 2014, we issued 24,000,000 shares of common stock due and allocated as of February 10, 2014, to sixty nine shareholders of record in accordance with the terms and conditions of the Share Exchange Agreement with Blink Technologies, Inc., dated February 10, 2014.

Plan of Operation

Blink Technologies is based in Silicon Valley and is focused on delivering consumer technology solutions that enhance and expand the experiences people enjoy every-day while using essential electronic devices such as smartphones, tablets, and TVs. Our long-term business strategy is to design, deliver, and support integrated data collection, aggregation, management, and content streaming solutions that include consumer electronic data computing devices complemented by innovative software-as-a-solution (SaaS), subscription-based data management applications. While we launched BiggiFi streaming media player into the domestic streaming media market in October 2013, management's future business plan will focus on and deliver next-generation integrated consumer technology solutions that collect, aggregate, manage, and help make sense of data critical to maximizing user experiences, improving subject wellness, and optimizing personal performance.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires us to make judgments, assumptions and estimates that affect the amounts reported. Note A of Notes to Financial Statements as filed with our Form 10-K describes the significant accounting policies used in the preparation of the financial statements. Certain of these significant accounting policies are considered to be critical accounting policies, as defined below.

A critical accounting policy is defined as one that is both material to the presentation of the Company's financial statements and requires management to make difficult, subjective or complex judgments that could have a mat