

Blink Technologies, Inc.
Form 10-Q
November 26, 2014

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

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

For the quarterly period ended June 30, 2014

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)

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$0.0001 par value per share

(Title of Class)

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 November 23, 2014 the registrant had outstanding 47,749,757 shares of common stock, \$0.0001 par value per share. The registrant's common stock is listed under the symbol "PUNK.PK".

Transitional Small Business Disclosure Format Yes No

Blink Technologies, Inc.

FORM 10-Q

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements	3
Condensed Consolidated Balance Sheets as of June 30, 2014 and September 30, 2013 (Unaudited)	5
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended June 30, 2014 and 2013 (Unaudited)	6
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended June 30, 2014 and 2013 (Unaudited)	7
Notes to the Condensed Consolidated Financial Statements (Unaudited)	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 3. Quantitative and Qualitative Disclosures About Market Risk	16
Item 4. Control and Procedures	16

PART II – OTHER INFORMATION

Item 1. Legal Proceedings	17
Item 1A. Risk Factors	17
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	17
Item 3. Defaults Upon Senior Securities	17
Item 4. Mine Safety Disclosures	17
Item 5. Other Items	17
Item 6. Exhibits	18

Signature	20
------------------	----

EX-31.1 Management Certification

EX-32.1 Sarbanes-Oxley Act

PART 1 – FINANCIAL INFORMATION

Item1. Interim Financial Statements and Notes to Interim Financial Statements.

General

The accompanying reviewed interim financial unaudited statements have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Company's annual report on Form 10-K for the year ended September 30, 2013. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three and six months ended June 30, 2014 are not necessarily indicative of the results that can be expected for the year ending September 30, 2014.

BLINK TECHNOLOGIES, INC.

Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month period ended June 30, 2014

4
—

Blink Technologies, Inc.
(formerly ePunk, Inc.)
Condensed Consolidated Balance Sheets (Unaudited)

	June 30,	September
	2014	30,
		2013
ASSETS		
Current assets:		
Cash	\$ 30,255	\$ 51
Accounts receivable	-	-
Total current assets	30,255	51
Total assets	\$ 30,255	\$ 51

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:		
Accounts payable and accrued liabilities	\$ 217,316	\$ 61,115
Accounts payable - related party	133,652	11,533
Accrued interest	71,139	-
Convertible notes payable	488,078	-
Promissory note	100,000	-
Total current liabilities	1,010,185	72,648
Total liabilities	1,010,185	72,648

Stockholders' Equity (Deficit)

Preferred stock, \$0.0001 par value; 25,000,000 shares authorized; issued and outstanding no shares at June 30, 2014 and September 30, 2013, respectively.	-	-
Common stock, \$0.0001 par value; 100,000,000 shares authorized; issued and outstanding 44,450,602 and 24,000,000 at June 30, 2014 and September 30, 2013, respectively.	4,445	2,400
Additional paid-in capital	3,112,315	3,438,198
Accumulated (deficit)	(4,096,690)	(3,513,195)
Total stockholders' equity (deficit)	(979,930)	(72,597)
Total liabilities and stockholder's equity (deficit)	\$ 30,255	\$ 51

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

Blink Technologies, Inc.
(formerly ePunk, Inc.)
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Sales	\$ -	\$ -	\$ 23,155	\$ -
Cost of sales	-	(1,222)	27,637	30,703
Gross profit	-	1,222	(4,482)	(30,703)
Operating expenses:				
General and administrative	101,472	5,734	210,515	12,241
Share-based compensation	280,000	-	280,000	-
Sales and marketing	46,509	-	69,658	-
Total operating expenses	427,981	5,734	560,173	12,241
Operating loss	(427,981)	(4,512)	(564,655)	(42,944)
Other income (expense):				
Interest expense	(13,735)	-	(20,407)	-
Debt settlement - related party	-	-	1,567	(75,000)
Total other expense	(13,735)	-	(18,840)	(75,000)
Net loss before income tax provision	(441,716)	(4,512)	(583,495)	(117,944)
Income tax provision (benefit)	-	-	-	-
Net loss	\$ (441,716)	\$ (4,512)	\$ (583,495)	\$ (117,944)
Net loss per common share - basic and fully diluted				
	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.00)
Weighted average common shares outstanding - basic and fully diluted				
	44,087,588	69,505,000	32,270,237	69,505,000

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

Blink Technologies, Inc.
(formerly ePunk, Inc.)
Condensed Consolidated Statements of Cash Flows (Unaudited)

Nine Months Ended
June 30,
2014 2013

Cash flows from operating activities:

Net loss	\$ (583,495)	\$ (117,944)
Adjustments to reconcile net loss to net cash operating activities		
Common stock issued for services	280,000	-
Common stock issued for debt settlement	-	75,000
Changes in operating assets and liabilities:		
Inventory	-	28,327
Due to related party	122,119	-
Accounts payable and accrued liabilities	51,778	4,598
Accrued interest	16,533	-
Net cash used in operating activities	(113,065)	(10,019)

Net cash provided by financing activities:

Proceeds from convertible promissory notes	143,269	-
Proceeds from promissory notes	29,506	-
Payments of promissory notes	(29,506)	-
Net cash provided by financing activities	143,269	-
Net decrease in cash	30,204	(10,019)
Cash - beginning of period	51	10,131
Cash - end of period	\$ 30,255	\$ 112

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

SUPPLEMENTAL NON-CASH DISCLOSURES

Liabilities assumed in merger	\$ 80,860	\$ -
Notes payable assumed in merger	\$ 444,809	\$ -

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

7
-

Blink Technologies, Inc.

(formerly ePunk, Inc.)

Notes to the Condensed Consolidated Financial Statements (Unaudited)

Basis of Presentation

The unaudited financial statements of Blink Technologies, Inc. as of June 30, 2014, and for the three and nine months ended June 30, 2014 and 2013, have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting. 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 1 – Organization, Recent Accounting Pronouncements and Going Concern

Organization

Blink Technologies, Inc. (fka ePunk, Inc.) (the "Company", "we", "us" and "our") 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 (the "Legal Acquirer") entered into a Share Exchange Agreement ("Merger") with Blink Technologies, Inc. ("Blink Technologies", "Accounting Acquirer"), a Nevada corporation whereby the Company agreed to issue, on a pro rata basis, a total of 24,000,000 shares of the Company's common stock, which represented 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. 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 dated February 10, 2014. As a result, the Company (i) became the 100% parent of Blink Technologies; (ii) assumed the operations of Blink Technologies; (iii) changed its name from ePunk, Inc. to Blink Technologies, Inc. ; (iv) dissolved the original Blink Technologies, Inc. Nevada entity; and (v) experienced a change in control. The terms and conditions of the Merger give rise to reverse

merger accounting whereby Blink Technologies is deemed the acquirer for accounting purposes. Consequently, the assets and liabilities and the historical operations of Blink Technologies prior to the Merger are reflected in the financial statements and have been recorded at the historical cost basis of Blink Technologies. Our financial statements include the assets and liabilities of both the Company (fka ePunk, Inc.) and Blink Technologies. The merger was accounted for under recapitalization accounting whereby the equity of Blink Technologies is presented as the equity of the combined enterprise and the capital stock account of Blink Technologies was adjusted to reflect the par value of the outstanding stock of the Company after giving effect to the number of shares issued in the business combination (19,950,602 shares). Shares retained by the Legal Acquirer (19,950,602 shares) are reflected as an issuance as of the reverse merger date (February 10, 2014) for the historical amount of the net liabilities of the Company.

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.

Recent Accounting Pronouncements

On June 10, 2014, accounting principles generally accepted in the United States were amended to remove the definition of a development stage entity thereby removing the financial reporting distinction between development stage entities and other reporting entities. In addition, the amendments eliminate the requirements for the Company to present inception-to-date information and to label the financial statements as those of a development stage entity. The amendments are effective for the Company's financial statements as of December 31, 2016, and interim periods therein; however, early application of each of the amendments is permitted for any reporting period. The Company has adopted the amendments and does not present inception-to-date information in the statements of operations, statement of changes in stockholders' deficit and statements of cash flows.

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605, Revenue Recognition. The new revenue recognition standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2016 and is to be applied retrospectively. The Company is in the process of evaluating the effect that ASU 2014-09 will have on its results of operations and financial position.

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 business activities, the Company has sustained operating losses since inception, and, as of June 30, 2014, has an accumulated deficit of \$4,096,690 and negative working capital of \$979,930. The Company will continue to use capital and may not be profitable for the foreseeable future.

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. There is no assurance that the Company will be successful in raising 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. Should the Company be unable to raise sufficient 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 2 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of \$217,316 as of June 30, 2014 is comprised of \$11,045 due to our distributor for pricing protection related to the sale of 600 units of the BiggiFi product, \$56,767 due to an individual pursuant to a settlement agreement, \$28,418 for professional services, \$42,917 due to various vendors primarily related to professional services and marketing costs and 78,169 related to the discontinued operations of ePunk.

Accounts payable and accrued liabilities as of September 30, 2013 was \$61,115, and reflects \$56,767 due to an individual pursuant to a settlement agreement and \$4,348 related to operating expenses.

9
–

Note 3 – Related Party Transactions

A related party with respect to the Company is generally defined as any person (i) (and, if a natural person, inclusive of his or her immediate family) that holds 10% or more of the Company's securities, (ii) that is part of the Company's management, (iii) that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

On September 1, 2013, the Company and Dean Miller entered into a Consulting Agreement whereby Mr. Miller will serve as the non-employee chief executive officer of the Company ("CEO") for an initial term of six months and successive three month periods unless terminated by either party on ninety days prior written notice. Mr. Miller is entitled to \$9,000 per month and reimbursement of all Company related expenses paid directly by Mr. Miller. In addition, on September 15, 2013, Mr. Miller received 1,600,000 shares of restricted common stock (5,000,000 pre-merger shares). During the three and nine months ended June 30, 2014, the Company accrued \$27,000 and \$81,000, respectively of compensation. No consulting related payments have been made to Mr. Miller.

Additionally, Mr. Miller has made payments for professional services, general operating costs and inventory directly and on behalf of the Company. During the three and nine months ended June 30, 2014, Mr. Miller paid \$8,294 and \$71,209 for such expenses and received reimbursement of \$34,366 during the nine months ended June 30, 2014.

Note 4 – Promissory Notes**Convertible Promissory Notes ("CPN")**

As of June 30, 2014, the Company had the following CPNs:

Date of: Issuance	Maturity	Conversion Price	Status	Principle	Accrued Interest	Total Outstanding
01/28/11	07/28/11	\$ 0.10	In default - Assumed in merger	\$ 5,000	1,368	\$ 6,368
06/21/11	01/21/12	\$ 0.10	In default - Assumed in merger	2,500	605	3,105
06/24/11	01/24/12	\$ 0.10	In default - Assumed in merger	10,000	2,415	12,415
07/14/11	02/14/12	\$ 0.10		10,000	2,372	12,372

Edgar Filing: Blink Technologies, Inc. - Form 10-Q

				In default - Assumed in merger				
07/28/11	02/28/12	\$	0.10	In default - Assumed in merger	10,000	2,341	12,341	
08/10/11	02/10/12	\$	0.10	In default - Assumed in merger	15,263	3,529	18,792	
08/19/11	02/19/12	\$	0.10	In default - Assumed in merger	10,000	2,295	12,295	
09/21/11	03/21/12	\$	0.10	In default - Assumed in merger	21,500	4,778	26,278	
10/12/11	04/12/12	\$	0.10	In default - Assumed in merger	2,900	623	3,523	
10/19/11	04/19/12	\$	0.10	In default - Assumed in merger	7,500	1,588	9,088	
11/09/11	05/09/12	\$	0.10	In default - Assumed in merger	11,950	2,444	14,394	
01/03/12	07/03/12	\$	0.10	In default - Assumed in merger	11,817	2,354	14,171	
02/27/12	08/27/12	\$	0.10	In default - Assumed in merger	15,392	2,881	18,273	
01/09/13	06/09/13	\$	0.20	In default - Assumed in merger	75,021	8,830	83,851	
02/08/13	08/08/13	\$	0.20	In default - Assumed in merger	41,928	4,659	46,587	
03/18/13	09/15/13	\$	0.20	In default - Assumed in merger	35,185	3,617	38,802	
05/22/13	11/22/13	\$	0.20	In default - Assumed in merger	33,853	2,998	36,851	
06/04/13	12/04/13	\$	0.20	In default - Assumed in merger	25,000	2,142	27,142	
04/30/14	10/30/14	\$	0.20	Current	12,600	168	12,768	
05/10/14	11/10/14	\$	0.20	Current	55,669	622	56,291	
05/27/14	11/27/14	\$	0.20	Current	75,000	559	75,559	
					\$ 488,078	\$ 53,188	\$ 541,266	
Number of shares issuable upon exercise of the above debt upon default							3,523,405	

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.

Edgar Filing: Blink Technologies, Inc. - Form 10-Q

During the three and nine months ended June 30, 2014, the Company entered into three CPNs on April 30, May 10 and May 27, 2014 totaling \$143,269 on the terms as described above. During the three and nine months ended June 30, 2014, the Company recognized \$8,227 and \$11,930, respectively, of interest expense related to the stated interest rate contained in the Company CPNs.

Non-Convertible Promissory Notes Assumed in Merger

\$100,000

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 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.

On each of September 27, 2012 and October 3, 2012, the Company paid \$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. On December 31, 2012, Gemini sold and Amalfi Coast Capital purchased the \$100,000 balance remaining under the Note.

During the three and nine months ended June 30, 2014, the Company recognized \$2,992 and \$4,603, respectively, of interest expense related to the Note.

Non-Convertible Promissory Notes

\$29,506

On January 15, 2014, the Company entered into a Loan Agreement (the "Loan Agreement") with Gemini Finance Group (the "Gemini"), a private corporation. Pursuant to the Loan Agreement, the Company received proceeds of \$29,506 and issued a 24% Secured Promissory Note (the "Secured Note") due on April 30, 2014, with interest compounded daily. The Note is secured by substantially all Company assets. The Company assigned all interest and right to the \$34,200 receivable from our sale of 600 BiggiFi units to Gemini as repayment of the Secured Note. On June 2, 2014, Gemini collected the amount due from the sale in full satisfaction of the Secured Note. During the three and nine months ended June 30, 2014, the Company recorded \$2,516 and \$3,875 of interest expense on the Secured Note.

Note 5 – 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 June 30, 2014.

Common Stock

On February 10, 2014, the Company authorized the issuance of 19,950,602 pursuant to its merger agreement dated the same. See note 6.

On June 5, 2014 (the "Approval Date"), the Board approved the issuance of 500,000 shares of common stock to one of our Directors in exchange for their services. The shares were issued on October 15, 2014. The common stock was valued at \$0.56 per share, the fair market value of our shares on the Approval Date, for total compensation expense of \$280,000. The Company recorded \$280,000 of expense and common stock payable in the equity section of our balance sheet on the Approval Date. The shares were issued with no performance requirements.

Note 6 – Merger

On February 10, 2014, the Company (fka ePunk, Inc.) (the "Legal Acquirer") entered into a Share Exchange Agreement ("Merger") with Blink Technologies, Inc., ("Blink Technologies", "Accounting Acquirer") whereby the Company issued 24,000,000 shares of common stock representing 54.98% of the post-closing issued and outstanding shares in exchange for all 75,000,000 issued and outstanding common shares of Blink Technologies. As a result, the Company (i) became the 100% parent of Blink Technologies; (ii) assumed the operations of Blink Technologies; (iii) changed its name from ePunk, Inc. to Blink Technologies, Inc.; (iv) dissolved the original Blink Technologies, Inc. Nevada entity; and (v) experienced a change in control. The terms and conditions of the Merger give rise to reverse merger accounting whereby Blink Technologies is deemed the acquirer for accounting purposes. Consequently, the assets and liabilities and the historical operations of Blink Technologies prior to the Merger are reflected in the financial statements and have been recorded at the historical cost basis of Blink Technologies. Our financial statements include the assets and liabilities of both the Company and Blink Technologies. The merger was accounted for under recapitalization accounting whereby the equity of Blink Technologies is presented as the equity of the combined enterprise and the capital stock account of Blink Technologies is adjusted to reflect the par value of the outstanding stock of the Legal Acquirer after giving effect to the number of shares issued in the business combination (19,950,602 shares). Shares retained by the Legal Acquirer (19,950,602 shares) are reflected as an issuance as of the reverse merger date (February 10, 2014) for the historical amount of the net liabilities of the Company.

The unaudited pro forma financial information should be read in conjunction with the Company's financial statements and notes thereto.

Note 7 – Subsequent Events

On August 18, 2014, the Company issued 128,000 shares of common stock in satisfaction of \$56,767 due to an individual pursuant to a settlement agreement. The estimated fair value of the shares was \$75,520, or \$18,753 greater than the related liability. The Company recorded an \$18,753 loss on settlement related to this issuance.

On August 27, 2014, Amalfi converted \$165,116 of CPN's, including \$133,821 of principal and \$31,295 of accrued interest into 1,651,155 shares of common stock at a conversion rate of \$0.10 per share.

On September 8, 2014, the Company authorized the issuance of 420,000 shares of common stock to one of our Directors in exchange for their services. The estimated fair value of the grant totaled \$159,600 and is based on the market value on the date of grant of \$0.38.

Edgar Filing: Blink Technologies, Inc. - Form 10-Q

On September 8, 2014, the Company authorized the issuance of 750,000 shares of common stock in exchange for product marketing related services. The estimated fair value of the grant totaled \$285,000 and is based on a market value on the date of grant of \$0.38 per share.

On September 30, 2014, the Company issued a CPN in the amount of \$18,561 to Amalfi for amounts previously recorded as accrued liabilities. The note is convertible at a conversion rate of \$0.20 per share, bears interest at a rate of 8% per annum, and matures six to seven months from the date of issuance.

On October 15, 2014, the Company issued 350,000 shares of common stock upon the conversion of convertible promissory notes totaling \$70,000.

Unless otherwise indicated, references in this Quarterly Report on Form 10-Q to “we,” “us,” and “our” “our company” refers to Blink Technologies, Inc.

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

Cautionary Statement Regarding Forward-Looking Statements

This report may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act, and we intend that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Any such forward-looking statements would be contained principally in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors.” Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities and the effects of regulation. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “hopes,” “intends,” “may,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss many of these risks in greater detail in “Risk Factors.” Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this report. You should read this report and the documents that we reference in this report and have filed as exhibits to the report completely and with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Additional information concerning these and other risks and uncertainties is contained in our filings with the Securities and Exchange Commission, including the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended September 30, 2013.

Our Ability to Continue as a Going Concern

Our independent registered public accounting firm has issued its report dated July 25, 2014, in connection with the audit of our financial statements as of September 30, 2013, that included an explanatory paragraph describing the existence of conditions that raise substantial doubt about our ability to continue as a going concern and Note 1 to the unaudited financial statements for the period ended June 30, 2014 also describes the existence of conditions that raise substantial doubt about our ability to continue as a going concern.

Business

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.

In October, 2013 we successfully launched the BiggiFi streaming media player into the domestic streaming media market, which began in July of 2013, with the introduction of Google's ChromeCast product, employing a classic two-tier distribution model through leading global wholesale and reseller partners, including Tech Data and TigerDirect. Media streamers are typically a dongle-type device that plug into the HDMI port of an HD TV to allow a user to then display Web content from a computer or mobile device or from a popular video and audio applications such as Netflix, YouTube, and Pandora, as well as popular games like Angry Birds, onto the TV via Wi-Fi.

This particular market has proven to be broad-based and competitive, with some very large and well-funded players, including Google, Roku, and Amazon, taking dominate share. While the BiggiFi product, we contend, has stood its ground as compared to the leading brands in industry reviews, it has been difficult to rise above the noise key competitors have generated through large budget marketing campaigns. The intense competition has, we believe, created a race to the most competitive value and put margin pressure on the smaller manufacturers. While we contend that BiggiFi is a worthy competitor, and will capture some share of the market, it is not proprietary, nor even exclusive to the Company. BiggiFi does stand out technically in some regards as it allows the smart device to become the software controller for certain games and applications. It will also soon feature the ability to allow the user to control some games and applications biometrically. BiggiFi is an interesting product, and has served to allow our company to build and support an important sales channel, but it is not the primary consumer solution our management intends to primarily rely upon, nor grow with, for the future.

The Company is transitioning towards developing and delivering more proprietary and unique solutions that address specific niche markets and needs. Management believes we will continue to benefit from a virtual team of product design, marketing, and sales expertise that will allow it to quickly establish, grow, and defend more significant and lucrative share of targeted markets. Going forward management 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. While the BiggiFi product is mainly used to stream entertainment media and content from games and other web-based applications, our next generation products will be integral to gathering critical data that will then generate content that can be used for important decision making, reporting, and formal presentation.

We will continue to market its technology solutions domestically and internationally through both its two-tier distribution channel model of existing and expanded partnerships, as well as by aggressively targeting and servicing certain marquee end-user clients directly to help establish beachheads in important early and self-referencing markets.

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 material effect on the Company's financial condition and results of operations. Specifically, critical accounting estimates have the following attributes:

- We are required to make assumptions about matters that are highly uncertain at the time of the estimate; and
- Different estimates we could reasonably have used, or changes in the estimate that are reasonably likely to occur, would have a material effect on the Company's financial condition or results of operations.

Estimates and assumptions about future events and their effects cannot be determined with certainty. We base estimates on historical experience and on various other assumptions believed to be applicable and reasonable under the circumstances. These estimates may change as new events occur, as additional information is obtained and as the Company's operating environment changes. These changes have historically been minor and have been included in the consolidated financial statements as soon as they became known. Based on a critical assessment of the Company's accounting policies and the underlying judgments and uncertainties affecting the application of those policies, management believes that our financial statements are fairly stated in accordance with accounting principles generally accepted in the United States, and present a meaningful presentation of the Company's financial condition and results of operations.

In preparing the Company's financial statements to conform to accounting principles generally accepted in the United States, we make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. These estimates include useful lives for fixed assets for depreciation calculations and assumptions for valuing options and warrants. Actual results could differ from these estimates.

Stock-Based Compensation

We measure and record stock-based compensation awards to employees pursuant to guidance in ASC 718 Compensation-Stock Compensation. We measure and record stock-based compensation awards to non-employees pursuant to guidance in ASC 505-50 Equity-Based Payments to Non-Employees. We measure fair value by application of the Black-Scholes option pricing model and recognize expense over the requisite service period or upon completion of milestones for performance-based awards depending on the relevant guidance in ASC 708 or ASC 505.

Accounting Changes and Recent Accounting Standards

We review new accounting standards as issued. Although some of these accounting standards issued or effective after the end of our previous fiscal year may be applicable to us, we have not identified any standards that we believe merit further discussion. We believe that none of the new standards will have a significant impact on our consolidated financial statements.

Results of Operations

Three and Nine Months Ended June 30, 2014 Compared with the Three and Nine Months Ended June 30, 2013

Revenue, COGS and Gross Profit

During the three months ended June 30, 2014 or 2013, we did not produce revenue. During the nine months ended June 30, 2014, the Company produced gross revenue of \$34,200 and \$0. During the nine months ended June 30, 2014, we issued a credit for pricing protection to our distributor of \$11,045 and recognized cost of goods of \$27,637 resulting in negative gross profit of \$4,482. During the nine months ended June 30, 2013, we adjusted inventory for legacy product comprised of cables and adaptors and recognized a loss of \$30,703.

Operating Expenses

Operating expenses increased by \$422,247 to \$427,981 for the three months ended June 30, 2014 compared to \$5,734 for the three months ended June 30, 2013. Operating expenses increased by \$547,932 to \$560,173 for the nine months ended June 30, 2014 compared to \$12,241 for the nine months ended June 30, 2013. The increase in operating expenses is due to \$280,000 of stock compensation for shares to be issued to one of our directors and the Company positioning itself to begin meaningful operations and compliance with its regulatory filing requirements.

Other Income (Expense)

Other expense for the three months ended June 30, 2014 and 2013 was \$13,735 and \$0, respectively, compared to other expense of \$18,840 and \$75,000 during the nine months ended June 30, 2014 and 2013, respectively. The nine month decrease in other expense during 2014 is due to the 2013 issuance of 500,000 shares of common stock valued at \$0.15 per share as partial settlement pursuant to an agreement reached by our company and marketing partner offset by higher interest expense as a result of the assumption of debt in the Merger and issuance of new debt subsequent to the Merger.

Net Loss

As a result of the foregoing, we recognized a net loss of \$441,716 and \$4,512 for the three months ended June 30, 2014 and 2013, respectively. We recognized a net loss of \$583,495 and \$117,944 for the nine months ended June 30, 2014 and 2013, respectively.

Liquidity and Capital Resources

At June 30, 2014, we had current assets of \$30,255 and current liabilities totaling \$1,010,185. Management recognizes that in order for us to meet our capital requirements, and continue to operate, additional financing will be necessary. To date we have financed our expenses primarily from loans, sales of our common stock for cash and issuances of our shares of common stock in exchange for services. Management is planning to raise necessary additional funds from those same sources.

Net cash used by operating activities was \$113,065 for the nine months ended June 30, 2014 compared to \$10,019 during the nine months ended June 30, 2013.

Net cash provided by financing activities was \$143,269 for the nine months ended June 30, 2014 compared to \$0 during the nine months ended June 30, 2013.

Off-Balance Sheet Arrangements

We have no off-balance sheet transactions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required under Regulation S-K for “smaller reporting companies.”

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

At the end of the period covered by this quarterly report, the Chief Executive and Chief Financial Officer of the Company (the “Certifying Officer”) conducted an evaluation of the Company’s disclosure controls and procedures. As defined under Sections 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange

Act”), the term “disclosure controls and procedures” means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including the Certifying Officer, to allow timely decisions regarding required disclosure.

Based on this evaluation, the Certifying Officer has concluded that the Company’s disclosure controls and procedures were not effective, for the quarter covered by this report, to ensure that material information is recorded, processed, summarized and reported by management of the Company on a timely basis in order to comply with the Company’s disclosure obligations under the Exchange Act, and the rules and regulations promulgated there under.

Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

ePunk, Inc. v. Jesse Richard Gonzales et. al. (District Court, Clark County Nevada, Case No. A-12-699135-C). On April 11, 2013, the Company filed an action against certain individuals and entities, including former officers Jesse Richard Gonzales and Justin Dorman (the "Defendants"), alleging damages relating to certain actions involving the stock of the Company. The Complaint was for: Breach of Contract; Unjust Enrichment; Intentional Interference with Contract; Concert of Action; Injunctive Relief; Breach of the Implied Covenant of Good Faith and Fair Dealing; and Breach of Fiduciary Duty. Plaintiff EPUNK, INC. prayed for judgment against Defendants, for the following: general and special damages in excess of Ten Thousand Dollars (\$10,000), and in an amount to be determined at trial, For an Order from this Court enjoining Defendants from transferring or otherwise alienating EPUNK, INC. stock pending the outcome of this action, interest upon an award of damages according to law, for reasonable attorney's fees, for costs of suit, for any such other relief as the Court may deem just and proper. This matter is still ongoing. The Company is confident that it will achieve a favorable result in this matter.

Item 1A. Risk Factors.

Not required under Regulation S-K for "smaller reporting companies."

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On February 10, 2014, the Company (fka ePunk, Inc.) entered into a Share Exchange Agreement ("Merger") with Blink Technologies, Inc., ("Blink Technologies" whereby the Company issued 24,000,000 shares of common stock representing 54.98% of the post-closing issued and outstanding shares in exchange for all 75,000,000 issued and outstanding common shares of Blink Technologies. The shares were issued in reliance upon an exemption from registration pursuant to Section 4(2) of the Securities Act.

Item 3. Defaults Upon Senior Securities.

Please refer to the financial statement footnotes, "Note 4 –Promissory Notes". As of June 30, 2014, the Company is in default on debt principal of \$444,809 and accrued interest of \$69,790.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

There is no information with respect to which information is not otherwise called for by this form.

17

—

Item 6. Exhibits.

Exhibit	Description of Exhibit
2.1	Share Exchange Agreement by and among ePunk, Inc. a Nevada Corporation and Punk Industries, Inc. (Incorporated by reference from Exhibit 10.1 to Form 8-K filed with the Securities and Exchange Commission on July 21, 2011)
3.1	Articles of Incorporation (incorporated by reference from our Report on Form SB-2 filed on October 11, 2007)
3.2	Amended Articles of Incorporation (incorporated by reference from our Report on Form 8-K filed on February 8, 2010)
3.3	Amended and Restated Articles of Incorporation (incorporated by reference from our Report on Form 8-K filed on April 28, 2010)
3.4	Amended Articles of Incorporation (incorporated by reference from our Report on Form 8-K filed on June 22, 2011)
3.5	Bylaws (incorporated by reference from our Report on Form SB-2 filed on October 11, 2007)
10.1	Form of Stock Purchase Agreement dated June 15, 2011 (Incorporated by reference from Exhibit 10.1 to Form 8-K filed with the Securities and Exchange Commission on June 22, 2011).
10.2	Form of employment agreement between Jesse Gonzales and the Company (Incorporated by reference from Exhibit 10.2 to Form 10-K filed with the Securities and Exchange Commission on February 14, 2013).
10.3	Form of employment agreement between Justin Dornan and the Company (Incorporated by reference from Exhibit 10.3 to Form 10-K filed with the Securities and Exchange Commission on February 14, 2013).
10.4	Form of stock cancellation agreement from Jesse Gonzales, Justin Dornan and Frank Drechsler dated August 7, 2012 (Incorporated by reference from Exhibit 10.1, 10.2 and 10.3 to Form 8-K filed with the Securities and Exchange Commission on August 8, 2012).
10.5	Form of Senior Secured Revolving Credit Facility Agreement, Revolving Promissory Note, Guaranty Agreement and Security Agreement(s) between ePunk, Inc., Punk Industries, Inc. and TCA Global Credit Master Fund, LP (Incorporated by reference from Exhibit 10.1, 10.2, 10.3, 10.4 and 10.5 to Form 8-K filed with the Securities and Exchange Commission on September 28, 2012).
10.6	Operating Agreement between ePunk, Inc and San West, Inc. for the management and operation relating to the business of County Imports dated May 28, 2013 (Incorporated by reference from Exhibit 10.1 to Form 8-K filed with the Securities and Exchange Commission on June 21, 2013).
10.7	Restricted common stock cancellation: Jesse Gonzales cancelled 13,000,000 shares; Justin Dornan cancelled 7,910,000 shares and Frank Dreschler cancelled 5,300,000 shares (Incorporated by reference from Exhibit 10.2 to Form 8-K filed with the Securities and Exchange Commission on June 21, 2013).

- 10.8 Assignment, Assumption Waiver and Termination Agreement between ePunk, Inc. and TCA Global Credit Master Fund, LP. (Incorporated by reference to the exhibits filed as part of the report on Form 10-Q for the quarter ended December 31, 2012, filed on June 5, 2014).
- 31.1* Chairman of the Board, Chief Executive Officer and Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Chairman of the Board, Chief Executive Officer and Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS ** XBRL Instance Document

101.SCH ** XBRL Taxonomy Extension Schema Document

101.CAL ** XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF ** XBRL Taxonomy Extension Definition Linkbase Document

101.LAB ** XBRL Taxonomy Extension Label Linkbase Document

101.PRE ** XBRL Taxonomy Extension Presentation Linkbase Document

* Filed Herewith

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Blink Technologies, Inc.

(Registrant)

Dated: November 26, 2014

By: */s/ Dean Miller*
Dean Miller
Chief Executive Officer, Principal
Financial Officer