# Quarterly Report

Q3 - 2014

Trading Symbol: OTC: AWSL
CUSIP: 049127103
Authorized Number of Shares: 500,000,000
Issued Number of Shares: 44,707,601

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# Chairman's Address to Shareholders

... Q3 was yet another milestone quarter for Atlantic Wind & Solar.

Atlantic set Company records for the 19th consecutive quarter .

Atlantic recorded its third consecutive profitable quarter marking the success of its business model and management's commitment to its successful execution.

Continuing with the trend of higher sales and increased profitability over the past 19 quarters, Atlantic increased quarter over quarter sales to $2,073,468 from $1,725,418 - up 20%.

The 2014 sales to date were $5,488,558.

With its portfolio of PV FIT 1.0 projects in Ontario substantially complete management expects to report similarly positive results at year end.

We look forward to the opportunity to present all this and more in our upcoming annual report for 2014.

Sincerely,

*Gilles A. Trahan*

Gilles A. Trahan
Chairman

# Atlantic Wind & Solar Inc.

## 3rd Quarter Report 2014

### Management Discussion and Analysis in Brief

Management at Atlantic is very pleased with the three months covered by the attached financial statements and is proud to report a profit for this third quarter of 2014.

In terms of project completions, four more projects reached Commercial Operation in Q3 while four others achieved grid connection and await receipt of the OPA Commercial Operation letter. Two additional projects are fully complete awaiting connection.

Sales increased from the previous quarter to $2,073,468 from $1,725,418, an increase of 20% compared to the previous three month period.

Profits decreased to $266,388 from $387,861 from the 2nd quarter largely because the final phase of the Ontario projects (similarly to the initial phase) consists of slightly lower margin portions of the development work. The number is still an exceptional improvement over the comparable number from 2013 which was a negative $132,555. Total earnings for the three quarters of 2014 are $951,592 or 2.13 cents per share.

Stock dilution for this quarter was again 0% and the Company retired 167,421 more Preferred Shares in this quarter.

In Ontario in 2009 Atlantic received 20 FIT Contracts/Power Purchase Agreements (PPA) totalling 2.712 Megawatts (MW) AC which became Portfolios 101 and 102.

Portfolio 101, comprised of 12 commercial buildings in Mississauga and Brampton, represents 1.582 MW AC or approximately 1.9 MW DC peak, with:

- 5 projects at Commercial Operation,
- 4 projects connected and awaiting the OPA documentation of achieving Commercial Operation,
- 2 projects constructed awaiting connection to the grid, and
- 1 last project expected to be construction complete by the end of November.

Portfolio 102 is comprised of 4 large commercial installations in Mississauga and Milton and represents 1.130 MW AC or approximately 1.35 MW DC. Construction is now complete on 880 kW with the balance expected to be completed in January 2015.

Atlantic will shift focus to FIT 2.1 once the FIT 1.0s are all complete.

Following the Municipal and Aboriginal contracts announced for FIT 3.0 Atlantic was contacted by the OPA which confirmed that its applications were eligible for the next round of contract offerings.

Ontario remains a market in which Atlantic plans to keep active during the periods when the FIT program is open.

In regards to Ecuador, Atlantic is in advanced negotiations for the co-development and sale of an interest in its 25 MWp approved power plant project in Ecuador and hopes to finalize this in Q4 2014.

Atlantic has been working on new projects in new international markets and hopes to share its developments in the near future.

For more information see our information and disclosure document “AWSL 2014 OTCM Disclosure Q3” filed at: http://www.otcmarkets.com/stock/AWSL/filings.

## Certification of Financial Statements and Notes

**Certification of Financial Statements and Notes by CEO**

I, Gilles A. Trahan, certify that:

1 I have reviewed this financial statement of Atlantic Wind and Solar, Inc., a West Virginia corporation;

2 Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3 Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 15 November 2014

By:/s/ Gilles A. Trahan
CEO, Director

**Certification of Financial Statements and Notes by CFO**

I, Martin Baldwin, certify that:

1 I have reviewed this financial statement of Atlantic Wind and Solar, Inc., a West Virginia corporation;

2 Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3 Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 15 November 2014

By:/s/ Martin Baldwin
CFO, Director

ATLANTIC WIND AND SOLAR, INC.

Unaudited Consolidated Financial Statements
September 30, 2014

ATLANTIC WIND AND SOLAR, INC.

Unaudited Consolidated Financial Statements
September 30, 2014

## CONTENTS

ATLANTIC WIND AND SOLAR, INC.
Unaudited Consolidated Balance Sheets

| | | September 30, 2014 | | December 31, 2013 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | $ | 21,386 | $ | 148,770 |
| Accounts receivable, net of allowance of $0 | | 2,649,659 | | 4,331,277 |
| Prepaid expenses | | 482 | | - |
| Other current assets | | 161,150 | | 147,622 |
| **Total current assets** | | 2,832,677 | | 4,627,669 |
| Note receivable, net of allowance | | 409,880 | | 370,855 |
| **Total assets** | $ | 3,242,557 | $ | 4,998,524 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | 2,449,360 | $ | 4,614,371 |
| Taxes payable | | - | | 124,462 |
| Wages payable | | 52,000 | | 38,500 |
| Related party payables, current | | 54,066 | | 53,748 |
| **Total current liabilities** | | 2,555,426 | | 4,831,081 |
| Related party payables, non-current | | 164,372 | | 164,471 |
| Notes payable, non-current | | 198,866 | | 214,128 |
| **Total liabilities** | | 2,918,664 | | 5,209,680 |
| **Stockholders' equity (deficit)** | | | | |
| Series A preferred stock, $1.00 par value; 20,000,000 shares authorized; 318,094 and 733,457 shares issued and outstanding at September 30, 2014 and December 31, 2013 | | 318,094 | | 733,447 |
| Series B preferred stock, $1.00 par value; 20,000,000 shares authorized; 5,155,255 and 5,090,072 shares issued and outstanding and September 30, 2014 and December 31, 2013 | | 5,155,255 | | 5,090,072 |
| Common stock, $0.001 par value; 500,000,000 shares authorized; 44,707,601 issued and outstanding | | 44,708 | | 44,708 |
| Additional paid in capital | | 5,635,374 | | 5,635,374 |
| Other comprehensive loss | | (32,807) | | (77,979) |
| Accumulated deficit | | (10,796,731) | | (11,636,778) |
| **Total stockholders' equity (deficit)** | | 323,893 | | (211,156) |
| **Total liabilities and stockholders' equity (deficit)** | $ | 3,242,557 | $ | 4,998,524 |

See accompanying notes to unaudited consolidated financial statements.

ATLANTIC WIND AND SOLAR, INC.
Unaudited Consolidated Statements of Operations

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **Revenue** | $ 2,073,468 | $ 1,280,492 | $ 5,488,558 | $ 2,757,597 |
| **Cost of revenue** | 1,643,118 | 1,068,716 | 4,033,485 | 2,203,039 |
| **Gross margin** | 430,350 | 211,776 | 1,455,073 | 554,558 |
| **Operating expenses** | | | | |
| Salaries and wages | 102,034 | 285,872 | 310,375 | 691,939 |
| Engineering | - | 14,057 | 1,025 | 18,981 |
| Professional fees | 4,521 | 20,139 | 19,123 | 68,647 |
| Travel | 17,409 | 14,469 | 50,077 | 51,757 |
| Rent | 2,322 | 989 | 4,191 | 4,074 |
| Advertising and public relations | 390 | 124 | 578 | 1,250 |
| General and administrative | 8,432 | 9,049 | 22,229 | 23,769 |
| **Total operating expenses** | 135,108 | 344,699 | 407,598 | 860,417 |
| **Other income (expense)** | | | | |
| Interest income | 6,291 | 4,916 | 17,235 | 12,514 |
| Foreign currency transaction gain (loss) | (33,052) | (3,822) | (86,975) | (13,090) |
| Interest expense | (2,093) | (726) | (6,141) | (1,020) |
| **Total other income (expense)** | (28,854) | 368 | (75,881) | (1,596) |
| **Net income (loss) available to common stockholders** | $ 266,388 | $ (132,555) | $ 971,594 | $ (307,455) |
| **Other comprehensive income (loss)** | | | | |
| Foreign currency translation adjustment | 821 | 6,711 | 45,172 | 6,763 |
| **Total comprehensive income (loss)** | $ 267,209 | $ (125,844) | $ 1,016,766 | $ (300,692) |
| **Basic and diluted income (loss) per common share** | $ 0.01 | $ (0.00) | $ 0.02 | $ (0.01) |
| **Basic and diluted weighted average shares outstanding** | 44,707,601 | 44,707,601 | 44,707,601 | 44,707,601 |

See accompanying notes to unaudited consolidated financial statements.

ATLANTIC WIND AND SOLAR, INC.
Statement of Changes in Stockholders' Equity (Deficit)

| | Series A Preferred Stock | | Series B Preferred Stock | | Common Stock | | Additional Paid-in Capital | Other Comprehensive Loss | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | |
| Balance, December 31, 2012 | 4,781,974 | 4,781,974 | - | - | 44,707,601 | 44,708 | 5,635,374 | (70,965) | (10,699,779) | (308,688) |
| Series A preferred stock issued for dividend | 474,934 | 474,934 | - | - | - | - | - | - | (474,934) | - |
| Series A preferred stock issued for conversion of related party payable | 289,645 | 289,645 | - | - | - | - | - | - | - | 289,645 |
| Exchange of preferred series A for preferred series B stock | (4,813,106) | (4,813,106) | 4,813,106 | 4,813,106 | - | - | - | - | - | - |
| Series B preferred stock issued for dividend | - | - | 236,837 | 236,837 | - | - | - | - | (236,837) | - |
| Series B preferred stock issued for conversion of related party payable | - | - | 40,129 | 40,129 | - | - | - | - | - | 40,129 |
| Foreign currency translation adjustment | - | - | | | - | - | - | (7,014) | - | (7,014) |
| Net loss, year ended December 31, 2013 | - | - | | | - | - | - | - | (225,228) | (225,228) |
| Balance, December 31, 2013 | 733,447 | 733,447 | 5,090,072 | 5,090,072 | 44,707,601 | 44,708 | 5,635,374 | (77,979) | (11,636,778) | (211,156) |
| Series A preferred stock issued for dividend | 56,203 | 56,203 | - | - | - | - | - | - | (56,203) | - |
| Series B preferred stock issued for dividend | - | - | 298,659 | 298,659 | - | - | - | - | (298,659) | - |
| Series B preferred stock rescinded | - | - | (223,315) | (223,315) | - | - | - | - | 223,315 | - |
| Series B preferred stock issued for conversion of related party payable | - | - | 114,224 | 114,224 | - | - | - | - | - | 114,224 |
| Series A preferred stock repurchased for cash | (471,556) | (471,556) | - | - | - | - | - | - | - | (471,556) |
| Series B preferred stock repurchased for cash | - | - | (124,385) | (124,385) | - | - | - | - | - | (124,385) |
| Foreign currency translation adjustment | - | - | - | - | - | - | - | 45,172 | - | 45,172 |
| Net income, period ended September 30, 204 | - | - | - | - | - | - | - | - | 971,594 | 971,594 |
| Balance, September 30, 2014 | 318,094 | $ 318,094 | 5,155,255 | $ 5,155,255 | 44,707,601 | $ 44,708 | $ 5,635,374 | $ (32,807) | $ (10,796,731) | $ 323,893 |

See accompanying notes to unaudited consolidated financial statements.

ATLANTIC WIND AND SOLAR, INC.
Consolidated Statements of Cash Flows

| | Nine months ended September 30, 2014 | 2013 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income (loss) | $ 971,594 | $ (307,455) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,004,358 | (2,240,331) |
| Other current assets | (36,928) | 10,500 |
| Security deposit | - | - |
| Accounts payable and accrued liabilities | (1,453,602) | 2,297,429 |
| Taxes payable | (106,946) | 4,608 |
| Wages payable | 13,500 | 18,000 |
| **Net cash used in operating activities** | 391,976 | (217,249) |
| | | |
| **Cash flows from investing activities** | | |
| Notes receivable | (81,465) | (166,771) |
| **Cash flows from investing activities** | (81,465) | (166,771) |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from related party payables | 114,443 | 289,313 |
| Repurchase of series A preferred stock | (471,556) | - |
| Repurchase of series B preferred stock | (124,385) | - |
| **Net cash provided by financing activities** | (481,498) | 289,313 |
| | | |
| Effect of exchange rate on cash | 43,603 | 7,990 |
| | | |
| **Net change in cash** | (127,384) | (86,717) |
| **Cash at beginning of period** | 148,770 | 94,755 |
| **Cash at end of period** | $ 21,386 | $ 8,038 |
| | | |
| **Supplemental cash flow information** | | |
| Cash paid for interest | $ - | $ - |
| Cash paid for income taxes | $ - | $ - |
| | | |
| **Supplemental disclosure of non-cash financing activities** | | |
| Series A preferred stock issued for dividend | $ 56,203 | $ 453,570 |
| Series B preferred stock issued for dividend | $ 298,659 | $ - |
| Series B preferred stock rescinded | $ (223,315) | $ - |
| Conversion of related party payable to series A preferred shares | $ - | $ 289,645 |
| Conversion of related party payable to series B preferred shares | $ 114,224 | $ - |

See accompanying notes to unaudited consolidated financial statements.

**Note 1 - Nature of Business**

Atlantic Wind and Solar, Inc. (the "Company" or "Atlantic"), located in Toronto, Ontario, was originally organized on January 13, 1977 under the laws of the state of West Virginia as Aetna Operating Company Inc. The Company changed its name to Dragon Environmental (UK) Ld. on November 4, 1997, then to Aquatek Ltd. On October 26, 1998, then to Environmental Technologies International, Inc. on February 8, 2002 and Atlantic Wind and Solar, Inc. on October 19, 2008.

Atlantic Wind and Solar, Inc. is a renewable energy asset developer, with emphasis on photovoltaic solar and wind energy. The Company pursues, develops, finances, owns and operates solar energy projects from various stages of development life cycles through commercial operation. Atlantic has approximately 60 megawatts ("MW") DC of approved solar projects of which approximately 25 MW's have power purchase agreement contracts already executed. The company's greenfield pipeline includes more than 350 MW of utility scale solar projects at various stages of development in Canada, Europe, South and Central America

**Note 2 - Significant Accounting Policies**

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated.

Basis of Presentation

The financial statements present the balance sheet, statements of operations, stockholders' equity and cash flows of the Company. These financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States. The Company has elected a December 31 year end.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash and cash equivalents include short-term, highly liquid investments with maturities of less than three months when acquired.

**Note 2 - Significant Accounting Policies (continued)**

Income taxes

The Company accounts for income taxes under ASC 740 *"Income Taxes"* which codified SFAS 109, *"Accounting for Income Taxes"* and FIN 48 *"Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109."* Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

Foreign Currency Translation

The Company's functional currency is the Canadian dollar (CAD), while the Company's reporting currency is the U.S. dollar (USD). All transactions initiated in Canadian dollars are translated into U.S. dollars in accordance with ASC 830, *"Foreign Currency Translation"* as follows:

i) Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date.
ii) Equity at historical rates.
iii) Revenue and expense items at the average rate of exchange prevailing during the period.

Adjustments arising from such translations are deferred until realization and are included as a separate component of stockholders' equity as a component of comprehensive income or loss. Therefore, translation adjustments are not included in determining net income (loss) but reported as other comprehensive income.
For foreign currency transactions, the Company translates these amounts to the Company's functional currency at the exchange rate effective on the invoice date. If the exchange rate changes between the time of purchase and the time actual payment is made, a foreign exchange transaction gain or loss results which is included in determining net income for the period. The exchange rates used are as follows:

| | September 30, 2014 | September 30, 2013 | December 31, 2013 |
|---|---|---|---|
| Period end: CAD to USD | 0.8962 | 0.9710 | 1.0297 |
| Average for period: CAD to USD | 0.9191 | 0.9771 | 1.0696 |

Fair Value of Financial Instruments

The Company's financial instruments as defined by FASB ASC 825-10-50 include cash, trade accounts receivable, and accounts payable and accrued expenses. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at September 30, 2014.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

**Note 2 - Significant Accounting Policies (continued)**

Fair Value of Financial Instruments (continued)

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company does not have any assets or liabilities measured at fair value on a recurring basis at September 30, 2014 or December 31, 2013. The Company did not have any fair value adjustments for assets and liabilities measured at fair value on a nonrecurring basis during the three or nine months ended September 30, 2014 or 2013.

Property and Equipment

Property and equipment are carried at cost net of accumulated depreciation. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Depreciation is computed for financial statement purposes on a straight-line basis over estimated useful lives of the related assets. The estimated useful lives of depreciable assets are:

| | Estimated Useful Lives |
|---|---|
| Furniture and Fixtures | 5 - 10 years |
| Computer Equipment | 3 - 5 years |
| Vehicles | 5 - 10 years |

For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. For audit purposes, depreciation is computed under the straight-line method. Property and equipment consisted of the following as of September 30, 2014 and December 31, 2013:

| | September 30 2014 | December 31, 2013 |
|---|---|---|
| Computers | $ 3,057 | $ 3,649 |
| Accumulated depreciation | (3,057) | (3,649) |
| Net book value | $ - | $ - |

**Note 2 - Significant Accounting Policies (continued)**

Earnings Per Share Information

FASB ASC 260, "*Earnings Per Share"* provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share. Basic and diluted loss per share were the same, at the reporting dates, as there were no common stock equivalents outstanding.

Share Based Expenses

ASC 718 *"Compensation - Stock Compensation"* codified SFAS No. 123 prescribes accounting and reporting standards for all stock-based payments award to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. , may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (*a*) the option to settle by issuing equity instruments lacks commercial substance or (*b*) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50 *"Equity - Based Payments to Non-Employees"* which codified SFAS 123 and the Emerging Issues Task Force consensus in Issue No. 96-18 ("EITF 96-18"), *"Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring or in Conjunction with Selling, Goods or Services".* Measurement of share-based payment transactions with non-employees shall be based on the fair value of whichever is more reliably measurable: (*a*) the goods or services received; or (*b*) the equity instruments issued. The fair value of the share-based payment transaction should be determined at the earlier of performance commitment date or performance completion date.

Revenue Recognition

The Company's financial statements are prepared under the accrual method of accounting. Revenues will be recognized in the period the services are performed and costs are recorded in the period incurred. Revenue is recognized when (1) the evidence of the agreement exists, (2) services have been rendered, (3) the price is fixed or determinable, and (4) collectability is reasonably assured. We generated revenues of $5,488,558 and $2,757,597 during the nine months ended September 30, 2014 and 2013.

Recent Accounting Pronouncements

The company has evaluated all the recent accounting pronouncements and determined there are none having a material effect on the Company's financial statements.

**Note 3 - Stockholders' Equity**

Common Stock

The Company is authorized to issue up to 500,000,000 shares of $0.001 par value common stock, 20,000,000 shares of $1.00 par value series A preferred stock and 20,000,000 shares of $1.00 par value series B preferred stock.

**Note 3 - Stockholders' Equity (continued)**

Common Stock (continued)

The series A preferred stock carries an annual dividend of 12% which is generally paid quarterly by issuing additional shares of series A preferred stock. We issued 56,203 and 474,934 series A preferred shares for dividends during the nine months ended September 30, 2014 and year ended December 31, 2013.

The series B preferred stock carries an annual dividend of 8% which is generally paid quarterly by issuing additional shares of series B preferred stock. We issued 298,659 and 0 shares for dividends during the nine months ended September 30, 2014 and year ended December 31, 2013.

During the year ended December 31, 2013, we exchanged 4,813,106 series A preferred shares for 4,813,106 series B preferred shares.

During the nine months ended September 30, 2014, the Company issued a total of 114,224 series B preferred shares at $1 per share as a reduction of related party payables.

During the nine months ended September 30, 2014, the Company purchased a total of 471,556 series A preferred shares and 124,385 series B preferred shares for cash at $1 per share.

During the nine months ended September 30, 2014, the Company rescinded 223,315 series B preferred shares which were previously issued for dividends.

There were 44,707,601 common shares issued and outstanding as of September 30, 2014 and December 31, 2013.

There were 318,094 and 733,447 series A preferred shares issued and outstanding as of September 30, 2014 and December 31, 2013. There were 5,155,255 and 5,090,072 series B preferred shares issued and outstanding as of September 30, 2014 and December 31, 2013.

Net income (loss) per common share

Net income (loss) per share is calculated in accordance with FASB ASC Topic 260 (formally SFAS No. 128, "*Earnings Per Share.*"). The weighted-average number of common shares outstanding during each period is used to compute basic income (loss) per share. Diluted income (loss) per share is computed using the weighted average number of shares and dilutive potential common shares outstanding. Basic net income (loss) per common share is based on the weighted average number of shares of common stock outstanding during the nine months ended September 30, 2014.

**Note 4 - Concentrations of Credit Risk**

Our revenues for the nine months ended September 30, 2014 and 2013 were generated completely from two separate clients. Additionally, our entire accounts receivable balance as of these dates were generated from contracts with these two clients. The loss of either of these clients will have a materially adverse impact on our business.

**Note 5 - Subsequent Events**

We have evaluated subsequent events through the date of the issuance of these financial statements and determined there are no events to disclose.