



Garb Oil & Power Corporation

"VERTICALLY INTEGRATING TO HELP SOLVE TODAY'S ENERGY CHALLENGES FOR A GREENER TOMORROW."

Initial Company Information and Disclosure Statement, Item 5) Financial Statements

Consolidated Financial Statements Including Notes
For the Two (2) Years Ending
December 31, 2013 and December 31, 2012

For
Garb Oil & Power Corporation
[GARB]

Submitted on:
February 27, 2014

Submitted pursuant to and in accordance with
OTC Pink Basic Disclosure Guidelines
(v1.1 April 25, 2013)

Forward-Looking Statements: The statements contained in this document include certain statements, predictions and projections that may be considered forward-looking statements under securities law. These statements involve a number of important risks and uncertainties that could cause actual results to differ materially including, but not limited to, the supply and demand for the Company's products, our ability to remain technologically competitive, as well as other economic, competitive and technological factors involving the Company's operations, markets, services, products, and prices.

5) Financial Statements

The financial statements presented below are for the last two (2) years' Annual Reports which include Consolidated Financial Statements for the years ended December 31, 2013 and December 31, 2012.

GARB OIL & POWER CORPORATION

Condensed Consolidated Balance Sheets

(Unaudited)

	As of the Year Ending	
	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	\$ 5,003	\$ 4,686
Accounts receivable-trade	350,000	-
Prepaid expenses and other current assets	-	20,620
Total current assets	355,003	25,306
Property and equipment, net	-	3,886
Total assets	\$ 355,003	\$ 29,192

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

GARB OIL & POWER CORPORATION
Condensed Consolidated Balance Sheets (Continued)
(Unaudited)

	December 31, 2013	December 31, 2012
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	2,079,557	3,552,680
Accounts payable and accrued expenses - related parties	285	26,181
Notes payable	2,304,408	2,560,918
Notes payable - related parties	150,000	-
Deferred tax liabilities	-	-
Total current liabilities	4,534,250	6,139,779
Total long-term liabilities	-	-
Total liabilities	4,534,250	6,139,779
Stockholders' equity(deficit):		
Class A preferred; (\$.0001 par value) 1,000,000 shares authorized 7 and 7 shares issued and outstanding as of December 31, 2013 and, 2012, respectively	-	-
Class B preferred; (\$.001 par value) 10,000,000 shares authorized 4,494,298 shares issued and outstanding as of December 31, 2013 and (\$.0001 par value) 30,000,000 shares authorized 119,298 shares issued and outstanding as of December 31, 2012	4,494	19
Common stock; (no par value) 50,000,000,000 shares authorized, 36,165,215,154 shares issued and outstanding at December 31, 2012 and (\$.001 par value) 50,000,000,000 shares authorized, 45,483,744,154 shares issued and outstanding at December 31, 2012	-	45,483,734
Additional paid in capital	10,426,792	(36,001,623)
Accumulated deficit	(14,610,533)	(15,592,717)
Total Garb Oil & Power stockholders' equity (deficit)	(4,179,247)	(6,110,587)
Non-controlling interest	-	-
Total stockholders' equity (deficit)	(4,179,247)	(6,110,587)
Total liabilities and stockholders' equity (deficit)	\$ 355,003	\$ 29,192

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

GARB OIL & POWER CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the year ended	
	December 31, 2013	December 31, 2012
Cash Flows from Operating Activities:		
Net income (loss)	\$ 982,185	\$ (7,306,474)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	-	111
Changes in operating assets and liabilities, net effect of acquisitions	(1,029,346)	728,992
Net cash flows from operating activities	<u>(47,161)</u>	<u>(6,577,371)</u>
Cash flows from investing activities:		
Purchase of property and equipment	3,886	111
Net cash flows from investing activities	<u>3,886</u>	<u>111</u>
Cash flows from financing activities:		
Net cash flows from financing activities	43,592	6,564,401
Net Increase (Decrease) in cash and cash equivalents	<u>317</u>	<u>(12,858)</u>
Effect of exchange rates on cash		
Beginning Cash and Cash equivalents	4,686	17,544
Ending Cash and Cash equivalents	<u>\$ 5,003</u>	<u>\$ 4,686</u>
Supplemental Disclosures of Cash flow information:		
Cash paid for interest	\$ 9,999	\$ 202,346

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

GARB OIL & POWER CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2013 and 2012

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a. Organization

Garb Oil & Power, Corporation (the “Company” or “Garb”) was incorporated in the State of Utah in 1972 under the name Autumn Day, Inc. The Company changed its name to Energy Corporation International in 1978, to Garb-Oil Corporation of America in 1981, to Garb Oil & Power Corporation in 1985, briefly to Garb Corporation in 2013 (only with the State of Utah) and restoration back to Garb Oil & Power Corporation in February 2014.

The Company has a long history in the fast growing industry of waste recycling and specifically related to waste-to-energy, upon which the new management plans to build on. Garb has reorganized to utilize both next-generation machines and new technologies to vertically integrate into the waste refinement, recycling and energy industries. The revised company emphasis is in profitable new and “green” solutions for waste-to-energy, alternate energy sources, gas drilling, fuel enhancements and improving energy usage efficiency.

Company Subsidiaries as of December 31, 2013

On October 27, 2009, the Company entered into an agreement for the purchase of Resource Protection Systems GmbH, a company organized and currently active under the laws of Germany (“RPS”).

On January 15, 2010, RPS purchased 80% of the issued and outstanding stock of Newview S.L., a company organized under the laws of Spain (“Newview”). Whether Newview is currently active or not has not been determined.

On April 23, 2010, the Company SEC Filed its Form 10-K Annual filing for the Year Ending December 31, 2009 which contained its Audited Consolidated Financial Statements for the Company and Subsidiaries which included RPS Consolidated Financials that were converted into United States Dollars (USD).

On March 7, 2012, the Company SEC Filed an amended Form 10-K/A Annual filing for the Year Ending December 31, 2009 which contained its Audited Consolidated Financial Statements for the Company and Subsidiaries which included RPS Consolidated Financials that were converted into United States Dollars (USD).

On March 8, 2012, the Company SEC Filed its Form 10-K Annual filing for the Year Ending December 31, 2010 which contained its Audited Consolidated Financial Statements for the Company and Subsidiaries which included RPS and Newview Consolidated Financials that were converted into United States Dollars (USD).

On March 12, 2012, the Company SEC filed its Form 10-Q for the three Quarters Ending March 31, 2011, June 30, 2011 and September 30, 2011 which contained the Company Auditor’s review of the Consolidated Financial Statements for the Company and Subsidiaries which included RPS and Newview Consolidated Financials that were converted into United States Dollars (USD).

On March 19, 2013, the Company’s Tax Accountant submitted to the Company’s CEO both the Company’s United States Federal and State of Utah Annual Tax Returns for the Tax Years of 2009 and 2010.

On March 23, 2013, the Company’s Tax Accountant submitted to the Company’s CEO both the Company’s United States Federal and State of Utah Annual Tax Returns for the Tax Years of 2011 and 2012.

The Company’s Tax Accountant’s submission of the aforementioned United States Federal and State of Utah Tax Returns to the Company’s CEO were accompanied by the Tax Accountant’s letter addressed to the Company and the Company’s CEO which included “...you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements.” and to “Please follow those instructions carefully”.

All four of the Federal Tax Returns, Form 1120, for the Tax Years of 2009, 2010, 2011 and 2012 for Schedule K, Question 5 that asked if at the end of the tax year did the Company have ownership of any foreign or domestic corporation, partnership or beneficiary interest of a trust, the answer for all four tax years were checked “No” and the applicable space to complete if the “Yes” answer was checked remained blank on all four Federal Tax Returns.

In addition, the State of Utah Tax Returns, Form TC-20, for the three tax years of 2009, 2010 and 2011, Question 3 which asked if the Company at any time during the tax year had ownership of another corporation or corporations, the answer for all three tax years were checked "No" and the applicable space to complete if the "Yes" answer was checked remained blank on all three State of Utah Tax Returns. (The State of Utah Tax Return, Form TC-20 for the Tax Year 2012 did not contain a Company ownership of another corporation or corporations type question.)

The Company's Current Accountants have concluded, based on the Company's current corporate records and other due diligence relating to RPS and Newview as disclosed in the Company's SEC filings, that the Prior Company Management determined during March 2013 that the Company's 2009 Purchase Agreement to purchase RPS as a wholly owned subsidiary was not fully consummated and therefore did not report RPS nor RPS'S subsidiary Newview as being owned as foreign companies at the end of the tax year to the United States Internal Revenue Service (U.S. Form 1120) for the four tax years of 2009, 2010, 2011 and 2012 nor to the State of Utah that the Company had ownership of other companies at any time during the tax year for the three tax years of 2009, 2010, 2011. Therefore the Companies consolidated financial statements presented herein do not contain RPS and Newview Consolidated Financials that were converted into United States Dollars (USD) and were prepared in conformity with accounting principles generally accepted in the United States of America.

As of December 31, 2013, the Company does not own or control other companies or business entities as subsidiaries.

b. Use of Estimates

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

c. Basis of Presentation - Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the ordinary course of business. As shown in the consolidated financial statements, during the years ended December 31, 2013 and 2012, the Company has incurred a net income of \$982,185 due primarily to the write off of outstanding debt owed by the Company to departed related parties and a net loss of \$7,306,474, respectively, and as of December 31, 2013, the Company's accumulated deficit was \$14,610,533. These factors, among others, would raise substantial doubt as of December 31, 2013 about the Company's ability to continue as a going concern for a reasonable period of time. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows to meet its obligations on a timely basis, to obtain additional financing as may be required, and ultimately to attain successful operations. Management is continuing its efforts to obtain the necessary financing as may be required to generate sufficient cash flows for future operations. Management is pursuing avenues of generating cash or revenues during the next twelve months. The Company is also attempting to interest purchasers, or potential purchasers, of Garb shredders and new tires, and establishing manufacturing plants via joint ventures. The Company also continues to pursue financing to build, commission and operate its own waste refinement and recycling plants. Management also believes that with a new line of next-regeneration machines, industry expertise, website and marketing strategies that are available, the potential for machinery and plant sales exist.

As of December 31, 2013, there is no assurance that the Company will be able to obtain cash flow from operations or to obtain additional financing. If these are not available to the Company, the Company may not be able to continue operations. While management at the start of 2014 remains hopeful that one or more transactions will proceed, no assurances can be expressed as to the Company's continuing viability in the absence of revenues.

d. Principles of Consolidation

For the two years ending December 31, 2013 and December 31, 2012, the Company did not own or control other companies or business entities as subsidiaries.

e. Property and Equipment

Property and equipment is recorded at cost and is depreciated using the straight-line method based on the expected lives of the assets which range from five to ten years. Depreciation expense for the years ended December 31, 2013 and 2012 was \$0 and \$111, respectively.

The Company records impairment losses when indicators of impairment are present and undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

f. Revenue Recognition

Revenue is recognized when the following criteria are met: 1. persuasive evidence of an arrangement exists, which is generally in the form of a signed contract which specifies a fixed price, 2. the sales amount is determinable, 3. when title is transferred, which is when goods shipped to the customer has been received and accepted or services have been rendered, and 4. collection is reasonably assured. In the past the Company has engaged in consulting activities and product sales but as of December 31, 2013 has no consulting contracts or product sales revenue from these activities.

g. Accounts Receivable/Allowance for bad debt

The Company's allowance for uncollectible accounts receivable is based on its historical bad debt experience and on management's evaluation of its ability to collect individual outstanding balances. The Company had no allowance for doubtful accounts as of December 31, 2013 and 2012.

h. Advertising Costs

The Company expenses all advertising costs as incurred. The Company recorded \$563 and \$659 advertising expense respectively for the years ending December 31, 2013 or 2012.

i. Basic Income (Loss) Per Share

The following is an illustration of the reconciliation of the numerators and denominators of the basic loss per share calculation:

Income (Loss) Before Income Taxes (Numerator)	<u>\$ 982,185</u>	<u>\$ (7,306,474)</u>
Basic and Diluted Income (Loss) Per Common Share Attributable To Garb Oil & Power Shareholders	<u>\$ 0.00003</u>	<u>\$ (0.00016)</u>
Weighted Average Of Common Shares Outstanding (Denominator)	<u>36,165,215,154</u>	<u>45,483,744,154</u>

j. Financial Instruments

Cash equivalents at one time included highly liquid short-term investments with original maturities of three months or less, readily convertible to known amounts of cash. The amounts were reported as cash, prepaid expenses, trade accounts payable and notes payable to related parties are considered to be reasonable approximations of their fair values. The fair value estimates presented were based on market information available to management as of the periods reported. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair value amounts. The reported fair values do not take into consideration potential expenses that would be incurred in an actual settlement. The Company had no Financial Instruments as of December 31, 2013 and 2012.

k. Stock-Based Compensation

The Company records expense associated with the fair value of stock-based compensation. For fully vested stock and restricted stock grants the Company calculates the stock based compensation expense based upon estimated fair value on the date of grant.

For stock options, the Company uses the Black-Scholes option valuation model to calculate stock based compensation at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

l. Concentration of Credit and Other Risks

The Company maintains cash in federally insured bank accounts. At times these amounts exceed insured limits. The Company does not anticipate any losses from these deposits.

The Company had zero and zero customer whose sales were greater than 10% for the years ended December 31, 2013 and December 31, 2012, respectively.

The Company's December 31, 2013 accounts receivable was due entirely from one customer, received by the Company as part of a select purchase of assets and liabilities transaction.

m. Income Taxes

Deferred income taxes are provided using the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates of the date of enactment.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of income.

Recorded deferred income taxes are zero and zero for the years ending December 31, 2013 and 2012.

n. Foreign Currency

The financial statements do not contain foreign subsidiaries.

o. Newly Issued Accounting Pronouncements

In January 2009, the Securities and Exchange Commission ("SEC") issued Release No. 33-9002, "Interactive Data to Improve Financial Reporting." The final rule requires companies to provide their financial statements and financial statement schedules to the SEC and on their corporate websites in interactive data format using the eXtensible Business Reporting Language ("XBRL"). The rule was adopted by the SEC to improve the ability of financial statement users to access and analyze financial data. The SEC adopted a phase-in schedule indicating when registrants must furnish interactive data. Under this schedule, the Company will be required to submit filings with financial statement information using XBRL commencing once the Company again becomes fully reporting with the SEC. The Company has taken the steps necessary to comply with the XBRL reporting requirements commencing when fully reporting.

NOTE 2 – ACQUISITIONS

No acquisitions occurred during the years ending December 31, 2013 and 2012.

NOTE 3 – PROPERTY AND EQUIPMENT

The major classes of equipment as of December 31, 2013 and 2012 are as follows:

	2013	2012	Estimated Service Lives in Years
Office equipment & furniture	\$ -	\$ 23,677.	3-7
Vehicles	-	-	5-7
Total property and equipment	-	23,677	
Less accumulated depreciation	-	(19,791)	
Property and equipment, net	<u>\$ -</u>	<u>\$ 3,886</u>	

NOTE 4 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2012, the following related party transactions occurred.

On January 9, 2012, the Company issued 1 restricted, with legend, Class A Preferred share to Alan Fleming as a Bonus. On the same day, the Company also issued to John Rossi and Igor Plahuta 1 restricted with legend Class A Preferred share for realignment for new Class A Preferred shareholder.

On June 25, 2012, the Company issued 12,000,000,000 restricted, with legend, Common shares to John Rossi at \$0.0000033 per share for \$40,000.00 of accrued unpaid wages.

On June 25, 2012, the Company issued 13,445,378,151 restricted, with legend, Common shares to John Rossi at \$0.0000119 per share for \$160,000.00 of accrued unpaid wages.

On June 25, 2012, the Company issued 12,000,000,000 restricted, with legend, Common shares to Igor Plahuta at \$0.0000033 per share for \$40,000.00 of accrued unpaid wages.

On June 25, 2012, the Company issued 6,000,000,000 restricted, with legend, Common shares to Alan Fleming at \$0.0000033 per share for \$20,000.00 in discounted accrued unpaid wages.

On August 25, 2012, the Company issued 2 restricted, with legend, Class A Preferred share to John Rossi as a Bonus.

On September 10, 2012, John Rossi surrendered to the Company the June 25, 2012 issued 12,000,000,000 Common shares that were to be partially converted during 2013 into an undetermined amount of Class B Preferred shares. (See February 8, 2013 Activity below.)

On October 22, 2012, John Rossi surrendered to the Company the June 25, 2012 issued 13,445,378,151 Common shares that were to be partially converted during 2013 into an undetermined amount of Class B Preferred shares. (See February 8, 2013 Activity below.)

During the year ended December 31, 2013, the following related party transactions occurred.

On February 8, 2013, the 2012 25,445,378,151 total Common shares surrendered by John Rossi to the Company were converted into 2,500,000 restricted, with legend, Class B Preferred shares having a value of \$83,333.33, \$0.0333333 per share.

On February 8, 2013, Igor Plahuta surrendered to the Company 12,000,000,000 Common shares having a value of \$40,000.00, \$0.0333333 per share that were converted into 1,200,000 restricted, with legend, B Preferred shares having a value of \$40,000.00, \$0.0333333 per share.

On February 8, 2013, Alan Fleming surrendered to the Company 6,000,000,000 Common shares having a value of \$20,000.00, \$0.333333 per share that were converted into 600,000 restricted, with legend, B Preferred shares having a value of \$20,000.00, \$0333333 per share.

On June 24, 2013, the Company issued 850,000,000 restricted, with legend, Common shares to John Rossi at \$0.0001 per share for \$85,000.00 as a discounted settlement amount for all remaining accrued unpaid wages.

On June 24, 2013, the Company issued 866,000,000, with legend, Common shares to Igor Plahuta at \$0.0001 per share for \$86,600.00 as a discounted settlement amount for all remaining accrued unpaid wages.

On June 24, 2013, the Company issued 572,500,000 restricted, with legend, Common shares to Alan Fleming at \$0.0001 per share for \$57,250.00 as a discounted settlement amount for all remaining accrued unpaid wages.

NOTE 5 – INCOME TAXES

The Company accounts for income taxes in accordance with Accounting Standards Codification Topic 740, Income Taxes (“Topic 740”), which requires the recognition of deferred tax liabilities and assets at currently enacted tax rates for the expected future tax consequences of events that have been included in the financial statements or tax returns. A valuation allowance is recognized to reduce the net deferred tax asset to an amount that is more likely than not to be realized. Topic 740 provides guidance on the accounting for uncertainty in income taxes recognized in a company’s financial statements. Topic 740 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. At the adoption date of January 1, 2007, the Company had no unrecognized tax benefit which would affect the effective tax rate if recognized. The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operation in the provision for income taxes. As of December 31, 2013, the Company had no accrued interest or penalties related to uncertain tax positions.

The Company files income tax returns in the U.S. federal jurisdiction and in the state of Utah. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. There are zero and zero net deferred tax liabilities as of December 31, 2013 and 2012.

At December 31, 2013, the Company had U.S. net operating loss carry forwards of approximately \$14,610,533 that may be offset against future U.S. taxable income from the year 2014 through 2034. No U.S. tax benefit has been reported in the December 31, 2013 financial statements since the potential U.S. tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

NOTE 6 – COMMITMENTS

The Company has employment agreements with its new officers installed August 2013. The Company’s Chief Executive Officer’s agreement includes a starting salary of \$120,000 per year. The Company’s Corporate Secretary’s agreement is for starting part time at \$250 per week, with hours over 10 hours a week at the hourly rate of \$25 per hour. Both officers agreed to allow unpaid salaries to accrue and be paid as operations’ cash flows improve. The terms of employment for the length of employment service of both agreements are open ended, at will for both parties, except for agreement violations’ remedies as specified.

As of December 31, 2013 and 2012 the company had accrued a total of \$64,500 and \$2,095,429 in wages payable related to officer compensation.

NOTE 7 – OPERATING LEASES

The Company sublets office space at no costs for one year from August 2013.

NOTE 8 – NOTES PAYABLE

During 2012, the Company issued 22,781,877,072 Common shares for converting \$1,218,743 of debt incurred from 2010 to 2012. The debts bore interest having interest rates ranging from 8.0% to 18.0% per annum and were convertible into the Company's common shares at prices ranging from \$0.0000010 per share to \$0.0001000 per share (weighted average price of \$0.0000535).

During 2012, the Company issued 54,308 restricted, with legend, Class B Preferred shares for debt incurred prior to 2010 that had already been written off by the Company.

During 2013, the Company issued 6,092,971,000 Common shares for converting \$522,799 of debt incurred from 2011 to 2013. The debts bore interest having interest rates ranging from 10.0% to 18.0% per annum and were convertible into the Company's common shares at prices ranging from \$0.00005 per share to \$0.00010 per share (weighted average price of \$0.0000858).

Notes Payable - Current, at December 31, 2013 and 2012 is \$2,304,408 and \$2,560,918. Notes Payable – Long Term is zero and zero at December 31, 2013 and 2012.

NOTE 9 – CAPITAL STOCK

a) Authorized

On May 22, 2013 the Company filed an amendment with the Utah Secretary of State amending Article IV of the Corporation Articles of Incorporation such that the Authorized capital stock of the Company is as stated below.

Authorized capital stock consists of:

- 50,000,000,000 common shares with a par value of no per share; and
- 1,000,000 preferred series A shares with a par value of \$0.0001 per share; and
- 10,000,000 preferred series B shares with a par value of \$0.001 per share; and

A summary of the pertinent rights and privileges of the new classes of preferred stock is as follows:

Class A Preferred Stock

Conversion Rights-Each outstanding share of Class A Preferred Stock shall be convertible, at the option of the holder into shares of Common Stock equal to (i) four times the total number of shares of Common Stock which are issued and outstanding at the time of such conversion *plus* (ii) the total number of shares of Class B Preferred Stock which are issued and outstanding at the time of such conversion *minus* (iii) the number of other shares of Class A Preferred Stock issued and outstanding immediately prior to the time of such conversions.

Voting Rights - The voting rights of each share of the Class A Preferred Stock is equal to its percent of total outstanding Class A Preferred Shares times the product of four times the sum of all other outstanding classes of the Company's stock (Class B Preferred Stock and Common Stock). All of the Company's Preferred Stock Classes vote as one class of Company stock.

Class B Preferred Stock

Dividends -Class B shareholders shall be entitled to receive dividends, when, as and if declared by the Board of Directors.

Conversion Rights -Each outstanding share of Class B Preferred Stock shall be convertible, at the option of the holder, into the number of shares of Common Stock equal to the price of the Class B Preferred Stock, \$2.50 divided by the par value of the Common Stock, \$0.001. The shares may not be converted into shares of Common Stock for a period of six months after purchase.

Voting Rights - Each share of Class B Preferred Stock is entitled to 10 votes per share. All of the Company's Preferred Stock Classes vote as one class of Company stock.

b) Share Issuances

During the year ending December 31, 2012

On January 9, 2012, the Company issued 1 restricted, with legend, Class A Preferred share to Alan Fleming as a Bonus. On the same day, the Company also issued to John Rossi and Igor Plahuta 1 restricted with legend Class A Preferred share for

realignment for new Class A Preferred shareholder.

On March 12, 2012, the Company issued 750,000,000 restricted, with legend, Common shares to Wackabayashi Fund LLC at \$0.0001 per share for \$75,000.00 in corporate advisory services provided over a six (6) month period.

On March 21, 2012, the Company issued 2,000,000,000 restricted with legend Common shares to Tribe Communications Inc at \$0.00005 per share for \$100,000.00 to secure a \$100,000.00 loan.

On March 22, 2012, the Company issued 75,000,000 restricted, with legend, Common shares to Bob Sullivan at \$0.0001 per share for \$7,500.00 in professional services.

On June 25, 2012, the Company issued 12,000,000,000 restricted, with legend, Common shares to John Rossi at \$0.0000033 per share for \$40,000.00 of accrued unpaid wages.

On June 25, 2012, the Company issued 13,445,378,151 restricted, with legend, Common shares to John Rossi at \$0.0000119 per share for \$160,000.00 of accrued unpaid wages.

On June 25, 2012, the Company issued 12,000,000,000 restricted, with legend, Common shares to Igor Plahuta at \$0.0000033 per share for \$40,000.00 of accrued unpaid wages.

On June 25, 2012, the Company issued 6,000,000,000 restricted, with legend, Common shares to Alan Fleming at \$0.0000033 per share for \$20,000.00 in discounted accrued unpaid wages.

On August 25, 2012, the Company issued 2 restricted, with legend, Class A Preferred share to John Rossi as a Bonus.

On September 10, 2012, John Rossi surrendered to the Company the June 25, 2012 issued 12,000,000,000 Common shares that were to be partially converted during 2013 into an undetermined amount of Class B Preferred shares. (See February 8, 2013 Activity below.)

On October 22, 2012, John Rossi surrendered to the Company the June 25, 2012 issued 13,445,378,151 Common shares that were to be partially converted during 2013 into an undetermined amount of Class B Preferred shares. (See February 8, 2013 Activity below.)

During 2012, the Company issued 22,781,877,072 Common shares for converting \$1,218,743 of debt incurred from 2010 to 2012. The debts bore interest having interest rates ranging from 8.0% to 18.0% per annum and were convertible into the Company's common shares at prices ranging from \$0.0000010 per share to \$0.0001000 per share (weighted average price of \$0.0000535).

During 2012, the Company issued 54,308 restricted, with legend, Class B Preferred shares for debt incurred prior to 2010 that had already been written off by the Company.

During the year ending December 31, 2013

On February 8, 2013, the 2012 25,445,378,151 total Common shares surrendered by John Rossi to the Company were converted into 2,500,000 restricted, with legend, Class B Preferred shares having a value of \$83,333.33, \$0.0333333 per share.

On February 8, 2013, Igor Plahuta surrendered to the Company 12,000,000,000 Common shares having a value of \$40,000.00, \$0.0333333 per share that were converted into 1,200,000 restricted, with legend, B Preferred shares having a value of \$40,000.00, \$0.0333333 per share.

On February 8, 2013, Alan Fleming surrendered to the Company 6,000,000,000 Common shares having a value of \$20,000.00, \$0.0333333 per share that were converted into 600,000 restricted, with legend, B Preferred shares having a value of \$20,000.00, \$0.0333333 per share.

On February 28, 2013, the Company issued 50,000,000 restricted, with legend, Common shares to Platon Petratos at \$0.0001 per share for \$5,000.00 in professional services.

On February 28, 2013, Class B Preferred shareholders converted 100,000 Class B Preferred shares having a value of \$25,000, \$0.25 per share into 250,000,000 Common shares having a value of \$25,000.00, \$0.0001 per share.

On April 3, 2013, the Company issued 75,000 restricted, with legend, Class B Preferred shares to Andre Van Graan at \$2.50 per share for \$187,500.00 in professional services.

On June 24, 2013, the Company issued 850,000,000 restricted, with legend, Common shares to John Rossi at \$0.0001 per share for \$85,000.00 as a discounted settlement amount for all remaining accrued unpaid wages.

On June 24, 2013, the Company issued 866,000,000, with legend, Common shares to Igor Plahuta at \$0.0001 per share for \$86,600.00 as a discounted settlement amount for all remaining accrued unpaid wages.

On June 24, 2013, the Company issued 572,500,000 restricted, with legend, Common shares to Alan Fleming at \$0.0001 per share for \$57,250.00 as a discounted settlement amount for all remaining accrued unpaid wages.

During 2013, the Company issued 6,092,971,000 Common shares for converting \$522,799 of debt incurred from 2011 to 2013. The debts bore interest having interest rates ranging from 10.0% to 18.0% per annum and were convertible into the Company's common shares at prices ranging from \$0.00005 per share to \$0.00010 per share (weighted average price of \$0.0000858).

NOTE 10 – STOCK OPTIONS/STOCK-BASED COMPENSATION AND WARRANTS

On February 27, 2010 the Company entered in to an agreement with Premier Media Services(PMS) in which the Company agreed to pay a monthly fee for three months of \$7,500 per month, issue 500,000 shares of Common stock and 500,000 stock options to purchase shares of the Company's common stock. 100,000 options have an exercise price of \$ 0.15, 100,000 options have an exercise price of \$0.25, 100,000 options have an exercise price of \$0.35, 100,000 options have an exercise price of \$0.50 and 100,000 options have an exercise price of \$1.00. These shares vest immediately and are exercisable for 5 years.

As part of the purchase acquisition agreement with RPS in 2009 (subsequently determined to not be fully consummated and not a Company Subsidiary, see Note 1) the Company granted common stock options to acquire 100,000,000 shares of common stock. The company recorded the granting of the 100,000,000 stock options as a \$3,150,000 liability on the balance sheet as of December 31, 2009 labeled common stock options payable, because the options did not become effective or exercisable until the authorized capital of the Company is increased to not less than 220,000,000 shares of common stock. The Company's authorized capital was increased during 2010 and the liability was removed with a corresponding increase to additional paid in capital.

In applying the Black-Scholes methodology to the option grants, the fair value of our stock-based awards granted were estimated using an expected annual dividend yield of 0% , a risk-free interest rate of 2.51%, an expected option life of 5.0 years and an expected price volatility of 117%.

The average risk-free interest rate is determined using the U.S. Treasury rate in effect as of the date of grant, based on the expected term of the stock option. The expected price volatility was determined using a weighted average of daily historical volatility of our stock price over the corresponding expected option life and implied volatility based on recent trends of the daily historical volatility. Compensation expense is recognized immediately for options that are fully vested on the date of grant. During the years ended December 31, 2013, and 2012, no and no stock-based compensation grants were made, respectively, for a total fair value of \$0 and \$0, respectively.

Changes in stock options for the years ended December 31, 2013 consisted of the following:

<u>2013</u>	Number of shares	Weighted Average Exercise Price	Remaining Contractual Term (in years)	Intrinsic Value
Beginning balance	-	\$ -	-	
Granted	100,500,000	0.01	0.84	
Exercised	-	-	-	
Forfeited/expired	-	-	-	
Outstanding at December 31	<u>100,500,000</u>	<u>\$ 0.01</u>	0.84	
Exercisable	<u>100,500,000</u>	<u>\$ 0.01</u>	0.84	\$ 350,000
Weighted average fair value of options granted during year		<u>\$ 0.03</u>		

The following table summarizes information about stock options outstanding at December 31, 2013:

<u>Range of Exercise Prices</u>	<u>Options Outstanding</u>			<u>Options Exercisable</u>	
	<u>Number Outstanding</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>	<u>Weighted Average Exercise Price</u>	<u>Number Exercisable</u>	<u>Weighted Average Exercise Price</u>
\$0.01-\$1.00	100,500,000	0.84	\$ 0.01	100,500,000	\$ 0.01

On March 7, 2012, the Company issued Warrants in the amount of 25,000,000 Exercisable at \$0.0001, expiring March 7, 2017 pertaining to a Note for cash received by the Company.

On April 2, 2012, the Company issued Warrants in the amount of 25,000,000 Exercisable at \$0.0001, expiring April 2, 2017 pertaining to a Note for cash received by the Company.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events as of the date the financial statements were issued. There are a number of material subsequent events that have occurred, as set forth below:

On January 24, 2014 the Company signed a Letter of Intent (LOI) and a Collaborative Effort agreement (CE) with Shredderhotline.com Company (CE), Dan Scott Burda, President/Owner. The LOI includes a Stock Purchase equal to ten (10%) of each stock classes' authorized shares at the time of execution in exchange for \$448,683 in total cash and other assets to the Company. The cash portion is \$44,868. The shares by stock class issued February 4, 2014 was 2 restricted, with legend shares of the Company's Class A Preferred Stock, 441,930 restricted, with legend shares of the Company's Class B Preferred Stock and 3,796,521,515 restricted, with legend shares of the Company's Common Stock. In general, the CE is a long-term collaboration with the intent of the Company receiving over time all of Shredderhotline.com Company's assets including complete customers' data base, shredder patents and recycle plant designs. In addition, the CE provides that the two ranking executive officers of both companies' are collaborating on future sales and operations within a newly formed State of Florida wholly owned subsidiary of the Company, Garb Global Services, Inc. Both parties have determined that the CE will not interfere, nor be in competition with, the Company's current operational business plans. The CE commits Mr. Burda as a full time advisor to the Company's wholly owned subsidiary, Garb Global Services, Inc. In addition, the CE commits Ms. Taylor as the Company's primary contact to the CE for the CE to continue.

On February 4, 2014, the Company issued the following shares of the Company's stock to Tammy Taylor or her assigns as bonus: 2 restricted, with legend shares of the Company's Class A Preferred Stock valued at \$3,340 and 600,000,000 restricted, with legend shares of the Company's Common Stock valued at \$25,500. The Company authorized the issuance on December 31, 2013.

On February 4, 2014, the Company issued the following shares of the Company's stock to M. Aimee Coleman or her assigns as bonus: 1 restricted, with legend share of the Company's Class A Preferred Stock valued at \$1,670 and 600,000,000 restricted, with legend shares of the Company's Common Stock valued at \$25,500. The Company authorized the issuance on December 31, 2013.

On February 4, 2014, the Company issued the following shares of the Company's stock to Corporate Business Advisors, Inc. as follows as Consideration for their resulting reduction in percent ownership of the Company's Class A stock: 12 restricted, with legend shares of the Company's Class A Preferred Stock and 600,000,000 restricted, with legend shares of the Company's Common Stock. The Company authorized the issuance on December 31, 2013.