



Quarterly Report

Q2 - 2014





Trading Symbol: OTC: AWSL

CUSIP: 049127103

Authorized Number of Shares: 500,000,000

Issued Number of Shares: 44,707,601

Atlantic Wind & Solar Inc.

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Chairman's Address to Shareholders

... Q2 was another milestone quarter for Atlantic Wind & Solar.

Atlantic once again set Company records in project development, in revenue recognition, and in the launch of new projects, all while decreasing expenses and improving productivity. This marks the 18th consecutive quarter of overall improvement.

Atlantic recorded its second 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 18 quarters, Atlantic more than doubled its sales (up 231%) from the same period of the previous year to 1,725,418 for this quarter. This brings the 2014 sales to date to \$3,415,090. Profit margins held steady at 30% compared to 29% for the same period in 2013.

Profitability continued to improve significantly with the company's second straight quarter of earnings. The quarter's earnings were \$385,729 - a substantial improvement from the previous year's loss of \$72,257 for the same quarter and up from the previous quarter's profit of \$319,477. This brings the cumulative earnings for the first half of 2014 to \$705,206 up from a loss of 174,900 for the same period last year for an increase of 2 cents per share.

With its portfolio of PV projects in Ontario under construction management expects the balance of the year to report similarly positive results.

As we stated we would do in our previous report, management has worked toward improving its balance sheet with the reduction of payables and reduction of Preferred Shares with 455,733 Preferred Shares retired in the quarter.

Finally, Atlantic expects to provide an update for the co-development and sale of an interest in its 25 MWp approved power plant project in Ecuador shortly..

Sincerely,

Gilles A. Trahan

Gilles A. Trahan
Chairman



Atlantic Wind & Solar Inc.

2nd 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. The company is proud to report a profit for this second quarter of 2014.

In terms of project completions, three projects moved into the “paperwork phase” in Q2 meaning all physical work and inspections are complete with just the receipt of the OPA Commercial Operation letter remaining. Seven more projects finished construction and await connection/inspection before the final paperwork can be submitted.

Sales increased marginally from the previous quarter to \$1,725,418 from \$1,689,672. Compared to the previous years 2nd quarter sales were up substantially for an increase of 235%.

Profits increased to \$385,729 from \$319,477 from the 1st quarter and substantially better than the previous year’s quarter which reported a loss of \$72,257. Total earnings for the first half of 2014 are \$705,206 or 2 cents per share.

Expenses, a key focus of management, again dropped marginally while stock dilution for this quarter was, again, 0%, which is to say that no new shares were issued, as has been policy for the past few years.

The Company retired 455,733 Preferred Shares and cash on hand increased by more than a quarter of a million dollars with which management is of course pleased.



In regards to 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 is comprised of 12 commercial buildings in Mississauga and Brampton in Ontario and represents 1.582 MW AC or approximately 1.9 MW DC peak.

Ontario Construction commenced in September 2013 with:

- 1 project at Commercial Operation,
- 3 projects connected and awaiting the OPA documentation of achieving Commercial Operation,
- 5 projects connected and awaiting the inspection report,
- 2 projects constructed awaiting connection to the grid, and
- 1 last project beginning construction in September.

Portfolio 102 is comprised of 4 large commercial installations in Mississauga and Milton in Ontario and represents 1.130 MW AC or approximately 1.35 MW DC. Construction is expected to be completed on 630 kW by September of this year with the balance completed by year-end.

Atlantic is still working on 320kW's received under FIT 2.1.

Atlantic was not on the list of Municipal and Aboriginal contracts announced recently for FIT 3.0 however the Company continues to work on the development of these projects.

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 Q3 2014.

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

For more information see our information and disclosure document “AWSL 2014 OTCM Disclosure Q2” filed at: <http://www.otcmartets.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: 13 August 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: 13 August 2014

By:/s/ Martin Baldwin
CFO, Director

ATLANTIC WIND AND SOLAR, INC.

Unaudited Consolidated Financial Statements
June 30, 2014

ATLANTIC WIND AND SOLAR, INC.

Unaudited Consolidated Financial Statements
June 30, 2014

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ATLANTIC WIND AND SOLAR, INC.
Unaudited Consolidated Balance Sheets

	June 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash	\$ 380,602	\$ 148,770
Accounts receivable, net of allowance of \$0	5,536,438	4,331,277
Other current assets	125,766	147,622
Total current assets	6,042,806	4,627,669
Note receivable, net of allowance	416,739	370,855
Total assets	\$ 6,459,545	\$ 4,998,524
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,648,027	\$ 4,614,371
Taxes payable	-	124,462
Wages payable	47,500	38,500
Related party payables, current	54,066	53,748
Total current liabilities	5,749,593	4,831,081
Related party payables, non-current	164,372	164,471
Notes payable, non-current	202,465	214,128
Total liabilities	6,116,430	5,209,680
Stockholders' equity (deficit)		
Series A preferred stock, \$1.00 par value; 20,000,000 shares authorized; 568,442 and 733,457 shares issued and outstanding at June 30, 2014 and December 31, 2013	568,442	733,447
Series B preferred stock, \$1.00 par value; 20,000,000 shares authorized; 5,072,328 and 5,090,072 shares issued and outstanding and June 30, 2014 and December 31, 2013	5,072,328	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	(33,628)	(77,979)
Accumulated deficit	(10,944,109)	(11,636,778)
Total stockholders' equity (deficit)	343,115	(211,156)
Total liabilities and stockholders' equity (deficit)	\$ 6,459,545	\$ 4,998,524

See accompanying notes to unaudited consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenue	\$ 1,725,418	\$ 732,836	\$ 3,415,090	\$ 1,477,105
Cost of revenue	1,208,057	521,186	2,390,367	1,134,323
Gross margin	517,361	211,650	1,024,723	342,782
Operating expenses				
Salaries and wages	102,022	202,090	208,341	406,067
Engineering	-	4,924	1,025	4,924
Professional fees	2,343	44,540	14,602	48,508
Travel	15,838	20,089	32,668	37,288
Rent	-	1,113	1,869	3,085
Advertising and public relations	95	473	188	1,126
General and administrative	4,645	6,457	13,797	14,720
Total operating expenses	<u>124,943</u>	<u>279,686</u>	<u>272,490</u>	<u>515,718</u>
Other income (expense)				
Interest income	5,948	4,405	10,944	7,598
Foreign currency transaction gain (loss)	(10,593)	(8,332)	(53,923)	(9,268)
Interest expense	(2,044)	(294)	(4,048)	(294)
Total other income (expense)	<u>(6,689)</u>	<u>(4,221)</u>	<u>(47,027)</u>	<u>(1,964)</u>
Net income (loss) available to common stockholders	<u>\$ 385,729</u>	<u>\$ (72,257)</u>	<u>\$ 705,206</u>	<u>\$ (174,900)</u>
Other comprehensive income (loss)				
Foreign currency translation adjustment	2,132	777	44,351	52
Total comprehensive income (loss)	<u>\$ 387,861</u>	<u>\$ (71,480)</u>	<u>\$ 749,557</u>	<u>\$ (174,848)</u>
Basic and diluted income (loss) per common share	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ 0.02</u>	<u>\$ (0.00)</u>
Basic and diluted weighted average shares outstanding	<u>44,707,601</u>	<u>44,707,601</u>	<u>44,707,601</u>	<u>44,707,601</u>

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	-	-	5,090,072	5,090,072	44,707,601	44,708	5,635,374	(225,228)	(225,228)	(211,156)
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	39,149	39,149	-	-	-	-	-	-	(39,149)	-
Series B preferred stock issued for dividend	-	-	196,703	196,703	-	-	-	-	(196,703)	-
Series B preferred stock rescinded	-	-	(223,315)	(223,315)	-	-	-	-	223,315	-
Series B preferred stock issued for conversion of related party payable	-	-	84,224	84,224	-	-	-	-	-	84,224
Series A preferred stock repurchased for cash	(204,154)	(204,154)	-	-	-	-	-	-	-	(204,154)
Series B preferred stock repurchased for cash	-	-	(75,356)	(75,356)	-	-	-	-	-	(75,356)
Foreign currency translation adjustment	-	-	-	-	-	-	-	44,351	-	44,351
Net income, period ended June 30, 2014	-	-	5,072,328	5,072,328	44,707,601	44,708	5,635,374	(33,628)	705,206	705,206
Balance, June 30, 2014	568,442	568,442	5,072,328	5,072,328	44,707,601	44,708	5,635,374	\$(33,628)	\$(10,944,109)	343,115

See accompanying notes to unaudited consolidated financial statements.

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

	Six months ended June 30,	
	2014	2013
Cash flows from operating activities		
Net income (loss)	\$ 705,206	\$ (174,900)
Changes in operating assets and liabilities:		
Accounts receivable	(1,695,175)	(1,084,923)
Other current assets	4,552	(159,802)
Security deposit	-	-
Accounts payable and accrued liabilities	1,561,982	1,107,791
Taxes payable	(106,120)	29,458
Wages payable	9,000	12,000
Net cash provided by (used in) operating activities	<u>479,445</u>	<u>(270,376)</u>
Cash flows from investing activities		
Notes receivable	(88,994)	-
Cash flows used in investing activities	<u>(88,994)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from related party payables	84,443	197,998
Repurchase of series A preferred stock	(204,154)	-
Repurchase of series B preferred stock	(73,356)	-
Net cash (used in) provided by financing activities	<u>(195,067)</u>	<u>197,998</u>
Effect of exchange rate on cash	36,448	2,613
Net change in cash	231,832	(69,765)
Cash at beginning of period	148,770	94,755
Cash at end of period	<u>\$ 380,602</u>	<u>\$ 24,990</u>
Supplemental cash flow information		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of non-cash financing activities		
Series A preferred stock issued for dividend	<u>\$ 39,149</u>	<u>\$ 295,300</u>
Series B preferred stock issued for dividend	<u>\$ 196,703</u>	<u>\$ -</u>
Series B preferred stock rescinded	<u>\$ (223,315)</u>	<u>\$ -</u>
Conversion of related party payable to series A preferred shares	<u>\$ -</u>	<u>\$ 198,330</u>
Conversion of related party payable to series B preferred shares	<u>\$ 84,224</u>	<u>\$ -</u>

See accompanying notes to unaudited consolidated financial statements.

ATLANTIC WIND AND SOLAR, INC.
(A Development Stage Company)
Notes to Unaudited Consolidated Financial Statements
June 30, 2014

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.

ATLANTIC WIND AND SOLAR, INC.
(A Development Stage Company)
Notes to Unaudited Consolidated Financial Statements
June 30, 2014

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:

	June 30, 2014	June 30, 2013	December 31, 2013
Period end: CAD to USD	0.9371	0.9847	1.0297
Average for period: CAD to USD	0.9120	0.9510	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 June 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:

ATLANTIC WIND AND SOLAR, INC.
(A Development Stage Company)
Notes to Unaudited Consolidated Financial Statements
June 30, 2014

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 June 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 six months ended June 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:

	<u>Estimated Useful Lives</u>
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 June 30, 2014 and December 31, 2013:

	<u>June 30 2014</u>	<u>December 31, 2013</u>
Computers	\$ 3,197	\$ 3,649
Accumulated depreciation	(3,197)	(3,649)
Net book value	<u>\$ -</u>	<u>\$ -</u>

ATLANTIC WIND AND SOLAR, INC.
(A Development Stage Company)
Notes to Unaudited Consolidated Financial Statements
June 30, 2014

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 \$3,415,090 and \$1,477,105 during the six months ended June 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.

ATLANTIC WIND AND SOLAR, INC.
(A Development Stage Company)
Notes to Unaudited Consolidated Financial Statements
June 30, 2014

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 39,149 and 474,934 series A preferred shares for dividends during the six months ended June 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 196,703 and 0 shares for dividends during the six months ended June 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 six months ended June 30, 2014, the Company purchased a total of 204,154 series A preferred shares and 75,356 series B preferred shares for cash at \$1 per share.

During the six months ended June 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 June 30, 2014 and December 31, 2013.

There were 568,442 and 733,447 series A preferred shares issued and outstanding as of June 30, 2014 and December 31, 2013.

There were 5,072,328 and 5,090,072 series B preferred shares issued and outstanding as of June 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 six months ended June 30, 2014.

Note 4 - Concentrations of Credit Risk

Our revenues for the six months ended June 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.