Southern ITS International, Inc.
Consolidated Financial Statements
March 31, 2015 and December 31, 2014
(Unaudited)

SOUTHERN ITS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2015	December 31, 2014
Assets:		
Current Assets		
Cash and Cash Equivalents	$ 1,776	$ 20,994
Accounts Receivable, net	-	-
Advances to Non-Related Parties	10,000	10,000
Prepaid Items	675,150	673,150
Total Current Assets	686,926	704,144
Fixed Assets:		
Furniture and Equipment	5,808	5,808
Accumulated Depreciation	(2,568)	(2,360)
Total Fixed Assets	3,240	3,448
Total Assets	$ 690,166	$ 707,592
Liabilities and Stockholders' Deficit:		
Current Liabilities		
Accounts Payable & Accrued Expenses	$ 142,029	$ 128,829
Accrued Interest	434,755	387,882
Convertible Notes Payable- Related Party	294,712	294,712
Convertible Notes Payable	182,000	155,000
Notes Payable- Related Party	96,205	96,205
Notes Payable	228,000	220,000
Derivative Liability	1,453,618	1,453,618
Total Current Liabilities	2,831,319	2,736,246
Non-Current Liabilities:		
Convertible Notes Payable- Related Party	-	-
Total Non-Current Liabilities	-	-
Total Liabilities	2,831,319	2,736,246
Stockholders' Equity:		
Preferred Stock, Par value $0.001, Authorized 10,000,000 shares		
Issued 5,000,000 shares respectively	5,000	5,000
Common Stock, Par value $0.001, Authorized 50,000,000 shares		
Issued 19,134,708 and 3,764,348 respectively	19,135	19,135
Paid-In Capital	6,098,117	6,098,117
Deficit Accumulated During Development Stage	(8,263,405)	(8,150,905)
Total Stockholders' Equity	(2,141,153)	(2,028,653)
Total Liabilities and Stockholders' Equity	$ 690,166	$ 707,592

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

SOUTHERN ITS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended	
	March 31, 2015	**March 31, 2014**
Revenues	$ 21,473	$ 45,001
Costs of Services	16,976	39,397
Gross Margin	4,497	5,604
Operating Expenses:		
Consulting	22,471	54,327
Professional Fees	5,030	321
Wages	9,235	17,189
General and Administrative	33,387	34,059
Total Operating Expenses	70,123	105,896
Operating Income (Loss)	(65,626)	(100,292)
Other Income (Expense):		
Interest Expense	(18,971)	(17,513)
Interest Income	-	-
Total Other Income (Expense)	(18,971)	(17,513)
Net Income (Loss) Before Taxes	(84,597)	(117,805)
Income Tax Provision	-	-
Net Income (Loss)	$ (84,597)	$ (117,805)
Loss per Share, Basic & Diluted	$ (0.02)	$ (0.01)
Weighted Average Shares Outstanding	19,134,708	5,918,194

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

SOUTHERN ITS INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

(Unaudited)

	Preferred Shares	Preferred Stock	Common Shares	Common Stock	Common Stock Issuable	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Net Loss Inception (March 26, 2008) to 12/31/2008	-	$ -	-	$ -	-	$ -	$ (282,194)	$ (282,194)
Stock issued at inception	-	-	5,771	6	-	93,515	-	93,521
Net Loss for year ended December 31, 2009	-	-	-	-	-	-	(457,774)	(457,774)
Balance December 31, 2009	-	-	5,771	6	-	93,515	(739,968)	(646,447)
Stock issued for services	-	-	134	0	-	13,000	-	13,000
Stock issued for debt reduction	-	-	400	0	-	22,748	-	22,748
Net Loss for year ended December 31, 2010	-	-	-	-	-	-	(211,081)	(211,081)
Balance December 31, 2010	-	-	6,305	6	-	129,263	(951,049)	(821,780)
Stock issued for services	-	-	26,667	27	-	2,999,973	-	3,000,000
Stock issued for debt reduction	-	-	10,406	10	-	19,990	-	20,000
Net loss for year ended December 31, 2011	-	-	-	-	-	-	(3,137,881)	(3,137,881)
Balance December 31, 2011	-	-	43,378	43	-	3,149,226	(4,088,930)	(939,661)
Stock issued pursuant to share exchange-addendum was later executed on April 30, 2013	-	-	4,000,000	4,000	-	(4,000)	-	-
Stock issuable pursuant to addendum to share exchange agreement	-	-	-	-	20,000	2,080,000	-	2,100,000
Stock issued for debt reduction	-	-	2,920,000	2,920	-	70,080	-	73,000
Stock issued for services	-	-	970	1	-	2,882	-	2,883
Net loss for year ended December 31, 2012	-	-	-	-	-	-	(2,148,761)	(2,148,761)
Balance December 31, 2012	-	-	6,964,348	6,964	20,000	5,298,188	(6,237,691)	(912,539)
Stock cancelled per addendum to share exchange agreement	-	-	(4,000,000)	(4,000)	-	4,000	-	-
Stock issued per addendum to share exchange agreement	-	-	400,000	400	(20,000)	19,600	-	-
Preferred stock for services	5,000,000	5,000	-	-	-	-	-	5,000
Stock for services	-	-	400,000	400	-	43,600	-	44,000
Net loss for year ended December 31, 2013	-	-	-	-	-	-	(1,442,631)	(1,442,631)
Balance December 31, 2013	5,000,000	5,000	3,764,348	3,764	-	5,365,388	(7,680,322)	(2,306,170)
Stock cancelled J. Bell per agreement	-	-	(400,000)	(400)	-	(19,600)	-	(20,000)
Reverse split (50 to 1) adjustment	-	-	(79,640)	(79)	-	79	-	-
Stock issued for debt reduction	-	-	3,100,000	3,100	-	-	-	3,100
Stock issued for services	-	-	12,750,000	12,750	-	752,250	-	765,000

Net loss for year ended December 31, 2014	-	-	-	-	-	-	(470,583)		(470,583)
Balances December 31, 2014	5,000,000	$5,000	19,134,708	$19,135	-	$6,098,117	$(8,150,905)	$	(2,028,653)
Net Loss for Quarter March 31, 2015							(84,597)		(84,597)
Year end adjustment							(27,903)		
Balances March 31, 2015	5,000,000	$5,000	19,134,708	$19,135	-	$6,098,117	$(8,263,405)	$	(2,141,153)

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

SOUTHERN ITS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2015	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss) for the Period	$ (84,597)	$ (117,805)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	207	207
Stock issued for services	-	-
Changes in Operating Assets and Liabilities		
Increase in accounts payable & accrued expenses	13,200	47,394
Increase in accrued interest	19,972	-
Increase (decrease) in accounts receivable, net	-	(20,767)
Accrued expenses	-	17,562
Derivative expense	-	-
Net Cash Used in Operating Activities	(51,218)	(73,409)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes to related party	27,000	-
Payments on note payable to related party	-	-
Proceeds from note payable	5,000	-
Net Cash Provided by Financing Activities	32,000	-
Net (Decrease) Increase in Cash	(19,218)	(73,409)
Cash at Beginning of Period	20,994	99,970
Cash at End of Period	$ 1,776	$ 26,561

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:		
Interest	$ -	$ -
Franchise and Income Taxes	$ -	$ -

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Accounts Payable Satisfied through Contributed Capital and Property and Equipment	$ -	$ -

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

SOUTHERN ITS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015 AND DECEMBER 31, 2014
(Unaudited)

NOTE 1 – NATURE AND DESCRIPTION OF BUSINESS

Southern ITS International, Inc. (formerly Alco Advanced Technologies, Inc.) ("Company") was incorporated in the State of Nevada on September 27, 1984. On March 21, 2012, the Company changed its name from Alco Advanced Technologies, Inc. to Southern ITS International, Inc.

The Company executed a share exchange with Southern ITS Corporation ("SIC") ("the Subsidiary") in which the result was SIC becoming a wholly-owned subsidiary of the Company. Refer to Note 9 for more information.

The Company's operations consist of providing turnkey integration of electronic security systems for various types of industries, such as transportation, gaming and other secure operations in both government and private sectors. The integration includes surveillance, access control, network infrastructure, data communications and fire and burglar alarm systems. Today, security technologies are evolving rapidly and require remote access through various networks, firewalls and internet security. Surveillance systems and access control are all network-dependent and work best for the end user when they are completely integrated. The Company's mission is to provide a complete integration of the various electronic security systems with the computer networks that they are dependent upon and ensuring that the systems will remain secure from potential cyber attack.

On July 17, 2014, the Company enacted a 1-for-50 reverse stock split. The Company has adjusted all periods presented for the effects of the stock split.

On August 15, 2014, the Company amended its articles of incorporation to decrease its authorized shares of common stock from Two Hundred Fifty Million (250,000,000) shares to Fifty Million (50,000,000) shares, with a par value of $0.001. The Company remains to have Ten Million (10,000,000) preferred shares with par value of $0.001 authorized. The Company designated 10,000,000 Series A Preferred Stock which have preferred voting rights equal to 500 votes for each 1 preferred share.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in The United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion, however, that all material adjustments (consisting of normal and recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

Restatement of Financial Statements

Certain amounts in the prior period financial statements have been adjusted to conform to the current period presentation pursuant to a 1 for 50 reverse stock split on, see Note 14.

Basis of Consolidation

The accompanying consolidated financial statements include all of the accounts of the Company and SIC as of March 31, 2015 and December 31, 2014 for the periods then ended. All intercompany balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with U.S. 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.

Such estimates and assumptions impact, among others, the valuation allowance for deferred tax assets, due to continuing and expected future losses, and share-based payments.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

Cash and cash equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits.

Allowance for Doubtful Accounts

The Company evaluates the collectability of its accounts receivable based on a combination of factors. In circumstances where it is aware of a specific customers ability to meet its financial obligations, it records a specific reserve to reduce the amounts recorded to what it believes will be collected. For all other customers, it recognizes reserves for bad debts based on historical experience. The company had an allowance for doubtful account balance of $0 and $0 at March 31, 2015 and December 31, 2014.

Fair Value of Financial Instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1	Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
Level 2	Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
Level 3	Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid expenses and accrued expenses approximate their fair value because of the short maturity of those instruments.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at March 31, 2015 and December 31, 2014; no gains or losses are reported in the consolidated statements of operations that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date ended March 31, 2015 and December 31, 2014.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation on a straight line basis over the estimated useful lives of 5 to 7 years. Maintenance and repairs are charged to operations when incurred. Betterment and renewals are capitalized when deemed material. When property and equipment are sold or otherwise disposed of,

the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Intangible Assets

Valuation of intangible assets include significant estimates and assumptions such as estimating future cash flows from product sales, developing appropriate discount rates, estimating probability rates for the successful completion of projects, continuation of customer relationships and renewal of customer contracts, and approximating the useful lives of the intangible assets acquired.

Long Lived Assets

The Company reviews the recover-ability of the carrying value of identified intangibles and other long-lived assets, including fixed assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recover-ability of these assets is determined based upon the forecasted undiscounted future net cash flows expected to result from the use of such asset and its eventual disposition. The Company's estimate of future cash flows is based upon, among other things, certain assumptions about expected future operating performance, growth rates and other factors. The actual cash flows realized from these assets may vary significantly from its estimates due to increased competition, changes in technology, fluctuations in demand, consolidation of its customers and reductions in average selling prices. If the carrying value of an asset is determined not to be recoverable from future operating cash flows, the asset is deemed impaired and an impairment loss is recognized to the extent the carrying value exceeds the estimated fair market value of the asset.

Revenue recognition

The Company follows paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) the collectability is reasonably assured. There are no price incentives and the product can only be returned if defective. As the Company does not believe defective merchandise is likely an allowance has not been recognized. Revenue is recognized on a gross basis with corresponding costs of goods as a reduction to revenue in cost of sales. The Company's subsidiary earned the majority of the Company's revenues historically from installing network surveillance systems. The Company applies the percentage-of-completion revenue recognition principles of accounting when recording revenues for ongoing projects.

Risks and uncertainties

The Company operates in an industry that is subject to rapid change. The Company's operations are subject to significant risk and uncertainties including financial and operational risks including the potential risk of business failure. Also, see Note 3 regarding going concern matters.

Segment information

During 2015 and 2014, the Company only operated in one segment; therefore, segment information has not been presented.

Share based payments

Generally, all forms of share-based payments, including stock option grants, restricted stock grants and stock appreciation rights, are measured at their fair value on the awards' grant date, and based on the estimated number of awards that are ultimately expected to vest. Share-based payment awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. The expense resulting from share-based payments are recorded as a component of general and administrative expense.

Earnings per share

In accordance with accounting guidance now codified as FASB ASC Topic 260, *"Earnings per Share,"* Basic earnings per share ("EPS") is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to all dilutive potential of shares of common stock outstanding during the period including stock options or warrants, using the treasury stock method (by using the average stock price for the period to determine the number of shares assumed to be purchased from the exercise of stock options or

warrants), and convertible debt or convertible preferred stock, using the if-converted method. Diluted EPS excludes all dilutive potential of shares of common stock if their effect is anti-dilutive.

Income Taxes

The Company accounts for income taxes in accordance with accounting guidance now codified as FASB ASC Topic 740, "*Income Taxes*," which requires that the Company recognize deferred tax liabilities and assets based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities, using enacted tax rates in effect in the years the differences are expected to reverse. Deferred income tax benefit (expense) results from the change in net deferred tax assets or deferred tax liabilities. A valuation allowance is recorded when it is more likely than not that some or all deferred tax assets will not be realized.

Accounting guidance now codified as FASB ASC Topic 740-20, *"Income Taxes – Intra-period Tax Allocation,"* clarifies the accounting for uncertainties in income taxes recognized in accordance with FASB ASC Topic 740-20 by prescribing guidance for the recognition, de-recognition and measurement in financial statements of income tax positions taken in previously filed tax returns or tax positions expected to be taken in tax returns, including a decision whether to file or not to file in a Particular jurisdiction. FASB ASC Topic 740-20 requires that any liability created for unrecognized tax benefits is disclosed. The application of FASB ASC Topic 740-20 may also affect the tax bases of assets and liabilities and therefore may change or create deferred tax liabilities or assets.

Subsequent events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

Recent accounting pronouncements

On January 15, 2014—The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2011-08, *Intangibles—Accounting for Goodwill (Topic 350):*. The Update simplifies the accounting alternative, if elected, to goodwill existing as of the beginning of the period of adoption and any new goodwill recognized in annual periods beginning after December 15, 2014.

In April 2013, the FASB issued ASU No. 2010-17, *"Revenue Recognition – Milestone Method (Topic 605): Milestone Method of Revenue Recognition" (codified within ASC 605 - Revenue Recognition).* ASU 2013-45 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for construction contracts.

Company management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As reflected in the accompanying financial statements, the Company has an accumulated deficit of $8,263,405 from inception (September 27, 1984) to March 31, 2015. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to address the going concern issue by funding future operations through the sale of equity capital and by director loans, if needed.

The Company is in the development stage and anticipates that it will be able to have profitable operations in the near future. The Company believes its current available cash, along with anticipated revenues, will be sufficient to meet its cash needs for the near future. There can be no assurance that future financing will be available in amounts or terms acceptable to the Company, if at all.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue its operations is dependent on Management's plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements.

The Company may need to incur additional liabilities with certain related parties to sustain the Company's existence.

These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

In response to these problems, management has taken the following actions:

- seeking additional debt and/or equity financing,
- continue with development and implementation of the business plan,
- assess business markets and related opportunities so that more significant revenues can be generated, and
- allocation of sufficient resources to continue with sales representation and marketing efforts.

NOTE 4 – REVERSE STOCK SPLIT

On August 4, 2014, the Company executed a reverse stock split whereby the holders of stock in the Company, Southern ITS International, Inc., received one (1) post reverse stock-split share of common stock, $0.001 par value per share, in exchange for every fifty (50) shares of common stock (in effect, a 1 for 50 reverse split). Prior to the reverse stock split the Company had 168,217,400 shares of common stock outstanding. As a result of the 1 for 50 reverse stock-split, the Company had 3,284,708 post reverse-split common shares issued and outstanding. The Company has adjusted the equity statement and equity portion of the balance sheet to retroactively account for the reverse stock split as if it occurred at inception.

NOTE 5 - PREPAIDS

The prepaid asset recorded at March 31, 2015 and December 31, 2014, was the result of the following employment agreements, plus prepaid rent of $3,150 and $1,150, respectively.

Employment agreement with CFO

On August 30, 2014, the Company executed an employment agreement with its CFO and Treasurer, William Noll whereby the Company issued Mr. Noll 2,000,000 post reverse-split shares of common stock for five (5) years services. As of the date of the executed employment agreement, the value of the 2,000,000 post reverse-split shares of common stock were valued at $0.06 per share which resulted in a valuation of $120,000. The Company recorded the unearned portion of the employment contract value as a prepaid expense as of March 31, 2015.

Employment agreement with CEO

On August 30, 2014, the Company executed an employment agreement with its CEO, Sylvain Desrosiers, whereby the Company issued Mr. Desrosiers 10,000,000 post reverse-split shares of common stock for five (5) years services. As of the date of the executed employment agreement, the value of the 10,000,000 post reverse-split shares of common stock were valued at $0.06 per share which resulted in a valuation of $600,000. The Company recorded the unearned portion of the employment contract value as a prepaid expense as of March 31, 2015.

As of March 31, 2015, and December 31, 2014, the registrant had a prepaid balance of $675,150 and $673,150, respectively.

NOTE 6 – ACCOUNTS RECEIVABLE

The Company had the following accounts receivable balances as of March 31, 2015 and December 31, 2014.

	March 31, 2015	December 31, 2014
Accounts Receivable	$ 0	$ 0
Less: Allowance for Doubtful Accounts	-	-
Total	$ 0	$ 0

In the year ended December 31, 2014, the Company recorded $0 of bad debt expense and the same for the quarter ended March 31, 2015. As of December 31, 2014, the Company had fully reduced the accounts receivable balance

with the allowance for doubtful account balance due to the certainty of non-collection of receivables. Therefore the Company wrote off the accounts receivable and allowance for doubtful accounts balances to zero.

NOTE 7 – FIXED ASSETS

At March 31, 2015 and December 31, 2014 the Company has the following fixed assets:

	March 31, 2015	December 31, 2014
Furniture and Equipment	$ 5,808	$ 5,808
Less Accumulated Depreciation	(2,568)	(2,360)
Fixed Assets, net	$ 3,240	$ 3,448

Depreciation expense for the quarter ended March 31, 2015 was $208. Depreciation expense for the year ended December 31, 2014 was $830.

NOTE 8 – NOTES PAYABLE

The company has unsecured notes payable and convertible notes payable to related parties and non-related parties at March 31, 2015 and December 31, 2014 under the following general terms:

Convertible notes payable to related parties

Between May 12, 2008 and December 29, 2011, the Company entered into multiple convertible promissory notes, all of which have identical terms, with Bonavel Development, S.A. for a total amount of $130,820. The notes bear 10% interest per annum and have a maturity date two years subsequent to the executed loan date. The convertible note's principle and accrued interest may at any time be converted into shares of the Company's stock at a conversion rate fixed at $0.025 per share. As of December 31, 2014, there is a principle balance outstanding in the amount of $37,820 with accrued interest of $44,102. Of the total amount of $130,820 in principle, $93,000 was converted into stock of the Company, all of which occurred prior to January 1, 2013. As of December 31, 2014 and 2013, the Company recorded a derivative liability of $164,005 which was calculated using the Black Scholes Model.

Between November 2, 2009 and December 21, 2012, the Company entered into multiple convertible promissory notes, all of which have identical terms, with Alco Scanning Services, Inc. for a total amount of $348,643. The notes bear 10% interest per annum and have a maturity date three years subsequent to the executed loan date. The convertible note's principle and accrued interest may at any time be converted into shares of the Company's stock at a conversion rate fixed at $0.025 per share. As of December 31, 2014, there is a principle balance outstanding in the amount of $257,892 with accrued interest of $113,993. Of the total amount of $348,643 in principle, $90,751 was repaid with cash, all of which occurred prior to January 1, 2013. As of December 31, 2014, no principle has been converted into shares of stock in the Company. As of December 31, 2014 and 2013, the Company recorded a derivative liability of $744,500 which was calculated using the Black Scholes Model.

Convertible notes payable to non-related parties

On April 20, 2009, the Company entered into a convertible promissory note with Katherine Loren Armagnac in the amount of $30,000 with interest of 10% per annum, unsecured, and due April 20, 2010. The note is convertible into common shares of the Company at a fixed conversion price of $2.50 per share. The note is in default. As of December 31, 2014, no principle has been converted into shares of stock in the Company. The Company did not record derivative liability pertaining to this note because the conversion price is greater than the fair market stock price as of December 31, 2014.

On February 11, 2009, the Company entered into a convertible promissory note with Charles P. Garrison in the amount of $50,000 with interest of 10% per annum, unsecured, and due February 11, 2010. The note is convertible into common shares of the Company at a fixed conversion price of $2.50 per share. The note is in default. As of December 31, 2014, no principle has been converted into shares of stock in the Company. The Company did not record derivative liability pertaining to this note because the conversion price is greater than the fair market stock price as of December 31, 2014.

On June 8, 2009, the Company entered into a convertible promissory note with Steven R. Hammond in the amount of $75,000 with interest of 10% per annum, unsecured, and due June 8, 2009. The note is convertible into common shares of the Company at a fixed conversion price of $2.50 per share. The note is in default. As of December 31, 2014, no principle has been converted into shares of stock in the Company. The Company did not record derivative liability pertaining to this note because the conversion price is greater than the fair market stock price as of December 31, 2014.

On December 12, 2014, the Company entered into a convertible promissory note with Erik Miller in the amount of $50,000 with interest of 10% per annum, unsecured, and due December 12, 2015. The convertible note's principle and accrued interest may at any time be converted into shares of the Company's stock at a conversion rate equal to 50% of the closing bid price on the date of the conversion notice. As of December 31, 2014, no principle has been converted into shares of stock in the Company. As of December 31, 2014 and 2013, the Company recorded a derivative liability of $77,260 which was calculated using the Black Scholes Model.

On June 3, 2009, the Company entered into a convertible promissory note with Marflu S.A. for a total amount of $150,000. The note bears 10% interest per annum and has a maturity date of June 3, 2014. The convertible note's principle and accrued interest may at any time be converted into shares of the Company's stock at a conversion rate fixed at $0.025 per share. As of December 31, 2014, there is a principle balance outstanding in the amount of $150,000 with accrued interest of $83,697. As of December 31, 2014, no principle has been converted into shares of stock in the Company. As of December 31, 2014 and 2013, the Company recorded a derivative liability of $467,853 which was calculated using the Black Scholes Model.

Notes payable to related parties

Beginning on December 31, 2008, Sylvain Desrosiers, CEO has loaned various sums to the company. These are recorded as a loan from related party. The note bears 10% interest per annum and has no maturity date. As of March 31, 2015, there is a principle balance outstanding in the amount of $96,205 with accrued interest of $68,333.

Notes payable to non-related parties

On August 29, 2014, the Company entered into a security and promissory note agreement with Infinity International Holdings, LLC in the amount of $20,000 with a fixed interest payment of $20,000 interest due within 360 days.

The following table summarized the Company's notes payable and convertible notes payable balances as of March 31, 2015 and December 31, 2014:

	March 31, 2015	**December 31, 2014**
1. Convertible notes payable to related parties bearing interest at 10%, payable on demand.	$ 294,711	$ 294,711
2. Convertible notes payable to non-related parties bearing 10% payable in two years.	190,000	155,000
3. Notes payable to related parties bearing interest at 10% payable upon demand.	96,205	96,205
4. Notes payable to non-related parties bearing interest at 10% payable on demand. Note is in default.	220,000	220,000
Total	800,917	765,917
Less current portion	(765,917)	(765,917)
Due after one year	$ 0	$ 0

The Company had an accrued interest balance on the notes payable in the amount of $434,713 and $387,882 as of March 31, 2015 and December 31, 2014.

The convertible note holders may convert at any time to common shares at a fixed price of $.001 per share. The Company did not reflect bifurcation in the financials as the terms of all the convertible notes issued expired as of December 31, 2012.

Conversion of Notes Payable

There were no conversions of debt in the quarter ended March 31, 2015. In the year ended December 31, 2014, two non-related party note holders converted a total of $16,000 of principle debt and $1,500 of accrued interest on said debt into 3,100,000 post reverse-split shares of common stock.

Notes in Default

Possible events constituting default are as follows

- Failure to pay upon demand
- If we make an assignment for the benefit of creditors
- Bankruptcy or Insolvency
- Any merger, liquidation, dissolution or winding up of business unless any successor expressly assumes the obligation
- Effectuate a reverse split of common stock prior to the consent of the note holders

The Company has $155,000 of convertible notes payable to three non-related parties which are in default. The Company has $148,400 in notes payable to non-related parties which are in default. The Company has $105,752 of notes payable to related parties which are in default. Of the $271,670 outstanding in convertible notes payable to related parties, $216,200 is in default. In the event of default, the note holder at any time can declare the entire principle and accrued interest immediately due and payable.

NOTE 9 – SHARE EXCHANGE AGREEMENT

On April 17, 2012, the Company issued 200,000,000 post reverse-split shares of common stock to the sole equity owner of Southern ITS Corporation (SIC) for 100% of the issued and outstanding shares of capital stock in SIC. This executed share exchange agreement resulted in SIC becoming a wholly-owned subsidiary of the Company.

Addendum to Share Exchange Agreement

On April 30, 2013, the Company entered into an addendum with SIC to amend its previously executed share exchange agreement on April 17, 2012. The addendum includes a mutually agreed upon revaluation of the consideration paid to acquire SIC whereby the new valuation will be 400,000 post reverse-split shares instead of 4,000,000 post reverse-split shares of common stock. The Company was returned the initial 4,000,000 post reverse-split shares from SIC which they then canceled. The Company then issued a new certificate for 400,000 post reverse-split to the president of SIC in September of 2013. The Company has restated its prior year comparative financial information to account for this revaluation.

On March 18, 2014, the company entered into an addendum with SIC to amend its previous agreement and SIC returned 400,000 post reverse-split shares of common stock to the treasury.

Goodwill

On April 17, 2012, SIC had assets of $126,450, liabilities of $0, and retained earnings of $168,376. The share exchange agreement resulted in the Company recording goodwill of $1,973,550. This was calculated from taking the closing reverse-split stock price on the date of the share exchange agreement, $5.25 on April 17, 2013, times the amended consideration paid of 400,000 post reverse-split shares, minus assets received of $126,450. The Company later impaired the goodwill asset which is described in Note 9.

NOTE 10 – IMPAIRMENT OF GOODWILL

The Company's stock exchange with SIC resulted in the recording a goodwill in the amount of $1,973,550. At December 31, 2012 the Company's test of goodwill resulted in the write off of $1,973,550 which was recorded in the statements of operations.

NOTE 11 – RELATED PARTY TRANSACTIONS

Employment agreements with CFO/Treasurer

On August 31, 2014, the Company executed an employment agreement with its CFO and Treasurer, William Noll whereby the Company issued Mr. Noll 2,000,000 post reverse-split shares of common stock for five (5) years services. As of the date of the executed employment agreement, the value of the 2,000,000 post reverse-split shares of common stock were valued at $0.06 per share which resulted in a valuation of $120,000. The Company recorded the unearned portion of the employment contract value as a prepaid expense as of March 31, 2015.

Employment agreement with CEO

On August 31, 2014, the Company executed an employment agreement with its CEO, Sylvain Desrosiers, whereby the Company issued Mr. Desrosiers 10,000,000 post reverse-split shares of common stock for five (5) years services. As of the date of the executed employment agreement, the value of the 10,000,000 post reverse-split shares of common stock were valued at $0.06 per share which resulted in a valuation of $600,000. The Company recorded the unearned portion of the employment contract value as a prepaid expense as of March 31, 2015.

Convertible Notes Payable- Related Parties

As of March 31, 2015and December 31, 2014, the Company has convertible notes payable with one related party company which is 100% owned by our chief executive officer. The notes bear interest of 10% and are convertible into shares of the Company at a fixed conversion rate of $0.025 per share. The convertible notes payable to related parties balance at March 31, 2015 and December 31, 2014. The note holder may convert to common shares at a fixed price of $.025 per share.

Notes Payable to Related Parties

As of March 31, 2015 and December 31, 2014, the Company has two notes payable with two companies that share an officer of the Company. The notes bear interest of 10% and are currently in default. The notes payable to related parties balances are $96,205 and $96,205.

Stock issued to Officers

In September of 2013, the Company issued 400,000 post reverse-split common shares and 5,000,000 preferred shares to Sylvain Desrosiers for services completed by December 31, 2013. Mr. Sylvain is the CEO and a Director of the Company.

In September of 2014, the Company issued 12,000,000 post reverse-split shares of common stock - 2,000,000 to our CFO and 10,000,000 to our CEO, pursuant to separate five (5) year employment agreements for executive services to be provided.

Addendum to Share Exchange Agreement

On April 30, 2013, the Company entered into an addendum with SIC to amend its previously executed share exchange agreement. The addendum includes a mutually agreed upon revaluation of the consideration paid to acquire SIC whereby the new valuation will be 400,000 post reverse-split shares. The Company was returned the initial 400,000 post reverse-split shares from Jason Bell who was the President of the Company and previous sole shareholder of SIC. The 4,000,000 post reverse-split shares were then canceled and Mr. Bell was issued a new certificate for 400,000 post reverse-split common shares. This agreement was reversed on March 18, 2014 and Mr. Bell returned the 400,000 post reverse-split common shares to the treasury.

Cancelled Shares

In the year ended December 31, 2014, the Company cancelled 4,000,000 post reverse-split outstanding common shares to an officer of the Company for failing to provide contracted services.

NOTE 12 - STOCKHOLDERS' EQUITY

Common and preferred stock authorized

On April 15, 2014, the Company amended its articles of incorporation to decrease its authorized shares of common stock from Five Hundred Million (500,000,000) shares to Two Hundred Fifty Million (250,000,000) shares with par value of $0.001. On August 15, 2014, the Company amended its articles of incorporation to decrease its authorized shares of common stock from Two Hundred Fifty Million (250,000,000) shares to Fifty Million (50,000,000) shares, with a par value of $0.001.

The Company remains to have Ten Million (10,000,000) preferred shares with par value of $0.001 authorized. The Company designated 10,000,000 Series A Preferred Stock which have preferred voting rights equal to 500 votes for each 1 preferred share.

Common and preferred stock issued

On August 4, 2014, the Company enacted a 1-for-50 reverse stock split. The Company has adjusted all periods presented for the effects of the stock split.

For the year ended December 31, 2013, the Company issued 5,000,000 preferred shares and 400,000 post reverse-split common shares to a director of the Company for services completed prior to December 31, 2013. The Company valued the preferred shares at par $0.001, which resulted in an expense of $5,000. The Company valued the 400,000 post reverse-split common shares at the closing stock price on the date of issuance, September 3, 2013 at $0.11, which resulted in an expense of $44,000. The Company also issued 400,000 post reverse-split common

shares to Jason Bell, the President of Company, pursuant to the addendum to the Share Exchange Agreement described in Note 10.

At December 31, 2013, the Company had 3,764,348 post reverse-split common shares outstanding and had 5,000,000 preferred shares outstanding.

In the year ended December 31, 2014, the Company cancelled 400,000 post reverse-split shares of common stock to an officer of the Company for failing to provide contracted services. The Company also issued 3,100,000 post reverse-split shares of common stock for the reduction of $1,600 of notes payable and $1,600 of accrued interest on convertible notes payable. The Company also issued 12,000,000 post reverse-split shares of common stock, 2,000,000 to our CFO and 10,000,000 to our CEO, pursuant to separate five (5) year employment agreements for executive services to be provided. The 12,000,000 post reverse-split shares were valued at the date of the agreement, $0.06, which resulted in an expense of $720,000 being recognized over the life of the employment agreements with the unearned portion recorded as a prepaid expense.

Stock Warrants

Included in two of our outstanding convertible notes payable are warrants to purchase our stock. They are as follows,

Warrant 1: 1,000,000 warrants to purchase our stock at an exercise price of $0.05 per share with a 10 year life from May 1, 2010, expiring May 1, 2020.

Warrant 2: 300,000 warrants to purchase our stock at an exercise price of $0.10 per share with a 5 year life from January 30, 2010, expiring on January 30, 2015.

Warrants Exercisable December 31, 2013	Exercise Price ($) per Share	Weighted Average Remaining Contractual Life	Exercised Warrants	Warrants Exercisable December 31, 2014
1,300,000	($0.05 - $0.10)	4.75 years	-	1,300,000

NOTE 13 CONTINGENCIES

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm its business. Alco has no pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855 and has determined that no material subsequent events exist.