



**Interim Report  
For the Period Ended March 31, 2012**

**ICOA, Inc.**  
**Quarterly Report**  
**For the Period Ended March 31, 2012**

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## **Item 1            Name of Issuer and Address of Executive Offices**

ICOA, Inc. ("ICOA" or the "Company"), formerly known as Quintonix, Inc., was organized in Nevada in September 1983 to develop and sell credit card-operated fax machines. The Company discontinued such operations in 1993 and remained inactive through 1998.

In March 1999, the Company organized WebCenter Technologies, Inc. ("WTI"), a wholly owned subsidiary, for the purpose of developing a multi-functional public access Internet terminal.

In October 2003, the Company acquired the operating assets of QGo, LLC, a provider of Wi-Fi equipment and management services to hot spot operators. The assets were assigned to the WebCenter Technologies, Inc. subsidiary.

In December 2003, the Company acquired the outstanding shares of Airport Network Solutions, Inc., a privately held corporation, that designed and managed Wi-Fi solutions for the airport industry. It was operated as a wholly-owned subsidiary.

In June 2004, the Company acquired the operating assets of iDockUSA a provider of Wi-Fi services in marinas. The assets were assigned to the WebCenter Technologies, Inc. subsidiary.

In August 2004, the Company acquired the outstanding shares of AuthDirect, Inc., a privately held corporation, incorporated in California, which provides back office, network operating center and customer care center services for the Company's operating divisions and subsidiaries as well as for a wide variety of unaffiliated wireless service providers across the country.

In May 2005, the Company acquired the outstanding shares of Wise Technologies Inc, a privately held corporation, incorporated in Maryland, which designs and manages Wi-Fi solutions in various markets. It was operated as a wholly owned subsidiary.

In July 2005, the Company acquired the outstanding shares of LinkSpot Inc., a privately held corporation, incorporated in Virginia, which designs and manages Wi-Fi solutions in RV parks through-out the United States. It was operated as a wholly owned subsidiary.

We are located at 111 Airport Road, Warwick, RI 02889. Our telephone number is (401) 648-0690, our fax number is (401) 648-0699, our e-mail address is [info@icoamail.com](mailto:info@icoamail.com), and our homepage on the world-wide web is at [www.icoacorp.com](http://www.icoacorp.com).

## Item 2 Shares outstanding at March 31, 2012

### Preferred A Series Stock; par value \$0.0001

Authorized Shares:	2,100,000
Shares Issued and Outstanding:	2,100,000
Freely tradable shares:	0
Total number of beneficial shareholders:	3
Total number of shareholders of record:	3

### Preferred B Series Stock; par value \$0.0001

Authorized Shares:	25,000,000
Shares Issued and Outstanding:	728,000
Freely tradable shares:	0
Total number of beneficial shareholders:	13
Total number of shareholders of record:	13

### Preferred C Series Stock; par value \$0.0001

Authorized Shares:	20,000,000
Shares Issued and Outstanding:	0
Freely tradable shares:	0
Total number of beneficial shareholders:	0
Total number of shareholders of record:	0

### Common Shares; par value \$0.0001

Authorized Shares:	10,000,000,000
Shares Issued and Outstanding:	8,483,415,755
Freely tradable shares:	5,183,415,755
Total number of beneficial shareholders:	285
Total number of shareholders of record:	285

### **Item 3 Annual Unaudited Financial Statements**

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ICOA, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
March 31, 2012  
Unaudited

ASSETS

CURRENT ASSETS:

Cash	\$	224
Accounts receivable (net of allowance of \$0)		46,558
Inventories		400
TOTAL CURRENT ASSETS		47,182

EQUIPMENT, net

3,960

OTHER ASSETS:

Deferred finance costs		17,679
TOTAL OTHER ASSETS		17,679
	\$	68,821

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES:

Accounts payable and accrued expenses		5,068,943
Payroll tax liability		2,111,372
Convertible debentures due in one year, net of unamortized discount of \$0		2,009,131
Notes payable		1,103,330
Notes payable - officers		32,598
Derivative instrument liability		126,447
TOTAL CURRENT LIABILITIES		10,451,821

STOCKHOLDERS' DEFICIT:

Preferred "A" stock, \$.0001 par value; authorized shares - 2,100,000 shares; 2,100,000 issued and outstanding		210
Preferred "B" stock, \$.0001 par value; authorized shares - 25,000,000 shares; 728,000 issued and outstanding		72
Preferred "C" stock, \$.0001 par value; authorized shares - 20,000,000 shares; 0 issued and outstanding		-
Common stock, \$.0001 par value; authorized shares - 10,000,000,000 shares; 8,483,415,755 shares issued and outstanding		848,342
Common stock to be issued		39,600
Preferred stock to be issued		1,397,225
Stock held in escrow for Creditors Trust		(660,000)
Additional paid-in capital		861,868,956
Accumulated deficit		(873,877,405)
TOTAL STOCKHOLDERS' DEFICIT		(10,383,000)
	\$	68,821

See notes to unaudited consolidated financial statements

ICOA, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited

	Three Months Ended March 31,	
	2012	2011
REVENUES:		
Transaction service fees	\$ -	\$ 2,017
Equipment sales and installation	375	-
Managed services	27,519	16,793
TOTAL REVENUE	27,894	18,810
COST OF SERVICES:		
Telecommunication costs	36,726	7,616
Equipment and installation	(40,180)	-
Managed services	10,500	17,326
TOTAL COST OF SERVICES	7,046	24,942
GROSS MARGIN (LOSS)	20,848	(6,132)
OPERATING EXPENSES:		
Selling, general and administrative	80,502	50,238
Depreciation	-	-
Loss (Gain) on extinguishment of debt	-	-
TOTAL OPERATING EXPENSES	80,502	50,238
OPERATING INCOME (LOSS)	(59,654)	(56,370)
INTEREST EXPENSE	(165,105)	(116,987)
CHANGE IN FAIR VALUE OF DERIVATIVE LIABILITY	-	(2,778)
NET LOSS	\$ (224,759)	\$ (176,135)
BASIC AND DILUTED - LOSS PER SHARE	\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic and Diluted	8,483,415,755	4,559,180,197

See notes to unaudited consolidated financial statements

ICOA, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT  
Unaudited

	Preferred "A" Stock (\$,0001 par value)		Preferred "B" Stock (\$,0001 par value)		Common Stock (\$,0001 par value)		Additional Paid-In Capital (Restated)	Share Value Creditors Trust	Preferred Stock to be Issued	Common Stock to be Issued	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance, January 1, 2011	2,100,000	210	728,000	73	4,329,055,308	432,906	862,338,114	-	1,374,725	39,600	(874,678,311)	(10,492,683)
Issuance of stock for:												
Conversion of debentures					277,777,777	27,778	0		22,500			50,278
Conversion of Pfd B shares			(5,600)	(1)	1,400,000,000	140,000	(139,999)					-
Shares issued under a Reg 504					940,000,000	94,000	2,000					96,000
Adjustment to TA					(88,417,330)	(8,842)	8,842					-
Cancellation of returned shares					(1,675,000,000)	(167,500)	(670,000)					(837,500)
Shares issued to Creditors Trust					3,300,000,000	330,000	330,000	(660,000)				-
Net loss											1,025,666	1,025,666
Balance, December 31, 2011	2,100,000	\$ 210	722,400	\$ 72	8,483,415,755	\$ 848,342	\$ 861,868,956	(660,000)	\$ 1,397,225	\$ 39,600	\$ (873,652,645)	\$ (10,158,240)
No issuances year to date												
Net loss											(224,760)	(224,760)
Balance, March 31, 2012	2,100,000	\$ 210	722,400	\$ 72	8,483,415,755	\$ 848,342	\$ 861,868,956	(660,000)	\$ 1,397,225	\$ 39,600	\$ (873,877,405)	\$ (10,383,000)

See notes to unaudited consolidated financial statements



ICOA, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Unaudited

	For the Three Months Ended March 31, 2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (224,759)	\$ (176,135)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of deferred financing cost	5,356	1,800
Stock issued for compensation	-	68,326
Conversion of debt below par	-	2,778
Changes in assets and liabilities:		
Accounts receivable	(16,557)	40,665
Payroll taxes	-	(1,500)
Accounts payable and accrued expenses	235,114	53,189
Net cash used in operating activities	(847)	(10,878)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition / disposition of equipment	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from officer note	580	5,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	580	5,000
<b>INCREASE (DECREASE) IN CASH</b>	(267)	(5,878)
<b>CASH - BEGINNING OF PERIOD</b>	491	15,909
<b>CASH - END OF PERIOD</b>	\$ 224	\$ 10,032
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ -	\$ 7,585
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Conversion of debentures and interest into stock	\$ -	\$ 25,000

See notes to unaudited consolidated financial statements

## **Item 4 Management Discussion and Analysis**

**THE FOLLOWING ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS, INCLUDING THE NOTES THERETO OF THE COMPANY, CONTAINED ELSEWHERE IN THIS REPORT.**

Forward-looking statements in this report may prove to be materially inaccurate. In addition to historical information, this report contains forward-looking information that involves risks and uncertainties. The words "may", "will", "expect", "anticipate", "continue", "estimate", "project", "intend" and similar expressions are intended to identify forward-looking statements. Actual results may differ materially from those included within the forward-looking statements as a result of factors, including the risks described above and factors described elsewhere in this report.

### **Strategy**

Our goal is to be a leading and innovative national provider of broadband solutions not just for specific locations, but in particular for Wi-Fi providers who require support with the Managed Services portion of their business.

ICOA's proprietary, operations and support software and ICOA's nationwide network support capabilities permit us to offer such services as:

- 24x7 network monitoring & call center support for the Wi-Fi Provider and its customers
- Roaming between complementary networks managed through our software
- Billing, credit card services & inter-network settlements where appropriate
- Network maintenance & provisioning
- User provisioning & authentication
- Regular operational reporting to the location or providers
- Customer network administration via self help portal

Our overall strategy utilizes our core competencies in the design, deployment and management of broadband and broadband wireless networks in and to high-traffic public locations in any number of market segments including but not limited to airports, hospitality, RV resorts and campgrounds, marinas, multiple dwelling units ("MDU's"), restaurants and cafes, travel plazas and higher education facilities.

We anticipate increased revenue and demand to be generated in our near-term horizon from services including VoIP, increased roaming, location-specific applications, targeted advertising platforms, high-bandwidth content delivery and management, and access to proprietary content. With respect to VoIP, a small but steadily growing customer base has been utilizing VoIP technologies and services over our Wi-Fi networks, and we expect this trend to improve as additional services and VoIP-enabled devices are propagated into the marketplace. With respect to ancillary revenue from roaming, ICOA's is focused on rebuilding its national scale to provide the Company with attractive locations of strategic roaming value to other wireless service providers. Our networks were designed as neutral-host specifically to prepare for roaming, a strategy which maximizes revenue-potential from the existing asset base.

## **SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies is included in Note 3 to the audited consolidated financial statements included in the Company's Financial Statements for the year ended December 31, 2011 previously posted, as well as the Interim Financial Statements found in Item 3 of this report. Management believes that the application of these policies on a consistent basis enables the Company to provide useful and reliable financial information about the company's operating results and financial condition.

### **Results of operations**

*Three months ended March 31, 2012 as compared to the three months ended March 31, 2011.*

#### Revenue

Our revenue is primarily derived from network management and maintenance services and, to a lesser extent, from the ownership and operation of neutral-host broadband wireless Wi-Fi Hot Spots.

For the period ended March 31, 2012, revenue increased \$9,084 or 48.3% to \$27,894 as compared to \$18,810 for the three months ended March 31, 2011.

The increase in revenue was primarily due to the installation of services in several new locations for existing customers as well as the monthly recurring revenue generated from those locations.

#### Selling, general and administrative expenses

General and administrative expenses consist primarily of:

Employee compensation and related expenses including payroll taxes and benefits for executive, administrative and operations personnel, legal and accounting fees, travel and entertainment, and facility and office-related costs such as rent, insurance, maintenance and telephone.

For the three months ended March 31, 2012, these expenses increased \$30,264 or 60% to 80,502 from \$50,238 for the three months ended March 31, 2011.

The increase in SG&A was primarily the result of cancellation of shares booked recorded in 2011 as consulting expense which was not repeated in 2012. The initial recording of the shares and their subsequent cancellations were recorded at the market price on the date of either issuance or cancellation. All other SG&A expenses were nominal year to year.

#### Interest Expense

Interest expense consists of interest accrued on loans and convertible notes payable, and the beneficial conversion feature on the convertible notes and warrants.

Interest expense increased by \$48,118 to \$165,105 for the three months ended March 31, 2012 as compared to \$116,987 for the three months ended March 31, 2011.

The increase for the three month period is attributable to the conversion of certain debts into convertible debentures and notes.

### Net Profit and Loss

For the three months ended March 31, 2012, the Company had a loss of \$224,759 as compared to a loss of \$176,135 for the three months ended March 31, 2011 an increase of \$48,624 or 27.6%.

The significant difference for the year to date as compared to the same period last year is mainly due to the reduction in selling, general and administrative costs due to the cancellation of shares during the current year.

### Income Taxes

No provision for federal and state income taxes has been recorded as the Company incurred net operating losses since January 1, 1998 (Inception). The net operating losses will be available to offset any future taxable income. Given the Company's operating history, losses incurred to date and the difficulty in accurately forecasting future results, management does not believe that the realization of the potential future benefits of these carry forwards meets the criteria for recognition of a deferred tax asset required by generally accepted accounting principles. Accordingly, a full 100% valuation allowance has been provided.

### **Liquidity and Capital Resources**

Cash and cash equivalents were \$224 at March 31, 2012. Net cash used in operating activities of \$847 was derived from the net loss from operations offset by an increase in accounts payable, and accrued expenses.

At March 31, 2012, the Company had a working capital deficit of \$10,404,639. The Company made no capital expenditures during the three months ended March 31, 2012.

In January 2011, the Company issued 277,777,777 common shares in connection with the conversion of \$5,000 of convertible debentures and \$20,000 of accrued interest. The conversion was at an average price of \$0.00009 per share.

In April 2011, the Company cancelled 600,000,000 common shares previously issued to the Company's CEO, President, and a director. The shares were issued at a price of \$0.50 per share which was the market price of the stock on the date of issuance. The issuance was subject to an absolute recall provision by the Company.

In April 2011, the Company cancelled 600,000,000 common shares previously issued to the Company's CFO, and a director. The shares were issued at a price of \$0.50 per share which was

the market price of the stock on the date of issuance. The issuance was subject to an absolute recall provision by the Company.

In April 2011, the Company cancelled 475,000,000 common shares previously issued to a Director of the Company. The shares were issued at a price of \$0.50 per share which was the market price of the stock on the date of issuance. The issuance was subject to an absolute recall provision by the Company.

In May 2011, the Company raised \$24,000 through the issuance 220,000,000 shares at a price of \$0.0001091 through a Reg D, 504 offering.

In June 2011, the Company raised \$22,000 through the issuance 340,000,000 shares at a price of \$0.0000647 through a Reg D, 504 offering.

In October 2011, the Company raised \$19,000 through the issuance 380,000,000 shares at a price of \$0.00005 through a Reg D, 504 offering.

**Item 5. Legal proceedings**

There are several creditor judgments that have been obtained in the last three (3) years. All are related to notes or accounts payable that are recorded on the books of the Company.

The total amount of judgments is approximately \$110,000 and the Company is working with the creditors to make periodic payments or convert the judgments to stock of the Company.

**Item 6. Defaults upon senior securities**

Currently, all secured convertible debentures are in default. The Company continues to work with the debenture holders to provide conversion of the debt from time to time. The debenture holders are continuing to forebear as the Company works to restructure the business and increase revenue.

**Item 7. Other information**

None

**Item 8. Exhibits**

None

**Certification of Chief Executive Officer  
Item 9.1**

I, George Strouthopoulos, certify that:

1. I have reviewed this Quarterly Disclosure Statement of ICOA, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of 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.

June 1, 2012

/s/ George Strouthopoulos  
Chief Executive Officer

**Certification of Chief Financial Officer**  
**Item 9.2**

I, Erwin Vahlsing, Jr., certify that:

1. I have reviewed this Quarterly Disclosure Statement of ICOA, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of 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.

June 1, 2012

/s/ Erwin Vahlsing, Jr.  
Chief Financial Officer