

CANNA BRANDS INC.

QUARTERLY REPORT

For the Period Ending September 30, 2014

November 19, 2014

CANNA BRANDS INC.

(Exact name of issuer as specified in its charter)

40 Easthampton B

West Palm Beach, FL 33417

(Address of principal executive offices)

(888) 310-7855

(Issuer's telephone number)

The number of shares outstanding of each of the Issuer's classes of common equity, as of the date of this Quarterly Report, are as follows:

TRADING SYMBOL: CBMJ	CUSIP: 13765C 10 1
TAX ID NUMBER: 20-0844584	SHAREHOLDERS OF RECORD: 83

CLASS OF SECURITIES QUOTED: Common Stock \$.001 par value

NUMBER OF SHARES OUTSTANDING: 131,073,305 common
1,000 preferred

PART A GENERAL COMPANY INFORMATION

Item 1. Name of the issuer and its predecessor (if any).

The name of the issuer is Canna Brands Inc. (“Canna” or “Company”), formerly Crownbutte Wind Power, Inc., and formerly ProMana Solutions, Inc.

Item 2. Address of the issuer’s principal executive offices.

The address of Canna’s principal executive offices and other pertinent information is as follows:

Canna Brands Inc.
40 Easthampton B
West Palm Beach, Florida 33417
Phone No.: (888) 310-7855

There is no IR Contact available for Canna.

PART B SHARE STRUCTURE

Item 3. Security Information.

Trading Symbol:	CBMJ
Exact title and class of securities outstanding:	Common Stock
CUSIP:	13765C 10 1
Par or Stated Value:	\$0.001 par value
Total Shares Authorized:	500,000,000 as of November 18, 2014
Total Shares Outstanding:	131,073,305 as of November 18, 2014
Trading Symbol:	None
Exact title and class of securities outstanding:	Preferred Stock
CUSIP:	None
Par or Stated Value:	\$0.001 par value
Total Shares Authorized:	25,000,000 as of November 18, 2014
Total Shares Outstanding:	1,000 shares of Series 2014A as of November 18, 2014

The name and address of Canna’s transfer agent is:

Worldwide Stock Transfer, LLC
433 Hackensack Avenue, Level L
Hackensack, NJ 07601
Telephone no.: (201) 820-2008
FAX no.: (201) 820-2010

Canna's transfer agent is registered under the Securities Exchange Act of 1934, as amended, and the SEC is its regulatory authority.

List any restrictions on the transfer of security:

As of November 18, 2014, Canna has a total of 117,785,423 shares which contain restrictive legends which thereby restrict transfer of such shares except as permitted by Rule 144 of the Securities Act of 1934, as amended.

Describe any trading suspension order issued by the SEC in the past 12 months:

NONE

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off or reorganization, either currently anticipated or that occurred within the past 12 months.

On July 14, 2014, the Company entered into, and on July 15, 2014 consummated, an Agreement and Plan of Reorganization (the "Agreement") with Canna & Canna Inc., a Washington corporation formed on June 16, 2014. Pursuant to the Agreement, the Company acquired all of the 12,425,000 issued and outstanding shares of Canna & Canna, Inc.'s common stock pursuant to a Type B reorganization under Section 369(a)(1)(B) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. In exchange for all of the issued and outstanding shares of Canna & Canna, Inc.'s common stock, the Company issued the two shareholders of Canna & Canna, Inc. an aggregate of 62,125,000 restricted shares of the Company's common stock and 500 restricted shares of the Company's Series 2014A preferred stock. Canna & Canna Inc. is currently a wholly owned subsidiary of the Company. Canna & Canna, Inc. develops, promotes, markets and sells turnkey branded consumer goods for infusion and ultimate distribution by licensed cannabis operations in the states of Washington and Colorado where, for persons 21 years and over, the recreational use of marijuana is legal for state law purposes only.

Item 4. Issuance History.

The following provides a list, in chronological order, of events resulting in changes in the total shares outstanding by the Company during the past two fiscal years and any interim period:

On November 20, 2013, Canna executed and delivered two (2) separate \$5,000 Convertible Promissory Note, to two (2) persons; one being its CEO and director and the other being a director. One Convertible Note was funded on November 20, 2013 and the other was funded on February 3, 2014. The Convertible Notes were not registered under the Securities Act in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering.

Each of the subject Convertible Notes bears interest at 3% per annum and has a maturity date of November 20, 2014 (or 12 months from date of funding) at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty.

Each Convertible Note is convertible by the holder, at his election, into shares of the Company's common stock at an exercise price of \$.0025 per share. In accordance with the terms of each Convertible Note, the holder may not convert any amount of the Convertible Note if, after giving effect to such conversion, the investor would beneficially own greater than 4.99% of the outstanding shares of the Company's common stock.

On March 26, 2014, Canna executed and delivered two (2) separate \$2,500 Convertible Promissory Note to two persons; one being its CEO and director and the other being a director. One Convertible Note was funded on March 26, 2014 and the other was funded on April 14, 2014. The Convertible Notes were not registered under the Securities Act in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering.

Each of the subject Convertible Notes bears interest at 5% per annum and has a maturity date of March 26, 2015 (12 months from date of funding) at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty. Each Convertible Note is convertible by the holder, at his election, into shares of the Company's common stock at an exercise price of \$.0025 per share. In accordance with the terms of each Convertible Note, the holder may not convert any amount of the Convertible Note if, after giving effect to such conversion, the investor would beneficially own greater than 4.99% of the outstanding shares of the Company's common stock.

On May 27, 2014, Canna executed and delivered two (2) separate \$2,500 Convertible Promissory Note to two (2) persons; one being its CEO and director and the other being a director. The Convertible Notes were not registered under the Securities Act in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering.

Each of the subject Convertible Notes bears interest at 5% per annum and has a maturity date of May 27, 2015 at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty. Each Convertible Note is convertible by the holder, at his election, into shares of the Company's common stock at an exercise price of \$.0025 per share. In accordance with the terms of each Convertible Note, the holder may not convert any amount of the Convertible Note if, after giving effect to such conversion, the investor would beneficially own greater than 4.99% of the outstanding shares of the Company's common stock.

Between June 19, 2014 and June 25, 2014, Canna executed and delivered two (2) separate \$2,000 Convertible Promissory Note to two (2) persons; one being its CEO and director and the other being a director. The Convertible Notes were not registered under the Securities Act in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering.

Each of the subject Convertible Note bears interest at 5% per annum and has a maturity date which is 12 months after the date of the subject Convertible Note at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty. Each Convertible Note is convertible by the holder, at his election, into shares of the

Company's common stock at an exercise price of \$.0025 per share. In accordance with the terms of each Convertible Note, the holder may not convert any amount of the Convertible Note if, after giving effect to such conversion, the investor would beneficially own greater than 4.99% of the outstanding shares of the Company's common stock.

On July 14, 2014, pursuant to agreement to correct ambiguous terms and provisions and to replace the lost or misplaced original \$100,000 promissory note dated March 29, 2010, Canna executed and delivered an Amended and Restated \$100,000 Convertible Note payable to the original note holder. The amended and restated convertible note was not registered under the Securities Act in reliance upon the exemption from registration provided by Section 3(a)(9) of the Securities Act.

The Amended and Restated \$100,000 Convertible Note bears interest at 12% per annum and has a new maturity date of December 31, 2015. Prepayment is permitted without any penalty. The subject note is convertible by the holder, at the holder's election, into shares of the Company's common stock at an exercise price of \$.004 per share. In accordance with the terms of the subject note, the holder may not convert any amount if, after giving effect to such conversion, the holder would beneficially own greater than 4.99% of the outstanding shares of the Company's common stock.

On July 14, 2014, Canna authorized the issuance of 11,875,000 restricted shares of its common stock and 250 restricted shares of its Series 2014A preferred stock to two persons; one being its CEO and director and the other being a director. These shares were issued to each person in satisfaction of \$55,000 in accrued compensation due to each person by Canna as of September 30, 2014. All of the subject shares have been issued as of the date of this Quarterly Report. The subject shares were not registered under the Securities Act in reliance upon an exemption from registration provided by Rule 506(b) and Sections 4(a)(2) and 4(a)(5) of the Securities Act.

On July 15, 2014, Canna authorized the issuance of an aggregate of 62,125,000 restricted shares of its common stock and an aggregate of 500 restricted shares of its Series 2014 preferred stock to the two shareholders of Canna & Canna, Inc. pursuant to the terms of the Agreement as described in Item 3 above. In exchange, Canna received all of the issued and outstanding shares of Canna & Canna, Inc., which is currently a wholly-owned subsidiary. All of the subject shares have been issued as of the date of this Quarterly Report. The subject shares were not registered under the Securities Act in reliance upon an exemption from registration provided by Rule 506(b) and Sections 4(a)(2) and 4(a)(5) of the Securities Act.

On July 16, 2014, Canna filed its Certificate of Designation with the Nevada Secretary of State pursuant to which the rights, preferences and limitations were established and set forth for 1,000 shares of preferred stock, designated as the Series 2014A Preferred Stock. Thereafter, Canna issued 250 shares of its Series 2014A Preferred Stock to each of four (4) persons; two consisting of entities (one owned and controlled by our CEO and director and the other owned and controlled by a director) and the other two being the prior shareholders of Canna & Canna, Inc., each of whom exchanged all of their respective shares in Canna & Canna, Inc. for shares of Canna's shares as described above.

Between July 17, 2014 and July 24, 2014, Canna executed and delivered five (5) separate Convertible Promissory Notes aggregating a total principal amount of \$75,000. A \$25,000 Convertible Note was issued and delivered to a private investor. Four (4) separate \$12,500 Convertible Promissory Note were issued and delivered to four (4) investors; one being its CEO and director, another being a director and the remaining two being private investors.. The Convertible Notes were not registered under the Securities Act in reliance upon the exemption from registration provided by Rule 506(b) and Sections 4(a)(2) and 4(a)(5) of the Securities Act.

Each of the subject Convertible Notes bears interest at 5% per annum and has a maturity date of July 17, 2015 at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty. Each Convertible Note is convertible by the holder, at his election, into shares of the Company's common stock at an exercise price of \$.0004 per share. In accordance with the terms of each Convertible Note, the holder may not convert any amount of the Convertible Note if, after giving effect to such conversion, the investor would beneficially own greater than 4.99% of the outstanding shares of the Company's common stock.

On July 17, 2014, Canna authorized the issuance of 2,400,000 restricted shares of its common stock to a person who will act as management consultant and advisor to Canna's wholly owned subsidiary, Canna & Canna, Inc. The subject shares vest in equal amounts (100,000 shares) monthly over a 24 month period provided that, during the vesting period, the person does not voluntarily cease to act as, or otherwise be terminated for any reason as, a management consultant and advisor. All of the subject shares have been issued as of the date of this Quarterly Report and have been placed in an escrow account for release in monthly amounts of 100,000 shares as vesting occurs.. The subject shares were not registered under the Securities Act in reliance upon an exemption from registration provided by Rule 506(b) and Sections 4(a)(2) and 4(a)(5) of the Securities Act.

Between September 10, 2014 and September 29, 2014, Canna executed and delivered five (5) separate Convertible Promissory Notes aggregating a total principal amount of \$30,000. Two (2) \$5,000 Convertible Notes were issued and delivered to a private investor. Two (2) separate \$5,000 Convertible Promissory Notes were issued and delivered to the Company's CEO and director and to another director. The final \$10,000 Convertible Promissory Note was issued and delivered to the Company's CEO and director. The Convertible Notes were not registered under the Securities Act in reliance upon the exemption from registration provided by Rule 506(b) and Sections 4(a)(2) and 4(a)(5) of the Securities Act.

Each of the subject Convertible Notes bears interest at 5% per annum and has a maturity date in September 2016 at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty. Each Convertible Note is convertible by the holder, at his election, into shares of the Company's common stock at an exercise price of \$.0125 per share. In accordance with the terms of each Convertible Note, the holder may not convert any amount of the Convertible Note if, after giving effect to such conversion, the investor would beneficially own greater than 4.99% of the outstanding shares of the Company's common stock.

Between September 29, 2014 and October 22, 2014, Canna executed and delivered eight (8) separate Convertible Promissory Notes aggregating a total principal amount of \$62,500. One (1) \$15,000 Convertible Note, three (3) \$10,000 Convertible Notes three (3) \$5,000 Convertible Notes were issued and delivered to a five (5) private investor². One (1) \$2,500 Convertible Promissory Notes were issued and delivered one of the Company's directors. The Convertible Notes were not registered under the Securities Act in reliance upon the exemption from registration provided by Rule 506(b) and Sections 4(a)(2) and 4(a)(5) of the Securities Act.

Each of the subject Convertible Notes bears interest at 5% per annum and have maturity dates in September and October 2016 at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty. Each Convertible Note is convertible by the holder, at his election, into shares of the Company's common stock at an exercise price of \$.0175 per share. In accordance with the terms of each Convertible Note, the holder may not convert any amount of the Convertible Note if, after giving effect to such conversion, the investor would beneficially own greater than 4.99% of the outstanding shares of the Company's common stock.

During October 2014, an individual partially converted \$18,750 due under the Amended and Restated \$100,000 Convertible Note issued on July 14, 2014 into 4,687,500 shares of Canna's common stock at \$.004 per share. The conversion was in accordance with the terms of the Amended and Restated \$100,000 Convertible Note which permits the holder to convert amounts due under the note into shares of Canna's common stock at an exercise price of \$.004 per share. The fair market value of the stock was \$251,300 or \$.056 per share on the date of conversion which resulted in Canna recording a loss on conversion of debt of \$233,500. All of the subject shares have been issued as of the date of this Quarterly Report.

Item 5. Financial Statements.

Financial information for the quarter ended September 30, 2014 and 2013 are attached hereto as Exhibit A, and such financial information is incorporated herein by this reference.

PART C BUSINESS INFORMATION

Item 6. Describe the Issuer's Business, Products and Services.

A. Description of the Issuer's Business Operations.

General

Canna currently is engaged in efforts to terminate and otherwise liquidate its prior business of developing wind power generation facilities in the 10MW to 40MW range, sometimes larger, which efforts should be completed by end of 2014, perhaps later. Simultaneously, Canna has been pursuing efforts to investigate other potential business opportunities all with the objective of being able to re-deploy all remaining assets into a new

business venture or opportunity. As a result of these efforts, Canna was able to identify, acquire and commence operations related to a new business endeavor as further described below.

Canna has not been, at any time, a “shell company” as that term is defined in Rule 12b-2 of the Exchange Act

Current Operations

On July 14, 2014, the Company entered into, and on July 15, 2014 consummated, an Agreement and Plan of Reorganization as further described in Item 3 above whereby Canna & Canna Inc. became a wholly-owned subsidiary. Currently, Canna will, through its wholly-owned subsidiary, develop, promote and market turnkey branded consumer goods for infusion and distribution by licensed cannabis processors and producers, dispensaries and retail outlets in the states of Washington and Colorado where, for persons 21 years and older, the recreational use and consumption of marijuana is legal for state law purposes only. However, these state laws have no effect on federal laws which classify marijuana as a “controlled substance” which thereby makes it illegal to produce, sell or possess marijuana under federal law

The Company’s business plan is to focus on our subsidiary’s efforts to develop, promote, market and sell turnkey branded consumer good for infusion and ultimate distribution by licensed cannabis operations in the states of Washington and Colorado, while pursuing and completing final efforts which will transfer, terminate and otherwise liquidate our prior business of developing wind power generation facilities which should be completed by end of 2014, perhaps later. .

Nacel Energy Corporation and Financing Activities.

In January 2011, Nacel Energy Corporation (“Nacel”) acquired a total of 10,500,000 shares of Canna’s common stock, which then represented approximately 30% of our outstanding common stock.

In addition to acquiring its Canna stock ownership, Nacel also acquired the ownership of warrants issued by Canna which provides it with the right to purchase up to a total of 7,500,000 shares of Canna’s common stock at exercise prices which vary from \$0.02 per share up to \$0.0225 per share. The warrant rights will not terminate until December 8, 2015 with respect to warrants for 4,000,000 shares and will not terminate until May 31, 2016 with respect to the warrants for the remaining 3,500,000 shares. As of September 30, 2014, Nacel had not exercised any of the foregoing warrants.

Since becoming the largest shareholder, Nacel has advanced to Canna, from time to time, an aggregate amount of approximately \$475,000 in general operating capital, with such advances being used for the development of Canna’s pipeline of wind power projects and to assist Canna in developing and obtaining financing for its 200 MW Gascoyne II wind power generation project located on 1733 acres between the towns of Bowman and Hettinger, North Dakota. Included were funds advanced directly to Midwest Independent System Operator (MISO) to complete a Feasibility Study required to connect the Gascoyne II wind power project to the electric grid. However, since it was not able to finance the Gascoyne II project, Canna ceased

and terminated any further efforts in January, 2012 related to the development of the Gascoyne II wind project. Thereafter, Canna requested the return of deposits with MISO (Midwest Independent System Operator). As a result of the return of MISO deposits, Canna has made various payments to Nacel to repay and reduce the aggregate advances made by Nacel. As of September 30, 2014, Nacel was owed approximately \$366,000 from Canna.

Management's Discussion and Analysis or Plan of Operation.

A. Plan of Operation. We have had limited revenues since our inception, and, accordingly, have incurred losses from our operations. For the six month ended September 30, 2014, we incurred net loss of \$121,799. We have an accumulated deficit since inception of \$(6,573,455). We currently have no revenues. With the decision not to pursue further efforts to develop our wind projects, we are shifting our focus to develop, promote, market and sell turnkey branded consumer goods for infusion and distribution by licensed cannabis processors and producers, dispensaries and retail outlets in the states of Washington and Colorado where, for persons 21 years and over, the recreational use and consumption of marijuana is legal for state law purposes only. However, these state laws have no effect on federal laws which classify marijuana as a "controlled substance" which thereby makes it illegal to produce, sell or possess marijuana under federal law. There are no assurances that we will be able to realize our business plan.

For the foreseeable future, our operating plan is dependent upon both the ability to conserve existing cash resources and the ability to obtain additional capital through equity financing and/or debt financing in an effort to provide the necessary funds and cash flow to meet our obligations on a timely basis and to operate our new business in an efficient and economical manner. In the event that we are unable to conserve existing cash resources and/or obtain the additional and necessary capital, we may have to cease or significantly curtail our operations. This could materially impact our ability to continue as a going concern for a reasonable period of time.

Liquidity and Capital Resources

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Since our inception, we have had limited revenues, and, accordingly, have incurred losses from our operations. At September 30, 2014, we have an accumulated deficit since inception of \$(6,573,455). We currently have no revenues. These factors, among others, indicate that we might be unable to continue as a going concern for a reasonable period of time.

As of September 30, 2014, we had cash of \$33,742 and working capital deficit of \$(942,562). This compares to cash of \$3,380 and a working capital deficit of \$(1,093,917) at December 31, 2013.

Based on commitments arising from our consulting agreements and other general and administrative expenses, we anticipate that operating expenses during each succeeding quarter will be, at a minimum, approximately \$50,000 through December 31, 2014. Based on the

foregoing, we will not have sufficient cash resources to finance our operations except for several months unless we are able to raise additional equity financing and/or debt financing in the immediate future. We have commenced, and will continue to pursue, efforts to raise additional equity financing and/or debt financing from a variety of sources and means. There are no assurances that we will be able to obtain any additional financing and/or equity and, even if obtained, that such financing will be in a sufficient amount to be able to continue operations for a sufficient period until our turnkey branded consumer product operations, as being marketed, promoted and sold to licensed cannabis operations in Colorado and Washington, can generate sufficient revenues to be profitable.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations for the three months ended September 30, 2014 compared to the three months ended September 30, 2013:

Overview. We have yet to generate any revenues from our operations. There was a net loss of 121,799 and 138,566 for the three months ended September 30, 2014 and 2013, respectively, a decrease of \$16,767 (12%) attributable to the factors discussed below.

Revenues. We generated no revenues from our operations for the three months ended September 30, 2014 or for the three months ended September 30, 2013. As previously noted, the Company's current business plan is to focus on our subsidiary's efforts to develop, promote, market and sell turnkey branded consumer good for infusion and ultimate distribution by licensed cannabis operations in the states of Washington and Colorado, while completing final efforts which will terminate and otherwise liquidate our prior business of developing wind power generation facilities. It is unknown when revenues will be generated from our subsidiary's business activities.

Expenses. Our operating expenses were \$87,938 and \$20,501 for the three months ended September 30, 2014 and 2013, respectively. The increase of \$67,437 was principally attributable to an approximately \$59,000 increase in professional fees related to the Canna and Canna acquisition and an approximate \$8,000 increase in other general and administrative expenses offset by a \$1,159 decrease in depreciation expense.

Other Income. Our total other expense was \$33,861 and 118,065 for the three months ended September 30, 2014 and 2013, respectively. The decrease of \$84,204 or 71% was attributable to an \$112,147 decrease in loss on derivative financial instruments offset by a \$27,943 increase in interest expense on new loans compared to the three months ended September 30, 2013.

Results of Operations for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013:

Overview. We have yet to generate any revenues from our operations. There was a net loss of \$267,651 and \$19,077 for the nine months ended September 30, 2014 and 2013, respectively, an increase of \$248,574 attributable to the factors discussed below.

Revenues. We generated no revenues from our operations for the nine months ended September 30, 2014 or for the nine months ended September 30, 2013. As previously noted, the Company's current business plan is to focus on our subsidiary's efforts to develop, promote, market and sell turnkey branded consumer good for infusion and ultimate distribution by licensed cannabis operations in the states of Washington and Colorado, while completing final efforts which will terminate and otherwise liquidate our prior business of developing wind power generation facilities. It is unknown when revenues will be generated from our subsidiary's business activities.

Expenses. Our operating expenses were \$130,515 and \$75,340 for the nine months ended September 30, 2014 and 2013, respectively. The increase of \$55,175 was principally attributable to an approximately \$50,000 increase in professional fees related to the Cana and Cana acquisition and an approximate \$5,000 increase in other general and administrative expenses offset by a \$3,473 decrease in depreciation expense

Other Income. Our total other expense was \$137,136 for the nine months ended September 30, 2014 compared to total other income of \$56,263 for the nine months ended September 30, 2013. The decrease of \$193,399 was attributable to a \$165,227 decrease in gain on derivative financial instruments offset by a \$28,172 increase in interest expense on new loans compared to the nine months ended September 30, 2013.

Capital Structure and Resources

We had total assets of \$314,925 as of September 30, 2014, which consisted of cash of \$33,742, other current assets of \$2,000, property and equipment (net of accumulated depreciation) of \$16,426, intangible assets of \$152,500 from the Cana and Cana, Inc. acquisition and goodwill of \$110,257 from the Cana and Cana, Inc. acquisition.

We had total liabilities of \$978,304 as of September 30, 2014 consisting of accounts payable of \$233,704, accrued expenses of \$143,080, shareholder loans payable of \$205,000, advances due to shareholder of \$366,152 and convertible notes payable for \$30,368 (net of debt discount).

At September 30, 2014, we had total stockholders' deficiency of \$663,379. We have had net losses since inception and had an accumulated deficit of \$6,573,455 at September 30, 2014.

We had net cash used in operating activities of \$73,906 for the nine months ended September 30, 2014. We had \$743 provided from investing activities for the nine months September 30, 2014 from the Cana and Cana, Inc. acquisition, and net cash of \$103,525 was provided by financing activities for the six months ended September 30, 2014 as provided by loans from an officer, a director and various other individuals for \$144,000 offset by an \$9,475 payment on a shareholder loan and a \$31,000 settlement of a convertible notes payable.

On November 20, 2013, the Company issued two (2) separate \$5,000 convertible promissory notes to two investors; one being our CEO and director and the other being a director.. Each loan bears interest at 3% and has a maturity date of November 20, 2014. In addition, at any time,

each holder of a convertible note may convert the outstanding note balance into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%.

On March 26, 2014, the Company issued two (2) separate \$2,500 convertible promissory notes to two persons; one being our CEO and director and the other being a director. One note was funded on March 26, 2014 and the other was funded on April 14, 2014. Each loan bears interest at 5% and has a maturity date of March 26, 2015 (12 months from date of funding). In addition, at any time, each holder of a convertible note may convert the outstanding note balance into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%.

On May 27, 2014, the Company issued two (2) separate \$2,500 convertible promissory notes to two (2) persons; one being our CEO and director and the other a director.. Each loan bears interest at 5% and has a maturity date of May 27, 2015. In addition, at any time, each holder of a convertible note may convert the outstanding note balance into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%.

Between June 19, 2014 and June 25, 2014, the Company issued two (2) separate \$2,000 convertible promissory notes to two (2) persons; one being our CEO and director and the other being a director. Each loan bears interest at 5% and has a maturity date of 12 months from the funding of the loan. In addition, at any time, each holder of a convertible note may convert the outstanding note balance into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%.

Between July 17, 2014 and July 22, 2014, the Company issued five (5) separate convertible promissory notes aggregating a total principal amount of \$75,000. A \$25,000 convertible note was issued to a private investor. Four (4) separate \$12,500 convertible notes were issued to four (4) persons; one person being an entity owned and controlled by our CEO and director, one person being a director and the other two persons being private investors. Each loan bears interest at 5% and has a maturity date of July 17, 2015. In addition, at any time, each holder of a convertible note may convert the outstanding note balance into shares of the Company's common stock at an exercise price of \$.004 per share. After the due date, the interest rate on the convertible note increases to 15%.

Between September 10, 2014 and September 29, 2014, Canna executed and delivered five (5) separate Convertible Promissory Notes aggregating a total principal amount of \$30,000. Two (2) \$5,000 Convertible Notes were issued and delivered to a private investor. Two (2) separate \$5,000 Convertible Promissory Notes were issued and delivered to the Company's CEO and director and to another director. The final \$10,000 Convertible Promissory Note was issued and delivered to the Company's CEO and director. Each of the subject Convertible Notes bears interest at 5% per annum and has a maturity date in September 2016 at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty. Each Convertible Note is convertible by the holder, at his election, into shares of the

Company's common stock at an exercise price of \$.0125 per share. After the due date, the interest rate on the convertible note increases to 15%.

Between September 29, 2014 and October 22, 2014, Canna executed and delivered eight (8) separate Convertible Promissory Notes aggregating a total principal amount of \$62,500. One (1) \$15,000 Convertible Note, three (3) \$10,000 Convertible Notes three (3) \$5,000 Convertible Notes were issued and delivered to a five (5) private investor². One (1) \$2,500 Convertible Promissory Notes were issued and delivered one of the Company's directors. Each of the subject Convertible Notes bears interest at 5% per annum and have maturity dates in September and October 2016 at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted without any penalty. Each Convertible Note is convertible by the holder, at his election, into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%.

B. Off-Balance Sheet Arrangements.

We have no material off-balance sheet transactions, arrangements or obligations.

C. Date and State (or Jurisdiction) of Incorporation.

Canna is a Nevada corporation that was originally formed on March 9, 2004, under the name ProMana Solutions, Inc. Thereafter, on July 2, 2008, ProMana amended its Articles of Incorporation and our name was changed to Crownbutte Wind Power, Inc. Thereafter, effective September 22, 2014 Crownbutte Wind Power, Inc. amended its Articles of Incorporation and our name was changed to Canna Brands Inc.

D. Issuer's Primary and Secondary SIC Codes.

Canna's primary SIC Code is 8900 – Miscellaneous Services and its secondary SIC Code is 4911 – Electric Services.

E. Issuer's fiscal year end date.

Canna's fiscal year end is at December 31st of each year.

F. Principal Products or Services, and Their Markets.

Current Status

As disclosed in Item 6A above, Canna is pursuing, and will continue to pursue, an orderly transfer, termination and liquidation of its interests and rights in its various wind projects. Simultaneously, Canna has been pursuing efforts to investigate other potential business opportunities all with the objective of being able to re-deploy all remaining assets into a new business venture and opportunity. As a result of these efforts, Canna was able to identify, acquire and commence operations related to a new business endeavor as further described below and in Item 6A above.

On July 14, 2014, the Company entered into, and on July 15, 2014 consummated, an Agreement and Plan of Reorganization as further described in Item 3 above whereby Canna & Canna Inc., a Washington corporation organized on June 16, 2014, became a wholly-owned subsidiary. Under its new business plan, Canna will, through its wholly-owned subsidiary, will develop, promote, market and sell turnkey branded consumer goods for infusion and distribution by licensed cannabis processors and producers, dispensaries and retail outlets in the states of Washington and Colorado where, for persons 21 years and over, the recreational use and consumption of marijuana is legal state law purposes only. However, these state laws have no effect on federal laws which classify marijuana as a “controlled substance” which thereby makes it illegal to produce, sell or possess marijuana under federal law.

The Company’s current business plan is to focus on our subsidiary’s efforts to develop, promote, market and sell turnkey branded consumer good for infusion and ultimate distribution by licensed cannabis operations in the states of Washington and Colorado, while completing final efforts which will terminate and otherwise liquidate our prior business of developing wind power generation facilities.

Item 7. Describe the Issuer’s Facilities.

Properties

As of September 30, 2014 or earlier, all of our option agreements with landowners applicable to properties on which wind energy projects were to be constructed and operated had expired or had been terminated. Thus, we have not made any lease payments to landowners for a substantial period of time.

Description of Corporate Offices

Since approximately March 2011, Canna’s corporate offices (approx. 300 square feet) have been located at 40 Easthampton B, West Palm Beach, FL 3341. This office space is provided, on a month-to-month basis, by our director at no charge.

We believe that our current facilities are adequate for our operations as currently conducted and if additional facilities are required, that we could obtain them at commercially reasonable prices.

PART D MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

Item 8. Officers, Directors and Control Persons.

A. Name of Officers, Directors and Control Persons. The names of each of the Company’s executive officers, directors and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the Company’s equity securities) as of the date of this Quarterly Report are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mark Schaftlein	56	Chief Executive Officer, Chief Financial Officer and Director
Alison Baird	34	Director
Pam Pennoyer	53	Shareholder (owning approx. 23.7% of Company's outstanding common shares and 25% of the Series 2014A Preferred Shares)
Ronald Henthorn		Shareholder (owning approx. 23.7% of Company's outstanding common shares and 25% of the Series 2014A Preferred Shares)
Capital Consulting, Inc.		Shareholder (owning approx. 9.1% of Company's outstanding common shares and 25% of the Series 2014 Preferred Shares)
RYOX Corporation		Shareholder (owning approx. 9.1% of Company's outstanding common shares and 25% of the Series 2014A Preferred Shares)
Nacel Energy Corporation	--	Shareholder (owning approx. 8.0% of Company's outstanding common shares).

B. Legal/Disciplinary History. At no time in the last five years, has any officer or member of the board of directors, or any control person, been the subject of any of the following:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state

securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; or

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person’s involvement in any type of business or securities activities.

C. Beneficial Shareholders. The following table sets forth certain information regarding the beneficial ownership of our common stock as of November 18, 2014, by each person who, to our knowledge, owns more than 10% of any class of our common stock. Unless otherwise indicated in the footnotes to the following tables, each person named in the table has sole voting and investment power, except to the extent such power may be shared with a spouse.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁺
Pam Pennoyer 20024 106 th SE Kent, WA 98031Mandan, ND 58554	31,062,500	23.7%
Ronald Henthorn 4511 Lake Washington Blvd. NE, Suite 3 Kirkland, WA 98033	31,062,500	23.7%

⁺ Based on 131,073,305 shares of common stock issued and outstanding as of November 18, 2014.

The following table sets forth certain information regarding the beneficial ownership of our 2014A preferred stock as of November 18, 2014, by each person who, to our knowledge, owns more than 10% of any class of our preferred stock. Unless otherwise indicated in the footnotes to the following tables, each person named in the table has sole voting and investment power, except to the extent such power may be shared with a spouse.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁺
Pam Pennoyer 20024 106 th SE Kent, WA 98031Mandan, ND 58554	250	25.0%
Ronald Henthorn 4511 Lake Washington Blvd. NE, Suite 3 Kirkland, WA 98033	250	25.0%

Capital Consulting, Inc.(1)
335 E. Linton Blvd.
B14, Box 2085
Delray Beach, FL 33483

250 25.0%

RYOX Corporation(2)
1574 Gulf Road, #135
Point Roberts, WA 98281

250 25.0%

* Based on 1,000 shares of Series 2014A preferred stock issued and outstanding as of November 18, 2014.

- (1) This entity is solely owned and controlled by Mark Schaeflein, being an officer and director of the Company.
- (2) This entity is solely owned and controlled by Murray Fleming, being a former director of the Company.

Item 9. Third Party Providers

1. Counsel: Patrick J. Russell, Esq.
Allen & Vellone, P.C.
1600 Stout Street, Suite 1100
Denver, Colorado 80202
Phone no.: (303) 534-4499
2. Accountant: Rick Basse
Rick Basse, CPA
244 Majestic Oak Drive
New Braunfels, Texas 78132
Phone no.: (210) 347-0374
- Auditor: None
3. Investor Relations Consultant: None
4. Other Advisors: None

Item 10. Issuer's Certifications.

I, Mark Schaeflein, certify that:

1. I have reviewed this Quarterly Report of Canna Brands Inc.
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 statement, 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.

Dated the 19th day of November, 2014.

CANNA BRANDS INC.

By 

Mark Schaflein, Chief Executive Officer and
Chief Financial Officer

Exhibit A

CANNA BRANDS INC.
40 Easthampton B
West Palm Beach, FL 33417

Financial Statements and Notes
For the Three and Nine Months ended September 30, 2014 and 2013

CANNA BRANDS INC.
Consolidated Balance Sheets (Unaudited)

	September 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash	\$ 33,742	\$ 3,380
Other current assets	2,000	-
Total current assets	35,742	3,380
Other assets		
Investment in Canna and Canna Inc.	-	-
Property and equipment, net of a accumulated depreciation of \$56,224 and \$52,748	16,426	19,903
Intangible Assets	420,000	-
Goodwill	215,507	-
Total other assets	651,933	19,903
Total Assets	\$ 687,675	\$ 23,283
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable	\$ 233,705	\$ 226,072
Accrued expenses	143,080	188,723
Stockholders/officer loans payable	205,000	205,000
Due to stockholder	366,152	375,627
Convertible notes, net of discount of \$118,632 and \$25,000	30,368	5,000
Derivative liabilities	-	96,875
Total current liabilities	978,305	1,097,297
Commitments and contingencies		
Stockholders' Deficiency:		
Preferred stock, \$0.001 par value; 25,000,000 shares authorized, 1,000 and -0- Series 2014A Preferred stock shares issued and outstanding as of September 30, 2014 and December 31, 2013	1	-
Common stock, \$0.001 par value, 500,000,000 shares authorized 126,385,805 issued and outstanding as of September 30, 2014 and December 31, 2013	126,386	38,111
Additional paid-in capital	6,320,438	5,193,679
Deferred Compensation	(21,500)	-
Accumulated deficit	(6,715,955)	(6,305,804)
Total stockholders' deficiency	(290,630)	(1,074,014)
Total Liabilities and Stockholders' Deficiency	\$ 687,675	\$ 23,283

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

CANNA BRANDS INC.

Consolidated Statements of Operations (unaudited)
For the three and nine months ended September 30, 2014 and 2013

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Operating expenses:				
General and administrative expenses	\$ 86,779	\$ 18,183	\$ 127,038	\$ 68,390
Depreciation expense	<u>1,159</u>	<u>2,318</u>	<u>3,477</u>	<u>6,950</u>
Total operating expenses	87,938	20,501	130,515	75,340
Net operating loss	(87,938)	(20,501)	(130,515)	(75,340)
Other income (expense):				
Interest expense	(33,861)	(5,918)	(45,925)	(17,753)
Gain (loss) on derivative financial instruments	<u>-</u>	<u>(112,147)</u>	<u>(91,211)</u>	<u>74,016</u>
Total Other income (expense)	<u>(33,861)</u>	<u>(118,065)</u>	<u>(137,136)</u>	<u>56,263</u>
Net loss	<u>\$ (121,799)</u>	<u>\$ (138,566)</u>	<u>\$ (267,651)</u>	<u>\$ (19,077)</u>
Basic and Diluted loss per share	<u>\$ (0.002)</u>	<u>\$ (0.004)</u>	<u>\$ (0.005)</u>	<u>\$ (0.001)</u>
Weighted average number of common shares outstanding - basic & diluted	72,735,533	38,110,805	49,779,212	38,110,805

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

CANNA BRANDS INC.

Statements of Cash Flow (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

	For the Nine Months Ended	
	September 30, 2014	September 30, 2013
Cash flows from operating activities:		
Net loss	\$ (267,651)	\$ (19,077)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	3,477	6,950
Stock issued for services	2,500	-
Non-cash interest	72,494	17,752
Derivative gain (loss)	91,211	(74,016)
Changes in operating assets and liabilities:		
Other current assets	(2,000)	-
Accounts payable	7,632	(31,841)
Accrued expenses and other current liabilities	18,431	29,338
Net cash provided (used) in operating activities	(73,906)	(70,894)
Cash flows from investing activities:		
Cash received from acquisition	743	-
Net cash provided in investing activities	743	-
Cash flows from financing activities:		
Payments on shareholders loans	(9,475)	(5,200)
Proceeds from convertible notes payable	144,000	-
Payments on notes payable	(31,000)	-
Net cash provided (used) by financing activities	103,525	(5,200)
Net increase in cash	30,362	(76,094)
Cash - beginning of the year	3,380	80,039
Cash - end of the year	\$ 33,742	\$ 3,945
Supplemental disclosures:		
Interest paid	\$ -	\$ -
Supplemental disclosure for non-cash financing activities:		
Discount on Notes Payable	\$ 145,200	\$ -
Reclassification of derivative liabilities upon settlement of Convertible Note	\$ 188,086	\$ -

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

CANNA BRANDS INC.
Notes to Consolidated Financial Statements (Unaudited)
For the Three and Nine Months ended September 30, 2014 and 2013

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION BASIS

Nature of organization & business

i) Organization

Crownbutte Wind Power LLC (“Crownbutte ND”) was founded on May 11, 1999 with the strategy of addressing the requirements of regional utility companies to satisfy increasing renewable energy demands. Crownbutte ND was formed as a limited liability company (LLC) in the State of North Dakota and elected to be taxed as an S corporation effective January 1, 2001. On March 11, 2008, Crownbutte ND no longer met the requirements to be treated as an S corporation. As a result, effective March 11, 2008, Crownbutte ND has been taxed like a C corporation. On May 19, 2008, Crownbutte ND filed with the Secretary of State of North Dakota to convert from an LLC to a C corporation becoming “Crownbutte Wind Power, Inc.” On July 2, 2008, Crownbutte ND became a wholly owned subsidiary of Crownbutte Wind Power, Inc., a Nevada corporation, formerly ProMana Solutions, Inc. as described below. Thereafter, having obtained shareholder approval, Crownbutte Wind Power, Inc. filed a Certificate of Amendment, effective on September 22, 2014, which changed its name to “Canna Brands, Inc.” (“Canna” or the “Company”).

In cooperation with a local utility, Crownbutte ND, developed and constructed the first utility-scale wind facility in either of the Dakotas in 2001, consisting of two turbines near Chamberlain, South Dakota.

ProMana Solutions, Inc. (or “ProMana”)

ProMana was incorporated in the State of Nevada on March 9, 2004, under the name ProMana Solutions, Inc. ProMana’s business was to provide web-based, fully integrated solutions for managing payroll, benefits, human resource management and business processing outsourcing to small and medium sized businesses. Following the merger described below, ProMana is no longer in that web services business. On July 2, 2008, ProMana amended its Articles of Incorporation to change its name to Crownbutte Wind Power, Inc.

Merger

On July 2, 2008, pursuant to a Merger Agreement entered into on the same date, Crownbutte Acquisition Sub Inc., a North Dakota corporation formed on June 6, 2008, and a wholly owned subsidiary (“Acquisition Sub”), merged with and into Crownbutte ND, with Crownbutte ND being the surviving corporation (the “Merger”). As a result of the Merger, Crownbutte ND became a wholly-owned subsidiary of Crownbutte Wind Power, Inc.

Pursuant to the Merger, ProMana ceased operating as a provider of web-based, fully integrated solutions for managing payroll, benefits, human resource management and business processing outsourcing, and acquired the business of Crownbutte ND to develop wind parks from green field to operation and has continued Crownbutte ND’s business operations as a publicly-traded company. See “Split-Off Agreement” below.

At the closing of the Merger, each share of Crownbutte ND’s common stock issued and outstanding immediately prior to the closing of the Merger was converted into one share of the Company’s common stock. As a result, an aggregate of 18,100,000 shares of common stock were issued to the holders of Crownbutte ND’s common stock, 17,000,000 of which were issued to the original members of Crownbutte Wind Power LLC and 1,100,000 to investors in Crownbutte ND who purchased shares in a private placement prior to the merger. In addition, warrants to purchase an aggregate of 10,600,000 shares of Crownbutte ND’s outstanding at the time of the Merger became warrants to purchase an equivalent number of shares of the Company’s common stock.

Split-Off Agreement

Upon the closing of the Merger, under the terms of a Split-Off Agreement, ProMana transferred all of its pre-Merger operating assets and liabilities to its wholly-owned subsidiary, ProMana Technologies, Inc., a New Jersey corporation (“ProMana NJ”). Simultaneously, pursuant to the Split-Off Agreement, ProMana transferred all of the outstanding shares of capital stock of ProMana NJ to two stockholders prior to the Merger (the “Split-Off”), in consideration of and in exchange for (i) the surrender and cancellation of an aggregate of 144,702 shares of the common stock and warrants to purchase 19,062 shares of common stock held by those stockholders and (ii) certain representations, covenants and indemnities.

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION BASIS (Cont.)

For accounting purposes, the Merger was treated as a recapitalization of the Company. Crownbutte ND formerly Crownbutte Wind Power LLC is considered the acquirer for accounting purposes, and the Company's historical financial statements before the Merger have been replaced with the historical financial statements of Crownbutte ND before the Merger in all subsequent filings with the Securities and Exchange Commission (the "SEC").

As used herein, unless the context otherwise requires, the "Company" and "Crownbutte" refer to Crownbutte ND for periods prior to the merger and to Crownbutte Wind Power, Inc., a Nevada corporation, formerly ProMana Solutions, Inc., and its wholly-owned subsidiary, Crownbutte ND, for periods after the Merger and prior to July 2, 2014.

Shareholders Approve Name Change and Increase Authorized Shares of Common Stock

On September 19, 2014, the shareholders of Crownbutte approved of a name change and approved an increase in the number of authorized common stock from 200,000,000 shares to 500,000,000 shares. Thereafter, Crownbutte Wind Power, Inc. filed a Certificate of Amendment, effective on September 22, 2014, changing its name to 'Canna Brands, Inc.' (the "Company" or "Canna") and increasing its authorized common stock from 200,000,000 shares to 500,000,000 shares.

ii) Business

In mid-2011, the Company concentrated its efforts on developing the Gascoyne I Wind Park located in North Dakota which required that it obtain necessary construction financing and negotiates and enters into a wind turbine supply agreement. After approximately 8 months in pursuing such efforts, the Company was not able to finance the project.

Based on the foregoing, as of January 31, 2012, the Company ceased and terminated any further efforts related to the development of the Gascoyne I Wind Park and thereafter proceeded to request the return of its deposits with MISO (Midwest Independent System Operator) totaling \$213,000. These deposits were returned to the Company during the period from March, 2012 through June, 2012. These deposits were utilized by the Company to repay its outstanding indebtedness.

Due to unfavorable financing conditions, inability to finance, lack of success in connection with the Gascoyne I Wind Park and general uncertainty and lack of commercial progress throughout the wind energy industry, the Company has determined that it will cease further efforts to develop, by itself, its various wind projects. Thus, the Company has been pursuing an orderly transfer, termination and liquidation of its various wind project assets.

The Company currently anticipates that its efforts to terminate and otherwise liquidate its investment in various wind projects will be completed by the end of 2014, perhaps later.

As of September 30, 2014, the Company had limited rights or interests, if any, in its original 10 separate wind projects anticipated to have approximately 638 MW, or more (0 MW currently in operation), of total potential generating capacity.

On July 14, 2014, the Company entered into an Agreement and Plan of Reorganization (the "Agreement") with Canna & Canna Inc., a Washington corporation which was consummated on July 15, 2014. As a result, the Company acquired all of the 12,425,000 issued and outstanding shares of Canna & Canna, Inc. in exchange for issuing 62,125,000 restricted shares of the Company's common stock and 500 restricted shares of the Company's Series 2014A preferred stock. Canna & Canna Inc. became a wholly owned subsidiary of the Company. Additionally, on July 2, 2014, the Company changed its name to Canna Brands Inc. reflecting its new business plan and changed its CUSIP and ticker symbol. Canna & Canna, Inc., plans to provide turnkey branded consumer goods for infusion and distribution by licensed cannabis processors and producers, dispensaries and retail outlets in the States of Washington and Colorado where the recreational use and consumption of marijuana, by persons 21 years or older, is legal for state law purposes only. .

Effective July 16, 2014, the Company filed a Certificate of Designation which established the rights, preferences and other provisions applicable to 1,000 shares of Series 2014A, \$.001 par value, preferred stock.

During August 2014, the Company amended its Bylaws to increase the numbers Board of Directors from two to three members and appointed Alison Baird to the board of directors. Effective September 22, 2014, the Company filed a Certificate of Amendment to its Articles of Incorporation which increased the number of authorized shares of common stock from 200,000,000 shares to 500,000,000 shares.

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION BASIS (Cont.)

Basis of Presentation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America.

Use of Estimates

In preparing financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenue and expenses in the statement of expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Risk

Cash and cash equivalents deposited with financial institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”). The Company did not hold cash in excess of FDIC insurance coverage at a financial institution as of September 30, 2014 and December 31, 2012.

Property and equipment

Property and equipment is recorded at cost and depreciated on the straight-line method over the estimated useful lives. Expenditures for normal repairs and maintenance are charged to expense as incurred. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts, and any gain or loss is included in operations. At December 31, 2013, the Company reduced the value of fixed assets by \$19,903 based on the fair market value of the assets.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income. For option-based derivative financial instruments, The Company uses the Black-Scholes option-pricing model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION BASIS (Cont.)

Fair Value Measurements

In September 2006, the FASB issued ASC 820 (previously SFAS 157) which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 were effective January 1, 2008.

As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observations of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy defined by ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION BASIS (Cont.)

The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value as of September 30, 2014. As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Derivative liabilities:				
September 30, 2014	\$ —	\$ —	\$ —	\$ —
December 31, 2013	\$ —	\$ —	\$ 96,875	\$ 96,875

The derivatives listed above are carried at fair value. The fair value amounts in current period earnings associated with the Company's derivatives resulted from Level 2 and 3 fair value methodologies. The observable data includes the quoted market prices and estimated volatility factors.

Income taxes

The Company was organized as a limited liability company for the year ended December 31, 2007 and the Company's members elected to be taxed as an S corporation. An S corporation is not a taxpaying entity for federal and state income tax purposes; thus, no income tax expenses have been recorded in the financial statements. It is the responsibility of the members to report their proportionate share of the Company's income or loss on the members' individual income tax returns.

Since March 11, 2008, the Company is being taxed as a C corporation. A short year S corporation tax return and a short year C corporation tax return were filed. Income tax liability is \$0 for the nine months ended September 30, 2014 and 2013.

The Company has adopted the provisions of FASB ASC Topic 740, "Income Taxes" ("ASC 740"). As required under ASC 740, the Company accounts for income taxes using an asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statements and tax bases of assets and liabilities at the applicable tax rates. A valuation allowance is utilized when it is more likely than not, that some portion of, or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under ASC 740, the Company recognizes tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in our tax returns that do not meet these recognition and measurement standards.

Basic and diluted net income per share

In calculating earnings per share, there were no adjustments to net earnings to arrive at earnings for any periods presented. The reconciliation of the denominators of the earnings per share calculations is as follows:

	Three Months Ended September 30,		Nine months Ended September 30,	
	2014	2013	2014	2013
Shares outstanding for basic and diluted earnings per share	72,735,533	38,110,805	49,779,212	38,110,805

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION BASIS (Cont.)

The Company computes income per share in accordance with ASC 260, “Earnings per Share” which requires presentation of both basic and diluted earnings per share on the face of the statement of operations. Basic income per share is computed by dividing net income available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted income per share gives effect to all dilutive potential common shares outstanding during the period including stock options and warrants using the treasury method. The warrants to purchase shares of common stock that were outstanding for the three and nine ended months September 30, 2014 and 2013 were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive are as follows:

	Three Months Ended September 30,		Nine months Ended September 30,	
	2014	2013	2014	2013
Anti-dilutive warrants outstanding	25,510,000	26,646,407	25,727,163	27,306,511

Stock Compensation

The Company follows Financial Accounting Standard No. 123R (ASC 718), “Share-Based Payment” as interpreted by SEC Staff Accounting Bulletin No. 107 for financial accounting and reporting standards for stock-based employee compensation plans. It defines a fair value based method of accounting for an employee stock option or similar equity instrument.

The Company uses the Black-Scholes option valuation model for estimating the fair value of traded options. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility.

For the three and nine months ended September 30, 2014 the Company recorded stock-based compensation of \$145,000. For the three and nine months ended September 30, 2013 the Company recorded stock-based compensation of \$0.

NOTE 2 – ACQUISITION

On July 14, 2014, the Company entered into an Agreement and Plan of Reorganization whereby Canna & Canna Inc. became a wholly-owned subsidiary. As of July 14, 2014, Canna & Canna, Inc. had no operating activity. Currently, the Company will, through its wholly-owned subsidiary, develop, promote and market turnkey branded consumer goods for infusion and distribution by licensed cannabis processors and producers, dispensaries and retail outlets in the states of Washington and Colorado where, for persons 21 years and older, the recreational use and consumption of marijuana is legal for state law purposes only. However, these state laws have no effect on federal laws which classify marijuana as a “controlled substance” which thereby makes it illegal to produce, sell or possess marijuana under federal law.

The Company entered into a Type B reorganization under Section 3689(a)(1)(B) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, whereby the Company acquired all the 12,425,000 issued and outstanding shares of the Canna & Canna, Inc. by issuing 62,125,000 restricted shares of the Company’s common stock and 500 restricted shares of the Company’s Series 2014A preferred stock. The 62,125,000 restricted shares were valued at \$248,500 or \$.004 per share and the 500 restricted shares of the Company’s Series 2014A preferred stock were valued at \$15,000 or \$30 per share for an aggregate purchase price of \$263,500.

The purchase price has been allocated to the net assets acquired upon their estimated fair values as follows:

Cash	\$ 743
Intangible assets:	
Domain Names	52,500
Other	100,000
Goodwill	<u>110,257</u>
Total	<u>\$ 263,500</u>

NOTE 3 - GOING CONCERN

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has incurred material recurring losses from operations. The Company has not generated revenues since inception and has generated losses totaling \$6,715,955 since inception. In addition, the Company is experiencing a continuing operating cash flow deficiency. These factors, among others, raise substantial doubt about The Company's ability to continue as a going concern.

The Company is relying on investor funding to maintain operations. The Company will continue to pursue additional equity financing and/or debt financing while managing cash flow in an effort to provide funds and cash flow to meet its obligations on a timely basis and to complete the final efforts which will terminate and otherwise liquidate our prior business of developing wind power generation facilities and develop the recently acquired Canna and Canna, Inc. business which uniquely positions the Company in the emerging and fast growing marijuana consumer goods industry.

The consolidated financial statements do not contain any adjustments to reflect the possible future effects on the classification of assets or the amounts and classification of liability that may result should the Company be unable to continue as a going concern.

NOTE 4 – ACCRUED EXPENSES

Accrued expenses consist of the following:

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Accrued Payroll	\$ 15,000	\$ 80,000
Credit Cards Payable	30,071	30,071
Accrued Interest	<u>98,009</u>	<u>78,652</u>
	\$ 143,080	\$ 188,723

NOTE 5 – CONVERTIBLE NOTES PAYABLE

On May 23, 2011, the Company executed and delivered, pursuant to a private placement with a single institutional investor, its \$330,000 Convertible Promissory Note (the "Convertible Note") in exchange for the investor's execution and delivery of a \$300,000 Secured & Collateralized Promissory Note (the "Secured Note") to the Company. The lender is not entitled to the \$30,000 of additional principal under the Convertible Note until all amounts under the Secured Note have been received by the Company. If the Company receives the full \$300,000 under the Secured Note, additional principal of \$30,000 will become due to the lender and available for conversion.

The original principal amount of the Convertible Note is \$330,000, and the Convertible Note provides for a 6% one-time interest charge. The Convertible Note has a maturity date of three (3) years from May 23, 2011 at which time all principal and accrued interest shall be due and payable in full. Prepayment is not permitted unless approved by the holder in writing. However, the Convertible Note is payable on demand by the holder in an amount not to exceed the cash amount paid under the Secured Note.

The Convertible Note is convertible by the holder, at its election; at any time provided that the designated amount to be converted into shares of the Company's common stock has been discharged by payment of an equal or greater amount on the Secured Note. The subject conversion amount is converted into shares of Company's common stock based on a conversion price of seventy-five percent (75%) of the lowest trade price in the 30 trading days prior to the conversion.

In accordance with the terms of the Convertible Note, the investor may not convert any amount of the Convertible Note if after giving effect to such conversion the investor would beneficially own greater than 4.9% of the outstanding shares of the Company's common stock.

The Secured Note is a full recourse obligation of the investor to repay the original principal amount of \$300,000 and the 6.6% one-time interest charge as provided for therein. The Secured Note has a maturity date of three (3) years from May 23, 2011 at which time all principal and accrued interest shall be due and payable in full. Prepayment is permitted at any time in the form of cash, other payment as mutually agreed upon, surrender of the Convertible Note, or surrender of the collateral or security which secures repayment of amounts due under the Secured Note. The Secured Note provides that the investor will plan to make, without obligation, monthly payments of \$25,000 beginning 210 days from execution of the Secured Note subject to conversions being honored as set forth under the Convertible Note and Rule 144 being available to remove restrictive legend from shares obtained in conversions such that the shares are freely tradable. During the May 2011, the investor made a \$25,000 prepayment against the subject indebtedness.

NOTE 5 – CONVERTIBLE NOTES PAYABLE (Cont.)

The embedded conversion option does not contain an explicit limit on the number of shares to be issued upon conversion. Due to this provision, the embedded conversion option qualifies for derivative accounting under ASC 815-15, Derivatives and Hedging (See Note 8 below). This fair value in conjunction with the fair value of the warrants issued with the new note resulted in a full discount to the note payable at the modification date. On July 11, 2014, the Company executed a Settlement Agreement and Release which settles the May 23, 2011 \$330,000 Convertible Promissory Note from an investor and related \$300,000 Secured & Collateralized Promissory Note to the Company for \$31,000 including accrued interest. The Company transferred the related derivative liability to additional paid-in-capital on the accompanying balance sheet.

On November 20, 2013, the Company issued a \$5,000 convertible promissory to our CEO and director. The loan bears interest at 3% and has a maturity date of November 20, 2014. In addition, at any time, the Company's CEO may convert the note into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$5,132 at September 30, 2014.

On November 20, 2013, the Company issued a \$5,000 convertible promissory to a director. The loan bears interest at 3% and has a maturity date of November 20, 2014. In addition, at any time, the Company's director may convert the note into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%. The note funded on February 3, 2014. The unpaid balance including accrued interest was \$5,100 at September 30, 2014.

On March 26, 2014, the Company issued a \$2,500 convertible promissory to our CEO and director. The loan bears interest at 5% and has a maturity date of March 26, 2015. In addition, at any time, the Company's CEO may convert the note into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$2,552 at September 30, 2014.

On March 26, 2014, the Company issued a \$2,500 convertible promissory to a director. The loan bears interest at 5% and has a maturity date of March 26, 2015. In addition, at any time, the Company's director may convert the note into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$2,557 at September 30, 2014.

On May 27, 2014, the Company issued a \$2,500 convertible promissory to our CEO and director. The loan bears interest at 5% and has a maturity date of May 27, 2015. In addition, at any time, the Company's CEO may convert the note into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%. The note funded on April 14, 2014. The unpaid balance including accrued interest was \$2,542 at September 30, 2014.

On May 27, 2014, the Company issued a \$2,500 convertible promissory to a director. The loan bears interest at 5% and has a maturity date of May 27, 2015. In addition, at any time, the Company's director may convert the note into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$2,542 at September 30, 2014.

On June 19, 2014, the Company issued a \$2,000 convertible promissory to a director. The loan bears interest at 5% and has a maturity date of June 19, 2015. In addition, at any time, the Company's director may convert the note into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$2,029 at September 30, 2014.

On June 25, 2014, the Company issued a \$2,000 convertible promissory to our CEO and director. The loan bears interest at 5% and has a maturity date of June 25, 2015. In addition, at any time, the Company's CEO may convert the note into shares of the Company's common stock at an exercise price of \$.0025 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$2,025 at September 30, 2014.

On July 16, 2014, the Company issued a \$12,500 convertible promissory to our CEO and director. The loan bears interest at 5% and has a maturity date of July 16, 2015. In addition, at any time, the Company's CEO may convert the note into shares of the Company's common stock at an exercise price of \$.004 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$12,682 at September 30, 2014.

NOTE 5 – CONVERTIBLE NOTES PAYABLE (cont.)

On July 16, 2014, the Company issued a \$12,500 convertible promissory to a director. The loan bears interest at 5% and has a maturity date of July 16, 2015. In addition, at any time, the Company's director may convert the note into shares of the Company's common stock at an exercise price of \$.004 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$12,682 at September 30, 2014.

On July 16, 2014, the Company issued a \$25,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of July 16, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.004 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$25,364 at September 30, 2014.

On July 21, 2014, the Company issued a \$12,500 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of July 21, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.004 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$12,682 at September 30, 2014.

On July 21, 2014, the Company issued a \$12,500 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of July 21, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.004 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$12,682 at September 30, 2014.

On September 10, 2014, the Company issued a \$5,000 convertible promissory to our CEO and director. The loan bears interest at 5% and has a maturity date of September 10, 2015. In addition, at any time, the Company's CEO may convert the note into shares of the Company's common stock at an exercise price of \$.0125 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$5,010 at September 30, 2014.

On September 10, 2014, the Company issued a \$5,000 convertible promissory to a director. The loan bears interest at 5% and has a maturity date of September 10, 2015. In addition, at any time, the Company's director may convert the note into shares of the Company's common stock at an exercise price of \$.0125 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$5,010 at September 30, 2014.

On September 10, 2014, the Company issued a \$5,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of September 10, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0125 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$5,010 at September 30, 2014.

On September 12, 2014, the Company issued a \$5,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of September 12, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0125 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$5,010 at September 30, 2014.

On September 29, 2014, the Company issued a \$10,000 convertible promissory to our CEO and director. The loan bears interest at 5% and has a maturity date of September 29, 2015. In addition, at any time, the Company's CEO may convert the note into shares of the Company's common stock at an exercise price of \$.0125 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$10,000 at September 30, 2014.

On September 29, 2014, the Company issued a \$10,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of September 29, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$10,000 at September 30, 2014.

NOTE 5 – CONVERTIBLE NOTES PAYABLE (cont.)

On September 29, 2014, the Company issued a \$10,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of September 29, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%. The unpaid balance including accrued interest was \$10,000 at September 30, 2014.

As of September 30, 2014, the total short-term loans - convertible amounted to \$150,614 which includes \$1,614 of accrued interest. The conversion price of the notes were fixed and determinable on the date of issuance and as such in accordance with ASC Topic 815 "Derivatives and Hedging" ("ASC 815"), the embedded conversion options of the note were not considered derivative liabilities. The beneficial conversion features of certain convertible notes are at a price below fair market value. The Company recorded interest expense on the debt discount of \$26,568 and -0- for the three and nine months ended September 30, 2014 and September 30, 2013, respectively, in the accompanying statement of operations.

NOTE 6 – EQUITY TRANSACTIONS

The Company was established with two classes of stock, common stock – 500,000,000 shares authorized at a par value of \$0.001 and preferred stock 25,000,000 shares authorized at a par value of \$0.001.

On July 14, 2014, the Company converted the unpaid consulting fees for two related party consultants to restricted shares of the Company's common and preferred stock. The unpaid compensation for each consultant was \$55,000 and each consultant will receive 11,875,000 shares of common stock valued at \$47,500 or \$.004 per share. In-addition, the Company issued 500 restricted shares of the Company's Series 2014A preferred stock valued at \$15,000 or \$30 per share.

On July 16, 2014, the Company acknowledged and agreed to a one year consulting agreement which provided management advisory service to the Company's wholly-owned subsidiary. The consultant will be compensated at \$4,000 per month and 2,400,000 restricted shares of the Company's common stock. The consultant shall vest the restricted shares at 100,000 shares for each full month of service. The shares were valued at \$24,000 or \$.01 per share.

NOTE 7 – WARRANTS

During the nine months ended September 30, 2014 and 2013, the Company did not issued any warrants.

A reconciliation of warrant activity is as follows:

	Warrants	Weighted- Average Exercise Price	Weighted Average Remaining Contract Life (Years)	Aggregate Intrinsic Value
Balance at January 1, 2013	29,642,034	\$ 0.125	1.94	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	3,017,752	0.038	-	-
Balance at December 31, 2013	26,624,282	\$ 0.134	1.15	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	1,114,282	2.00	-	-
Balance at September 30, 2014	25,510,000	\$ 0.053	1.07	\$ -

All of the Company's warrants were classified as liabilities as of December 31, 2013. See Note 7.

NOTE 8 - DERIVATIVE LIABILITIES

Senior Secured Note - The embedded conversion option in the Company's \$300,000 note described in Note 5 does not contain an explicit limit on the number of shares to be issued upon settlement. This provision results in all of The Company's share-settleable instruments being classified as liabilities under ASC 815-15 ("Derivatives and Hedging"), including 25,510,000 warrants outstanding. On July 11, 2014, the Company executed a Settlement Agreement and Release which settles the May 23, 2011 \$330,000 Convertible Promissory Note from an investor and related \$300,000 Secured & Collateralized Promissory Note to the Company for \$31,000 including accrued interest. The Company transferred the related derivative liability to additional paid-in-capital on the accompanying balance sheet.

The following table summarizes the change in derivative liabilities for the nine months ended September 30, 2014:

Derivative liabilities at December 31, 2013	\$ 96,875
Addition of new derivative liabilities	-0-
Change in fair value of embedded conversion option and warrants during the period	91,211
Transfer balance to additional paid in capital upon settlement of note	<u>(188,086)</u>
Derivative liabilities at September 30, 2014	\$ -0-

The Company used the Black-Scholes option pricing model to value the embedded conversion feature and warrants above using the following assumptions: number of options as set forth in the convertible note and warrant agreements; no expected dividend yield; expected volatility ranging from 226% - 272%; risk-free interest rates ranging from 0.11% - 0.47% and expected terms based on the contractual term.

NOTE 9 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2011, the Company borrowed funds from a stockholder totaling \$475,959 to assist with daily operations. On May 31, 2011, the Company agreed to allow \$111,687 of these advances to be convertible into shares of the Company stock at \$0.0225 per share. As a result of the addition of a conversion option, the modification qualifies for debt extinguishment accounting under ASC 470-50 "Debtor's Accounting for a Modification or Exchange of Debt Instruments". Due to the embedded conversion feature described in Note 4, the conversion feature of the stockholder loan must also be classified as a liability and recorded at fair value (See Note 7). The fair value of the conversion option exceeded the carrying value of the convertible advances resulting in a full discount to the note. As the advances are due on demand, the entire discount of \$111,687 was amortized to interest expense during year ended December 31, 2011. During the nine months ended September 30, 2014, the Company repaid \$8,100 to the stockholder.

On March 29, 2010 the Company borrowed a total of \$200,000 from two of its stockholders. Terms of the loans are \$100,000 each payable on June 7, 2010. The Company issued 400,000 shares of common stock in lieu of interest. The loans were not repaid upon maturity, therefore are in default. They now bear an interest rate of 12%. As of September 30, 2014, the principal balance due on both loans was \$200,000. Accrued interest on each loan as of September 30, 2014 was \$45,238, totaling \$90,476.

On July 14, 2014, the Company issued an amended and restated \$100,000 promissory note payable to one its stockholders which consolidated, amended and restated the terms of the original \$100,000 promissory note dated March 29, 2010 payable to the stockholder. The amended and restated note bears interest at 12% and has a new maturity date of December 31, 2015. In addition, at any time, the holder of the subject note may convert the note into shares of the Company's common stock at an exercise price of \$.004 per share. After the due date, the interest rate on the amended note increases to 15%.

On May 21, 2010 the Company borrowed \$5,000 from StarInvest Group, Inc., one of the Company's stockholders. Terms of the loan are non-interest bearing and payable upon demand. The principal balance as of September 30, 2014 is \$5,000.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

On November 3, 2009, the Company was served with a lawsuit filed against us in the Philadelphia County Court of Common Pleas under Case ID: 091100318. Stradley, Ronon, Stevens & Young, LLP (the plaintiffs) filed a claim against the Company for nonpayment of legal fees and are seeking to recover \$93,526 plus interest, attorneys' fees and costs. This claim arose as a result of legal services provided in the Centre Square Capital, LLC arbitration claim filed August 19, 2008.

On December 14, 2009, the Company received a Notice of Intent to Take Default Judgment from Stradley, Ronon, Stevens & Young, LLP for the unpaid balance of \$93,526. The Company has been working with the plaintiff to make payments on the debt. In exchange, the plaintiffs have agreed to postpone execution of the judgment.

On December 14, 2009, the Company received a Notice of Intent to Take Default Judgment from Stradley for the unpaid balance of \$93,526. The Company has been working cooperatively with Stradley to make payments on the debt and, as of December 31, 2010, owed \$73,526 to Stradley.

On March 9, 2011, a Consent Judgment in the amount of \$73,526 was entered against the Company in favor of Stradley. Thereafter, on March 24, 2011, the Company executed and entered into a Forbearance Agreement with Stradley whereby Stradley agreed to forbear and not execute upon the Consent Judgment provided the Company timely pay \$3,500 upon execution of the Forbearance Agreement and on the 30th day of each month thereafter. In addition, the Company agreed, among other things, to increase the payments to \$7,000 per month commencing on the next payment date after the Company is successful in receiving funds in excess of \$500,000 for project development. If the Company should default and be unable to make scheduled payments under the terms of the Forbearance Agreement, Stradley will have the right and ability to execute on the Consent Judgment entered against the Company.

In May, 2012, the Company modified the terms of the Forbearance Agreement to cure a default in payment, to change the monthly installment amounts due and payable to Stradley and to provide the guarantee of Nacel Energy Corporation. During the year ended December 31, 2013, the Company paid the remaining amount of \$20,000 to fully satisfy the amount owed.

NOTE 11 – SUBSEQUENT EVENTS

On October 3, 2014, the Company issued a \$15,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of October 3, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%.

On October 3, 2014, the Company issued a \$2,500 convertible promissory to a director. The loan bears interest at 5% and has a maturity date of October 3, 2015. In addition, at any time, the Company's director may convert the note into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%.

On October 10, 2014, the Company acknowledged and agreed to a three month consulting agreement to investor relations to the Company. The consultant will be compensated at \$500 per month and 50,000 restricted shares of the Company's common stock. The shares were valued at \$3,000 or \$0.06 per share.

On October 10, 2014, the Company issued a \$5,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of October 3, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%.

On October 14, 2014, the Company issued a \$5,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of October 14, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%.

On October 14, 2014, the Company issued a \$10,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of October 14, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%.

NOTE 11 – SUBSEQUENT EVENTS (Cont.)

On October 22, 2014, the Company issued a \$5,000 convertible promissory to an individual. The loan bears interest at 5% and has a maturity date of October 22, 2015. In addition, at any time, the individual may convert the note into shares of the Company's common stock at an exercise price of \$.0175 per share. After the due date, the interest rate on the convertible note increases to 15%.

During October 2014, an individual partially converted \$18,750 due under the Amended and Restated \$100,000 promissory note issued on July 14, 2014 into 4,687,500 shares of the Company's common stock at \$0.004 per share. The amended and restated note permits the holder of the subject note to convert outstanding amounts payable under the note into shares of the Company's common stock at an exercise price of \$.004 per share. The fair market value of the stock was \$262,500 or \$0.056 per share on the date of conversion which resulted in the Company recording a loss on conversion of debt for \$243,750.