



## **GREEN MOUNTAIN DEVELOPMENT CORP**

OTC Markets Ticker Symbol: **GMND**

### **FINANCIAL STATEMENTS**

For the Quarter ended: **DECEMBER 31, 2011**

### **ISSUER'S EQUITY SECURITIES**

#### **COMMON STOCK**

Par Value \$.001

2,000,000,000 Authorized

104,235,911 Issued and Outstanding

#### **PREFERRED STOCK**

Par Value \$.001

50,000,000 Shares Authorized

33,119,725 Issued and Outstanding

388,435 Subscription Receivable Shares

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# ITEM 1. FINANCIAL STATEMENTS

## GREEN MOUNTAIN DEVELOPMENT CORP Consolidated Condensed Balance Sheet

	As Of December 31, 2011 (Unaudited)	As Of September 30, 2011 (Unaudited)
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 34	\$ --
Accounts receivable, net	--	--
Bio-Miracle Inventory	501	
Stock Subscriptions Receivable	\$ 106,836	
Total current assets	\$ 107,371	--
<b>Long Term Investments:</b>		
Held to maturity securities (Note C)	\$ -	\$ 93,733
	-	93,733
<b>Property And Equipment, Net:</b>		
Office equipment		
Manufacturing equipment		
Transportation equipment		
Less: Accumulated Depreciation		
<b>Other Assets</b>	--	
Total assets	\$ 107,371	\$ 93,733
<b>Liabilities And Deficiency in Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Line of Credit Collateral (Note D)	\$ 999,939	\$ 999,939
Accrued salaries	243,423	193,423
Accrued payroll tax		
Accounts payable and accrued expenses (Note E)	449,957	449,957
Notes payable (Note F)	1,088,043	1,194,011
Due to affiliates (Note G)	23,428	17,321
Total current liabilities	2,804,790	2,854,651
Total liabilities	2,804,790	2,854,651
<b>Deficiency in Stockholders' Equity:</b>		
Convertible preferred stock, \$.001 par value; 50,000,000 shares authorized:		
Series A; 20,000,000 shares authorized; 10,804,665 and 10,804,665 shares issued and outstanding as of December 31, 2011, and December 31, 2010; aggregate liquidation preference of \$108,046,650 and \$108,046,650	10,805	10,805
Series B; 5,000,000 shares authorized; 2,000,00 and 2,000,000 shares Issued and outstanding as of December 31, 2011 and December 31, 2010, aggregate liquidation preference of \$20,000,000 and \$20,000,000	2,000	2,000
Series C; 5,000,000 shares authorized; 315,060 shares issued and Outstanding, as of December 31, 2011 and 860,169 outstanding as of December 31, 2010 with aggregate liquidation preference of \$3,150,600 and \$8,601,590	315	860
Series C Stock Subscription of 388,435 shares as of December 31, 2011 and 0 shares as of September 30, 2011	388	
Non-Convertible preferred stock, \$.001 par value;		
Series S; 20,000,000 shares authorized; 20,000,000 issued and outstanding as of December 31, 2011 and December 31, 2010; aggregate liquidation preference of \$20,000,000	20,000	20,000

Common stock; \$.001 par value; 2,000,000,000 shares authorized; 104,235,911 and 49,725,011 shares issued and outstanding as of December 31, 2011 and December 31, 2010, respectively	104,236	104,236
Additional paid-in capital	16,194,423	16,087,975
Stock Subscription Receivable	--	--
Deferred equity issuance costs	(678,500)	(678,500)
Accumulated deficit	(18,351,087)	(18,307,749)
Total deficiency in stockholders' equity	(2,697,420)	(2,760,918)
Total liabilities and stockholders' equity	<u>\$ 107,371</u>	<u>\$ 93,733</u>

See accompanying footnotes to the unaudited consolidated condensed financial statements.

**GREEN MOUNTAIN DEVELOPMENT CORP**  
**Consolidated Condensed Statements of Operations**  
**For the Twelve Months Ending December 31**  
**(Unaudited)**

	Unaudited December 31, 2011
Revenues	\$ --
Cost of revenues	<u>0</u>
Gross profit	0
Operating Expenses:	
Selling, general and administrative expenses	11,073
Depreciation	<u>        </u>
Total operating expenses	11,073
Loss from operations	(11,073)
Other income (expense):	
Gain/Loss - Investments	(93,733)
Misc Income	5,500
Interest income	
Interest expense	<u>55,968</u>
Total other expense	(32,265)
Loss before income taxes	(43,338)
Income tax expense	<u>        </u>
Net Loss	<u>\$ (43,338)</u>
Net loss per common share (basic and diluted)	\$ <u>(0.0005)</u>
Weighted average common shares outstanding	<u>95,150,911</u>

See accompanying footnotes to the unaudited consolidated condensed financial statements.

**GREEN MOUNTAIN DEVELOPMENT CORP**  
**Consolidated Condensed Statements of Cash Flows**  
**For the Twelve Months Ending December 31**  
**(Unaudited)**

	<u>Unaudited</u> <u>December 31,</u> <u>2011</u>
<b>Cash Flows From Operating Activities:</b>	
Net Profit/Loss	\$(43,338)
Adjustment to reconcile net loss to cash used in operating activities:	
Bio-Miracle Inventory	(501)
Gain (loss) on Valuation of held to maturity securities	93,733
Write-off of security deposit/Prepaid Expenses	
Decrease (increase) in:	
Accounts receivable	
Prepaid expenses and other current assets	--
Stock Subscriptions Receivable	(106,836)
Increase (decrease) in:	
Accounts payable and accrued expenses	56,108
Other current liabilities	<u>(105,968)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>(106,802)</u>
<b>Cash Flows From Investing Activities:</b>	
Paid in Capital	106,448
Series C Preferred Stock Subscription	388
Payments (to) from affiliates	
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>106,836</u>
<b>Cash Flows From Financing Activities:</b>	
Paid in Capital	
<b>Net Cash Provided By Financing Activities</b>	<u>34</u>
<b>Net Increase (Decrease) In Cash</b>	<u>0</u>
<b>Cash At Beginning Of Period</b>	<u>0</u>
<b>Cash At End Of Period</b>	<u><u>\$ 34</u></u>

See accompanying footnotes to the unaudited consolidated condensed financial statements.

**GREEN MOUNTAIN DEVELOPMENT CORP**  
**Consolidated Statements Deficiency in Stockholders' Equity**  
**For The Quarter Ended December 31, 2011 (Unaudited)**

	Preferred Shares	Preferred Amount	Common Shares	Common Amount	Additional Pair-in Capital	Deferred Equity Issuance Costs	Accumulated Deficit	Total
Balance on September 30, 2011	33,119,715	\$ 33,120	104,235,911	\$ 104,236	\$ 16,087,975	\$ (678,500)	\$ (18,307,749)	\$ (2,760,918)
Series C Stock Subscriptions - par \$.001	388,435	\$ 388						\$ 388
Series C - Paid in Capital		\$106,448						\$ 106,448
Net Profit/Loss from operations							\$ (43,338)	\$ (43,338)
Balance on December 31, 2011	33,508,150	\$ 139,956	104,235,911	\$ 104,236	\$ 16,087,975	\$ (678,500)	\$ (18,351,087)	\$ (2,697,420)

## ITEM 2. NOTES TO FINANCIAL STATEMENTS

### NOTE A – COMPANY BUSINESS and SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Business**

Green Mountain Development Corp ("the Company", and formerly known as Sub Surface Waste Management of Delaware, Inc.) was formed under the laws of the State of Utah in January, 1986 and re-domiciled to the state of Delaware in February, 2001. Green Mountain Development Corp provides project development services for capital providers and technology operators and distributes licensed products related to the energy, agricultural and environmental sectors.

#### **Project Development Assistance**

When developing or assisting clients with various projects, Green Mountain enters into a Project Development Agreement with the client. As part of this agreement, Green Mountain agrees to assist the client with certain preliminary development work including project due diligence, investor presentations, identification of project capital sources and technology vendors and negotiation of a joint venture (JV) agreement between investors and the client.

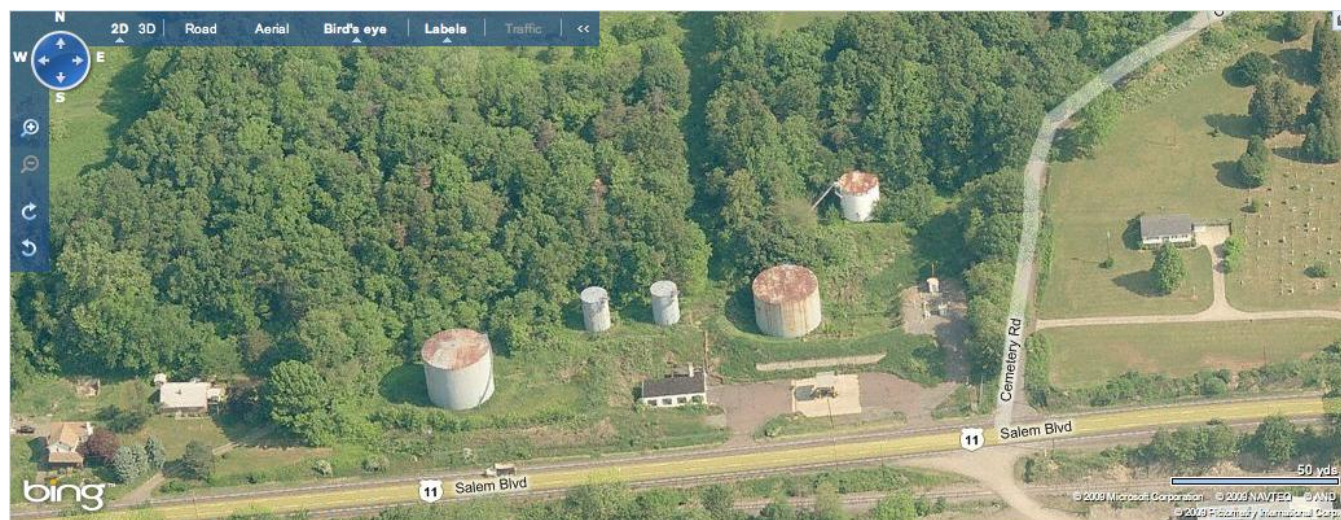
Green Mountain draws upon the resources of its affiliate partners to develop a JV agreement to progress the development resources needed by the client from asset acquisition stage to commercial production.

It is contemplated that the Joint Venture would include a series of gated and milestone driven investments by Green Mountain affiliates and the comprehensive terms and conditions governing the structure and the respective commercial interests of the JV parties. As part of its compensation for bringing all parties together, Green Mountain has a participation in the Joint Venture.

#### **Beach Haven Remediation and Project Site**

In July 2011 Green Mountain Development Corp completed a business assessment report for its affiliate development partner, C. Trade Group, for rehabilitation and operation of the former Beach Haven Oil Terminal located in Berwick, Pennsylvania in the Marcellus Shale region. The company reviewed facility alternatives for fuel distribution, bio-diesel refining and natural gas well brine water recycling with respect to environmental factors, financial parameters, and integration with C. Trade Group's existing logistics and fuel trading network and extensive experience in water remediation and management.

The facility is strategically located and has 5 above-ground storage tanks with a capacity of over 2.5 million gallons for processing a variety of fluids. Previously the terminal received refined products from pipelines, barges and trucks and distributed petroleum products to third parties for delivery to home owners and commercial outlets. The facility is large enough to add a bio-diesel refining operation of 24MM gallons/yr or its tank storage system could be converted to remediate and recycle brine water used in gas well production. Recycling brine water for reuse can significantly reduce the environmental impacts of discharging the water into rivers and streams, a common practice in the state until earlier this year.



### **Bio-Miracle™ Products**

The Bio-Miracle™ product line, trademarks and copyrights are licensed from U.S. Microbics, Inc. under the terms of a manufacturing, use and distribution agreement. The company supplements these products with products of other manufacturers to improve and broaden the product line for to meet specific needs of domestic and international customers.

For 25 years, the Bio-Miracle™ microbial blends and their legacy products have been used for agricultural growth enhancement, composting acceleration, pond and lake water treatment, hydrocarbon reduction in soil and water and animal and green waste treatment. The microbial blends are all natural, not genetically altered and are available in a convenient, non-toxic powder for easy application. The microbes we blend and ship are classified by the US Environmental Protection Agency (EPA) as “GRAS” bugs or Generally Regarded as Safe for all uses.

Bio-Miracle™ Product Lines include:



#### **Bi-AGRA™ Plant Health**

Key benefits of the Bi-Agra™ agricultural blends include a dramatic increase of seed germination and survival rates, less water and fertilizer usage, fruit and vegetable harvests that can be picked sooner, have higher weight and yields and a lower mortality rate. Useful for food and fuel crops, houseplants, vegetables and industrial crops like cotton and sugar cane.



#### **REMEDI LINE™ Soil & Water Treatment**

Key benefits of the water treatment blends include removal of hydrocarbons, suspended solids, pond scum and algae and water clarification. Soil treatment blends remove or reduce hydrocarbons (oil and diesel), pesticides, herbicides and many noxious chemicals. The results are clean water and soil often suitable for reuse as agriculture land, parks or real estate development



#### **WASTELINE™ Animal & Green Waste Composting**

Key benefits of the waste treatment blends include: faster composting and higher quality of animal and green waste compost with enhanced microbial activity for long term beneficial effects in the soil. Composting times up to one year regularly reduced to less than 30 days with reduction of odors and pests

Product shipments of Bio-Miracle™ products are scheduled to commence in January 2012 based upon orders that were booked in December 2011.

### **Bayside Project Development**

Green Mountain Development Corp entered into an Oil Field Project Development Agreement with Bayside Corp (Pinksheet: BYSD) in December 2011. The Bayside project opportunity was brought to GMND CEO, Robert Brehm, by a long time business associate who has followed the company's progress with energy related projects and its new affiliate network.

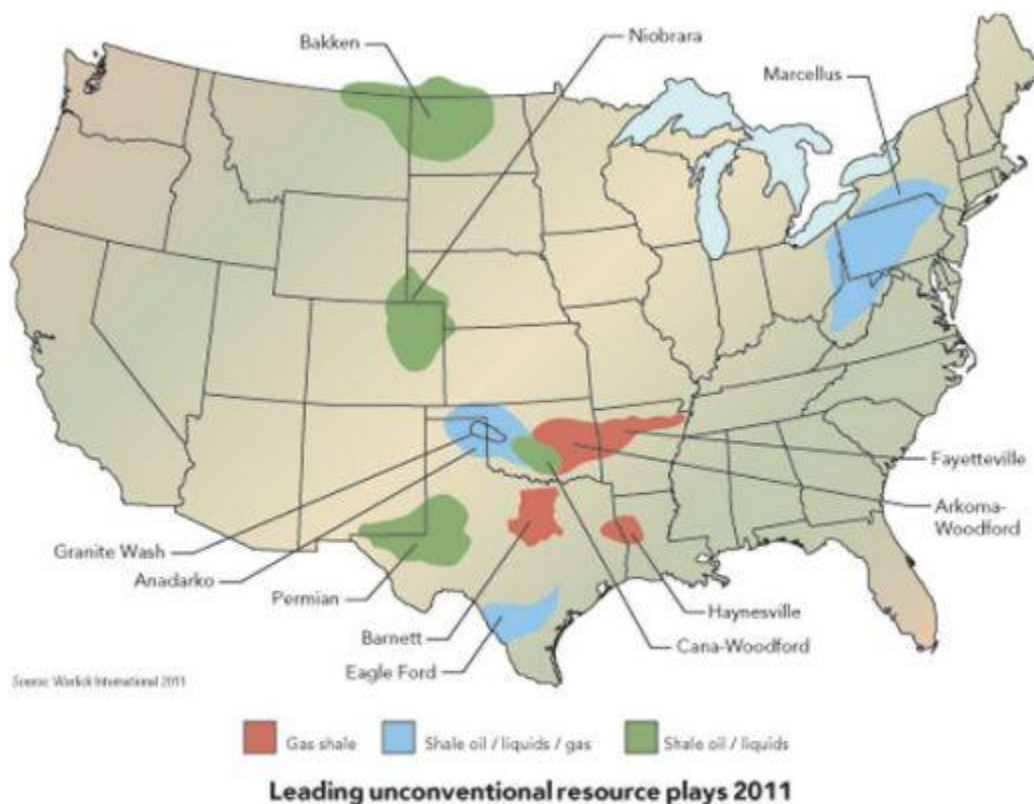
As part of this Agreement, Green Mountain has agreed to assist Bayside with certain preliminary development work including project due diligence, investor presentations, identification of project capital sources and



technology vendors and negotiation of a joint venture (JV) agreement between investors and Bayside. Green Mountain will draw upon the resources of its affiliate partners to develop a JV agreement to progress the development of Bayside drilling leases from the acquisition stage to commercial production.

It is contemplated that the Joint Venture would include a series of gated and milestone driven investments by Green Mountain affiliates and the comprehensive terms and conditions governing the structure and the respective commercial interests of the JV parties. As part of its compensation for bringing all parties together, Green Mountain would have a participation in the Joint Venture.

The Bayside projects are located near the Eagle Ford region of Southern Texas as shown on the map below.



Project development revenue is expected to commence in the first quarter of 2012 and increase as Bayside commences revenue generation from well production based upon Green Mountain and affiliates efforts.

### **Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The consolidated financial statements include the companies which are effectively controlled directly by the Company, where control is defined as the power to govern the financial and operating policies. This control is generally evidenced when the Company directly or indirectly owns more than 50% or the voting rights of the company's share capital. Significant intercompany transactions have been eliminated in consolidation.

As of December 31, 2011, Robert Brehm, Chairman and CEO controlled approximately 69% of the outstanding voting stock of the Company.

### **Reclassification**

Certain reclassifications have been made to conform to prior periods' data to the current presentation. These reclassifications had no effect on reported losses.

### Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions.

### Inventory

The Company carries \$501 of inventory as of December 31, 2011.

## **NOTE B – DUE FROM AFFILIATES**

As of December 31, 2011, there was no balance in the Due from Affiliates account.

## **NOTE C – HELD TO MATURITY SECURITIES**

The following table summarizes the securities that are held by the Company as a long term investment. At December 31, 2011 the common stock underlying the preferred stock securities had a combined market value of \$49,991 however the company has decided to write down the value of these shares to zero based on the illiquidity of the underlying common shares which would result from a preferred stock conversion.

Company	Shares	Conversion	Common	Mkt Price	Mkt Value
U.S. Microbics, Inc. – Preferred Series C	208,220	100:1	20,822,000	0.0008	\$16,658
U.S. Microbics, Inc. – Preferred Series D	416,667	100:1	41,666,700	0.0008	\$33,333

## **NOTE D – LINE OF CREDIT**

On September 9, 2006, the Company entered into a \$500,000 line of credit agreement with a Pilgrim Bank maturing on September 9, 2007. The line of credit agreement is collateralized by substantially all the assets of the Company and a pledged certificate of deposit held as collateral by one of the Company's affiliates. The line of credit has a fixed rate of interest of 7% per annum. As of December 31, 2006, the Company's outstanding balance on this line was \$345,000. In January of 2007 the line of credit was increased from \$500,000 to \$1,000,000 with the interest rate staying at 7% per annum. As of December 31, 2008 the Company's outstanding balance on this line was \$999,939. During the 2009 fiscal year ending December 31, 2009, Pilgrim bank redeemed the collateral for full payment of the loan amount. The company recognizes the liability to the collateral holder and reports the amount under "Line of Credit" in Current Liabilities.

## **NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at December 31, 2011 consist of the following:

	12/31/2011	9/30/2011
Accounts payable	\$ 315,041	\$315,041
Accrued expenses and interest	134,916	\$134,916
	<u>\$ 449,957</u>	<u>\$449,957</u>

## **NOTE F - NOTES PAYABLE**

Notes payable to related parties at December 31, 2011 consists of the following:

Note Holder	Amount	Date	Interest Rate
Affiliate #4	\$ 17,442	9/30/09	12%
Shareholder #1	\$ 1,569	4/18/02	10%
Fusion Capital Note Payable (terms described below)	115,963	8/4/04	10%
Affiliate #7	234,788	1/1/08	12%
Affiliate #6	14,471	1/1/08	12%

Shareholder #2	6,946	12/21/07	12%
Shareholder #3	361,769	1/2/08	12%
Affiliate #1	144,708	5/22/08	12%
Shareholder #4	14,471	9/15/08	12%
Affiliate #2	94,060	9/15/08	12%
Shareholder #5	81,857	8/1/08	<u>10%</u>
	<u>\$1,088,043</u>		

During the quarter ended December 31, 2011 the interest expense incurred from these notes totaled \$(55,968) due to consolidation and reconciliation.

All notes are convertible into common or preferred stock at rates from 80% to 100% of market price based upon a trailing market formula included in each individual note.

#### Fusion Capital Note Payable

During August 2004, the Company received gross proceeds of \$200,000 for a convertible note payable bearing 10% interest rate and maturing on January 31, 2005. The Noteholder has the option to convert unpaid note principal together with accrued and unpaid interest to the Company's common stock at the lower of \$0.25 per share or 50% of the Company's common stock fair market value of the Company's common stock based upon a twelve day moving average closing price over a ten(12) day period.

#### **NOTE G - DUE TO AFFILIATES**

As of December 31, 2011 there was a small balance of \$23,428 Due to Affiliates.

The captions "Due to affiliates" represent advances that are unsecured, non-interest bearing and have no fixed terms of repayment, therefore, deemed payable on demand.

#### **NOTE H - CAPITAL STOCK**

The Company has authorized 2,000,000,000 shares of common stock, with a par value of \$.001 per share. The Company has also authorized 20,000,000 shares of Series A convertible preferred stock, with a par value of \$.001 per share. The Company has also authorized 5,000,000 shares of both Series B and Series C convertible preferred stock, with a par value of \$.001 per share. The Series A and Series B preferred stock is convertible at the option of the holder into common stock at the rate of five shares of common for every one share of preferred at the option of the holder after one year. The Series C preferred stock is convertible at the option of the holder into common stock at the rate of one hundred shares of common for every one share of preferred at the option of the holder after one year. The Company has authorized 20,000,000 shares of Series S preferred stock, which is not convertible.

As of December 31, 2011 the Company has issued and outstanding 104,235,011 shares of common stock, 10,804,665 shares of convertible Series A preferred stock, 2,000 shares of convertible Series B preferred stock, 315,060 shares of convertible Series C preferred stock, and 20,000,000 of Series S preferred stock. In addition, there was outstanding Stock Subscriptions Receivable for 388,435 shares of Series C preferred stock.

#### **NOTE H - CAPITAL STOCK (continued)**

##### ***Preferred stock transactions from October 1, 2011 through December 31, 2011:***

During the three months ended December 31, 2010 the Company issued no preferred stock however the company has stock subscriptions for 388,435 shares of Series C preferred stock valued at \$106,836 which is an average of \$.275/share.

##### ***Preferred stock transactions from October 1, 2010 through December 31, 2010:***

During the three months ended December 31, 2010 the Company had no preferred stock transactions.

***Common stock transactions from October 1, 2011 through December 31, 2011:***

During the three months ended December 31, 2011 the Company had no common stock transactions.

***Common stock transactions from October 1, 2010 through December 31, 2010:***

During the three months ended December 31, 2010 the Company had no common stock transactions.

**NOTE I - STOCK OPTIONS AND WARRANTS**

Stock-Based Compensation

No stock options or warrants granted.

Stock Options – Series C Preferred Stock

The following table summarizes the changes in options outstanding and the related prices for the shares of the Company's Preferred Stock Series C issued to directors of the Company.

Options Outstanding			Options Exercisable		
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 0.10	200,000	1.39	\$ 0.10	200,000	\$ 0.10
Totals	200,000	1.39	\$ 0.10	200,000	\$ 0.10

Transactions involving stock options for the shares of the Company's Preferred Stock Series C issued to directors are summarized as follows:

Outstanding at Sept 30, 2010	200,000	--
Granted	--	\$ 0.50
Exercised	--	--
Canceled or expired	--	--
Outstanding at December 31, 2011	200,000	\$ 0.50

Employee Stock Options – Common Stock

None Outstanding

## NOTE J - COMMITMENTS AND CONTINGENCIES

The following table sets forth the aggregate compensation paid by the Company to its executive officers for services rendered during the last five completed fiscal years:

<b>Summary Compensation Table</b>						
<b>Long-Term Compensation</b>						
<b>Name and Principal Position</b>	<b>Fiscal Year</b>	<b>Annual Compensation</b>			<b>Awards</b>	
		<b>Salary (\$)</b>	<b>Restricted Stock Awards (\$)</b>	<b>Securities Underlying Options/SARs (#)</b>	<b>Other Annual Compensation (1)</b>	<b>All Other Compensation</b>
Robert Brehm President, Director	2010	18,000 (1)	----	----	----	----
	2009	13,500 (2)				
	2008	--				
	2011	18,000 (3)				
	2012	4,500(4)				
Nick Kontonickolas Director	2011	-0-				
	2012	-0-				

- (1) Of this amount, \$18,000 was deferred expenses and fees
- (2) Of this amount, \$13,500 was deferred and the amount was comprised of expenses and services.
- (3) Of this amount, \$18,000 was deferred and the amount was comprised of expenses and services.
- (4) Of this amount, \$4,500 was deferred and the amount was comprised of expenses and services.

### Employment agreements

Robert Brehm assumed the role of President and Director of the Company on July 5, 2007. Mr. Brehm currently has no employment agreement in place with the Company.

## ITEM 3. MANAGEMENT'S DISCUSSION AND ANALYSIS

### Results of Operations for the Year Ended December 31, 2011

The Company did not produce any revenues during the three months ending on December 31, 2011 however the company did book orders for Bio-Miracle™ products to be shipped in January 2012 and the company also signed a project development agreement with Bayside Corporation with expected revenues beginning in January 2012.

Selling, general and administrative ("SG&A") expenses for the three months ending in December 31, 2011 totaled \$11,073.

The Company posted a loss of \$43,338 for the three months ending in December 31, 2011 comprised primarily of the write off of investment stock. The company had negative cash flows from operations of \$106,802 and positive flows of \$106,836 from financing activities as the company added inventory, stock subscriptions receivable and consolidated notes payable with various parties.

As of December 31, 2011, the Company had an accumulated deficit of \$18,351,087 compared to \$18,307,749 as of September 30, 2011. The shareholders equity as of December 31, 2011 was negative \$2,697,420 compared to negative \$2,760,918 as of September 30, 2011. A majority of the original paid in capital for the company was from institutional investors and U.S. Microbics, the former parent of the company.

### Liquidity and Capital Resources

As of December 31, 2011, the Company had a negative working capital of \$2,697,419 compared to a negative working capital of \$2,760,918 at September 30, 2011. The change in working capital resulted primarily from the Company's note interest, stock subscriptions, and note consolidation.

During the three months ending in December 31, 2011 the Company incurred a cash flow positive of \$34 from operating and financing activities. The Company met its cash requirements during this period through the payment of expenses by its Chairman providing net proceeds of \$6,107 in cash and services. Cash totaled \$0 as of September 30, 2011.

#### Equity Financing

The Company will continue to need additional capital to continue its operations and will endeavor to raise funds through the sale of equity shares and revenues from operations. There can be no assurance that the Company will obtain sufficient capital or generate revenues on acceptable terms, if at all. Failure to obtain such capital or generate such revenues would have an adverse impact on the Company's financial position and results of operations and ability to continue as a going concern.

#### **SIGNATURES**

**Green Mountain Development Corp**

Date: February 6, 2012

By: /s/ Robert Brehm

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Robert Brehm, Chief Executive Officer