

Net Savings Link, Inc.
Form 10-Q
April 21, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD
ENDED FEBRUARY 28, 2014
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-53346

NET SAVINGS LINK, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State of incorporation)

140 Island Way, Suite 280
Clearwater, FL 33767

(Address of principal executive offices)

(727) 442-2600
(Registrant's telephone number)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (SS 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Edgar Filing: Net Savings Link, Inc. - Form 10-Q

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer Smaller Reporting Company
(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of April 19, 2014, there were 164,079,458 shares of the registrant's \$0.001 par value common stock issued and outstanding.

Table of Contents

TABLE OF CONTENTS		Page
<u>PART I. FINANCIAL INFORMATION</u>		
<u>ITEM 1.</u>	FINANCIAL STATEMENTS	3
	<u>Consolidated Balance Sheets</u>	3
	<u>Consolidated Statements of Operations</u>	4
	<u>Consolidated Statements of Cash Flows</u>	5
	<u>Notes to the Consolidated Financial Statements</u>	6
<u>ITEM 2.</u>	MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION	
	AND RESULTS OF OPERATIONS.	10
<u>ITEM 3.</u>	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.	12
<u>ITEM 4.</u>	CONTROLS AND PROCEDURES.	12
<u>PART II. OTHER INFORMATION</u>		
<u>ITEM 1A.</u>	RISK FACTORS.	12
<u>ITEM 2.</u>	UNREGISTERED SALE OF EQUITY SECURITIES.	12
<u>ITEM 5.</u>	OTHER INFORMATION.	13
<u>ITEM 6.</u>	EXHIBITS.	13
<u>Signatures</u>		14
<u>Exhibit Index</u>		15

Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements that may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Net Savings Link, Inc. (the “Company”), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations of these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

*Please note that throughout this Quarterly Report, except as otherwise indicated by the context, references in this report to “Company”, “we”, “us” and “our” are references to Net Savings Link, Inc.

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

NET SAVINGS LINK, INC.

Balance Sheets

(Unaudited)

	February 28, 2014	November 30, 2013
ASSETS		
Current assets		
Cash	\$1,870	\$2,800
Other current assets	2,479	1,532
Total Current Assets	4,349	4,332
Property and equipment, net of accumulated depreciation of \$37,672 and \$32,444, respectively	-	5,228
TOTAL ASSETS	\$4,349	\$9,560
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$33,485	\$36,362
Due to related parties	365,755	317,755
Derivative liabilities	175,115	90,699
Convertible notes payable, net of debt discount of \$10,516 and \$0, respectively	111,679	115,693
Total Current Liabilities	686,034	560,509
STOCKHOLDERS' EQUITY(DEFICIT)		
Series A Preferred Stock, \$0.0001 par value, 100,000,000 shares authorized, 1,500,000 and 1,500,000 shares issued and outstanding, respectively	15	15
Common stock, \$0.001 par value, 1,000,000,000 shares authorized, 164,079,458 and 108,591,412 shares issued and outstanding, respectively	164,079	108,591
Additional paid-in capital	3,728,296	3,710,954
Accumulated deficit	(4,574,075)	(4,370,509)
Total Stockholders' Equity (deficit)	(681,685)	(550,949)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$4,349	\$9,560

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

-3-

Table of Contents

NET SAVINGS LINK, INC.
Statements of Operations
(Unaudited)

	For the Three Months Ended February 28,	
	2014	2013
REVENUES	\$-	\$6,066
OPERATING EXPENSES		
Depreciation and amortization	5,228	7,068
General and administrative	69,748	68,753
Total Operating Expenses	74,976	75,821
OPERATING LOSS	(74,976)	(69,755)
OTHER EXPENSE		
Loss on derivative	(96,441)	(48,458)
Interest expense	(32,149)	(58,559)
Total Other Expense	(128,590)	(107,017)
NET LOSS	\$(203,566)	\$(176,772)
BASIC NET LOSS PER COMMON SHARE	\$(0.00)	\$(0.00)
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	133,054,210	38,362,294

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

-4-

Table of Contents

NET SAVINGS LINK, INC.
Statements of Cash Flows
(Unaudited)

For the Three Months Ended
February 28,
2014 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$(203,566) \$(176,772)
Items to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	5,228		7,068
Debt discount amortization	31,091		54,961
Debt offering cost amortization	1,058		1,171
Loss on derivative	96,441		48,458
Changes in operating assets and liabilities			
Increase in other assets	(1,500)	(61
Increase (decrease) in accounts payable and accrued liabilities	(877)	9,093
Increase in related party accounts payable	48,000		48,000
Net Cash Used in Operating Activities	(24,125)	(8,082
)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from convertible notes payable	23,700		-
Cash paid for debt offering costs	(505)	-
Net Cash Provided by Financing Activities	23,195		-
INCREASE (DECREASE) IN CASH	(930)	(8,082
)
CASH AT BEGINNING OF PERIOD	2,800		18,131
CASH AT END OF PERIOD	\$1,870		\$10,049
CASH PAID FOR:			
Interest	\$-		\$-
Income taxes	\$-		\$-

NON-CASH FINANCING ACTIVITIES:

Common stock issued for convertible notes and accrued interest	\$23,805	\$79,684
Discount on convertible notes payable from derivative instrument	\$37,000	\$50,000
Settlement of derivative liability to additional paid-in capital	\$49,025	\$125,032

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

-5-

Table of Contents

NET SAVINGS LINK, INC.
Notes to the Unaudited Financial Statements

1. Nature of Operations and Continuance of Business

The unaudited interim financial statements included herein have been prepared by Net Savings Link, Inc. (“NSL” or the “Company”) in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission. We suggest that these interim financial statements be read in conjunction with the audited financial statements and notes thereto included in our Form 10-K for the year ended November 30, 2013, as filed with the SEC. We believe that all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein and that the disclosures made are adequate to make the information not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year as reported in Form 10-K have been omitted.

2. Going Concern

NSL’s financial statements are prepared using Generally Accepted Accounting Principles applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, NSL has generated minimal revenue and accumulated significant losses since inception. As of February 28, 2014, company has accumulated deficit of \$4,574,075 and a working capital deficit of \$681,685. All of these items raise substantial doubt about its ability to continue as a going concern. Management’s plans with respect to alleviating the adverse financial conditions that caused management to express substantial doubt about the NSL’s ability to continue as a going concern are as follows:

In order to fund the start-up of operations during the year ended November 30, 2012, NSL entered into several financing transactions in 2012 and 2013 and continues to try to raise funds in 2014. The continuation of NSL as a going concern is dependent upon its ability to generating profitable operations that produce positive cash flows. If NSL is not successful, it may be forced to raise additional debt or equity financing.

There can be no assurance that NSL will be able to achieve its business plans, raise any more required capital or secure the financing necessary to achieve its current operating plan. The ability of NSL to continue as a going concern is dependent upon its ability to successfully accomplish the plan described in the preceding paragraph and eventually attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

3. Related Party Transactions

As of February 28, 2014 and November 30, 2013, the Company owed \$168,328 and \$144,328, respectively, to the President and CEO of the Company for back due wages.

As of February 28, 2014 and November 30, 2013, the Company owed \$197,427 and \$173,427, respectively, to the Vice President and director of the Company for back due wages.

Table of Contents

4. Convertible Promissory Notes Payable

During the three months ended February 28, 2014, the holder of two Convertible Promissory Notes elected to convert a total of \$21,805 in principal and \$2,000 in interest into 55,488,046 shares of the Company's common stock at an average conversion price of \$0.0004 per share.

During February 2014, NSL issued an Unsecured Convertible Promissory Note for \$27,300 (the "2014 Convertible Promissory Note"). The 2014 Convertible Promissory Note is unsecured, due nine months from the date of issuance, accrues interest at 8% per annum and is convertible into shares of NSL's common stock at any time at the option of the holder at a discount from market of 50% of the fair market value of one share of NSL's common stock based on the lowest bid during the thirty days prior to the conversion date.

5. Derivative Liabilities

NSL analyzed the conversion options embedded in the Convertible Promissory Notes for derivative accounting consideration under ASC 815, Derivatives and Hedging, and determined that the instruments embedded in the above referenced convertible promissory notes should be classified as liabilities and recorded at fair value due to their being no explicit limit to the number of shares to be delivered upon settlement of the conversion options. Additionally, the above referenced convertible promissory notes contain dilutive issuance clauses. Under these clauses, based on future issuances of NSL's common stock or other convertible instruments, the conversion price of the above referenced convertible promissory notes can be adjusted downward. Because the number of shares to be issued upon settlement of the above referenced convertible promissory notes cannot be determined under this instrument, NSL cannot determine whether it will have sufficient authorized shares at a given date to settle any other future share instruments.

During the three months ended February 28, 2014, a Convertible Promissory Note became convertible into shares of the Company's common stock. The fair value of the conversion option was determined to be \$117,310 using a Black-Scholes option-pricing model. Upon the date the Convertible Promissory Notes became convertible, \$37,000 was recorded as debt discount \$80,310 was recorded as day one loss on derivative liability.

During the three months ended February 28, 2014, \$21,805 in principal amounts of Convertible Promissory Notes were converted into common stock (see Notes 4 and 6), \$49,025 in related derivative liability was extinguished through a charge to paid-in capital and \$24,512 was recorded as a net loss on mark-to-market of the conversion options and warrants.

The following table summarizes the derivative liabilities included in the balance sheet at February 28, 2014:

Derivative liabilities November 30, 2013	\$90,699
Addition of new derivative	37,000
Reclassification of derivative liability to additional paid-in capital due to promissory note conversions	(49,025)
Losses on change in fair value	96,441
Balance at February 28, 2014	\$175,115

The following table summarizes the loss on derivative liabilities included in the income statement for the three months ended February 28, 2014:

Edgar Filing: Net Savings Link, Inc. - Form 10-Q

Excess of fair value of conversion option derivative liabilities over the related notes payable	\$80,310
Losses on change in fair value	16,131
Loss on derivative liabilities	\$96,441

-7-

Table of Contents

NSL valued its derivatives liabilities using the Black-Scholes option-pricing model. Assumptions used during the three months ended February 28, 2014 include (1) risk-free interest rates between 0.02% to 1.52%, (2) lives of between 0 and 5.3 years, (3) expected volatility of between 176% to 2,583%, (4) zero expected dividends, (5) conversion prices as set forth in the related instruments, and (6) the common stock price of the underlying share on the valuation dates.

6. Common Stock

On December 11, 2013, the Company issued 4,695,652 shares of common stock for \$2,560 of debt, or \$0.00055 per share.

On December 17, 2013, the Company issued 4,696,970 shares of common stock for \$1,550 of debt, or \$0.00033 per share.

On December 23, 2013, the Company issued 4,696,970 shares of common stock for \$1,550 of debt, or \$0.00033 per share.

On December 30, 2013, the Company issued 4,696,970 shares of common stock for \$1,550 of debt, or \$0.00033 per share.

On January 15, 2014, the Company issued 3,809,091 shares of common stock for \$2,190 of debt and \$2,000 of accrued interest, or \$0.0011 per share.

On January 23, 2014, the Company issued 4,693,878 shares of common stock for \$2,300 of debt, or \$0.00049 per share.

On January 28, 2014, the Company issued 4,693,878 shares of common stock for \$2,300 of debt, or \$0.00049 per share.

On February 3, 2014, the Company issued 4,707,317 shares of common stock for \$1,930 of debt, or \$0.00041 per share.

On February 5, 2014, the Company issued 4,708,333 shares of common stock for \$1,695 of debt, or \$0.00036 per share.

On February 11, 2014, the Company issued 4,709,677 shares of common stock for \$1,460 of debt, or \$0.00031 per share.

On February 14, 2014, the Company issued 4,689,655 shares of common stock for \$1,360 of debt, or \$0.00029 per share.

On February 20, 2014, the Company issued 4,689,655 shares of common stock for \$1,360 of debt, or \$0.00029 per share.

7. Financial Instruments

Edgar Filing: Net Savings Link, Inc. - Form 10-Q

ASC 820, Fair Value Measurements (ASC 820) and ASC 825, Financial Instruments (ASC 825), requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. It establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. It prioritizes the inputs into three levels that may be used to measure fair value:

-8-

Table of Contents

Level 1 - Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 - Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

NSL's financial instruments consist principally of cash, accounts payable, and accrued liabilities. Pursuant to ASC 820 and 825, the fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

The following table sets forth by level with the fair value hierarchy the Company's financial assets and liabilities measured at fair value on February 28, 2014:

	Level 1	Level 2	Level 3	Total
Assets				
None	\$ -	\$ -	\$ -	\$ -
Liabilities				
Derivative financial instruments	\$ -	\$ -	\$ 175,115	\$ 175,115

The following table sets forth by level with the fair value hierarchy the Company's financial assets and liabilities measured at fair value on November 30, 2013:

	Level 1	Level 2	Level 3	Total
Assets				
None	\$ -	\$ -	\$ -	\$ -
Liabilities				
Derivative financial instruments	\$ -	\$ -	\$ 90,699	\$ 90,699

Table of ContentsITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
2. OPERATIONS.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains forward-looking statements that involve known and unknown risks, significant uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, or implied, by those forward-looking statements.

You can identify forward-looking statements by the use of the words may, will, should, could, expects, plans, anticipates, believes, estimates, predicts, intends, potential, proposed, or continue or the negative of those terms.

These statements are only predictions. In evaluating these statements, you should consider various factors which may cause our actual results to differ materially from any forward-looking statements. Although we believe that the exceptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

RESULTS OF OPERATIONS

Working Capital

	February 28, 2014	November 30, 2013
Current Assets	\$4,349	\$4,332
Current Liabilities	686,034	560,509
Working Capital (Deficit)	\$(681,685)	\$(556,177)

Cash Flows

	Three months ended February 28, 2014	Three months ended February 28, 2013
Cash Flows Used in Operating Activities	\$(24,125)	\$(8,082)
Cash Flows Used in Investing Activities	-	-
Cash Flows Provided by Financing Activities	23,195	-
Net Increase (Decrease) in Cash During Period	\$(930)	\$(8,082)

Balance Sheet

As at February 28, 2014, the Company had total assets of \$4,349 compared with total assets of \$9,560 as at November 30, 2013. The assets are mainly comprised of prepaid expenses and cash balances in the Company's bank account.

The Company had total liabilities of \$686,034 at February 28, 2014 compared with \$560,509 as at November 30, 2013. The increase in total liabilities is mainly attributed to an \$84,416 increase in derivative liability and a \$48,000

increase in accrued wages, partially offset by conversion of \$23,805 in convertible debt and accrued interest to common stock.

Operating Revenues

During the three months ended February 28, 2014, the Company received \$0 in revenue, compared to \$6,066 of revenue in the same period ended February 28, 2013.

-10-

Table of Contents

Operating Expenses

During the three months ended February 28, 2014, the Company incurred operating expenses totaling \$74,976 compared with \$75,821 for the three months ended February 28, 2013. The decrease in operating expenses is mainly attributed to a decrease in depreciation expense of \$1,840 due to related assets being fully depreciated.

Net Loss

During the three months ended February 28, 2014, the Company realized net loss of \$203,566 compared with a net loss of \$176,772 for the three months ended February 28, 2013. The increase in net loss was primarily due to an increase of approximately \$47,983 in losses on derivative, partially offset by a \$26,410 reduction in interest expense for the three months ended February 28, 2014 compared to the three months ended February 28, 2013.

Liquidity and Capital Resources

As at February 28, 2014, the Company had a cash balance of \$1,870 and a working capital deficit of \$681,685 compared with a cash balance of \$2,800 and working capital deficit of \$556,177 at November 30, 2013. The decrease in working capital is mainly due to an \$84,416 increase in derivative liability and a \$48,000 increase in accrued wages, partially offset by conversion of \$23,805 in convertible debt and accrued interest to common stock during the three months ended February 28, 2014.

Cash Flows from Operating Activities

During the three months ended February 28, 2014, the Company used \$24,125 of cash flow from operating activities compared with use of \$8,082 of cash flow during the three months ended February 28, 2013. The increase in the use of cash flow for operating activities is mainly due to an increase of \$26,794 in net loss during the three months ended February 28, 2014, compared to the three months ended February 28, 2013.

Cash Flows from Investing Activity

The Company did not have any investing activities during the three month periods ending February 28, 2014 and 2013.

Cash Flows from Financing Activities

During the three months ended February 28, 2014, the Company received proceeds of \$23,700 from one convertible promissory note, which is unsecured, convertible into the common stock of the Company, due interest at 8% per annum and matures approximately nine months from the dates of issuance. The Company did not have any financing activities during the three months ended February 28, 2013.

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive acquisitions and activities. For these reasons, our auditors stated in their report on our audited financial statements that they have substantial doubt that we will be able to continue as a going concern without further financing.

Table of Contents

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Future Financings

We will continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and exploration activities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of our management, including the Principal Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that these disclosure controls and procedures are not effective because procedures were not in place to provide for timely, complete, accurate reporting of events. The foregoing was a result of our president's lack of experience with his reporting and disclosure obligations, lack of proper segregation of duties due to limited personnel, and a lack of formal review process that includes multiple levels of review, resulting in audit adjustments related to the derivative liability account, accounting of the Company's convertible debt instruments and conversions and bad debt. Our president is committed to educating himself through the seminars and consulting with attorneys to become fully knowledgeable with his obligations. In addition, currently there are no written policies or procedures that clearly define the roles in the disclosure and reporting process.

There were no changes in our internal control over financial reporting during the quarter ended February 28, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES.

During the quarter ended February 28, 2014, we issued 55,488,043 restricted shares of common stock. The shares of common stock were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities

Act of 1933, as amended.

-12-

Table of Contents

ITEM 5. OTHER INFORMATION.

During the quarter ended February 28, 2014, we issued 55,488,043 restricted shares of common stock. The shares of common stock were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended. We failed to file Form 8-Ks in connection with the foregoing.

ITEM 6. EXHIBITS.

Exhibit	Document Description	Incorporated by reference			Filed herewith
		Form	Date	Number	
3.1	Articles of Incorporation.	S-1	6/09/08	3.1	
3.2	Bylaws.	S-1	6/09/08	3.2	
3.3	Amended Articles of Incorporation.	8-K	8/06/12	3.1	
4.1	Specimen Stock Certificate.	S-1	6/09/08	4.1	
10.1	Equity Purchase Agreement with Southridge Partners II, LP.	10-Q	4/23/12	10.3	
14.1	Code of Ethics.	S-1	6/09/08	14.1	
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
99.1	Certificate of Designation.	8-K	8/06/12	99.1	
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension – Schema.				X
101.CAL	XBRL Taxonomy Extension – Calculations.				X
101.DEF	XBRL Taxonomy Extension – Definitions.				X
101.LAB	XBRL Taxonomy Extension – Labels.				X
101.PRE	XBRL Taxonomy Extension – Presentation.				X

Table of Contents

EXHIBIT INDEX

Exhibit	Document Description	Incorporated by reference			Filed herewith
		Form	Date	Number	
3.1	Articles of Incorporation.	S-1	6/09/08	3.1	
3.2	Bylaws.	S-1	6/09/08	3.2	
3.3	Amended Articles of Incorporation.	8-K	8/06/12	3.1	
4.1	Specimen Stock Certificate.	S-1	6/09/08	4.1	
10.1	Equity Purchase Agreement with Southridge Partners II, LP.	10-Q	4/23/12	10.3	
14.1	Code of Ethics.	S-1	6/09/08	14.1	
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
99.1	Certificate of Designation.	8-K	8/06/12	99.1	
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension – Schema.				X
101.CAL	XBRL Taxonomy Extension – Calculations.				X
101.DEF	XBRL Taxonomy Extension – Definitions.				X
101.LAB	XBRL Taxonomy Extension – Labels.				X
101.PRE	XBRL Taxonomy Extension – Presentation.				X

