

DEAL A DAY GROUP CORP.
Form 10-K
May 13, 2014

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF
X .
1934

For the Fiscal Year Ended December 31, 2013

.TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the Transition Period from _____ to _____

DEAL A DAY GROUP CORP.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of Incorporation)

000-52323
(Commission File Number)

90-0731925
(IRS Employer
Identification Number)

5150 E. Pacific Coast Highway, Suite 200

Long Beach, CA 90804

(Address of principal executive offices)

(800) 349-6095
(Registrant's Telephone Number)

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ . No ☒ .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ . No ☒ .

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 past 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 (§ 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐ .

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

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Accelerated Filer

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Non-Accelerated Filer

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Smaller Reporting Company

X .

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes .

No X .

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was \$452,804 based upon the price (\$0.01) at which the common stock was last sold as of the last business day of the most recently completed second fiscal quarter, multiplied by the approximate number of shares of common stock held by persons other than executive officers, directors and five percent stockholders of the registrant without conceding that any such person is an affiliate of the registrant for purposes of the federal securities laws. Our common stock is traded on the OTC Markets Group U.S., under the symbol DEEL.

As of May 11, 2014, there were 50,380,399 shares of the registrant's \$0.001 par value common stock issued and outstanding.

Documents incorporated by reference: None

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections. We may use words such as anticipate, expect, intend, plan, believe, foresee, estimate and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted. These risks and uncertainties include the following:

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The availability and adequacy of our cash flow to meet our requirements;

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Economic, competitive, demographic, business and other conditions in our local and regional markets;

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Changes or developments in laws, regulations or taxes in our industry;

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Actions taken or omitted to be taken by third parties including our suppliers and competitors, as well as legislative, regulatory, judicial and other governmental authorities;

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Competition in our industry;

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The loss of or failure to obtain any license or permit necessary or desirable in the operation of our business;

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Changes in our business strategy, capital improvements or development plans;

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The availability of additional capital to support capital improvements and development; and

Other risks identified in this report and in our other filings with the Securities and Exchange Commission or the SEC.

This report should be read completely and with the understanding that actual future results may be materially different from what we expect. The forward looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of Term

Except as otherwise indicated by the context, references in this report to Company , DEEL , we , us and our references to Deal a Day Group Corp. All references to USD or United States Dollars refer to the legal currency of the United States of America.

PART I

ITEM 1.

BUSINESS

Corporate History

Deal a Day Group Corp. (**DEEL** or the Company) was incorporated in the state of Nevada on April 27, 2005 under the name Puppy Zone Enterprises, Inc. On December 20, 2007, we entered into an Agreement and Plan of Merger with Actiga Corporation whereby Puppy Zone Enterprises, Inc. merged into Actiga Corporation, and we filed Articles of Merger to effectuate the merger and name change. On January 14, 2008, we effectuated the merger (the **Merger**) of our subsidiary with and into QMotions, Inc., (**QMotions**) with QMotions becoming the surviving wholly-owned subsidiary of the Company.

Until October 23, 2008, we, through two of our then wholly-owned subsidiaries, QMotions and Aptus Games Inc., (**Aptus**) operated our business as a developer, manufacturer and distributor, marketer and seller of motion-based controllers for on-line video games and developer of three-dimensional gaming software. On August 20, 2009, we changed our name to Avisio, Inc., to reflect the new business model of the Company, which is to acquire and commercialize underutilized but potentially high value assets into profitable companies.

Thereafter and due to the growth and evolution of the daily deal industry, we decided to change our business model. On September 1, 2011 we changed our name to Deal a Day Group Corp. to reflect our new business direction in the internet sales and marketing industry. Accordingly, on November 4, 2011, we entered into an Asset Acquisition Agreement (the **Asset Acquisition Agreement**) with Rich Media Corp. (**RMC**) whereby the Company acquired certain assets directly related to various online marketing and media websites, and social media accounts operating in the internet sales and marketing industries (collectively the **Acquired Assets**). In exchange for the **Acquired Assets**, RMC received an aggregate payment of two hundred fifty thousand US dollars (\$250,000) and one million five hundred thousand (1,500,000) restricted shares of the Company's common stock.

From our headquarters in Long Beach, California, we plan to become an internet-based social media company focused on marketing coupons to local merchants. The Company's goal is to set itself apart from the larger competitors by developing long term relationships with its merchants. We will offer value-added products, services and support to help retain the customers brought in by the deals we offer, with a constant focus on offering such deals to a local consumer base. We have found that these are the most sought after criteria to attracting merchant participation.

Since the adoption of our new business venture as the central focus of the Company, we have concentrated our efforts on building a core operations team and requisite software platforms. As part of these efforts, we secured the domain name, www.ridethedeal.com, and we finalized the development of our website towards the end of January 2012. The majority of our time since the fourth quarter of 2013 has been spent on capital fund raising efforts, market research and analysis, continuing software development, and direct contact and feedback with local merchants and people within the target community. We believe our success will come from the strategic marketing of our product and service offerings and the development of strong relationships with our merchants for continuous repeat-business. We intend to launch in other communities in the United States with the eventual goal of expanding internationally.

Business Model

The initial component of our revenue model is the sale of merchants' daily deal offerings. We have developed the website and supporting backend software enabling an efficient and streamlined process for: (i) posting a daily deal; (ii) monitoring, tracking, and statistical record keeping of the deal coupon purchase; and, (iii) detailed transactional accounting among the consumer, the merchant and the Company.

Additionally, we intend to offer merchant advertising whereby merchants will be offered participation in our purchased advertising, email, and social media campaigns, banner advertising on our website, and special events. We believe this low-cost but high-margin model has the potential to gain momentum if we are able to generate greater name recognition and as our user and follower base grows.

Affiliate Marketing will also be an added revenue stream providing high margins and minimal costs to the Company. Affiliate programs are offered by companies or individuals that want to market a product or service but do not necessarily want to incur additional advertising expenditures. Banner advertising will be displayed on the Company's website driving merchant traffic to the affiliate business website. The entity or individual would pay the Company commissions on transactions facilitated between customers and affiliate suppliers. There are no overhead costs to the Company and our in-house personnel can manage the entire process of the Affiliate Marketing procedures for the website.

Products and Services

Our current website, www.ridethedeal.com, will be the basis of our first venture into the social media/online coupons industry. This site will feature a daily Deal of the Day and it will be the center point for future Merchant Advertising and Affiliate Marketing. Our website will only be a portal for coupons, and we will not be involved in any direct sales of products or services through our website. Our initial revenue stream will come from selling coupons for the daily deals. Each sale is split between the Company and the merchant offering the deal.

Through our Ride The Deal brand, the Company will develop its business model and offer its deals in tier 2 markets, which consist of the communities outside of the major metropolitan areas with populations of less than 500,000. We believe that these areas may tend to have a much stronger sense of community since supporting the local community is an important factor in both consumers' choices as well as the desire for merchants to participate in these promotions. Thus our brand statement: Shop Local. Save Local. Support Local. will be a theme throughout our Company.

Our sales team will work with each merchant to create customized deals for each individual merchant. We have also created standardized deal templates for the main categories of merchants such as restaurants, bars, and spas for quick demonstrations, sales and postings for potential merchant clients. We are continuing to develop templates for different categories of deals, and we are working on providing a greater selection of options for the sales team to offer merchants. These standardized templates are efficient for the merchants and they also reduce the time and costs for the Company.

Plan of Operations

Phase 1 Company Structure, Software and Technology

The Ride the Deal assets were acquired shortly thereafter as part of the Asset Acquisition Agreement and we began implementing our new business plan in November 2011. Since then, we have established a central headquarters in

Long Beach, California as the basis of our initial operations, and as our operations are mostly virtual, new satellite cities can be operated and managed remotely once we expand our operations into other cities. With the exception of local sales and writing staff, we anticipate incurring minimal infrastructure costs as part of expanding our deal offerings to additional cities.

We believe a stable and feature-rich software platform is the foundation on which the electronic coupon industry is based. Accordingly, and after careful consideration and analysis, we determined that the creation and development of our own proprietary software platform would ultimately provide the greatest value to the Company and to our potential and existing clients. Our sales cycle relies almost exclusively on this platform; therefore, we focused our initial research on various third-party offerings for such software platform. The proprietary software platform required a larger initial investment of time and resources, but we believe the numerous benefits it offers far outweigh its costs. Additionally, ownership and control of our own software platform has created an asset which can be monetized via several channels:

1.

Scalability built into the design means expanding to additional cities does not require further investment or licensing fees paid to third parties;

2.

We can adapt readily to technology requirements as the electronic coupon industry continues to evolve;

3.

Our products and services are highly customizable; therefore, changes can be implemented immediately using our in house technical experts;

4.

Alternative revenue sources can be established by offering a customized suite of software packages to other, non-competitive operations; and,

5.

Further revenue sources can be exploited as proprietary applications and features are developed, utilized and tested within our own operations. Those that have high monetizable value can be re-packaged and offered to third parties

Version 1.0 of our software platform and website went live in beta testing in December 2011. Other milestones we completed during the 4th quarter of 2012 include the hiring of a sales team, development of the Company's marketing plan, and the onset of an email database development. Version 2.0 of our software was completed in the 4th quarter of 2012. Since the second quarter of 2012, we have used our cash reserves while attempting to raise funds through equity or debt. As a result, our preliminary sales team has been released but we have retained our marketing plan and developing an email database. Once additional funds have been raised by the Company, we will continue with re-establishing a sales team.

Phase 2 Operations, Marketing & Sales

Phase 2 of our business plan began at the start of 2012 with the completion of the Company's website. Our website, www.ridethedeal.com has not gone live as the Company has processed certain test transactions to date to ensure the website's viability. Marketing is a two-fold aspect of our business since we market out services to both merchants and subscribers. Although the primary goal of our marketing activities is to create a local subscriber base through the procurement of emails, there are positive spill-over effects that aid in procuring participating merchants and ultimately creating more daily deals. We believe that the simple and most important analysis is that higher number of emails equals higher revenues. A large subscriber base also attracts merchants to participate as the daily deals will be viewed by a large number of individuals. Therefore, even if the daily deal is not purchased, the simple act of viewing the daily deal provides exposure and advertising. These effects allow us to devote most of our marketing budget and resources to the task of collecting opt-in emails.

Our research has shown that merchant participation and closing rates with face to face presentations are far higher than solicitations via telephone, email and other forms of communication. A sales associate is given an Apple iPad which is pre-loaded with the Company's own proprietary software tools and applications, including:

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Ride The Deal presentation;

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Various deal templates;

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Deal and revenue calculator;

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Post-deal promotions and marketing tools; and,

Electronic contracts (with signing function)

Sales associates are able to create, submit and close a deal immediately upon the approval of the participating merchant with the specific conditions of a sale to require final approval from Company management. The iPad applications allow for a paperless contract with a signing function; however a printed copy of the deal will be provided for merchant records. New deals are submitted to the deal queue within the Company's software platform and uploaded according to a schedule, which is designed to offer a strategic mix of daily/featured deals along with continuing deals which will be presented in the side bar of the deals page until the offering of that specific deal has expired. Daily deals are offered through our website and sent via email blast to our subscriber base and social media channels. Revenues are generated from the purchasing of the deals and reconciled daily through our transaction engine which is integrated with our accounting systems.

Revenues from sales of the daily deals will be divided between the merchant and our Company. This model was first introduced by Groupon, Inc. where the merchant and the daily deal operator would split the proceeds from the deal 50/50.

For example:

1.

A deal would be offered at \$20 (retail price to consumer)

2.

The \$20 is paid immediately to the daily deal site through the transaction engine

3.

\$10 would be retained and \$10 would be paid out to the participating merchant over a 2-3 month period

The Company's policy is to offer a 55% payout, slightly higher than the industry norm of 50%, to the merchant with payments made to the merchant in two tranches. The first payment will be advanced within 7 days of the receipt of the proceeds of the deal transaction, and the second 15 days thereafter. The response to this policy has been positive as we have also developed programs to retain customers after the deal has been run. Additionally, we plan to pay the merchants at a much quicker rate, with the payout happening generally within 2 weeks to a month, versus the original 2-3 month period.

The Company also works with merchants to create special offers and deeply discounted products and services in the form of stored value vouchers or coupons that can be redeemed at the purchaser's leisure. The Company's sales plan involves offering new deals on a daily basis on our website and disseminating such deals to a subscriber base via email blasts and social networking channels. If the subscriber likes the deal, he or she can purchase it immediately through our payment gateway. We have chosen Authorize.net as our payment processor which ties in seamlessly with our transaction engine and software platform. Since Authorize.net accepts all major credit cards and other forms of electronic payment, including Pay Pal. We plan to eventually rotate deals daily with the featured deal being presented as the deal of the day with past deals being offered until the offering or buy period has expired.

Deals generally fall into one of several main themes and categories, the determining factors of which are typical for each type of business category. We have developed standardized templates for the main categories of merchants such as restaurants, bars, and spas for quick demonstrations, sales, and postings for the potential merchant clients. Customized deals can also be made according to the goals and needs of the specific merchant.

We anticipate that a typical deal will offer 50% or greater savings to the purchaser. For example, a restaurant may offer a dining certificate which carries a value of \$40 dollars to be spent at the restaurant at a price of \$20 (i.e. the customer pays \$20 and is given a voucher with \$40 value). All deals will have an expiration time and date for the purchase of the deal in order to help create a sense of urgency.

Deals will have a minimum and maximum number of units available depending upon the merchant's ability and desire to deliver/provide such deals. Some deals will depend upon a threshold limit for the deal to be viable for the merchant. For example, in order to create a viable deal, a total of 15 purchases must be made before the deal is active. Once this threshold is met, the deal becomes active and all deals previously purchased or purchased before the expiration time become valid. If this threshold is not met within a given time limit, the deal never becomes active and any customers who purchased the deal will be refunded their purchase price.

All coupons and vouchers will have unique number code identifiers in order to deter copying or counterfeiting and for accounting and reconciliation purposes. We are working on a mobile application to enable downloading and storing the deal voucher onto smartphones. Consumers will eventually have the choice to either print a hard copy of the voucher for presentation, or simply present their smartphone with the electronic voucher to the merchant. Our software platform has been designed to provide easy redemption for both the merchant and the consumer. The back end of the software platform also allows for simple and automated reconciliation between the Company and the merchant so that the appropriate commissions and division of revenues are calculated and paid.

To date, we have not earned any significant revenues from our revenue model.

Phase 3 Expansion Plans

We believe that California is the best area strategically to launch our services. The state includes an abundant list of cities near major metropolitan areas that meet our criteria of populations under 500,000. Where some of our larger competitors may offer nation-wide exposure, we offer exposure to local consumers who we believe have a much higher propensity to purchase the deal and also to be returning customers to their local merchants. We plan to expand into markets within geographical proximity to existing markets, while maximizing the efficiency of the ways in which we obtain subscribers, both virtual (Search Engine Optimization, Social Media, etc.) and physical (involvement and presence in the community through relationships with charities, chambers of commerce and involvement in community events).

Our business model is such that capital costs are relatively low compared to the ability to create revenue immediately. We estimate each expansion location will cost between \$25,000 to \$50,000 depending on the actual distance from our headquarters in Long Beach. We will seek further debt funding and or equity financing to meet our operations commitments and expansion plans.

The following cities have been targeted for possible future locations:

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Temecula

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Murrieta

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Victorville

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Fresno

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San Luis Obispo County

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Danville

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La Quinta

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Palm Springs

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North County San Diego

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Lincoln

We note that we are currently in the midst of completing Phase 2 but have scaled back operations while we continue efforts to seek additional equity or debt financing.

Marketing Strategy

The Company's Marketing Strategy is focused on expending resources on optimal opportunities in order to generate revenues, maximize exposure, and develop a loyalty amongst both subscribers and merchant clientele. Our strategies also anticipate changes in consumer buying habits and market conditions, allowing us flexibility to quickly and efficiently make changes to our online presence, marketing efforts, and communications with all parties.

We will continue to develop our flagship location in the Long Beach, California, area, and will also continue to fine tune our fully-operational website by using the feedback of our merchants and subscribers to assist us in growing our brand name awareness. Once additional funding is raised, approximately 50% of our operational budget will be allocated to marketing efforts moving forward.

Search Engine Optimization and Web-Based Marketing. Search and social media have proven to be key drivers that determine the sites that consumers visit. We believe that effective web-based marketing and strong Search Engine Optimization (SEO) strategies have become critical to any company's ongoing internet success. Therefore, the Company has developed an in-house SEO and Web-Based marketing team that is leveraging its experience and

developing specialized tools to maximize the effectiveness in these areas:

On the front-end, the SEO and web-based marketing efforts drive traffic to our site, provide information to users and help to procure a larger subscriber base

On the back-end, we have implemented analytical tools, which further help to assess online-behavior and the effectiveness of our campaigns and the message we are providing to users.

The Company is utilizing the marketing tools offered by social media sites such as Facebook, Pinterest and Twitter and creating city-specific blogs using local writers to create awareness in the social media arena. These tools have proven highly effective in extending reach and exposure in both the virtual and real-world communities, thereby ultimately increasing our subscriber base.

Community Involvement. The Company has engaged with and is developing working agreements with local and national charities with a local presence. We believe that by working closely with the charities we will be able to develop solutions where both consumers and merchants can choose to help give back to the community and support local charities. Engaging with and working with local charities also helps to validate our Company and our brand in the community. Offering partial proceeds to charity has made our offerings more attractive to our subscriber base and provided an avenue for participating merchants to give back to the community.

Street Teams and Brand Ambassadors. The Company has created street teams consisting of Brand Ambassadors who offer customized Ride The Deal promotional items and provide information to the local community on a one-on-one basis. These teams are deployed in various events such as Farmers Markets, Local Business/Community Gatherings and Special Events to offer our brand presence at the local level. The response from the community has been overwhelmingly positive and this has become a source for a cost-effective, grassroots campaign for collecting subscribers who wish to opt-in to our email blasts. We intend to use these street teams in each new city where Ride The Deal will have a presence.

Chambers of Commerce. We intend to become a member and attend and/or sponsor various events of the local Chambers of Commerce in every community that we launch.

Print Media. Although newspaper ads in the larger local and community publications have proven to be effective compliments to our advertising and marketing efforts, traditional forms of advertising and marketing such as radio, print media and billboards will be kept to a minimum in order to control costs and maximize the efficiency of our marketing budget.

Competition

We consider our two biggest competitors to be Groupon and Living Social. We feel that it would be difficult for our Company to compete with them on the same level due to their international name recognition and available financial resources. Therefore, we have differentiated ourselves enough so that they are not a threat to our target audience and markets. In addition to these competitors, we expect to compete against large Internet and technology-based businesses, such as Facebook®, Google® and Microsoft®, each of which has launched initiatives which are directly competitive to our business. We also expect to compete against other Internet websites that are focused on specific communities or interests and offer coupons or discount arrangements related to such communities or interests. We will also compete with traditional offline coupon and discount services, as well as newspapers, magazines and other traditional media companies who provide coupons and discounts on products and services.

When attracting potential merchants, we target the smaller markets, as opposed to the large metropolitan markets our competitor's target and we communicate and transact with the merchants in person. We also offer flexible deal structures that allow us to cater to individual merchants when required. Our research has shown that the bigger companies' inflexibility has caused merchants to push back. We focus on client retention, with the belief that the best and easiest client is a repeat client.

With subscribers, we highlight the authentically local and boutique-oriented approach, which has been readily accepted and enticing to subscribers. We are building community awareness through organic marketing measures. The deployment of our street teams as brand ambassadors and their attendance at community events have actually created awareness and helped educate both consumers and merchants on the format of daily deals. In light of these differences, the response from both consumers and merchants in the community has been overwhelmingly positive.

Although we are aware that there are also constantly new smaller companies entering into the marketplace, we believe that attrition rates are extremely high primarily because as the barriers to entry into this industry are deceptive and much more complex than simply a software package and email list.

We believe overcoming these competitors can be accomplished with our plan of creating true brand awareness and carving our own unique niche. We own our own software platform and have an in-house tech team that can adapt quickly and efficiently to our technology needs. We are authentically local and involved in the community through charities, chambers of commerce special events, and even our outside sales people are local hires.

Patents, Trademarks, and Licenses

The Company has not applied for any patents or trademarks and does not intend to do so in the foreseeable future.

Government Regulation

Our website and other online content are subject to government regulation of the Internet in many areas, including user privacy, telecommunications, libel, data protection, consumer protection, intellectual property, advertising, taxation, and e-commerce. The application of these laws and regulations to our business is often unclear and sometimes may conflict. It may take years to determine whether and how existing laws governing those areas apply to the Internet and to our Company, as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. Nonetheless, laws and regulations directly applicable to Internet communications, e-commerce and advertising are becoming more prevalent and due to the increasing popularity and use of the Internet, it is likely that additional laws and regulations will be adopted. Further, the growth and development of the market for e-commerce may prompt calls for more stringent consumer protection laws, both in the United States and abroad, which may impose additional burdens on companies conducting business online. Compliance with these laws and regulations may involve significant costs or require changes in business practices that result in reduced revenue. Noncompliance could result in penalties being imposed on us or orders that we stop the alleged noncompliant activity, either of which would substantially harm our business.

Further, there are a number of legislative proposals pending before the U.S. Congress, various state legislative bodies and foreign governments concerning data protection and many states have passed laws that require notifications to be sent to subscribers when there is a security breach of personal data. The interpretation and application of current laws regarding data protection are still uncertain and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our data and disclosure practices, which could have an adverse effect on our business. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Further, the federal Credit Card Accountability, Responsibility and Disclosure Act of 2009 (CARD Act), as well as the laws of most states, contain provisions governing product terms and conditions of gift cards, gift certificates, stored value or pre-paid cards or coupons ("gift cards"), such as provisions prohibiting or limiting the use of expiration dates on gift cards or the amount of fees charged in connection with gift cards, or requiring specific disclosures on or in connection with gift cards. Our proposed products will generally fall into the category of "gift cards" in many of these laws. However, the CARD Act and a number of states provide exemptions or modifications from these provisions for gift cards that are issued as part of a promotion or promotional program. If our proposed products are subject to the CARD Act, and are not included in the exemptions or modifications for promotional programs, it is possible that the purchase value, which is the amount equal to the price paid for the deal, or the promotional value, which is the add-on value of the deal in excess of the price paid, or both, may not expire before the later of (i) five years after the date on which the deal was issued; (ii) the deal's stated expiration date (if any); or (iii) a later date provided by applicable state law. In addition, regardless of whether an exemption or modification for our proposed products applies under the CARD Act, in those states that prohibit or otherwise restrict expiration dates on gift cards and that do not have exemptions that apply to the purchase value or the promotional value, or both, the Company may be required to honor the full offer value (the total of purchase value and promotional value) until redeemed. Our terms of use and agreements with our merchants will require merchants to continue to honor unredeemed deals that are past the stated expiration date of the promotional value of the deal to the extent required under the applicable law.

In addition, some states also include gift cards under their unclaimed and abandoned property laws which require companies to remit to the government the value of the unredeemed balance on the gift cards after a specified period of time (generally between one and five years) and impose certain reporting and recordkeeping obligations. We may have to remit funds to the government relating to unredeemed deals under these laws. The analysis of the potential application of the unclaimed and abandoned property laws to our proposed products is be complex, involving an analysis of constitutional and statutory provisions and factual issues, including our relationship with subscribers and merchants and our future role as it relates to the issuance and delivery of our products.

Furthermore, our Company must also make sure that we maintain full transparency with respect to our donation model. Commercial Co-Venturer Laws (CCV) laws generally protect consumers and charities against fraudulent or misleading advertising and help to assure that promised donations get delivered to the proper place. We intend to be fully transparent regarding our charitable donations and to abide by CCV laws.

WHERE YOU CAN GET ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy our reports or other filings made with the SEC at the SEC's Public Reference Room, located at 100 F Street, N.E., Washington, DC 20549. You can obtain information on the operations of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You can also access these reports and other filings electronically on the SEC's web site, www.sec.gov.

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 1B.

UNRESOLVED STAFF COMMENTS

None.

ITEM 2.

PROPERTIES

Our offices are currently located at 5150 E Pacific Coast Highway, Suite, 200, Long Beach, CA 90804 and the telephone number is 800-349-6095. We pay monthly rent of approximately \$125 for the shared industrial/office space. The space is utilized for general office purposes and it is our belief that the space we currently occupy is adequate for our immediate needs. Additional space may be required as we expand our operations. We do not foresee any significant difficulties in obtaining any required additional space. We currently do not own any real property.

ITEM 3.

LEGAL PROCEEDINGS

On April 1, 2010, the Company entered into a Stipulation for Entry of Judgment (Settlement Agreement) pursuant to which Aptus Games, Inc., (a former subsidiary of the Company) agreed to pay VFX Direct LLC (VFX) the sum of \$12,000 in installments commencing March 2010 and ending July 2010. Payments were scheduled to be \$600 for the first four months of the Settlement Agreement and a final payment in the amount of \$9,600 in July 2010. As of December 31, 2013, the Company has not been able to make the final payment. The remaining balance to date is \$4,100. Under this Settlement Agreement, the Company also agreed to deliver 75,000 restricted shares of its common stock of to certain affiliates of the plaintiff. The original demand was for \$24,999.

On June 7, 2011, VFX filed a complaint against Aptus Games, Inc. in Superior Court of the State of California, County of Riverside alleging vendor amounts due. The claim is for \$88,000 with interest at 10% per annum from September 28, 2008, attorney fees, cost of litigation and general and equitable relief as the court deems just and proper. The Company has answered the claim and awaiting further court activity. The Company s vendor account balance is \$60,300. VFX and the Company settled the matter out of court and the Company issued VFX 100,000 shares of common stock and \$7,500.

ITEM 4.

MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5.

**MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND
ISSUER PURCHASES OF EQUITY SECURITIES**

Common Stock

The Company's common stock has been traded on the OTC Markets Group U.S., under the symbol DEEL. The following table sets forth, in U.S. dollars the high and low bid prices for each of the calendar quarters indicated, as reported by the OTC Markets. The prices in the table may not represent actual transactions and do not include retail markups, markdowns or commissions.

	Company Common Stock	
	Bid Prices*	
	High	Low
<u>2013</u>		
Quarter ended December 31	\$0.12	\$0.01
Quarter ended September 30	\$0.11	\$0.01
Quarter ended June 30	\$0.09	\$0.01
Quarter ended March 31	\$0.05	\$0.01
<u>2012</u>		
Quarter ended December 31	\$0.16	\$0.01
Quarter ended September 30	\$0.05	\$0.03
Quarter ended June 30	\$0.33	\$0.02
Quarter ended March 31	\$0.45	\$0.17

*Prices reflect post-split numbers.

Record Holders

As of May 11, 2013, an aggregate of 50,380,399 shares of our common stock were issued and outstanding and were held by approximately 53 holders of record, based on information provided by our transfer agent.

Recent Sales of Unregistered Securities

Other than as previously disclosed, none.

Re-Purchases of Equity Securities

None.

Dividends

On November 3, 2011, the Company effectuated a reverse split (the "Reverse Split") of its issued and outstanding common shares whereby every two (2) old shares of the Company's common stock were exchanged for one (1) new share of the Company's common stock. The Reverse Split was payable as a dividend to shareholders of record upon surrender.

We have not paid any cash dividends on our common stock since inception and presently anticipate that all earnings, if any, will be retained for development of our business and that no dividends on our common stock will be declared in the foreseeable future. Any future dividends will be subject to the discretion of our Board of Directors and will depend upon, among other things, future earnings, operating and financial condition, capital requirements, general business conditions and other pertinent facts. Therefore, there can be no assurance that any dividends on our common stock will be paid in the future.

ITEM 6.

SELECTED FINANCIAL DATA

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 7.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are not historical facts but rather are based on

current expectations, estimates and projections. We may use words such as anticipate, expect, intend, plan, believe, foresee, estimate and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted. You should read this report completely and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

RESULTS OF OPERATIONS

Working Capital

	December 31,	December 31,
	2013	2012
Current Assets	\$ 0	\$ 3,795
Current Liabilities	\$ 2,614,781	\$ 2,449,483
Working Capital (Deficit)	\$ (2,614,781)	\$ (2,445,688)

Cash Flows

	December 31,	December 31,
	2013	2012
Cash Flows Used in Operating Activities	\$ (25,095)	\$ (344,779)
Cash Flows From Financing Activities	\$ 25,000	\$ 322,480
Net Decrease in Cash During Period	\$ (95)	\$ (22,299)

Operating Revenues

Operating revenues for the year ended December 31, 2013 was \$nil.

Operating revenues for the year ended December 31, 2012 was \$nil.

Operating Expenses and Net Loss

Operating expenses for the year ended December 31, 2013 was \$128,440 and is comprised mostly of stock based compensation, consulting fees, professional fees and general and administrative expenses.

Operating expenses for the year ended December 31, 2012 was \$526,104 and is comprised mostly of stock based compensation, consulting fees, professional fees and general and administrative expenses.

Net loss for the year ended December 31, 2013 was \$214,892 and is comprised of operating expenses, interest expense, forgiveness of debt, derivative expense, amortization of debt discount and change in fair market value of derivative.

Net loss for the year ended December 31, 2012 was \$1,008,628 and is comprised of operating expenses, interest expense, derivative expense, amortization of debt discount and change in fair market value of derivative.

Liquidity and Capital Resources

As at December 31, 2013, the Company's total asset balance was \$0 compared to \$3,795 as at December 31, 2012. The decrease in total assets is attributed mainly to a decrease in cash resulting from the Companies inability to raise sufficient debt or equity financing to cover expenses.

As at December 31, 2013, the Company had total liabilities of \$2,614,781 compared with total liabilities of \$2,449,483 as at December 31, 2012. The increase in total liabilities was attributed to primarily to an increase of

amounts owing to a related party, and interest.

As at December 31, 2013, the Company had a working capital deficit of \$2,614,781 compared with a working capital deficit of \$2,445,688 as at December 31, 2012. The change in working capital deficit was a result of an increase in accrued interest payable and amounts owing to a related party.

Cashflow from Operating Activities

During the year ended December 31, 2013, the Company used \$25,095 of cash for operating activities compared to the use of \$344,779 of cash for operating activities during the year ended December 31, 2012.

Going Concern

In their report on our financial statements for the year ended December 31, 2013, our independent registered public accounting firm included an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that lead to this disclosure.

There is substantial doubt about our ability to continue as a going concern, as the continuation of our business is dependent upon our obtaining further long-term financing, successful and sufficient market acceptance of our products and ultimately achieving a profitable level of operations. We have historically incurred losses, and through December 31, 2013 have incurred losses of \$9,902,190 from our inception.

There are no assurances that we will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placement, public offerings and/or bank financing necessary to support our working capital requirements. To the extent that funds generated from operations and any private placements, public offerings and/or bank financing are insufficient, we will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to us. If adequate working capital is not available we may not increase our operations.

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.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Contractual Obligations

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.

Recently Issued Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

ITEM 7A.

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 8.**FINANCIAL STATEMENTS****Deal a Day Group Corp.****(A Development Stage Company)****Balance Sheets****As of December 31, 2013 and 2012**

	December 30, 2013	(Restated) December 31, 2012
Assets		
Current:		
Cash and cash equivalents	\$ -	\$ 95
Prepays and other assets	-	3,700
Total current assets	-	3,795
Total Assets	\$ -	\$ 3,795
Liabilities and Stockholders' Deficit		
Liabilities		
Current:		
Accounts payable	\$ 230,118	\$ 192,800
Due to director	30,725	-
Accrued interest	404,715	240,079
Derivative liability	304,189	385,166
Notes payable	1,645,034	1,651,882
Less: debt discount	-	(20,444)
Total Liabilities	2,614,781	2,449,483
Stockholders' Deficit		
Common stock (par value \$0.001)		
Authorized, 1,800,000,000 common shares; issued and		
outstanding, 50,380,399 and 49,218,805 shares at		
December 31, 2013 and 2012, respectively	50,380	49,219

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Additional paid-in capital	7,237,029	7,192,391
Accumulated deficit	(9,902,190)	(9,687,298)
Total Stockholders' Deficit	(2,614,781)	(2,445,688)
Total Liabilities and Stockholders' Deficit	\$ -	\$ 3,795

The accompanying notes are an integral part of these financial statements

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Deal a Day Group Corp.**(A Development Stage Company)****Statements of Operations****For the Years Ended December 31, 2013 and 2012 and the****Period from January 1, 2009 (Inception of development stage) to December 31, 2013**

		(Restated)	From January 1, 2009 (Inception of development stage) to
	Year Ended December 31, 2013	Year Ended December 31, 2012	December 31, 2013
Operating expense:			
General and administrative	\$ 118,489	\$ 329,387	\$ 850,983
Stock based compensation	9,951	196,717	1,998,842
Operating loss	(128,440)	(526,104)	(2,849,825)
Non-operating income (expenses):			
Interest expense	(164,638)	(154,138)	(1,168,826)
Forgiveness of debt	17,653	-	17,653
Derivative expense	(1,902)	(2,339)	(4,241)
Amortization of debt discount	(41,416)	(305,283)	(382,128)
Change in fair market value of derivative	103,851	(20,764)	82,180
Loss from continuing operations	(214,892)	(1,008,628)	(4,305,817)
Loss from discontinued operations	-	-	(147,544)
Loss	(214,892)	(1,008,628)	(4,452,731)
Less: net income attributable to non-controlling interests	-	-	(46,582)
Loss attributable to common stockholders	\$ (214,892)	\$ (1,008,628)	\$ (4,406,149)
Loss per share, basic and diluted, before discontinued Operations	\$ (0.00)	\$ (0.02)	
Loss per share, basic and diluted, from discontinued Operations	-	-	

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Net loss per share, basic and diluted	\$	(0.00)	\$	(0.02)
Weighted average shares outstanding		50,222,267		49,218,805

The accompanying notes are an integral part of these financial statements

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Deal a Day Group Corp.

Statement of Stockholders Deficit

As of December 31, 2013

	Common Stock Shares	Amount	Additional Paid-In Capital	Non-controlling Interest in Subsidiaries	Accumulated Deficit	Total
Balance, January 1, 2009	47,756,278	\$ 47,756	\$ 8,246,425	\$	- \$ (13,614,996)	\$ (5,320,815)
Conversion of Notes Payable	6,575,072	6,575	1,052,757	-	-	1,059,332
Stock based compensation	-	-	579,028	-	-	579,028
Net Loss	-	-	-	-	(1,263,181)	(1,263,181)
Balance, December 31, 2009	54,331,350	54,331	9,878,210	-	(14,878,177)	(4,945,636)
Conversion of Notes Payable	14,493,441	14,493	861,395	-	-	875,888
Conversion of Accounts Payable	2,075,087	2,075	94,561	-	-	96,636
Private Placement in Subsidiaries	365,021	365	6,137	269,892	-	276,394
Private Placement	312,500	313	24,687	-	-	25,000
Stock based compensation	-	-	903,746	-	-	903,746
Net Loss	-	-	-	(46,582)	(1,199,271)	(1,245,853)
Balance, December 31, 2010	71,577,399	71,577	11,768,736	223,310	(16,077,448)	(4,013,825)
Settlement of notes payable-related party	-	-	66,933	-	-	66,933
Conversion of notes payable	-	-	27,285	-	-	27,285
Sale of subsidiaries	-	-	(6,400,538)	(223,310)	8,118,955	1,495,107
1 for 2 stock split	(35,277,281)	(35,277)	35,277	-	-	-
Returned shares	(581,313)	(581)	581	-	-	-
Purchase of assets	1,500,000	1,500	-	-	-	1,500
Conversion of notes payable	12,000,000	12,000	1,188,000	-	-	1,200,000
Issuance of options	-	-	309,400	-	-	309,400
Net Loss	-	-	-	-	(720,177)	(720,177)
Restated, Balance, December 31, 2011	49,218,805	49,219	6,995,674	-	(8,678,670)	(1,633,777)
Issuance of options	-	-	196,717	-	-	196,717
Net Loss	-	-	-	-	(1,008,628)	(1,008,628)
Restated, Balance, December 31, 2012	49,218,805	\$ 49,219	\$ 7,192,391	\$	- \$ (9,687,298)	\$ (2,445,688)

Deal a Day Group Corp.

Statement of Stockholders Deficit

As of December 31, 2013

(continued)

Restated, Balance, December 31, 2012 (continued)	49,218,805	\$ 49,219	\$ 7,192,391	-	\$ (9,687,298)	\$ (2,445,688)
Shares for debt	1,061,594	1,061	30,787	-	-	31,848
Shares for settlement	100,000	100	3,900	-	-	4,000
Issuance of options	-	-	9,951	-	-	9,951
Net Loss	-	-	-	-	(214,892)	(214,892)
Balance, December 31, 2013	50,380,399	\$ 50,380	\$ 7,237,029	-	\$ (9,902,190)	\$ (2,614,781)

The accompanying notes are an integral part of these financial statements

Deal a Day Group Corp.**(A Development Stage Company)****Statements of Cash Flows****For the years ended December 31, 2013 and 2012****Period from January 1, 2009 (Inception of development stage) to December 31, 2013**

		(Restated)	From January 1, 2009 (Inception of development stage) to
	Year Ended December 31, 2013	Year Ended December 31, 2012	December 31, 2013
<i>Cash Flows From Operating Activities</i>			
Net income (loss)	\$ (214,892)	\$ (1,008,628)	\$ (4,406,149)
Loss from discontinued operations	-	-	(5,496,041)
Loss from continuing operations	(214,892)	(1,008,628)	(9,902,190)
Non cash item:			
Stock based compensation	9,951	196,717	1,998,842
Forgiveness of debt	(17,653)	-	(17,653)
Shares issued as settlement	4,000	-	4,000
Derivative expense	1,902	2,339	4,241
Amortization of debt discount	41,416	305,283	382,128
Change in fair market value of derivative	(103,851)	20,764	(82,180)
Adjustments to reconcile loss from continuing operations to cash flows used in operating activities:			
Prepaid and other assets	3,700	(3,600)	-
Accounts payable	54,971	(11,792)	247,771
Due to related party	30,725	-	97,658
Accrued expenses	164,636	154,138	404,715
Net Cash used in operating activities	(25,095)	(344,779)	(6,862,668)
<i>Cash Flows From Financing Activities</i>			
Borrowings on note payable	25,000	322,480	4,807,539
Proceeds from private placement	-	-	2,055,129
Net Cash provided by financing activities	25,000	322,480	6,862,668

Net increase (decrease) in cash and cash equivalents	(95)	(22,299)	-
Cash and cash equivalents, opening	95	22,394	-
Cash and cash equivalents, closing	\$ -	\$ 95	-
Supplemental cash flow information			
Cash paid during the year for:			
Interest	\$ -	\$ -	-
Income taxes	\$ -	\$ -	800
Non-cash investing and financing activities			
Conversion of notes payable to equity	\$ 31,848	\$ -	2,250,174

The accompanying notes are an integral part of these financial statements

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Deal a Day Group Corp.

Notes to Financial Statements

December 31, 2013

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Deal a Day Group Corp. (DADG or the Company) is a corporation organized under the laws of the State of Nevada.

DADG changed its business direction in the wake of the massive growth and evolution of the multi-billion dollar daily deal market space. We have redirected our company with the vision of creating balance between merchants and their customers and to create platforms that will help merchants grow their businesses through cost effective promotional resources. Our business units will focus on the Daily Deals/Group buying arena, print media, and software and applications development.

On November 3, 2011, the Company completed a 1-for-2 reverse stock split. As of December 31, 2013, 50,380,399 shares of common stock are outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The Company has adopted a December 31 year end.

Development Stage Company

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles related to development stage companies. A development stage company is one in which planned principal operations have not commenced or if its operations have commenced, there has been no significant revenues there from.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, prepaid expenses and other assets, accounts payable, due to director, accrued interest, and notes payable. The carrying amounts of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit. As of December 31, 2013 and 2012, the Company had \$Nil and \$95 of cash on deposit, respectively.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Stock-Based Compensation

The Company accounts for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, Compensation-Stock Compensation, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values.

The Company follows ASC Topic 505-50, formerly EITF 96-18, *Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods and Services*, for stock options and warrants issued to consultants and other non-employees. In accordance with ASC Topic 505-50, these stock options and warrants issued as compensation for services provided to the Company are accounted for based upon the fair value of services provided or the estimated fair market value of the option or warrant, whichever can be more clearly determined. The fair value of the equity instrument is charged directly to compensation expense or prepaid expense and additional paid-in capital over the period during which services are rendered.

Basic and Diluted Net Loss per Share

Basic net loss per common share is computed by dividing net loss applicable to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of shares that might be issued upon exercise of common stock options. In periods where losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

Income Taxes

The Company records deferred tax assets and liabilities based on the net tax effects of tax credits, operating loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and the Company establishes a valuation allowance to reduce deferred tax assets to an amount which it believes to be more likely than not realizable. The valuation allowance is based on the Company's estimates of taxable income by jurisdiction in which it operates and the period over which its deferred tax assets will be recoverable.

Going Concern

The accompanying financial statements have been prepared assuming that the company will continue to operate as a going concern. Through December 31, 2013, the Company has not generated any revenue, has a negative working capital and has losses since inception. As of December 31, 2013, the accumulated deficit is \$9,902,190 and the working capital deficiency is \$2,614,781.

Recently Issued Accounting Standards

There are no accounting standards or interpretations issued or recently adopted that are expected to have a material impact on the Company's financial position, operations or cash flows.

3. DUE TO DIRECTOR

A director loaned the Company money during the year for cash flow needs. The balance due to the director of \$30,725 as of December 31, 2013 is unsecured, non-interest bearing and has no specific terms of repayment.

4. NOTES PAYABLE

Description	December 31, 2013	December 31, 2012
On October 27, 2009, the Company entered into a note payable for \$74,202.72 at 10% interest per annum due December 31, 2010. The note also calls for 5% additional interest per annum in the event of default. As of December 31, 2013 and 2012, the note has accrued interest of \$51,146 and \$42,146, respectively. The note is currently in default.	\$ 60,000	\$ 60,000
On October 26, 2009, the Company entered into a note payable for \$141,623.23 at 10% interest per annum due December 31, 2010. The note also calls for 5% additional interest per annum in the event of default. As of December 31, 2013 and 2012, the note has accrued interest of \$76,454 and \$55,209, respectively. The note is currently in default.	141,632	141,632
On November 4, 2011, the Company entered into an amended note payable for \$945,962 at 10% interest per annum due December 31, 2012. As of December 31, 2013 and 2012, the note has accrued interest of \$204,958 and \$110,362, respectively. The note is currently in default.	945,962	945,962
On October 11, 2011, the Company entered into a convertible line of credit note up to \$500,000 at 8% interest per annum due December 31, 2012. The Company has received extensions to date that move the maturity date up to October 1, 2014. As of December 31, 2013 and 2012, the note has accrued interest of \$72,157 and \$32,362, respectively. See note 5.	497,440	472,440
On various dates, the Company received Bridge Loans to assist with cash flow needs. The loans bear no interest and have no set due date.	-	31,848
	\$ 1,645,034	\$ 1,651,882

All of the outstanding principal debt of \$1,645,034 is due within one year.

5. CONVERTIBLE DEBT

On October 1, 2011, the Company issued a convertible credit line of \$500,000 with a 10% interest rate per annum. The amount drawn plus any accrued interest is convertible into shares of the Company's common stock at a rate of 85% multiplied by the average market price of the previous 30 days trading prior to the conversion. As of December 31, 2013 and 2012, the amount drawn is \$497,440 and \$472,440, respectively. The total accrued interest as of December 31, 2013 and 2012 is \$32,362 and \$72,157, respectively. See note 4.

In accordance with ASC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability.

The Company uses the Black-Scholes option pricing model to value the separate derivative liabilities for each of the draws against the credit line. Included in the model are the following assumptions: stock price at valuation date of \$0.01-\$0.04 (2012: \$0.01-\$0.30), exercise price of \$0.02-\$0.05 (2012: \$0.03-\$0.27), dividend yield of zero (2012: zero), years to maturity of 0.33-0.75 (2012: 0.08-1 year), a risk free rate of 0.13%-0.16% (2012: 0.12%-0.16%), and annualized volatility of 330%-498% (2012: 93%-325%). The Company recognized a derivative expense of \$1,902 and \$2,339 during the years ended December 31, 2013 and 2012, respectively.

ASC 815 requires Company management to assess the fair market value of certain derivatives at each reporting period and recognize any change in the fair market value as another income or expense item. The Company's only asset or liability measured at fair value on a recurring basis is its derivative liability associated with the above convertible debt. During the year ended December 31, 2013 and 2012, the Company recorded a change in fair market value of derivative liability of \$103,851 and (\$20,764), respectively, in relation to the aforementioned credit line. The line of credit also had a remaining unamortized debt discount of \$Nil and \$20,444 as of December 31, 2013 and 2012, respectively. During the years ended December 31, 2013 and 2012, \$41,416 and \$305,283, respectively, of debt discount was amortized.

6. CAPITAL STOCK

The Company is authorized to issue 1,800,000 shares of its \$0.001 par value common stock.

Common Stock

During the year ended December 31, 2013, the Company retired \$31,848 of debt by issuing 1,061,594 shares of common stock.

During the year ended December 31, 2013, the Company issued 100,000 shares of common stock as settlement for a dispute. The cumulative fair value of the shares issued is \$4,000.

Stock-Based Compensation

During the years ended December 31, 2013 and 2012, the Company recognized stock-based compensation of \$9,951 and \$196,717, respectively, related to stock options issued between June 1, 2009 and April 19, 2010.

The following table summarizes the stock options outstanding at December 31, 2013:

Issue Date	Number	Price	Expiry Date	Outstanding at December 31, 2013
June 1, 2009	800,000			