

AMERICAN COMMERCE SOLUTIONS Inc  
Form 10-Q  
July 15, 2014

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

FORM 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended May 31, 2014

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

For the transition period from \_\_\_\_\_, 20 , to \_\_\_\_\_, 20 .

Commission File Number 33-98682

American Commerce Solutions, Inc.  
(Exact Name of Registrant as Specified in Charter)

Florida  
(State or Other Jurisdiction of Incorporation  
or Organization)

05-0460102  
(I.R.S. Employer Identification Number)

1400 Chamber Drive, Bartow, Florida 33830  
(Address of Principal Executive Offices)

(863) 533-0326  
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(g) of the Act:

\$0.001 par value preferred stock  
\$0.002 par value common stock

Over the Counter Bulletin Board  
Over the Counter Bulletin Board

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 (Section 232.405) during the preceding 12 months. 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. (Check one):

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes  No

As of July 14, 2014, the Registrant had 1,157,812,573 outstanding shares of its common stock, \$0.002 par value.

Documents incorporated by reference: none

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AMERICAN COMMERCE SOLUTIONS, INC.

FORM 10-Q—INDEX

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## PART I – FINANCIAL INFORMATION

ITEM 1.  
CONSOLIDATED  
FINANCIAL  
STATEMENTSAMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

|  | MAY 31,<br>2014<br>(unaudited) | FEBRUARY<br>28,<br>2014 |
|--|--------------------------------|-------------------------|
| <b>ASSETS</b>  |                                |                         |
| <b>CURRENT ASSETS:</b>   |                                |                         |
| Cash   | \$7,887                        | \$7,731                 |
| Accounts receivable, net of allowance of \$481 and \$481, respectively                               | 134,473                        | 83,152                  |
| Accounts receivable, factored  | 15,739                         | 19,190                  |
| Inventories  | 289,126                        | 319,348                 |
| Note receivable, related party   | 1,009,792                      | 1,009,792               |
| Due from related party   | 485,107                        | 485,107                 |
| Other receivables, including related party receivables of \$208,655 and \$183,263, respectively      | 263,333                        | 269,169                 |
| Prepaid expenses   | -                              | 3,082                   |
| <b>Total Current Assets</b>  | <b>2,205,457</b>               | <b>2,196,571</b>        |
| Property and equipment, net of accumulated depreciation of \$2,859,763 and \$2,821,551, respectively | 2,621,554                      | 2,655,230               |
| <b>OTHER ASSETS:</b>   |                                |                         |
| Other assets   | 6,546                          | 4,578                   |
| Investment, available for sale   | 82,500                         | -                       |
| <b>Total Other Assets</b>  | <b>89,046</b>                  | <b>4,578</b>            |
| <b>TOTAL ASSETS</b>  | <b>\$4,916,057</b>             | <b>\$4,856,379</b>      |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                |                         |
| <b>CURRENT LIABILITIES:</b>  |                                |                         |
| Accounts payable, including related party payables of \$13,500 and \$13,500, respectively            | \$82,744                       | \$122,383               |
| Accrued expenses, including related party balances of \$28,359 and \$28,024, respectively            | 65,034                         | 62,655                  |
| Accrued interest, including related party balances of \$2,603 and \$35,449, respectively             | 318,240                        | 308,849                 |
| Current portion of notes payable, related parties  | -                              | -                       |
| Current portion of notes payable   | 246,909                        | 246,460                 |
| <b>Total Current Liabilities</b>   | <b>712,927</b>                 | <b>740,347</b>          |

**LONG-TERM LIABILITIES:**

|  |           |           |
|--|-----------|-----------|
| Notes payable, net of current portion                | 458,008   | 391,969   |
| Notes payable, related party, net of current portion | 379,560   | 465,737   |
| Due to stockholders                                  | 1,427,610 | 1,669,510 |
| Total Long-Term Liabilities                          | 2,265,178 | 2,527,216 |

|                   |           |           |
|-------------------|-----------|-----------|
| Total Liabilities | 2,978,105 | 3,267,563 |
|-------------------|-----------|-----------|

**STOCKHOLDERS' EQUITY**

## Preferred stock; \$0; 5,000,000 shares authorized:

Series A; cumulative and convertible; \$0.001 par value; 600 shares authorized

102 shares issued and outstanding; liquidating preference \$376,125

- -

Series B; cumulative and convertible; \$0.001 par value; 3,950 shares authorized

3,944 shares issued and outstanding; liquidating preference \$3,944,617

3 3

Common stock, \$0.002 par value; 1,500,000 shares authorized; 1,036,243,946 and 1,036,243,946

shares issued and 1,035,721,946 and 1,035,721,946 shares outstanding, respectively

2,315,626 2,072,489

Additional paid-in capital

19,084,073 19,017,210

Stock subscription receivable

(10,000 ) (10,000 )

Accumulated other comprehensive loss

(20,821 ) -

Accumulated deficit

(19,165,403) (19,225,360)

2,203,478 1,854,342

Treasury stock at cost; 522,000 shares of common

(265,526 ) (265,526 )

Total Stockholders' Equity

1,937,952 1,588,816

|   |                    |                    |
|---|--------------------|--------------------|
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>\$4,916,057</b> | <b>\$4,856,379</b> |
|---|--------------------|--------------------|

See notes to the unaudited financial statements

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)

|  | For the Three Months Ended<br>May 31, |             |
|--|---------------------------------------|-------------|
|  | 2014                                  | 2013        |
| <b>REVENUE:</b>  |                                       |             |
| Net sales  | \$608,886                             | \$677,085   |
|  | 608,886                               | 677,085     |
| <b>COST OF GOODS SOLD</b>  | 257,947                               | 316,968     |
| <b>GROSS MARGIN</b>  | 350,939                               | 360,117     |
| <b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>                            | 358,398                               | 378,615     |
| <b>LOSS FROM OPERATIONS</b>  | (7,459 )                              | (18,498 )   |
| <b>OTHER INCOME (EXPENSE)</b>  |                                       |             |
| Other income (expense)   | 84,102                                | -           |
| Interest expense   | (22,606 )                             | (33,492 )   |
| Interest income  | 5,920                                 | 3,867       |
| <b>TOTAL OTHER EXPENSE (INCOME)</b>  | 67,416                                | (29,625 )   |
| <b>NET INCOME (LOSS)</b>   | \$59,957                              | \$(48,123 ) |
| Unrealized loss on fair value of investment                                    | (20,821 )                             | -           |
| <b>COMPREHENSIVE INCOME (LOSS)</b>   | \$39,136                              | \$(48,123 ) |
| <b>NET INCOME (LOSS) INCOME PER COMMON SHARE, BASIC AND DILUTED</b>            | \$0.00                                | \$(0.00 )   |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED</b> | 748,873,964                           | 663,100,066 |

See notes to the unaudited financial statements

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

|   | Preferred Stock |        | Common Stock  |             | Additional   | Stock        | Accumulated   |                | Treasury    | Stock |
|---|-----------------|--------|---------------|-------------|--------------|--------------|---------------|----------------|-------------|-------|
|   | Share           | Amount | Shares        | Amount      | Paid-In      | Subscription | Comprehensive | Accumulated    | Stock       | Stock |
|   |                 |        |               |             | Capital      | Receivable   | Loss          | Deficit        |             | D     |
| Balance, February 28, 2013                                    | 3,944           | \$3    | 663,622,066   | \$1,327,245 | \$18,908,713 | \$(10,000)   | \$-           | \$(19,056,299) | \$(265,526) | \$90  |
| Issuance of shares of common stock for deposit on acquisition | -               | -      | 10,000,000    | 20,000      | 1,000        | -            | -             | -              | -           | 21    |
| Capital contribution from shareholder                         | -               | -      | -             | -           | 21,000       | -            | -             | -              | -           | 21    |
| Issuance of shares of common stock in conversion of debt      | -               | -      | 362,621,880   | 725,244     | 86,497       | -            | -             | -              | -           | 81    |
| Net loss  | -               | -      | -             | -           | -            | -            | -             | (169,061)      | -           | (10)  |
| Balance, February 28, 2014 (audited)                          | 3,944           | \$3    | 1,036,243,946 | \$2,072,489 | \$19,017,210 | \$(10,000)   | \$-           | \$(19,225,360) | \$(265,526) | \$1,5 |
| Issuance of shares of common stock in conversion of debt      | -               | -      | 121,568,627   | 243,137     | 66,863       | -            | -             | -              | -           | 31    |
| Unrealized loss on fair value of                              | -               | -      | -             | -           | -            | -            | (20,821)      | -              | -           | (20)  |

investment

Net loss for  
the three  
months  
ended May  
31, 2014  
(unaudited)

- - - - - - - 59,957 - 59

Balance,  
May 31,  
2014  
(unaudited)

3,944 \$3 1,157,812,573 \$2,315,626 \$19,084,073 \$(10,000) \$(20,821) \$(19,165,403) \$(265,526) \$1,9

See notes to the unaudited financial statements



AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

|   | For the Three Months<br>Ended May 31, |             |
|---|---------------------------------------|-------------|
|   | 2014                                  | 2013        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                       |             |
| Net income (loss)   | \$59,957                              | \$(48,123 ) |
| Adjustments to reconcile net income (loss) to net cash and cash equivalents used by operating activities: |                                       |             |
| Depreciation  | 48,040                                | 48,775      |
| Amortization of loan costs  | 3,082                                 | 10,417      |
| Loss on disposal of equipment   | 547                                   | -           |
| Investment received for services  | (82,500 )                             | -           |
| Unrealized loss on investment   | (20,821 )                             | -           |
| (Increase) decrease in:   |                                       |             |
| Accounts receivable   | (51,321 )                             | (1,068 )    |
| Inventories   | 30,222                                | (39,723 )   |
| Other assets  | (1,968 )                              | (4,027 )    |
| Increase (decrease) in:   |                                       |             |
| Accounts payable and accrued expenses   | (27,869 )                             | 35,068      |
| Net cash (used) provided by operating activities  | (42,631 )                             | 1,319       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                       |             |
| Decrease (increase) in other receivables  |                                       |             |