

ACQUIRED SALES CORP  
Form 10-Q  
May 17, 2013

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FORM 10-Q  
U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

For the quarterly period ended March 31, 2013

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-52102

Acquired Sales Corp.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction  
of incorporation or organization)

87-40479286  
(I.R.S. Employer Identification  
Number)

31 N. Suffolk Lane, Lake Forest, Illinois 60045  
(Address of principal executive offices)

(847) 915-2446  
(Registrant's telephone number, including area code)

n/a  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by checkmark whether the registrant (1) 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 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” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company   
(Do not check if a 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

Indicate the number of shares outstanding of each of the issuer’s classes of common units, as of the latest practicable date: 2,963,896 shares of common stock, par value \$.001 per share, outstanding as of May 14, 2013.

Transitional Small Business Disclosure Format (Check one): Yes  No

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## ACQUIRED SALES CORP.

## - INDEX -

	Page(s)
PART I – FINANCIAL INFORMATION:	
<u>Item 1.</u>	
<u>Condensed Financial Statements (unaudited):</u>	<u>F-1</u>
Report of Independent Registered Public Accounting Firm	F-2
<u>Condensed Consolidated Balance Sheets, March 31, 2013 and December 31, 2012 (Unaudited)</u>	<u>F-3</u>
<u>Condensed Consolidated Statements of Operations for the Three months Ended March 31, 2013 and 2012 (Unaudited)</u>	<u>F-4</u>
<u>Condensed Consolidated Statements of Shareholders' Deficit for the Three months Ended March 31, 2012 and 2013 (Unaudited)</u>	<u>F-5</u>
<u>Condensed Consolidated Statements of Cash Flows for the Three months Ended March 31, 2013 and 2012 (Unaudited)</u>	<u>F-6</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>F-8</u>
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>2</u>
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>13</u>
<u>Item 4A.</u>	
<u>Controls and Procedures</u>	<u>13</u>
PART II – OTHER INFORMATION:	
<u>Item 1.</u>	
<u>Legal Proceedings</u>	<u>13</u>
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>13</u>
<u>Item 3.</u>	
<u>Defaults Upon Senior Securities</u>	<u>14</u>
<u>Item 4.</u>	
<u>Submission of Matters to a Vote of Security Holders</u>	<u>14</u>
<u>Item 5.</u>	
<u>Other Information</u>	<u>14</u>
<u>Item 6.</u>	
<u>Exhibits</u>	<u>14</u>

Signatures

17

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iii

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Table of Contents

Item 1. Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the financial statements contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations, and cash flows of the Company for the interim periods presented.

The results for the period ended March 31, 2013 are not necessarily indicative of the results of operations for the full year. These financial statements and related footnotes should be read in conjunction with the financial statements and footnotes thereto included in the Company's Form 10-K filed with the Securities and Exchange Commission for the period ended December 31, 2012.

Table of Contents

ACQUIRED SALES CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2013 and 2012

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Table of Contents

ACQUIRED SALES CORP. AND SUBSIDIARIES  
INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Condensed Consolidated Balance Sheets, March 31, 2013 and December 31, 2012 (Unaudited)	F-3
Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2013 and 2012 (Unaudited)	F-4
Condensed Consolidated Statement of Shareholders' Equity (Deficit) for the Three Months Ended March 31, 2012 and 2013 (Unaudited)	F-5
Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2013 and 2012 (Unaudited)	F-6
Notes to Condensed Consolidated Financial Statements (Unaudited)	F-8

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Shareholders  
Acquired Sales Corp.

We have reviewed the accompanying condensed consolidated balance sheets of Acquired Sales Corp. as of March 31, 2013, and the related statements of operations, shareholders' deficit, and cash flows for the three-month periods ended March 31, 2013 and 2012. These interim condensed financial information statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ HANSEN, BARNETT & MAXWELL, P.C.  
Salt Lake City, Utah  
May 16, 2013

Table of Contents

ACQUIRED SALES CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$502,174	\$186,914
Restricted cash	300,000	-
Accounts receivable	23,250	292,171
Receivables from employees	938	609
Prepaid expenses	-	14,301
Total Current Assets	826,362	493,995
<b>Intangible Assets</b>		
Deposits	4,900	4,900
Property and Equipment	4,735	-
Property and Equipment Held-For-Sale	-	25,438
Total Assets	\$1,099,164	\$862,691
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Trade accounts payable	\$136,692	\$346,153
Accrued liabilities	-	124,078
Billings in excess of costs on uncompleted contracts	152,449	376,650
Accrued compensation	105,547	880,723
Notes payable, current portion	-	130,070
Notes payable - related parties, current portion	-	1,489,275
Total Current Liabilities	394,688	3,346,949
<b>Long-Term Liabilities</b>		
Notes payable, net of \$39,520 unamortized net discount and current portion	-	480,480
Notes payable - related parties, net of \$30,399 unamortized net discount and current portion	-	344,601
Total Long-Term Liabilities	-	825,081
<b>Shareholders' Equity (Deficit)</b>		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; none outstanding	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized; 2,963,896 and 2,877,896 shares outstanding, respectively	2,964	2,878
Additional paid-in capital	8,459,602	8,187,846
Accumulated deficit	(7,758,090)	(11,500,063)
Total Shareholders' Equity (Deficit)	704,476	(3,309,339)
Total Liabilities and Shareholders' Equity (Deficit)	\$1,099,164	\$862,691

Table of Contents

ACQUIRED SALES CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	For the Three Month Ended March 31,	
	2013	2012
Revenue	\$-	\$48,500
Cost of Services	-	9,380
Gross Profit	-	39,120
Selling, General and Administrative Expense	74,390	513,956
Amortization of Intangible Assets	75,190	37,595
Operating Expenses	149,580	551,551
Loss from Operations	(149,580 )	(512,431 )
Loss from Extinguishment of Debt	79,463	-
Interest Expense	4,719	15,063
Loss from Continuing Operations	(233,762 )	(527,494 )
Gain on Disposal of Discontinued Operations	3,731,389	-
Income from Discontinued Operations	244,346	2,563
Net Income (Loss)	\$3,741,973	\$(524,931 )
Basic Earnings (Loss) per Share		
Continuing Operations	\$(0.08 )	\$(0.20 )
Discontinued Operations	1.35	-
Basic Earnings (Loss) per Share	\$1.27	\$(0.20 )
Diluted Earnings (Loss) per Share		
Continuing Operations	\$(0.06 )	\$(0.20 )
Discontinued Operations	0.94	-
Diluted Earnings (Loss) per Share	\$0.88	\$(0.20 )

Table of Contents

ACQUIRED SALES CORP. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2012 and 2013  
 (UNAUDITED)

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Shareholders' Equity (Deficit)
Balance, December 31, 2011	2,602,896	\$2,603	\$6,236,634	\$(9,136,037 )	\$ (2,896,800 )
Services contributed by shareholder, no additional shares issued	-	-	62,500	-	62,500
Issuance of warrants to purchase common stock	-	-	141,973	-	141,973
Share-based compensation	-	-	449,905	-	449,905
Acquisition of the Defense & Security Technology Group, Inc. net assets	100,000	100	679,202	-	679,302
Net loss	-	-	-	(524,931 )	(524,931 )
Balance, March 31, 2012	2,702,896	2,703	7,570,214	(9,660,968 )	(2,088,051 )
Balance, December 31, 2012	2,877,896	\$2,878	\$8,187,846	\$(11,500,063 )	\$ (3,309,339 )
Stock issued in debt extinguishment	86,000	86	271,756	-	271,842
Net income	-	-	-	3,741,973	3,741,973
Balance, March 31, 2013	2,963,896	\$2,964	\$8,459,602	\$(7,758,090 )	\$ 704,476

Table of Contents

ACQUIRED SALES CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	For the Three Month Ended March 31,	
	2013	2012
<b>Cash Flows from Operating Activities</b>		
Net Income (loss )	\$3,741,973	\$(524,931 )
Income/gain from discontinued operations	(3,975,735)	(2,563 )
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities:		
Services contributed by shareholder, no additional shares issued	-	62,500
Share-based compensation	-	449,905
Amortization of discount	-	149,986
Amortization of intangible assets	75,190	37,595
Acquisition related compensation	-	32,649
Depreciation	-	150
Loss from extinguishment of debt	79,463	-
Changes in operating assets and liabilities:		
Accounts payable	(14,469 )	(2,120 )
Accrued liabilities	(1,297 )	-
Billings in excess of costs on uncompleted contracts	(40,216 )	-
Accrued compensation	1,981	24,383
Net cash provided by (used in) operating activities of continuing operations	(133,110 )	227,554
Net cash used in operating activities of discontinued operations	(969,919	