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

FORM 10-Q

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

For the Quarterly Period Ended: March 31, 2015

Commission File Number 000-54360

WINDSTREAM TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Wyoming	**98-0178621**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

819 Buckeye Street North Vernon, Indiana	**47265**	**(812) 953-1481**
(Address of principal executive office)	(Zip Code)	(Registrant's telephone number, including area code)

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 [X] 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 (§ 229.405 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 [X] 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 [ ]
(Do not check if a smaller reporting company)
Smaller reporting company [X]

As of May 12, 2015, there were 111,943,167 shares of registrant's common stock outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. – FINANCIAL STATEMENTS

WINDSTREAM TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
CURRENT ASSETS		
Cash	$ 192,792	$ 594,508
Accounts receivable, net	1,093,124	1,017,522
Inventories	1,163,760	1,184,957
Prepaid expenses	483,253	77,349
Investor notes receivable	1,794,916	2,175,260
TOTAL CURRENT ASSETS	4,727,845	5,049,596
Property and equipment, net	241,763	253,640
OTHER ASSETS		
Deposits	58,242	62,059
TOTAL ASSETS	**$ 5,027,850**	**$ 5,365,295**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 1,309,817	$ 1,154,283
Accrued liabilities	1,142,933	1,052,891
Short term debt - third parties	2,250,215	2,476,605
Current maturities of note payable	107,838	107,838
Convertible notes payable, net of unamortized debt discount of $66,670 and $166,668, respectively	3,495,581	3,041,332
Derivative liabilities	1,743,786	1,939,292
Short term debt - related parties	221,000	221,000
TOTAL CURRENT LIABILITIES	10,271,170	9,993,241
LONG TERM LIABILITY		
Note payable, non-current	1,202,162	1,217,162
TOTAL LIABILITIES	11,473,332	11,210,403
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock; $0.001 par value; unlimited shares authorized; 88,617,154 and 86,617,154 shares issued and outstanding, respectively	87,283	87,283
Additional paid in capital	16,268,315	15,881,419
Accumulated deficit	(22,776,088)	(21,750,309)
Deficit attributable to Windstream Technologies, Inc.	(6,420,490)	(5,781,606)
Noncontrolling interest	(24,992)	(63,501)
TOTAL STOCKHOLDERS' DEFICIT	(6,445,482)	(5,845,108)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	**$ 5,027,850**	**$ 5,365,295**

WINDSTREAM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31, 2015 (Unaudited)	For the Three Months Ended March 31, 2014 (Unaudited)
SALES	$ 968,925	$ 237,897
COST OF GOODS SOLD	524,783	275,407
GROSS PROFIT (LOSS)	444,142	(37,510)
OPERATING EXPENSES:		
Research and development	14,544	22,573
Stock compensation	136,814	42,330
General and administrative expenses	1,203,028	556,995
TOTAL OPERATING EXPENSES	1,354,386	621,898
LOSS FROM OPERATIONS	(910,244)	(659,408)
OTHER INCOME (EXPENSE)		
Other expense	(1,538)	--
Interest expense, net	(302,994)	(132,758)
Gain on change in fair value of derivative liabilities	227,506	--
TOTAL OTHER INCOME (EXPENSE)	(77,026)	(132,758)
NET LOSS	$ (987,270)	$ (792,166)
Noncontrolling interest	38,509	--
NET LOSS ATTRIBUTABLE TO WINDSTREAM TECHNOLOGIES, INC.	$ (1,025,779)	$ (792,166)
Net Loss Per Share - Basic and Diluted	$ (0.01)	$ (0.01)
Weighted Average Shares Outstanding - Basic and Diluted	88,686,836	83,782,455

WINDSTREAM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31, 2015 (Unaudited)	For the Three Months Ended March 31, 2014 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (987,270)	$ (792,166)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	31,940	31,108
Amortization of deferred financing costs	--	7,512
Gain from change in fair value of derivative liability	(227,506)	--
Stock based compensation and stock warrant expense	136,814	42,330
Amortization of debt discount	99,999	76,000
Changes in operating Assets and Liabilities:		
Accounts receivable	(75,602)	(260,732)
Inventories	21,197	(349,910)
Prepaid expenses	(405,904)	(19,606)
Deposits	3,817	--
Accounts payable	155,534	357,645
Accrued liabilities	90,042	118,091
NET CASH USED IN OPERATING ACTIVITIES	(1,156,939)	(789,728)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Cash paid for property and equipment	(20,063)	--
NET CASH USED IN INVESTING ACTIVITIES	(20,063)	--
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock, net of offering costs of $0 and $109,000, respectively	--	115,000
Payments on stock subscription receivable	250,082	--
Borrowings (repayments) on line of credit, net	(226,390)	450,000
Principal payments on short term debt	(68,750)	--
Borrowings on short term debt	355,000	--
Borrowings on short term debt - related party	--	35,000
Borrowing on long term debt	100,000	--
Principal payments on long term debt	(15,000)	--
Payments on investor note receivables	380,344	--
NET CASH PROVIDED BY FINANCING ACTIVITIES	775,286	600,000
NET INCREASE (DECREASE) IN CASH	(401,716)	(189,728)
CASH, Beginning of Period	594,508	203,534
CASH, End of Period	$ 192,792	$ 13,806
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 178,948	$ 27,044
Income taxes	800	-

WINDSTREAM TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015 AND 2014

NOTE 1 – BASIS OF PRESENTATION AND NATURE OF ORGANIZATION

WindStream Technologies Inc. (the "Company"), is engaged in the development and commercialization of wind driven electrical generation. The Company's facilities are located in North Vernon, Indiana. The accompanying consolidated financial statements of Windstream Technologies Inc. (the "Company"), have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC") and expressed in U.S. dollars. The Company's fiscal year end is December 31.

On March 24, 2014, Windaus Global Energy, Inc. filed an Articles of Amendment with the Secretary of State of the State of Wyoming effecting a name change of Windaus Global Energy, Inc. to WindStream Technologies, Inc. (the "name Change"). Windaus Global Energy, Inc. has notified the Financial Industry Regulatory Authority ("FINRA") of the Name Change and a new trading symbol, "WSTI" was assigned effective March 27, 2014. The new CUSIP number for the Company's common stock is 97382J102.

India

On October 26, 2013, the Company formed a 99.9% owned subsidiary company, in India, Windstream Energy Technologies India Private Limited, ("WET"), located in Hyderabad to perform various commercial activities including reselling, manufacturing, repairing, importing, exporting various types renewable energy sources including turbines, windmills, solar-wind hybrids and other devices. A Board of Directors was established consisting of the Chief Executive Officer of the Company and an Indian national. At the time of formation, the Parent Company received 10,000 shares of stock in the wholly-owned subsidiary, and WET did not have any significant assets or liabilities.

On December 11, 2013, WET held a board of directors meeting to approve opening a bank account and the investor began funding the working capital line.

India - Noncontrolling interest

In October 2014, the Company entered into an agreement with unrelated third parties, whereby in exchange for $2 million, these investors would receive 8,184 shares of stock in WET, or a 45% interest of WET. These are in addition to the 10,000 shares owned by the Company, and the Company retained a 55% ownership in WET, making it a majority-owned subsidiary. The Company also has three of the five board seats on the board of directors of India.

In November and December 2014, WET leased office space, approximately 9,500 square feet, and manufacturing space, approximately 50,000 square feet, in India in connection with expanding its operations. The office space lease is a month-to-month lease with annual rent of approximately $24,000 and was occupied in December 2014. The manufacturing facility lease is a six-year lease with annual rent of approximately $120,000. The manufacturing space lease commenced on April 1, 2015 when WET occupied the space.

As of March 31, 2015, approximately $723,000 of the $2 million purchase price of the WET stock had been funded by the third party investors. At April 15, 2015, a total of approximately $873,000 had been funded by the third party investors.

Peru

In December 2013, the Company filed documents to incorporate a 100% owned subsidiary in Peru, Windstream Technologies Latin America S.A ("the Peru subsidiary"). The Peru subsidiary has appointed a temporary board of directors as required by local regulation, but the Peru subsidiary has had no operations, has entered into no contracts, opened no bank accounts and has not begun any business activity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The consolidated financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Consolidations

The consolidated financial statements include the accounts of the Company and companies in which the Company has a controlling interest including the accounts of Windstream Technologies, Inc., (fka, Windaus Global Energy, Inc.), Windstream Technologies, Inc. (a California corporation), Windstream Energy Technologies Pvt Ltd. and Windstream Technologies Latin America S. A. For consolidated subsidiaries where the Company's ownership in the subsidiary is less than 100%, the equity interest not held by the Company is shown as non-controlling interests. Management also evaluates whether an investee company is a variable interest entity and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. The Company did not have any variable interest entities requiring consolidation during the three months ended March 31, 2015 and 2014. All material intercompany balances have been eliminated in consolidation.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current presentation. The reclassifications did not impact prior period results of operations, cash flows, total assets, total liabilities or total equity.

Comprehensive Income

The Company reports comprehensive income in accordance with FASB ASC Topic 220 "Comprehensive Income," which established standards for reporting and displaying comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial statements.

Total comprehensive income is defined as all changes in stockholders' equity during a period, other than those resulting from investments by and distributions to stockholders (i.e., issuance of equity securities and dividends). Generally, for the Company, total comprehensive income (loss) equals net income (loss) plus or minus adjustments for currency translation. Comprehensive income was *de minimus* for the three months ended March 31, 2015 and 2014.

Foreign Currency Transactions and Translation

The Company's subsidiaries in India and Peru conduct business primarily denominated in their respective local currency, which is their functional currency. Assets and liabilities have been translated to U.S. dollars at the period-end exchange rates. Revenues and expenses have been translated at exchange rates which approximate the average of the rates prevailing during each period. Translation adjustments are *de minimus* for the three months ended March 31, 2015 and 2014, and are included in the Company's results of operations as a component of general and administrative expenses.

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates reflected in the Company's consolidated financial statements include the allowance made for doubtful accounts receivable, inventory write-downs, the estimated useful lives of long-lived assets, the impairment of long-lived assets and project assets, fair value of derivative liability, valuation allowance of deferred income tax assets, accrued warranty expenses, the grant-date fair value of share-based compensation awards and related forfeiture rates, and fair value of financial instruments. Changes in facts and circumstances may result in revised estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with obtaining the debt financing. These costs are amortized ratably and changed to financing expenses over the term of the related debt.

In connection with one of the five debt issuances as discussed in Note 11, the Company paid finder's fees of approximately $42,000 as well as 140,000 common stock warrants at $0.05 per share. The warrants vest immediately and have a three year term. The fair value of the warrants was determined to be approximately $48,000 using the Black-Scholes option pricing model with the same assumptions as the warrants discussed in Notes 11 and 16, except the exercise price used for the warrants discussed above was $0.05 per share.

The combined value of the warrants, $48,000 above, and cash, $42,000 above, is $90,000, which was capitalized as a financing cost and is being amortized to interest expense over the life of the notes.

As of March 31, 2015 and December 31, 2014, the deferred financing costs had an unamortized balance of $0. Amortization of deferred financing costs, which has been included interest expense, for the three months ended March 31, 2015 and 2014, was approximately $0 and $7,500, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

Accounts Receivable

Trade accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Bad debts expense or write offs of receivables are determined on the basis of loss experience, known and inherent risks in the receivable portfolio and current economic conditions. The Company believes its allowance for doubtful accounts as of March 31, 2015 and December 31, 2014 are adequate, but actual write-offs could exceed the recorded allowance. There have been no write-offs during the various periods being reported on.

Export Import Bank Credit Insurance

The Company sells its products outside the United States under the terms of a short-term multi-buyer export credit insurance policy with the Export Import Bank ("Ex Im Bank") of the United States, an agency of the United States Government. Under the terms of the policy, the Ex Im Bank agrees to pay the Company up to 95% of the outstanding invoice amounts, on qualified sales, due after ninety days or depending on the specific terms with each customer. The limit of the policy is $4,000,000 at March 31, 2015 and December 31, 2014.

Inventories

Inventories are primarily raw materials. Inventories are valued at the lower of cost, as determined on a first-in-first-out (FIFO) basis, or market. Market value is determined by reference to selling prices after the balance sheet date or to management's estimates based on prevailing market conditions. Management writes down the inventories to market value if it is below cost. Management also regularly evaluates the composition of its inventories to identify slow-moving and obsolete inventories to determine if valuation allowance is required. Costs of raw material inventories include purchase and related costs incurred in bringing the products to their present location and condition.

Property and Equipment

Property and equipment consists of manufacturing equipment, factory equipment, furniture and fixtures, leasehold improvements and tooling costs. These assets are recorded at cost and are being amortized on the straight-line basis over estimated lives of two to seven years. Leasehold improvements are being amortized over their useful life or the term of the related lease, whichever is shorter. Repair and maintenance expenditures, which do not result in improvements, are charged to expense as incurred.

Long-Lived Assets

The Company's long-lived assets consisted of property and equipment and are reviewed for impairment in accordance with the guidance of FASB ASC Topic, 360, *Property, Plant and Equipment,* and FASB ASC Topic 205, *Presentation of Financial Statements.* The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the asset exceeds its fair value. Impairment evaluations involve management's estimates on asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management which could have a material effect on our reporting results and financial positions. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. As of March 31, 2015 and December 31, 2014, the Company had not experienced impairment losses on its long-lived assets. However, there can be no assurances that the demand for the Company's products and services will continue, which could result in an impairment of long-lived assets in the future.

Deferred Revenues

The Company typically receives advance payments on certain individual sales. These advance payments are recorded as deferred revenue, under accrued liabilities, on the accompanying consolidated balance sheets and reclassified as revenue in the statement of operations only after the product has been delivered and the revenue has been earned.

Revenue Recognition

Sales revenue consists of amounts earned from customers through the sale of its primary products, the TurboMill and the SolarMill, power generation devices, which use alternative energy sources, primarily wind, to generate electricity. The Company also provides accessory products in support of these devices in the form of mounting equipment, data collection/monitoring equipment, batteries, inverters and various wiring solutions and accessories.

Sales revenue is recognized when persuasive evidence of an arrangement exists, title to and risk of loss for the product has passed, which is generally when the products are shipped to its customers and collection is reasonably assured.

Sales Returns

The Company allows customers to return defective products when they meet certain established criteria as outlined in the Company's sales terms and conditions. It is the Company's practice to regularly review and revise, when deemed necessary, the estimates of sales return, which are based primarily on historical rates. The Company records estimated sales returns as reductions in sales and accounts receivable. Returned products, which are recorded as inventory, are valued based upon the amount the Company expects to realize upon any subsequent disposition. As of March 31, 2015 and December 31, 2014, the reserve for sales returns and allowances was $16,000.

Warranty Policy

For the Company's products it sells, the Company warrants to the original purchaser only that the products will be free from defects in workmanship and material for five years after the shipment date with exclusions for improper installation, ordinary wear and tear, improper maintenance or accident or damage. Estimated future warranty obligations related to certain products are provided by charges to operations in the period in which the related revenue is recognized. Estimates are based on, in part, historical experience. At March 31, 2015 and December 31, 2014, the Company had accrued warranty expense liability of $253,000. For the three months ended March 31, 2015 and 2014, the Company had warranty expense of approximately $400 and $63,000, respectively.

Cost of goods sold

Cost of goods sold consists primarily of raw materials, utility and supply costs consumed in the manufacturing process, manufacturing labor, depreciation expense and direct overhead expenses necessary to manufacture finished goods as well as warehousing and distribution costs such as inbound freight charges, shipping and handling costs, purchasing and receiving costs.

Shipping and Handling Costs

Shipping and handling costs for all sales transactions are billed to the customer and are included in cost of goods sold for all periods presented.

Income Taxes

In accordance with ASC 740 - Income Taxes, the provision for income taxes is computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Profit from non-U.S. activities are subject to local taxes, but not subject to U.S. tax until repatriated to the U.S. It is the Company's intention to permanently reinvest these earnings outside the U.S., subject to our management's continuing assessment as to whether repatriation may, in some cases, still be in the best interests of the Company. The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations.

The Company also follows the guidance related to accounting for income tax uncertainties. The Company recognizes the benefit of uncertain tax in its positions in its financial statements when it concludes that a tax position is more likely than not to be sustained upon examination based solely on its technical merits. Only after a tax position passed the first step of recognition will measurement be required. Under the measurement step, the tax benefit not measured.

For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The Company accrues any interest or penalties related to its uncertain tax positions as part of its income tax expense. No reserve for uncertain tax positions was booked by the Company for the three months ended March 31, 2015 and 2014. No liability for unrecognized tax benefits was recorded as of March 31, 2015 and December 31, 2014.

Stock Based Payments

We account for stock-based awards to employees in accordance with ASC 718 - Stock Compensation. Under this guidance, stock compensation expense is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the estimated service period (generally the vesting period) on the straight-line attribute method. Share-based awards to non-employees are accounted for in accordance with ASC 505-50 "Equity", wherein such awards are expensed over the period in which the related services are rendered.

General and Administrative Expenses

General and administrative expenses consist of business development, commissions, insurance costs, marketing, salary and benefit expenses, rent, professional fees, travel and entertainment expenses and other general and administrative overhead costs. Expenses are recognized when incurred.

Research and Development

Costs incurred in developing the ability to create and manufacture products for sale are included in research and development in the Company's consolidated statement of operations. Once a product is commercially feasible and starts to sell to third party customers, the classification of such costs as development costs stops and such costs are recorded as costs of production, which is included in cost of goods sold. Research and development costs are expensed when incurred.

For the three months ended March 31, 2015 and 2014, research and development expenses were approximately $15,000 and $23,000, respectively.

Basic and Diluted Net Loss per Share

The Company computes loss per share in accordance with ASC 260, - Earnings per Share. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using treasury stock method, and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive. Common stock equivalents pertaining to the convertible debt, options and warrants were not included in the computation of diluted net loss per common share because the effect would have been anti-dilutive due to the net loss for the three months ended March 31, 2015 and 2014.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and trade receivables. The Company places its cash with high credit quality financial institutions. At times such cash may be in excess of the FDIC limit of $250,000.

The Company sells primarily to companies and governmental entities across the globe. Receivables arising from those sales domestically are not collateralized; however, credit risk is minimized by continuing to diversify the customer base. International sales typically take place under the auspices of the Export Import Bank, a U.S. government entity, and are guaranteed by that entity under the terms of an insurance policy with a limit of $4 million. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of the specific customers, historical trends and other information.

As of March 31, 2015, one customer represented approximately 91% of outstanding accounts receivable. As of December 31, 2014, two customers represented 90% of outstanding accounts receivable balances. For the three months ended March 31, 2015 and 2014, one customer represented approximately 94% and 97% of revenue, respectively.

For the three months ended March 31, 2015 and 2014, two vendors and one vendor represented approximately 53% and 25% of total cost of goods sold, respectively.

Related parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

An officer of the Company is also a relative of the mayor of North Vernon, which has a loan with the Company as described in Notes 12 and 13. The officer has an employment contract with the Company. Management believes all compensation is based on market value comparisons and is not impacted at all by the related party officer's relationship to the mayor of the lender, all relationships have been disclosed to all parties, and all transactions have been entered into on an unrelated, third party basis.

Financial Instruments and Fair Value of Financial Instruments

The Company applies the provisions of accounting guidance, FASB Topic ASC 825 , *Financial Instruments*, that requires all entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate the fair value, and defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. At March 31, 2015 and December 31, 2014, the fair value of cash, accounts receivable, inventory, accounts payable, accrued expenses, deferred revenues and short term debt approximate carrying value due to the short maturity of the instruments, quoted market prices or interest rates which fluctuate with market rates.

The Company defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies the following fair value hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 – Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- Level 2 – Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company uses quoted marked prices to determine the fair values when available. If quoted market prices are not available, the Company measure fair value using valuation techniques that use, when possible, current market-based or independently-sourced market parameters, such as interest rates and currency rates.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared.

Accounting for Derivatives Liabilities

The Company evaluates stock options, stock warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, *Derivative Instruments and Hedging: Contracts in Entity's Own Equity*. The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative instrument and is marked-to-market at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date. See Note 11 for disclosure of derivatives and their valuation related to various convertible debt agreements.

Equity Instruments Issued to Non-Employees for Acquiring Goods or Services

Issuances of the Company's common stock or warrants for acquiring goods or services are measured at the fair value of the consideration or the fair value of the equity instruments issued, whichever is more reliably measurable. The measurement date for the fair value of the equity instruments issued to consultants or vendors is determined at the earlier of (i) the date at which a commitment for performance to earn the equity instruments is reached (a "performance commitment" which would include a penalty considered to be of a magnitude that is sufficiently large disincentive for non-performance) or (ii) the date at which performance is complete. When it is appropriate for the Company to recognize the cost of a transaction during the financial reporting periods prior to the measurement date, for purposes of recognition of costs during those periods, the equity instrument is measured at the then-current fair values at each of those interim financial reporting dates.

Segment Information

The Company operates in two segments in accordance with accounting guidance FASB ASC Topic 280, *Segment Reporting*. Our Chief Executive Officer has been identified as the chief operating decision maker as defined by FASB ASC Topic 280. See additional discussion at Note 20.

Recently Issued Accounting Pronouncements, not yet adopted

On May 28, 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective for us on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* ASU 2014-15 defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. Under GAAP, financial statements are prepared under the presumption that the reporting organization will continue to operate as a going concern, except in limited circumstances. The going concern basis of accounting is critical to financial reporting because it establishes the fundamental basis for measuring and classifying assets and liabilities. Currently, GAAP lacks guidance about management's responsibility to evaluate whether there is substantial doubt about the organization's ability to continue as a going concern or to provide related footnote disclosures. The ASU is effective for annual and interim periods beginning after December 15, 2016, and should be applied prospectively. Early adoption is permitted. We have not determined the effect of the standard on our ongoing financial reporting.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810) - Amendments to the Consolidation Analysis,* (ASU 2015-02). ASU 2015-02 modifies existing consolidation guidance related to (i) limited partnerships and similar legal entities, (ii) the evaluation of variable interests for fees paid to decision makers or service providers, (iii) the effect of fee arrangements and related parties on the primary beneficiary determination, and (iv) certain investment funds. These changes reduce the number of consolidation models from four to two and place more emphasis on the risk of loss when determining a controlling financial interest. This guidance is effective for public companies for fiscal years beginning after December 15, 2015. We are in the process of evaluating the adoption of this ASU, and do not expect this to have a material effect on our consolidated results of operations and financial condition.

In June 2014, the FASB issued ASU 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period.* The amendments in the ASU require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718, Compensation - Stock Compensation, as it relates to awards with performance conditions that affect vesting to account for such awards. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's financial position and results of operations.

NOTE 3 – GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business.

The Company had accumulated deficits of approximately $22,800,000 at March 31, 2015 and $21,800,000 at December 31, 2014, had net losses of approximately $1,025,779 and $792,000 for the three months ended March 31, 2015 and 2014, respectively, and working capital deficits of approximately $5,500,000 and $5,000,000, at March 31, 2015 and December 31, 2014, respectively. These matters among others, raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to increase operations and generate additional revenues, the Company's cash position may not be significant enough to support the Company's daily operations. The Company will continue to pursue additional equity and/or debt financing while managing cash flows from operations in an effort to provide funds to meet its obligations on a timely basis and to support future business development. There is no assurance that these efforts will be successful. Management believes that the actions presently being taken to further implement its business plan and generate additional revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate additional revenues and in its ability to raise the additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plans and generate additional revenues. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 – REVERSE MERGER

Effective May 22, 2013, Windaus Global Energy, Inc. entered into a Share Exchange Agreement with WindStream Technologies, Inc., (a California corporation) pursuant to which, the Company agreed to exchange the outstanding common and preferred stock of WindStream held by the WindStream shareholders for shares of common stock of the Company on a 1:25.808 basis. At the Closing, there were approximately 955,000 shares of WindStream common stock and 581,961 shares of WindStream preferred stock outstanding. Pursuant to the Share Exchange Agreement, the shares of WindStream common stock and preferred stock were exchanged for 39,665,899 (24,646,646 for the Windstream common shares and 15,019,253 for the Windstream preferred shares) new shares of the Company's common stock, par value of $0.001 per share. At the closing of the agreement, Windaus Global Energy, Inc. had approximately 24,000,000 shares of common stock issued outstanding and no preferred stock. The Company has retroactively restated the common shares outstanding and weighted average shares outstanding for prior years pursuant to the reverse merger share exchange ratio of 1:25.808.

For accounting purposes, this transaction is being accounted for as a reverse merger and has been treated as a recapitalization of Windaus Global Energy, Inc., with WindStream Technologies, Inc. considered the accounting acquirer, and the financial statements of the accounting acquirer became the financial statements of the registrant. The Company did not recognize goodwill or any intangible assets in connection with the transaction. The 39,665,899 shares issued to the shareholder of WindStream Technologies, Inc., and its designees in conjunction with the share exchange transaction have been presented as outstanding for all periods. The historical consolidated financial statements include the operations of the accounting acquirer for all periods presented.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of:

	March 31, 2015	December 31, 2014
Accounts Receivable – EXIM insured	$ 1,081,984	$ 1,013,938
Accounts Receivable – not insured	39,542	31,986
	1,121,526	1,045,924
Allowances for doubtful accounts and sales returns and allowances	(28,402)	(28,402)
	$ 1,093,124	$ 1,017,522

Under the terms of a revolving line of credit agreement with the Export Import Bank as discussed in Note 10, 95% of customer's outstanding balances under the terms of the Export Import Bank are guaranteed by the Export Import Bank, an agency of the United States government.

NOTE 6 – INVENTORIES

Inventories consist of raw materials; work in process and finished goods. Inventory, consisting mostly of raw materials (which principally consist of components) are stated at the lower of cost or market on the first-in, first-out basis, or market. Inventories are classified as current assets.

Inventories consisted of the following as of:

	March 31, 2015	December 31, 2014
Raw Materials	$ 831,997	$ 729,981
Work in process	303,981	384,213
Finished goods	27,782	70,763
	$ 1,163,760	$ 1,184,957

During the twelve months ended December 31, 2014, the Company evaluated its inventory and wrote down inventory by approximately $111,000, which has been included in the accompanying consolidated statements of operations. There was no such write down in the quarter ended March 31, 2015.

NOTE 7 – PREPAID EXPENSES

Prepaid expenses consisted of the following as of:

	March 31, 2015	December 31, 2014
Prepaid expenses, primarily inventory	$ 483,253	$ 77,349

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of:

	March 31, 2015	December 31, 2014
Manufacturing equipment	$ 155,145	$ 154,666
Factory equipment	35,384	15,800
Furniture and fixtures	7,888	7,888
Leasehold improvements	64,582	64,582
Tooling	473,893	473,893
Total	736,892	716,829
Less accumulated depreciation	(495,129)	(463,189)
Net property, plant and equipment	$ 241,763	$ 253,640

Depreciation expense for the periods ended as follows amounted to:

	Three Months ended March 31, 2015	Three Months ended March 31, 2014
Depreciation Expense	$ 31,940	$ 31,108

NOTE 9 – ACCRUED LIABILITIES

Accrued expenses consisted of the following as of:

	March 31, 2015	December 31, 2014
Accrued interest	$ 555,658	$ 426,938
Accrued liabilities	25,618	25,618
Accrued payroll	291,531	332,909
Accrued warranty liability	253,000	253,000
Accrued property taxes	17,126	14,426
Total	$ 1,142,933	$ 1,052,891

NOTE 10 – SHORT TERM DEBT

On February 25, 2013, the Company entered into a working capital revolving line of credit with a bank, with a credit limit of $500,000 which was increased to $2 million when the line was renewed on June 26, 2014. The line is used in financing overseas sales of the Company's products. The Company's draws under the line are transaction specific and are guaranteed by the Export Import Bank, a U.S. government entity. The line is secured by a perfected first security interest on all of the Company assets.

Drawdowns on the line are used to meet the working capital needs of the Company to purchase materials and fund the labor and overhead to manufacture specific products for export to specific customers. The current line, which accrues interest at a fixed rate of 6.0%, expires on June 26, 2015, and has a total credit limit of 2,000,000. The loan is also guaranteed by the Company's President.

For the three months ended March 31 2015 and 2014, there were total draws on the line of credit of $260,000 and $450,000, respectively, and repayments of $486,390 and $0, respectively.

The outstanding balance as of March 31, 2015 and December 31, 2014 were $1,765,215 and $1,991,605, respectively, which has been included in the short-term debt – third parties on the balance sheet.

During 2013 and 2012, the Company has entered into other various notes to individuals at interest rates ranging from 5% to 18% and are due on demand. During the three months ended March 31, 2015 and 2014, the Company repaid $0 on these various notes.

At March 31, 2015 and December 31, 2014, these notes aggregated $285,000, which includes the $100,000 reclassified from short term debt – related parties as described above, and are included in the short term debt – third parties on the balance sheet. On April 15, 2014, the Company entered into a note payable for $200,000 with a term of one year and interest accruing at a rate of 8%, which is accruing and due in full at the end of the note. At March 31, 2015 and December 31, 2014, these various notes aggregated $485,000.

The above line of credit of $1,765,215 at March 31, 2015 and $1,991,605 at December 31, 2014, when combined with the above $485,000 in various notes payable to individuals at March 31, 2015 and at December 31, 2014, resulted in short term debt of $2,250,215 at March 31, 2015 and $2,476,605 at December 31, 2014 as shown on the accompanying balances sheets as of March 31, 2015 and at December 31, 2014.

Interest expense for the short-term debt was approximately $52,349 and $26,000 for the three months ended March 31, 2015 and 2014, respectively.

NOTE 11 – CONVERTIBLE NOTES PAYABLE

	March 31, 2015	December 31, 2014
Short term convertible notes		
2013 and 2014 convertible notes payable	$ 550,000	$ 550,000
Debt discount	(66,669)	(166,668)
2015 convertible notes payable	455,000	-
Typenex note payable	273,250	$ 342,000
Vista note payable	100,000	132,000
Redwood note payable	2,184,000	2,184,000
	$ 3,495,581	$ 3,041,332
Derivative and warrant liability		
Typenex	$ 893,347	$ 893,347
Vista	-	195,506
Redwood	850,439	850,439
	$ 1,743,786	$ 1,939,292

	March 31, 2015	December 31, 2014
Investor Notes		
Typenex	$ 259,916	$ 255,260
Redwood	1,535,000	1,920,000
Total Investor Notes Receivable	$ 1,794,916	$ 2,175,260

2013 and 2014 short term convertible notes payable, net of discount

On June 1, 2014, the Company entered into a subscription agreement with one accredited investor for the issuance of a convertible promissory note in the aggregate principal amount of $400,000, which is convertible into shares of common stock of the Company at $0.40 per share, and a warrant entitling the holder to purchase up to an aggregate of 50,000 of shares of common stock of the Company at $0.40 per share. The warrant has a term of three years and vested immediately. The note bears interest at 12% for the first ninety days of the term and then bears interest at 18% for the next nine months. The note is due in one year. In connection with this transaction, a major shareholder and a related party (the “Pledgor”) signed a pledge and security agreement, which grants a security interest in one million shares of the Company’s common stock owned by the Pledgor.

The Company evaluated the embedded conversion features within the convertible debt under ASC 815 “Derivatives and Hedging” and determined that neither the embedded conversion feature nor the warrants qualified for derivative accounting. Additionally, the instruments were evaluated under ASC 470-20 “Debt with Conversion and Other Options” for consideration of any beneficial conversion features. It was concluded that a beneficial conversion feature existed for the convertible debt due to the relative fair value of the warrants issued with the debt.

The total debt discount recorded on the note with the June 1, 2014 date of issuance was $400,000 (warrant relative fair value of approximately $42,000 and the beneficial conversion feature was approximately $358,000) which are being amortized to interest expense over the term of the note. The warrant and beneficial conversion feature was recorded as additional paid in capital.

On June 1, 2013, the Company entered into subscriptions agreements with five accredited investors for the issuance of convertible promissory notes in the aggregate principal amount of $550,000, which are convertible into shares of common stock of the Company at $0.25 per share, and warrants entitling the holder to purchase up to an aggregate of 1,600,000 of shares of common stock of the Company at $0.25 per share. The warrants have a term of three years and vested immediately. The notes bear interest at 8% and are due in one year. Four notes with a value of $200,000 at December 31, 2013, were converted to stock in 2014 as disclosed in Note 14. One note for $350,000 at December 31, 2013, was not repaid timely and went into default in 2014. The interest rate on those note rose to 12% as a consequence.

The Company evaluated the embedded conversion features within the convertible debt under ASC 815 “Derivatives and Hedging” and determined that neither the embedded conversion feature nor the warrants qualified for derivative accounting. Additionally, the instruments were evaluated under ASC 470-20 “Debt with Conversion and Other Options” for consideration of any beneficial conversion features. It was concluded that a beneficial conversion feature existed for the convertible debt due to the relative fair value of the warrants issued with the debt.

The total debt discount recorded on the note with the June 1, 2013 date of issuance was $528,058 (warrant relative fair value of approximately $253,000 and the beneficial conversion feature was approximately $275,000) which are being amortized to interest expense over the term of the note.

The unamortized debt discount balance at March 31, 2015 and December 31, 2014 was approximately $66,670 and $167,000, respectively and is being netted against the total convertible promissory notes principal amount of $1,005,000 and $550,000, respectively, for presentation in the accompanying consolidated balance sheets.

For the three months ended March 31, 2015 and 2014, the Company amortized approximately $100,000 in 2015 and $76,000 (including approximately $64,000 of debt discount related to notes converted to common stock, see below) in 2014 to interest expense.

Interest expense incurred and accrued on all of the above convertible notes payable was approximately $16,000 and $25,000, respectively for the three months ended March 31, 2015 and 2014.

In connection with one of the five debt issuances, in 2013, the Company paid finder’s fees of approximately $42,000 as well as 140,000 common stock warrants at $0.05 per share. The warrants vest immediately and have a three years term. The fair value of the warrants was determined to be approximately $48,000. Based on the Black Scholes option pricing model using the same assumption as those used for the warrants above, except the exercise prices was $0.05 per share. The combined value of the warrants, $48,000 per above, and cash, $42,000 per above, amounted to approximately $90,000, which was capitalized as a deferred financing cost and is being amortized to interest expense over the life of the notes. Amortization of deferred financing costs, which has been included interest expense, for the three months ended March 31, 2015 and 2014, was approximately $0 and $7,500, respectively.

2015 convertible notes payable

LG Capital Financing

On March 5, 2015, the Company entered into a securities purchase agreement with LG Capital Funding, LLC, an accredited investor (“LG”) whereby the Company issued and sold to LG an 8% convertible note (the “LG Note”) in the principal amount of $105,000 for $105,000 (collectively, the “LG Financing”).

The LG Note is due on the first anniversary of issuance and bears interest at the rate of 8% per annum. The LG Note is convertible, in whole or in part, into shares of Common Stock at the option of LG, at a conversion price equal to 60% of the lowest trading price of the Common Stock for the 15 trading days immediately preceding, and including, the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the LG Note.

The Company has the right, at any time prior to the six month anniversary of the issuance date of the LG Note to redeem the outstanding LG Note at a redemption price equal to an amount between 115% and 145% of the amount of principal plus interest being redeemed, depending on the date of prepayment.

The convertibility of the LG Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 9.9% of Common Stock.

The Company reimbursed LG for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $5,000 and paid $8,000 to Carter Terry & Company in connection with due diligence fees.

JSJ Investments Financing

On March 6, 2015, the Company issued and sold to JSJ Investments Inc. (“JSJ”) a convertible note (the “JSJ Note”), in the principal amount of $100,000, for $100,000 (collectively, the “JSJ Financing”).

The JSJ Note is due on demand and bears interest at the rate of 12% per annum. The JSJ Note is convertible, in whole or in part, into shares of Common Stock at the option of JSJ, at a conversion price equal to the lesser of (i) 55% of the lowest trading price of the Common Stock for the 20 trading days immediately preceding the date of issuance of the JSJ Note or (ii) 55% of the lowest trading price of the Common Stock for the 20 trading days immediately preceding the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the JSJ Note.

The Company has the right to redeem the outstanding JSJ Note at a redemption price equal to 150% of the amount of principal and interest being redeemed, provided that any repayment, including at maturity, can only be made with the consent of JSJ.

The Company reimbursed JSJ for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $2,000 and paid $10,000 to Carter Terry & Company in connection with due diligence fees.

JMJ Financial Financing

On March 9, 2015, the Company issued and sold to JMJ Financial (“JMJ”) a convertible note (the “JMJ Note”) in the principal amount of $100,000 for $90,000 (collectively, the “JMJ Financing”). JMJ has the right to invest an additional $400,000 on the same terms and conditions from time to time in its sole discretion.

Each portion funded of the JMJ Note is due on the second anniversary of funding and bears no interest for the first three months and then a one-time interest charge of 12% will be due. The JMJ Note is convertible, in whole or in part, into shares of Common Stock at the option of JMJ, at a conversion price equal to the lesser of (i) $0.084 or (ii) 60% of the lowest trading price of the Common Stock for the 25 trading days immediately preceding the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the JMJ Note.

The convertibility of the JMJ Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 4.99% of Common Stock.

The Company granted JMJ piggyback registration rights on the shares issuable upon conversion of the JMJ Note. If the Company fails to include such shares, the Company shall pay JMJ liquidated damages of 25% of the outstanding principal amount of the JMJ Note, but not less than $25,000.

EMA Financial Financing

On March 10, 2015, the Company entered into a securities purchase agreement with EMA Financial, LLC, an accredited investor ("EMA") whereby the Company issued and sold to EMA an 8% convertible note (the "EMA Note") in the principal amount of $100,000 for $90,000 (collectively, the "EMA Financing").

The EMA Note is due on the first anniversary of issuance and bears interest at the rate of 10% per annum. The EMA Note is convertible, in whole or in part, into shares of Common Stock at the option of EMA, at a conversion price equal to 60% of the lowest trading price of the Common Stock for the 15 trading days immediately preceding the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the EMA Note.

The Company has the right, at any time prior to the four month anniversary of the issuance date of the EMA Note, upon at least five trading days prior written notice, to redeem the outstanding EMA Note at a redemption price equal to 135% of the amount of principal and interest being redeemed.

The convertibility of the EMA Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 4.9% of Common Stock.

The Company granted EMA a right of first refusal on all future financings for a year from the date of issuance of the EMA Note.

The Company reimbursed EMA for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $3,500.

Adar Bays Financing

On March 20, 2015, the Company entered into a securities purchase agreement with Adar Bays, LLC, an accredited investor ("Adar") whereby the Company issued and sold to Adar an 8% convertible note (the "Adar Note") in the principal amount of $50,000 for $50,000 (collectively, the "Adar Financing").

The Adar Note is due on the first anniversary of issuance and bears interest at the rate of 8% per annum. The Adar Note is convertible, in whole or in part, into shares of Common Stock at the option of Adar, at a conversion price equal to 65% of the lowest trading price of the Common Stock for the 15 trading days immediately preceding, and including, the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the Adar Note.

The Company has the right, at any time prior to the six month anniversary of the issuance date of the Adar Note to redeem the outstanding Adar Note at a redemption price equal to 150% of the amount of principal being redeemed plus interest.

The convertibility of the Adar Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 9.9% of Common Stock.

The Company reimbursed Adar for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $2,500 and paid $4,000 to Carter Terry & Company in connection with due diligence fees.

Interest expense incurred and accrued on all of the above convertible notes payable was approximately $2,000 and $0, respectively for the three months ended March 31, 2015 and 2014.

Convertible Note Payable to Typenex Co-Investment, LLC

On September 26, 2014 (the "Effective Date"), the Company entered into a Securities Purchase Agreement with Typenex Co-Investment, LLC ("Investor" or "Lender") whereby it sold in a private placement a 10% Collateralized Convertible Promissory note with a $550,000 principal amount, which was issued at a $50,000 discount from the face amount (the "OID"), and three warrants to purchase the Company's Common Stock at an exercise price of $.80 per share, exercisable at various dates (the "Investor Warrants"), in exchange for $250,000 cash and two 8% Investor Notes ("Investor Note #1 and "Investor Note #2") with principal balances of $125,000 each. The note is collateralized by the Investor Notes.

The note is separated into three Conversion Eligible Tranches (discussed under *Lender Conversion* below) of the following amounts:

Initial Tranche	$	275,000
First Subsequent Tranche		137,500
Second Subsequent Tranche		137,500
	$	550,000

The note accrues interest at 10%, and is repayable in eight monthly installments beginning March 26, 2015, until the Maturity Date of October 26, 2015 ("Installment Dates"). At each of the Installment Dates, the Company is required to pay to the Lender the applicable "Installment Amount" due on such date. Installment Amount means $68,750 ($550,000 ÷ 8), plus the sum of any accrued and unpaid interest that has been added to the lowest-numbered then-current Conversion Eligible Tranche as of the applicable Installment Date and accrued, and unpaid late charges that have been added to the lowest-numbered then current Conversion Eligible Tranche, if any, under the note as of the applicable Installment Date, and any other amounts accruing or owing to Lender under the note as of such Installment Date; provided, however, that, if the remaining amount owing under all then-existing Conversion Eligible Tranches or otherwise with respect to the note as of the applicable Installment Date is less than the Installment Amount set forth above, then the Installment Amount for such Installment Date (and only such Installment Amount) will be reduced by the amount necessary to cause such Installment Amount to equal such outstanding amount.

Installment Conversions

At the option of the Company or the Lender, payments of each Installment Amount may be made (a) in cash, or (b) by converting such Installment Amount into a number of shares of Common Stock ("Installment Conversion Shares") derived by dividing the portion of the applicable Installment Amount being converted by the Installment Conversion Price) an "Installment Conversion"), or (c) by any combination of the foregoing, so long as the cash is delivered to the Lender on the applicable Installment Date and the Installment Conversion Shares are delivered to the Lender on or before the applicable delivery date.

The Installment Conversion Price is the lesser of (i) the Lender Conversion Price (defined under *Lender Conversion* below), and (ii) 70% (the "Conversion Factor") of the average of the three (3) lowest Closing Bid Prices in the twenty (20) Trading Days immediately preceding the applicable Conversion (the "Market Price"), provided that if at any time the average of the three (3) lowest Closing Bid Prices in the twenty (20) Trading Days immediately preceding any date of measurement is below $0.40, then the then-current Conversion Factor will be reduced to 65% for all future conversions (subject to other reductions). Additionally, if at any time after the Effective Date, Borrower is not DWAC Eligible, then the then-current Conversion Factor will automatically be reduced by 5% for all future Conversions. If at any time after the Effective Date, the Conversion Shares are not OTC Eligible, then the then-current Conversion Factor will automatically be reduced by an additional 5% for all future conversions.

On the date that is twenty (20) trading days (a "True-Up Date") from each date Borrower delivers Free Trading (as defined below) Installment Conversion Shares to the Lender, there will be a true-up where the Company will deliver to the Lender additional Installment Conversion Shares ("True-Up Shares") if the Installment Conversion Price as of the True-Up Date is less than the Installment Conversion Price used in the applicable Installment Notice. In such event, the Company must deliver to the Lender within three (3) trading days of the True-Up Date (the "True-Up Share Delivery Date") a number of True-Up Shares equal to the difference between the number of Installment Conversion Shares that would have been delivered to the Lender on the True-Up Date based on the Installment Conversion Price as of the True-Up Date and the number of Installment Conversion Shares originally delivered to the Lender pursuant to the applicable Installment Notice.

The Company evaluated the note under the requirements of ASC 480 "Distinguishing Liabilities From Equity" and concluded that the note does not fall within the scope of ASC 480. The Company evaluated the Installment Conversion feature under the requirements of ASC 815 "Derivatives and Hedging". Due to the existence of the antidilution provision which reduces the Lender Conversion Price in the event of subsequent Dilutive Issuances by the Company (see *Lender Conversion* below), the Installment Conversion feature does not meet the definition of "indexed to" the Company's stock, and the scope exception to ASC 815's derivative accounting provisions does not apply.

The Company evaluated the embedded derivative criteria in ASC 815, and concluded that because the Common Stock that would be delivered by the Company if an Installment Conversion is elected (including True-Up Shares) would be readily convertible to cash by the Investor, the Installment Conversion feature meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

Lender Conversion

The Lender has the right at any time after the Effective Date until the outstanding balance of the note has been paid in full, including without limitation (i) until any Optional Prepayment Date or at any time thereafter with respect to any amount that is not prepaid, and (ii) during or after any Fundamental Default Measuring Period, at its election, to convert (each instance of conversion is referred to as a "Lender Conversion") all or any part of the outstanding balance into shares ("Lender Conversion Shares") of the Company's Common Stock, of the portion of the outstanding balance being converted (the "Conversion Amount") divided by the "Lender Conversion Price" of $.80, subject to potential future adjustments described below.

The conversion by the Lender of any portion of the outstanding balance is only exercisable in three (3) tranches (each, a "Tranche"), consisting of (i) an initial Tranche in an amount equal to $275,000 and any interest, costs, fees or charges accrued thereon or added thereto under the terms of the note and the other Transaction Documents (as defined in the Securities Purchase Agreement) (the "Initial Tranche"), and (ii) two (2) additional Tranches, each in the amount of $137,500, plus any interest, costs, fees or charges accrued thereon or added thereto under the terms of the note and the other Transaction Documents (each, a "Subsequent Tranche").

The Initial Tranche corresponds to the initial cash proceeds of $250,000 plus $25,000 of the OID, and may be converted any time subsequent to the Effective Date. The first Subsequent Tranche corresponds to Investor Note #1 plus $12,500 of the OID, and the second Subsequent Tranche corresponds to Investor Note #2 plus $12,500 of the OID. The Lender's right to convert any portion of any of the Subsequent Tranches is conditioned upon the Lender's payment in full of the Investor Note corresponding to such Subsequent Tranche (upon the satisfaction of such condition, such Subsequent Tranche becomes a "Conversion Eligible Tranche"). The Initial Tranche was immediately a Conversion Eligible Tranche at the Effective Date.

The Company evaluated the note under the requirements of ASC 815 "Derivatives and Hedging". Due to the existence of the anti-dilution provision which reduces the Lender Conversion Price in the event of subsequent dilutive issuances by the Company described above, the Lender Conversion feature does not meet the definition of "indexed to" the Company's stock, and the scope exception to ASC 815's derivative accounting provisions does not apply.

The Company also evaluated the embedded derivative criteria in ASC 815, and concluded that the default and remedy provisions of the note (see *Default Provisions* below) cause the Lender Conversion feature to meet the net settlement criterion in ASC 815. Based on the Lender Conversion feature meeting all the embedded derivative criteria in ASC 815, the Lender Conversion feature meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

The Company evaluated the Company's option to settle the Lender Conversion in cash in the event the Lender elects to convert subsequent to the occurrence of an Event of Default under the requirements of ASC 815, and included that it meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

The Company evaluated the Lender Conversion Delay provision under the requirements of ASC 815 and concluded it meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

The Company evaluated the embedded derivative criteria in ASC 815, and concluded that because certain of the Events of Default under the note are factors that are unrelated to a deterioration of the creditworthiness of the Company, the Events of Default and Default Interest provisions of the note are not considered clearly and closely related to the characteristics of debt. Based on meeting all the criteria in the definition, the Company concluded that the Events of Default and Default Interest provisions each meet the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

Company Prepayment Option

So long as no Event of Default has occurred subsequent to the Effective Date, the Company may at any time up to the Maturity Date optionally prepay, in full, the outstanding balance of the note at a price of 125% of the aggregate principal amount of the note, plus accrued and unpaid interest, if any, at the date of prepayment ("Optional Prepayment Amount").

The Company evaluated the embedded derivative criteria in ASC 815, and concluded that the Company's prepayment option is not the type of call option that meets the definition of an embedded derivative. However, the Optional Prepayment Liquidated Damages clause does meet the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

Investor Warrants

The Investor Warrants allow the Investor to purchase the number of shares of Common Stock ("Warrant Shares") equal to the purchase price allocated to each Investor Warrant divided by the Market Price of the Company's Common Stock immediately preceding the date each Investor Warrant first becomes exercisable, as such number may be adjusted from time to time pursuant to the antidilution provisions of the Investor Warrant.

The Purchase Price allocated to each Investor Warrant at inception was:

Investor Warrant #1:	$	275,000
Investor Warrant #2:		137,500
Investor Warrant #3:		137,500
	$	550,000

The Market Price applicable to Investor Warrant #1, determined as of the Effective Date, was $.65 per share. Accordingly as of September 30, 2014, the maximum number of shares of the Company's Common Stock Investor Warrant # 1 is exercisable into is 423,076 shares. The Market Price applicable to Investor Warrants #2 and #3 will be determined as of the related Investor Warrant's "Exercisable Date" (defined below), so the number of shares into which Investor Warrants #2 and #3 are exercisable is not determinable as of December 31, 2014. Had all of the Investor Warrants been Exercisable as of December 31, 2014, the maximum number of shares of the Company's Common Stock the Investor Warrants could be exercised into, based on the $.65 per share Market Price on that date, would be 846,153, which may ultimately be higher or lower.

The term of each Investor Warrant began on September 27, 2014 and expires on the fifth anniversary from each Investor Warrant becomes exercisable (the "Exercisable Date"). Investor Warrant #1 is exercisable at any time from September 27, 2014, and it expires September 27, 2019. The Exercisable Dates for Investor Warrant #2 and Investor Warrant #3 occur once the full outstanding balance of Investor Note #1 and Investor Note #2, respectively, has been paid to Company, and they expire on the fifth anniversary of their respective Exercisable Date.

The exercise price of the Investor Warrants is $.80 per share of the Company's Common Stock, as may be adjusted from time to time pursuant to the antidilution provisions of the Warrants.

The Investor Warrants are exercisable by the Investor in whole or in part, as either a cash exercise or as a "cashless" exercise.

The Company evaluated the Warrants under ASC 480 "Distinguishing Liabilities From Equity" and ASC 815 "Derivatives and Hedging". Due to the existence of the antidilution provision, which reduces the Exercise Price and Conversion Price in the event of subsequent Dilutive Issuances, the Investor Warrants are not indexed to the Company's Common Stock, and the Company determined that the Warrants meet the definition of a derivative under ASC 815.

Accordingly, the Warrants were recorded as derivative liabilities in the Consolidated Balance Sheet at their fair value of approximately $183,000 at the date of issuance. The fair value of the Warrants is measured in accordance with ASC 820 "Fair Value Measurement", using "monte carlo simulation" modeling, incorporating the following inputs.

The fair value of the Warrants as of March 31, 2015 and December 31, 2014 was $0. At each subsequent reporting date, when the fair value of the Warrants is remeasured, the changes in the fair value will be reported in the Consolidated Statements of Operations.

The Company has not elected to initially and subsequently measure the note as a hybrid instrument in its entirety at fair value. Therefore, in accordance with ASC 815, the Company is accounting for all the embedded derivatives identified in the note as a single compound embedded derivative. The compound embedded derivative was recorded as a derivative liability on the Consolidated Balance Sheet at its fair value of approximately $279,000 at the date of issuance of the note. The fair value of the embedded derivative liability is measured in accordance with ASC 820 "Fair Value Measurement", using "monte carlo simulation" modeling incorporating the following inputs:

The fair value of the compound embedded derivative liability as of March 31, 2015 and December 31, 2014 was $893,347. At each subsequent reporting date, when the fair value of the embedded derivative liability is remeasured, the changes in the fair value will be recorded in the Consolidated Statements of Operations.

Both the warrant derivative and embedded derivative liabilities are classified as noncurrent liabilities in the Consolidated Balance Sheet, and changes in their fair value are reported as a separate line item in the Consolidated Statements of Operations. The change in fair value of the warrant and embedded derivative liabilities for the three months ended March 31, 2015 and 2014 was $0, respectively, which was recorded as a separate line item, change in fair value of derivative liabilities, on the consolidated statement of operations.

At inception, the total proceeds $500,000 total proceeds received by the Company for the note and Investor Warrants, was allocated first to the Investor Warrant and embedded derivative liabilities at their initial fair values determined at the issuance date. The residual proceeds after that allocation was then applied to the note.

Accordingly, the initial carrying amount of the note is approximately $39,000, derived as follows:

Face amount of note	$	550,000
Original issuance discount		(50,000)
Allocation to Investor Warrants		(182,000)
Allocated to embedded derivatives		(279,000)
	$	39,000

At March 31, 2015, the carrying value of the note is as follows:

Face amount of note	$	273,250
Derivative and warrant liability		893,347
	$	1,166,597

At December 31, 2014, the carrying value of the note is as follows:

Face amount of note	$	342,000
Derivative and warrant liability		893,347
	$	1,235,347

The net carrying amount of the note as of March 31, 2015 and December 31, 2014 was $1,166,597 and $1,235,347, respectively. Interest expense on the note recognized in the consolidated statements of operations for the three months ended March 31, 2015 and 2014 was approximately $4,000 and $0, respectively.

Investor Notes

The Company issued two Investor Notes on September 26, 2014. The principal of each Investor Note is $125,000. Interest accrues on the unpaid principal balance under the Investor Notes at a rate of eight percent (8%) per annum until the full amount of the principal and fees has been paid. The entire unpaid principal balance and all accrued and unpaid interest under each Investor Note, is due and payable thirteen (13) months from the date the Investor Note was entered into, which is October 26, 2015. However, the Investor may elect, in its sole discretion, to extend the maturity dates for up to thirty (30) days by delivering written notice of such election to Company at any time prior to the maturity date. The Investor may, with Company's consent, prepay, without penalty, all or any portion of the outstanding balance of each Investor Note along with any accrued but unpaid interest at any time prior to the maturity date.

The Investor Notes contain certain default provisions of the Investor Notes generally such as the Investor's failure to make any payment when due and payable, its failure to observe or perform any other covenant, obligation, condition or agreement contained in the Investor Note; or upon involuntary bankruptcy by the Investor, and such petition is not dismissed within sixty (60) days, or a receiver, trustee, liquidator, assignee, custodian, sequestrator or other similar official is appointed to take possession of any of the assets or properties of Investor.

The Investor Notes are recorded as a current asset at cost, together with accrued interest thereon, in the Consolidated Balance Sheet. Interest income on the Investor Notes reported in the Consolidated Statements of Operations for the three months ended March 31, 2015 and 2014 was approximately $4,600 and $0, respectively.

Convertible Note Payable to Vista Capital Investments, LLC

On October 9, 2014, the Company entered into a Securities Purchase Agreement with Vista Capital Investments, LLC, ("Investor", "Holder" or "Lender") an accredited investor for the issuance of a convertible note in the aggregate principal amount of $200,000, in exchange for $100,000 in cash at closing, additional amounts due to the Company at the investor's discretion and $20,000 of original issue discount interest.

The note is separated into three Conversion Eligible Tranches (discussed under *Lender Conversion* below) of the following amounts:

Initial Consideration	$	100,000
Subsequent Consideration		100,000
	$	200,000

The note bears interest at 10% per annum and the unpaid principal and interest is on the initial consideration is due in full in one year from October 9, 2014 and the unpaid principal and interest on the Subsequent Consideration is due in full one year from the date the Subsequent Consideration is paid to the Company.

Lender Conversion

At the option of the Holder, at any time or times on or after the Issuance Date payments, the lender shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and non-assessable shares of the common stock of the Company at the Conversion Price. The Conversion amount means the original principal amount and unpaid interest to be converted at the date of conversion.

The Conversion Price is the lesser of (i) $.80 or (ii) 70% (the "Conversion Factor") of the average of the three (3) lowest Closing Bid Prices in the twenty (20) consecutive Trading Days immediately preceding the applicable Conversion Date on which the Holder elects to convert all or part of this Note. If the average of the three (3) lowest Closing Bid Prices in the twenty (20) Trading Days immediately preceding the applicable Conversion Date on which the Holder elects to is less than $0.40, the Conversion price shall be the lesser of (a) $0.80 or (b) 65% of the average of the 3 lowest closing bid prices for the twenty (20) consecutive Trading days immediately preceding the applicable Conversion Date on which the Holder elects to convert all or part of this Note.

The Company evaluated the note under the requirements of ASC 815 "Derivatives and Hedging". Due to the existence of the antidilution provision which reduces the Lender Conversion Price in the event of subsequent Dilutive Issuances by the Company described above, the Lender Conversion feature does not meet the definition of "indexed to" the Company's stock, and the scope exception to ASC 815's derivative accounting provisions does not apply.

The Company also evaluated the embedded derivative criteria in ASC 815, and concluded that the default and remedy provisions of the note (see *Default Provisions* below) cause the Lender Conversion feature to meet the net settlement criterion in ASC 815. Based on the Lender Conversion feature meeting all the embedded derivative criteria in ASC 815, the Lender Conversion feature meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

The Company evaluated the Company's option to settle the Lender Conversion in cash in the event the Lender elects to convert subsequent to the occurrence of an Event of Default under the requirements of ASC 815, and included that it meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

The Company evaluated the Lender Conversion Delay provision under the requirements of ASC 815 and concluded it meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

The Company evaluated the embedded derivative criteria in ASC 815, and concluded that because certain of the Events of Default under the note are factors that are unrelated to a deterioration of the creditworthiness of the Company, the Events of Default and Default Interest provisions of the note are not considered clearly and closely related to the characteristics of debt. Based on meeting all the criteria in the definition, the Company concluded that the Events of Default and Default Interest provisions each meet the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

Company Prepayment Option

At any time within the 180 day period immediately following the Issuance Date, the Company shall have the option, upon 10 business days' notice to the Holder, to prepay the entire remaining outstanding principal amount of this Note in cash, provided, that (i) the Company shall pay Holder 125% of the Outstanding Balance, (ii) such amount must be paid in cash on the next business day following such 10 business day notice period, and (iii) the Holder may still convert this Note pursuant to the terms hereof at all times until such prepayment amount has been received in full.

The Company evaluated the embedded derivative criteria in ASC 815, and concluded that the Company's prepayment option is not the type of call option that meets the definition of an embedded derivative. However, the Optional Prepayment Liquidated Damages clause does meet the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

Investor Warrants

In addition, warrants entitling the investor to purchase 199,396 shares of the Company's common stock at a price driven by the market price of the Company's stock at the date of conversion. The warrants have a term of five years and vest immediately.

The exercise price of the Investor Warrants is $.80 per share of the Company's Common Stock, as may be adjusted from time to time pursuant to the antidilution provisions of the Warrants.

The Investor Warrants are exercisable by the Investor in whole or in part, as either a cash exercise or as a "cashless" exercise.

The Company evaluated the Warrants under ASC 480 “Distinguishing Liabilities from Equity” and ASC 815 “Derivatives and Hedging”. Due to the existence of the antidilution provision, which reduces the Exercise Price and Conversion Price in the event of subsequent Dilutive Issuances, the Investor Warrants are not indexed to the Company’s Common Stock, and the Company determined that the Warrants meet the definition of a derivative under ASC 815. Accordingly, the Warrants were recorded as derivative liabilities in the Consolidated Balance Sheet at their fair value of approximately $183,000 at the date of issuance. The fair value of the Warrants is measured in accordance with ASC 820 “Fair Value Measurement”, using “monte carlo simulation” modeling, incorporating various inputs.

The fair value of the Warrants as of March 31, 2015 and December 31, 2014 was $0. At each subsequent reporting date, if the fair value of the Warrants is remeasured, the changes in the fair value will be reported in the Consolidated Statements of Operations. See Note 21 regarding exercise of warrants for the Company’s common stock.

The Company has not elected to initially and subsequently measure the note as a hybrid instrument in its entirety at fair value. Therefore, in accordance with ASC 815, the Company is accounting for all the embedded derivatives identified in the note as a single compound embedded derivative.

The fair value of the compound embedded derivative liability as of March 31, 2015 and December 31, 2014 was $0 and $195,906, respectively. At each subsequent reporting date, if fair value of the embedded derivative liability is remeasured, the changes in the fair value will be recorded in the Consolidated Statements of Operations.

Both the warrant derivative and embedded derivative liabilities are classified as current liabilities in the Consolidated Balance Sheet, and changes in their fair value are reported in general and administrative expense in the Consolidated Statements of Operations. The change in fair value of the warrant and embedded derivative liabilities for the three months ended March 31, 2015 and 2014 was $227,506 and $0, respectively, which was recorded as a separate line item, change in fair value of derivative liability, on the Consolidated Statement of Operations.

The total proceeds $100,000 total proceeds received by the Company for the note and Investor Warrants, was allocated first to the Investor Warrant and embedded derivative liabilities at their initial fair values determined at the issuance date. The residual proceeds after that allocation was then applied to the note.

Accordingly, the carrying amount of the note at inception is approximately $100,000, derived as follows:

Face amount of note	$	100,000
Allocated to embedded derivatives		-
	$	100,000

At March 31, 2015, the carrying value of the note is as follows:

Face amount of note	$	100,000
Derivative and warrant liability		-
	$	100,000

At December 31, 2014, the carrying value of the note is as follows:

Face amount of note	$	132,000
Derivative and warrant liability		195,506
	$	327,506

The net carrying amount of the note as of March 31, 2015 and December 31, 2014 was $100,000 and $327,506. Interest expense on the note recognized in the Consolidated Statements of Operations for the three months ended March 31, 2015 and 2014 was approximately $4,500 and $0, respectively.

See Note 21 regarding conversion of the outstanding balance of the note into the Company's common stock.

Convertible Note Payable to the Redwood Group of Investors

On October 17, 2014, the Company entered into a Securities Purchase Agreement with Redwood Management LLC, Redwood Fund II LLC and Redwood Fund III, LLC, ("Redwood Group of Investors"), all accredited investors, for the issuance of original issue discount senior secured convertible debentures in the aggregate principal amount of $3,520,000, in exchange for $3,520,000 in secured investor notes payable to the Company, less the initial subscription amount of $712,500 which resulted in initial cash at closing of $622,500 to the Company. The debentures include a 5% original issue discount and bear interest at 12% per annum. The secured investor notes payable to the Company are secured by equity interests in one of the Redwood Group of Investors held by members thereof pursuant to a security agreement.

The Company will pay aggregate commissions to an investment advisor under the terms of an agreement disclosed in note 18 in connection with the placement described herein in the amount of $253,000 payable as funds are received by the Company under the terms of the agreement.

Principal Payments

Principal payments ("Amortization Amount") on the notes are due starting approximately six months from the date of the note, on April 15, 2015, in various amounts as contained in the notes and can be paid in cash, with a 30% premium over payments made in shares of the Company's common stock, or, in issuances of the Company common stock. The final payment is due on October 17, 2016.

Amortization Payment Conversions

Each Amortization Payment shall, be made at the option of the Company, be made in cash or in the common stock of the Company pursuant to the Amortization Conversion Rate.

The Amortization Conversion Rate means the lower of the Conversion Price, $0.4634, or 65% of the lowest VWAP (“Volume Weight Average Price”) for the 20 consecutive Trading Days ending on the Trading Day that is immediately prior to the applicable Amortization Payment Date.

The Company evaluated the note under the requirements of ASC 480 “Distinguishing Liabilities from Equity” and concluded that the note does not fall within the scope of ASC 480. The Company evaluated the Installment Conversion feature under the requirements of ASC 815 “Derivatives and Hedging”. Due to the existence of the antidilution provision which reduces the Lender Conversion Price in the event of subsequent Dilutive Issuances by the Company (see *Lender Conversion* below), the Installment Conversion feature does not meet the definition of “indexed to” the Company’s stock, and the scope exception to ASC 815’s derivative accounting provisions does not apply. The Company evaluated the embedded derivative criteria in ASC 815, and concluded that because the Common Stock that would be delivered by the Company if an Installment Conversion is elected (including True-Up Shares) would be readily convertible to cash by the Investor, the Installment Conversion feature meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

Lender Conversion

The Redwood Group of Investors has the right at any time after the Issue Date until the outstanding balance of the note has been paid in full, at its election, to convert (each instance of conversion is referred to as a “Lender Conversion”) all or any part of the outstanding balance into shares (“Conversion Shares”) of the Company’s Common Stock, of the portion of the outstanding balance being converted (the “Conversion Amount”) divided by the “Lender Conversion Price” of $0.4634, subject to potential future adjustments described below.

The Company evaluated the note under the requirements of ASC 815 “Derivatives and Hedging”. Due to the existence of the antidilution provision which reduces the Lender Conversion Price in the event of subsequent Dilutive Issuances by the Company described above, the Lender Conversion feature does not meet the definition of “indexed to” the Company’s stock, and the scope exception to ASC 815’s derivative accounting provisions does not apply. The Company also evaluated the embedded derivative criteria in ASC 815, and concluded that the default and remedy provisions of the note (see *Default Provisions* below) cause the Lender Conversion feature to meet the net settlement criterion in ASC 815. Based on the Lender Conversion feature meeting all the embedded derivative criteria in ASC 815, the Lender Conversion feature meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

The Company evaluated the Lender Conversion Delay provision under the requirements of ASC 815 and concluded it meets the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

The Company evaluated the embedded derivative criteria in ASC 815, and concluded that because certain of the Events of Default under the note are factors that are unrelated to a deterioration of the creditworthiness of the Company, the Events of Default and Default Interest provisions of the note are not considered clearly and closely related to the characteristics of debt. Based on meeting all the criteria in the definition, the Company concluded that the Events of Default and Default Interest provisions each meet the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

Company Prepayment Option

At any time upon ten (10) days written notice to the Redwood Group of Investors, the Company may prepay any portion of the principal amount of this Debenture any accrued or unpaid interest. If the Company exercises its right to prepay the Debenture, the Company shall make payment to the Redwood Group of Investors of an amount in cash equal to the sum of the then outstanding principal amount of this Debenture and accrued interest multiplied by 130%. The Redwood Group of Investors may continue to convert the Debenture from the date notice of the prepayment is given until the date of the prepayment.

The Company evaluated the embedded derivative criteria in ASC 815, and concluded that the Company's prepayment option is not the type of call option that meets the definition of an embedded derivative. However, the Optional Prepayment Liquidated Damages clause does meet the definition of an embedded derivative that should be separated from the note and accounted for as a derivative liability.

At March 31, 2015, the carrying value of the note is as follows:

Face amount of note	$	2,184,000
Derivative and warrant liability		850,439
	$	3,034,439

At December 31, 2014, the carrying value of the note is as follows:

Face amount of note	$	2,184,000
Derivative and warrant liability		850,439
	$	3,034,439

The fair value of the compound embedded derivative liability as of March 31, 2015 and December 31, 2014 was approximately $850,439, respectively. At each subsequent reporting date, when the fair value of the embedded derivative liability is remeasured and changes in the fair value will be recorded in the Consolidated Statements of Operations.

The embedded derivative liability is classified as current liability in the Consolidated Balance Sheet, and changes in their fair value are reported in the Consolidated Statements of Operations.

Purchaser Notes

The Company issued three Purchaser Notes on October 17, 2014. The total principal of the Purchaser Notes is $2,631,503. The note will not bear interest for the benefit of the Company. The entire unpaid principal balance under each Purchaser Note is due and payable thirteen (11) months from the date the Purchaser Note was entered into, which is September 17, 2015. However, the Redwood Group of Investors may elect, in their sole discretion, to extend the maturity dates for up to thirty (30) days by delivering written notice of such election to Company at any time prior to the maturity date. The Redwood Group of Investors may, with Company's consent, prepay, without penalty, all or any portion of the outstanding balance of each Purchaser Note at any time prior to the maturity date.

The Purchaser Notes contain certain default provisions of the Purchaser Notes generally such as the Redwood Group of Investors failure to make any payment when due and payable, its failure to observe or perform any other covenant, obligation, condition or agreement contained in the Purchaser Note; or upon involuntary bankruptcy by the Investor, and such petition is not dismissed within sixty (60) days, or a receiver, trustee, liquidator, assignee, custodian, sequestrator or other similar official is appointed to take possession of any of the assets or properties of Investor.

The Purchaser shall be entitled to deduct and offset any amount owing by the Company under the Debenture from any amount owed by the Redwood Group of Investors under the Purchaser notes.

The Purchaser Notes are recorded as current investments, under Investor Notes Receivable at cost in the Consolidated Balance Sheet. As stated above, there is no interest income on the Purchaser Notes for the three months ended March 31, 2015 and 2014.

Interest expense on the note recognized in the Consolidated Statements of Operations for the three months ended March 31, 2015 and 2014 was approximately $51,000 and $0, respectively.

Fair Value Measurement

As discussed above, the convertible notes discussed above contain conversion features, warrants and default provisions that result in embedded derivatives. The Company has recorded the fair value of each derivative as described above and is included in the derivatives liabilities included in the current liabilities in the consolidated balance sheet as of March 31, 2015 and December 31, 2014. The change in fair value was recorded in the consolidated statement of operations for the three months ended March 31, 2015 and 2014.

In arriving at fair-value estimates, the Company utilizes the most observable inputs available for the valuation technique employed. If a fair-value measurement reflects inputs at multiple levels within the fair value hierarchy, the fair-value measurement is characterized based upon the lowest level input. For the Company, recurring fair-value measurements are performed for the derivative liability.

The derivative liability is recognized in the balance sheet at fair value. Changes in the fair value of the derivative liability are reported in the consolidated statement of operations. The Company does not have any liabilities that reduce risk associated with hedging exposure and has not designated the derivative liability as a hedge instrument.

The Company did not have any derivatives valued using Level 1 and Level 2 inputs as of March 31, 2015 and December 31, 2014. The fair values and corresponding classifications under the appropriate levels of the fair value hierarchy of the outstanding derivative liability recorded as recurring liabilities in the consolidated balance sheet consisted of the following:

	Level	March 31, 2015	December 31, 2014
Included in current liabilities: Derivative Liability	3	$ 1,743,786	$ 1,939,292

	Valuation Technique	Unobservable Input
Included in current liabilities:		
Derivative Liability		
	Monte Carlo Pricing Model	Prevailing interest rates Company's stock volatility Expected term

There have been no transfers between Level 1, Level 2, or Level 3 categories.

NOTE 12 – NOTE PAYABLE

In July 2011, the Company entered into a $1,400,000 note agreement with the City of North Vernon, Indiana. Interest accrues at 5.5% and the note matures on August 1, 2016. As of March 31, 2015 and December 31, 2014, the note had an outstanding balance of $1,310,000 and $1,325,000, respectively.

The Company was unable to pay the interest and principal payments due on August 1, 2012 and was in default of such payment. The Company was able to negotiate payment terms with the City of North Vernon, Indiana, which allowed the Company to delay scheduled repayments of the loan.

During the three months ended March 31, 2015 and 2014, the Company made $15,000 and $125,000, respectively, in payments to the City of North Vernon for principal in 2015 and accrued interest in 2014.

Principal and interest payments are expected to be paid in each fiscal year as follows:

	Principal	Interest	Total
2015	$ 92,838	$ 177,259	$ 270,097
2016	1,217,162	114,276	1,331,438
	$ 1,310,000	$ 291,535	$ 1,601,535

Interest expense incurred and accrued on the note payable was approximately $18,000 and $20,000 for the three months ended March 31, 2015 and 2014, respectively.

NOTE 13 – RELATED PARTY TRANSACTIONS

Short Term Debt - Related Parties

During the three months ended March 31, 2015 and 2014, the Company's President advanced $0 and $35,000, respectively, to the Company to fund operations and the Company did not make any repayments during the three months ended March 31, 2015 and 2014.

As of March 31, 2015 and December 31, 2014, the outstanding balance of short-term debt – related parties was $221,000.

The amounts accrue interest at 10% and are due on demand. Interest expense incurred and accrued on Short Term Debt – Related Parties was approximately $4,000 and $3,200 for the three months ended March 31, 2015 and 2014, respectively.

Chief Operating Officer and the City of North Vernon

The Company's Chief Operating Officer is a relative of the mayor of North Vernon. The City of North Vernon loaned the Company $1,400,000 as described in Note 12. The terms of the loan are at fair market value and were presented to and approved by the city council. The related party officer is an employee under the terms of an employment contract and his continued employment is based solely on performance. Management believes all compensation paid to the Chief Operating Officer is based on market value comparisons and is not impacted at all by the related party officer's relationship with the mayor of the lender.

NOTE 14 - COMMON STOCK

Common and Preferred Stock

As described in Note 4, the Company entered into a Share Exchange Agreement with WindStream Technologies, Inc., a California corporation, pursuant to which, the Company agreed to exchange the outstanding common and preferred stock of WindStream held by the WindStream Shareholders for shares of common stock of the Company on a 1:25.808 basis.

At the Closing, there were approximately 955,000 shares of WindStream common stock and 581,961 shares of WindStream preferred stock outstanding.

Pursuant to the Share Exchange Agreement, the shares of WindStream common stock and preferred stock were exchanged for 39,665,899 (24,646,646 for the Windstream common shares and 15,019,253 for the Windstream preferred shares) new shares of the Company's common stock, par value of $0.001 per share.

At the closing of the agreement, Windaus Global Energy, Inc. had approximately 24,000,000 shares of common stock issued outstanding and no preferred stock.

The Company's Articles of Incorporation and Bylaws permit the Company to issue, without any further vote or action by the stockholders, shares of preferred stock in one or more series and, with respect to each series, to fix the number of shares constituting the series and the designation of the series, the voting powers (if any) of the shares of the series, and the preferences and relative, participating, optional, and other special rights, if any, and any qualifications, limitations, or restrictions of the shares of the series. The Company's Articles of Incorporation and Wyoming law allow the Company to issue an unlimited number of shares of equity stock, both common and preferred. During the three months ended March 31, 2015 and 2014, after the date of the share Agreement discussed above, May 13, 2013, the Company has issued no preferred shares and has not sought the approval of the Board of Directors to issue any preferred shares.

See Note 21 for a description of the conversion by certain lenders of their outstanding convertible debt into shares of the Company's common stock in April 2015.

NOTE 15 – STOCK OPTIONS

Stock based compensation

Stock option activity is presented in the table below:

	Number of Shares	Weighted average Exercise Price	Weight average Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	10,110,640	$ 0.08	2.75	-
Granted	16,100,000	0.15	10.00	-
Exercised	(448,993)	(0.05)	(3.00)	
Outstanding at December 31, 2014	25,761,647	0.09	6.20	-
Granted	-	-	-	-
Exercised	-	-	-	-
Outstanding at March 31, 2015	25,761,647	$ 0.09	6.20	-

The Company recognized stock compensation expense as follows:

Three months ended March 31, 2015	Three months ended March 31, 2014
$ 136,814	$ 42,330

The total remainder of stock compensation expense to be recognized through the vesting period of the above options, at March 31, 2015, was approximately $326,000.

The fair value of the options granted during the various periods was estimated at the date of grant using the Black-Scholes option-pricing model and the following assumptions:

	Three months ended March 31, 2015	**Three months ended March 31, 2014**
Year Options were granted		
Market value of stock on grant date	$ .30 - .35	$ .30 - .35
Risk-free interest rate	.61%	.61%
Dividend Yield	0%	0%
Volatility Factor	300%	300%
Weighted average expected life	10 years	10 years
Expected forfeiture rate	0%	0%

The total number of options vested as of March 31, 2015 was 22,684,292 and the total options expected to vest, as of March 31, 2015, was 25,761,647.

Stock Incentive Plan

On November 11, 2014, the Company adopted the 2014 Stock Incentive Plan. The plan provides for Options, Stock Appreciation Rights, Dividend Equivalent Rights Restricted Stock, Restricted Stock Units or other rights or benefits under the Plan. The maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is five million (5,000,000) Shares. The Shares may be authorized, but unissued, or reacquired Common Stock. In addition, Dividend Equivalent Rights shall be payable solely in cash and therefore the issuance of Dividend Equivalent Rights shall not be deemed to reduce the maximum aggregate number of Shares which may be issued under the Plan. The plan has a term of ten years.

Under the terms of this plan, shares vest as follows: 25% of the shares subject to the Option shall vest twelve (12) months after the Vesting Commencement Date, and 1/48 of the Shares subject to the Option shall vest on each monthly anniversary of the Vesting Commencement Date thereafter. During the three months ended March 31, 2015, a minor number of shares vested.

Stock option under the Incentive Stock Option Plan activity is presented in the table below:

	Number of Shares	Weighted average Exercise Price	Weight average Contractual Term (years)
Outstanding at December 31, 2013	-	$ -	-
Granted	700,000	0.15	3.00
Outstanding at December 31, 2014	700,000	$ 0.15	3.00
Granted	-	-	-
Outstanding at March 31, 2015	700,000	$ 0.15	3.00

None of the above options were exercised or forfeited in 2015.

NOTE 16 – WARRANTS

Fair value of warrants is generally based on independent sources such as quoted market prices or dealer price quotations. To the extent certain financial instruments trade infrequently or are non-marketable securities, they may not have readily determinable fair values. The Company estimated the fair value of the warrants using a Black-Scholes option pricing model and available information that management deems most relevant. The stock price is the closing price of the Company's stock on the valuation date; the risk free interest rate is based on the U.S. Government Securities average rate for 1 and 2 year maturities on the date of issuance; the volatility is a statistical measure (standard deviation) of the tendency of the Company's stock price to change over time; the exercise price is the price at which the Warrants can be purchased by exercising prior to its expiration; the dividend yield is not applicable due to the Company not intending to declare dividends; the contractual life is based on the average exercise period of the Warrants; and the fair market value is value of the warrants based on the Black-Scholes model on the valuation date.

The following represents a summary of the Warrants outstanding at March 31, 2015 and December 31, 2014 and changes during the periods then ended:

	Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2013	9,106,000	$ 0.42
Granted	722,472	0.65
Warrants exchanged for common stock	(135,932)	(0.05)
Outstanding, December 31, 2014	9,692,540	$ 0.44
Granted	-	-
Warrants exchanged for common stock	-	-
Outstanding, March 31, 2015	9,692,540	$ 0.44

NOTE 17 - EARNINGS PER SHARE

FASB ASC Topic 260, Earnings Per Share, requires a reconciliation of the numerator denominator of the basic and diluted earnings (loss) per share (EPS) computations.

Basic earnings (loss) per share are computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares are dilutive.

As the Company has net losses, the Company had no potential dilutive securities for the three months ended March 31, 2015 and 2014 as they would be anti-dilutive. Therefore, there is no difference in the basic and dilutive earnings (loss) per share.

The following table sets for the computation of basic and diluted net income (loss) per share:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Net loss attributable to common stockholders	$ (1,025,779)	$ (792,166)
Basic weighted average outstanding shares of common stock	88,696,836	83,782,455
Dilutive effect of common stock equivalents		
Dilutive weighted average common stock equivalents	88,696,836	83,782,455
Net loss per share of voting and nonvoting common stock Basic and Diluted	$ (0.01)	$ (0.01)

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Legal

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Company's business. Except as disclosed below, the Company is currently not aware of any such legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company's business, financial conditions or operating results.

In 2013, the Company filed a lawsuit in the United States District Court for the Southern District of Indiana against a prior vendor asserting causes of action for trademark infringement, false designation of origin, breach of contract, and interference with contract. The Company had contracted with certain of the defendants to provide component parts and to act as the Company's authorized dealer in specified territories. Those defendants have breached the various agreements. Other defendants, in violation of the Lanham Act, have misappropriated the Company's creations, are passing off the Company's products as their own, and are infringing on the Company's trademarks and trade dress. By the action, the Company seeks damages (including treble damages, punitive damages, and attorney's fees) and injunctive relief under the Lanham Act and related statutory and common law of the State of Indiana. At this point in the litigation, the Company has not yet quantified the precise amount of damages it seeks, but the Company believes the damages to be in excess of $100,000.

The defendant has asserted counter-claims against the Company. In the counter-claims, the defendant seeks damages from the Company of at least $29,246, plus interest, in connection with the Company's handling of certain warranty claims, and an award of an unspecified number of TurboMill windmills (or the monetary value of the windmills) in connection with an alleged loan made to the Company.

The deposition of persons most knowledgeable for the defendants and other related parties was taken on May 19, 2014. The current status of the case is that defendants have answered the Company's amended complaint and the Company has answered their counterclaims, and the parties have begun the discovery process. Prior to the final status conference hearing on May 8, 2015, the parties reached a tentative settlement. All parties agreed to dismiss all claims without prejudice. Once all documents evidencing the settlement are finalized, the Company will file the dismissal. While the Company dismissed the Lanham Act claims without prejudice, however if the defendants continue their efforts to infringe the Company's trade dress, the Company is free to re-assert the claims.

While incapable of estimation, in the opinion of management, the individual regulatory and legal matters in which it might involve in the future are not expected to have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Leases

The Company leased various facilities under a non-cancelable operating lease which expired on September 30, 2013. That lease required minimum monthly rental payments of $4,750 plus various expenses incidental to use of the property. The Company had an option to extend the lease for one twelve month period.

Effective on October 1, 2014, the Company entered into a new lease agreement for this facility with a term of twenty-four months with an option for another twelve months. Rent in the first twenty-four months is $7,800 per month plus various expenses incidental to use of the property. If the Company exercises its option for another twelve months, the rent during that period will be $8,500 per month plus various expenses incidental to use of the property.

In 2014, the Company's India subsidiary leased office, approximately 9,500 square feet and manufacturing space, approximately 50,000 square feet, in India in connection with expanding its operations. The office space lease is a month to month lease with annual rent of approximately $24,000 and was occupied in December 2014. The manufacturing facility lease is a six year lease with annual rent of approximately $120,000. The manufacturing space lease commenced on April 1, 2015 when the Company's subsidiary occupied the space.

Rent expense was for the three months ended March 31, 2015 and 2014 was $36,474 and $19,248, respectively.

Sales

During the second quarter of 2014, the Company received two signed purchase orders from one customer, Jamaica's national utility company, Jamaica Public Service Co., for the delivery of the Company's clean energy products as well as related energy storage, back-up emergency power equipment and custom energy monitoring, data collection and system analysis over the next eighteen to twenty four months. The purchase orders contain the Company's customary terms regarding payment terms, return of products and return of products and are consistent with the Company's terms with other customers.

Sales and Distribution Agreements

In the ordinary course of business, the Company enters into sales and distribution agreements with various parties in defined geographic areas around the world. The agreements are usually non-exclusive and contain general commercial terms, but no specific financial terms. It is the Company's practice that such agreements do not contain performance related terms or favorable payment terms. These agreements are usually cancellable with written notice by either party and do not have terms greater than one year.

Investment Advisory Services

WestPark Capital Inc.

During 2014, the Company entered into multiple agreements with the same investment banking firm, as follows:

- Side letter agreement, dated May 1, 2014, which among other terms, for the first $2 million raised, required fees of 1.25% of fully diluted equity of the Company and for each $1.5 million raised thereafter, 500,000 shares of the Company's common stock. No funds were raised under this side letter agreement;

- Institutional Financing Engagement agreement, dated July 30, 2014, which among other terms, for a term of six months, required the completion of an institutional financing offering, and if successful, the Company was to pay a fee in cash of 10% of the qualifying investments at closing as well as issue warrants to the investment banking firm with a five year term equal to 10% amount raised in the institutional offering. No funds have been raised under the terms of this agreement; and

- Investment Banking Engagement agreement, dated September 11, 2014, which among other terms, for a term of one year, with an option to terminate the agreement after six months, the investment banking firm will provide advisory services in the area of corporate development, corporate finance and/or capital placement transactions. The Agreement specifies that all fees be on a "success" basis. If no debt or equity transaction is completed, the Company has no obligation under the terms of this agreement other than a monthly fee of $10,000 per month. The value of the services and the amount due the investment banker under this agreement have not been agreed to by the two parties.

Carter Terry

On August 18, 2014, the Company entered into a private placement offering agreement with an investment banking firm, which will provide advisory services in the area of corporate development, corporate finance and/or capital placement transactions. The agreement, was on an exclusive basis for sixty days from the date of the agreement and then reverted to a non-exclusive basis, expires one year from the date the agreement was signed, with an option to extend the agreement after six months, or either party can terminate in writing to the other party. The agreement specifies that all fees be on a "success" basis. If no debt or equity transaction is completed, the Company has no obligation under the terms of this agreement.

In the event of a successful transaction, the investment banking firm will earn fees, 8% of the amount of any equity or hybrid equity raised up to $5 million and 6% over $5 million, payable when the Company receives proceeds from the transaction.

In addition, the Company agreed to grant the investment banking firm warrants to purchase that number of shares of the Company's common stock equal to 6% of the value of value of successful common stock equity raised at 100% of the price at closing of a transaction for a period of two years and/or grant investment banking firm warrants to purchase that number of shares of the Company's common stock equal to 6% of the value of a successful preferred stock, debt, hybrid debt of any kind (convertibles, warrants, etc.) or debt and equity combination common stock equity raised at 100% of the price at closing of a transaction for a period of two years. These stocks shall be delivered in cashless exercise and issuable from the investment closing date up to no more than five years from the date and upon exercise shall be fully paid and non-assessable. The Company's common stock obtainable upon exercise of such warrants shall carry unlimited "piggyback" registration rights of the Company.

The investment firm was successful in completing a debt transaction with the Company and will be paid a combination of cash and receive warrants as the proceeds from the debt transaction are received by the Company. In connection with their successful completion of a number of investment transactions, the investment banker was paid $38,000 during the first quarter of 2015 and $15,000 during the full year 2014. No warrants were issued during the three months ended March 31, 2015 as the calculation of the amounts due had not yet been finalized between the parties.

Employment Contracts

During 2014, the Company entered into employment contracts with three key executives with initial terms of between two and five years and automatic renewals for successive one year terms. The contracts cover such items as compensation, salary deferrals, termination for cause and change in control features. In addition, these contracts included the granting of 13,500,000 in options for the three individuals to acquire the Company's common stock which vested immediately upon the signing of the employment contracts. See Note 15 for related options.

On January 1, 2015, the Company entered into an employment contract with a key executive with an initial term of three years and automatic renewals for successive one year terms. The contract covers such items as compensation, salary deferrals, termination for cause and change in control features. In addition, this contract included the granting of 250,000 in options for the individuals to acquire the Company's common stock, which vested immediately upon the signing of the employment contract.

NOTE 19 – INCOME TAXES

The Company uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes.

During the three months ended March 31, 2015 and 2014, the Company incurred net losses, and, therefore, had no tax liability. The net deferred asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately $16,8251,000 and $14,791,000, respectively as of March 31, 2015 and December 31, 2014 and will expire in years 2020 through 2034.

Deferred tax assets consist of the tax effect of NOL carry-forwards. The Company has provided a full valuation allowance on the deferred tax assets because of the uncertainty regarding its realizability.

Deferred tax assets consisted of the following as of:

	March 31, 2015	March 31, 2014
Net operating loss carry forwards	$ 2,034,000	$ 3,651,550
Valuation allowance	(2,034,000)	(3,651,550)
	$ -	$ -

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carry back and carry forward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The reconciliation of the results of applying the Company's effective statutory federal tax rate of 35% for the three months ended March 31, 2015 and 2014 to the Company's provision for income taxes follows:

	March 31, 2015	March 31, 2014
Federal income tax rate	32%	34%
State income tax	6%	8%
Charge for deferred tax asset	(38)%	(42)%
	- %	-%

The Company's income tax filings are subject to audit by various taxing authorities. For federal and state tax purposes, the Company's 2011 through 2014 tax years remain open for examination by the tax authorities under the normal three year statute of limitations. On February 27, 2015, the Company received a notice from the Internal Revenue Service ("IRS") that the IRS intended to audit the Company's federal income tax returns for tax years 2011, 2012 and 2013. The Company believes that the tax returns for the periods under examination were prepared appropriately and were filed correctly with the IRS. Any adjustments resulting from these audits will not result in additional cash payments by the Company but merely decreases in the Company's net operating loss carry forwards.

NOTE 20 – SEGMENT INFORMATION

The Company's operations are classified into the sales of products within the United States and outside the United States. We determined our operating segments in accordance with FASB Topic 280, *Segment Reporting.*

Results of the operating segments are as follows:

March 31, 2015:

	Domestic	International	Total
Sales	$ -	$ 968,925	$ 968,925
Cost of goods sold	-	524,783	524,783
Gross profit	$ -	$ 444,142	$ 444,142
Accounts receivable, gross	$ 27,341	$ 1,065,783	$ 1,093,124

March 31, 2014:

	Domestic	International	Total
Sales	$ -	$ 237,897	$ 237,897
Cost of goods sold	-	275,407	275,407
Gross profit	$ -	$ (37,510)	$ (37,510)
Accounts receivable	$ 22,354	$ 639,927	$ 662,281

The Company presents its financial statements in two segments, as shown above. Except for the accounts receivable, as shown above, which relate to the international business, all assets and liabilities are domiciled in the United States and are therefore associated with the domestic business. While the gross margin information is shown above allocated between the domestic and international business based on sales, the majority of the expenses are paid in the United States, the domestic segment.

NOTE 21 – SUBSEQUENT EVENTS

Convertible Debt

Union Capital Financing

In April 2015, the Company entered into a securities purchase agreement with Union Capital, LLC, an accredited investor ("Union Capital") whereby the Company issued and sold to Union Capital an 8% convertible note (the "Union Capital Note") in the principal amount of $75,000 for $75,000 (collectively, the "Union Capital Financing").

The Union Capital Note is due on the first anniversary of issuance and bears interest at the rate of 8% per annum. The Union Capital Note is convertible, in whole or in part, into shares of Common Stock at the option of Union Capital, at a conversion price equal to 60% of the lowest trading price of the Common Stock for the 15 trading days immediately preceding, and including, the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the Union Capital Note.

The Company reimbursed Union Capital for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $3,500 and paid $6,000 to Carter Terry & Company in connection with due diligence fees.

In April 2015, the Company entered into an agreement with an accredited investor for the issuance of convertible promissory notes in the aggregate principal amount of $112,000 which are convertible into shares of the Company's stock at prices at a discount of 45% of the Company's share price at the date of conversion or at an average price based on the price during 20 days closing prices prior to the date of conversion. The note bears interest at a rate of 12% per annum. The note may be prepaid within periods ranging from three months to the maturity date and the amounts due are expressed as percentages of the principal and interest outstanding ranging from 135% to 145%. In addition, the Company instructed its transfer agent to reserve approximately 13.5 million shares for the potential conversion of these notes. The Company incurred investment banking and legal fees of approximately $10,000 in connection with this note.

In April 2015, the Company received notices from its largest convertible debt holder of their intent to convert a portion of their outstanding convertible debt, approximately $163,000 and $155,926, respectively, to shares of the Company's common stock. Using the formula provided for in the related convertible debt agreement, this lender will receive approximately 4,656,000 and 4,467,794, respectively, shares of the Company's common stock.

In April 2015, the Company received notice from another convertible debt holder of their intent to convert a portion of their outstanding convertible debt, approximately $117,000, to shares of the Company's common stock. Using the formula provided for in the related convertible debt agreement, this lender will receive approximately 4,656,000 shares of the Company's common stock. In addition in April 2015, this convertible debt holder notified the Company of their intention to exercise their warrant exercisable into 199,396 at a price determined by a formula which resulted in the Company issuing 3,647,023 shares of the Company's common stock to the convertible debt holder.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This quarterly report on Form 10-Q and other reports filed by WindStream Technologies, Inc. (the "Company") from time to time with the SEC (collectively, the "Filings") contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the Filings, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks relating to the Company's business, industry, and the Company's operations and results of operations. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this report.

Overview

We are developing low-cost, high efficient products that harness renewable energy resources in urban and rural environments as well as both on- and off-grid. As the cost of energy rises, both in monetary and environmental terms, we believe consumers and governments will increasingly seek inexpensive and renewable alternatives to fossil fuels. We believe billions of people around the world could see direct benefit from the clean, renewable, distributed energy solutions that our products provide.

We have already begun to capitalize on these enormous market opportunities by creating products designed to meet the demands of any customer, whether on- or off-grid. We currently are shipping or have shipped products to over 34 countries around the world. These products can be scaled up to expand the generation needs of the individual consumer, business or industry.

Our Products

Although we started with the wind-only TurboMill® product, which forms the basic building block of all of our energy solutions, we have evolved the product into a hybrid SolarMill® solution, which combines wind with solar power. We also have two additional products in various stages of development, the MobileMill™ and the TowerMill™.

SolarMill®

Our concept is that this product will be simple to operate, elegant and appealing to place in any setting, yet durable, reliable, efficient, affordable and safe. We believe that the renewable resources available in 90% of the world can justify a hybrid energy system, not just to balance annual energy output, but also to capture the available resources at the lowest cost per watt in the market for a renewable energy platform. Our engineers have developed a product that overcomes the "inconsistent" nature of renewable energy resources. By integrating wind and solar technologies in a single unit, the SolarMill is a reliable renewable energy generation device that a customer can depend on year round.

The SolarMill® is a modular, scalable, distributed renewable energy system designed and optimized for on- and off-grid installations. It utilizes three low-profile vertical axis wind turbines mounted on a single base with integrated photovoltaic (PV) panels. By incorporating wind and PV technology within a compact footprint, we believe that it can be an effective solution in markets where the natural resources available for wind energy alone cannot justify any small wind product.

Each SolarMill® is constructed as a stand-alone, small power generator and is equipped with all necessary circuitry, electronics and sensors. At the same time, multiple SolarMills can be interconnected to maximize wind energy production in low and turbulent wind environments, commonly found in urban settings. Additional modules can be attached at a later date, if the customer desires greater power generation capability.

Proprietary generators are coreless, permanent magnet machines, which offer increased energy generation capabilities while operating at lower speeds, eliminating gearboxes that are more prone to failure. Each unit has a solid-state independent control circuit that extracts power from the wind, which power is then sent to an industry standard grid-tie inverter for transfer to a building's electrical system or a battery bank for off-grid applications.

When grid-connected, the electrical energy created is directly fed into the building's electrical service panel, offsetting portions of the building's overall draw. In off-grid or direct-to-storage applications, the products utilize the on-board charge controller to regulate a 48V direct current battery system and then output via a DC/AC or DC/DC converter, based on the type of loads that need to be served. Onboard each SolarMill® is our proprietary Maximum Power Point Tracking (MPPT) electronics and solar charge controller, which is designed to maximize the power handling and generation capabilities of both the wind turbines and solar panels. This system maintains all power generation at maximum efficiency without the need for additional hardware or software.

SolarMills are designed to be aesthetically pleasing and are manufactured in a variety of colors to match the needs and aesthetic choices of specific customers and installation requirements. All aspects of the product, including bases, turbine blades and mounting assemblies, are designed to be lightweight but durable enough to withstand the elements. Designed for longevity, the products incorporate fault and failure protection and come with a 5-year warranty on all parts and labor. The bases and turbine blades are interchangeable and easily configured.

MobileMill™

In October 2014, we launched a unique mobile product, the MobileMill™. The MobileMill™ is designed to meet the needs of "first responders" around the world. By providing a self-contained solution for the rapid deployment of renewable energy generation and "command and control" operations, the MobileMill™ speeds up the deployment of operations for those who serve on the front line of disaster relief and assists in saving the lives of those who have been affected by these tragedies.

Originally designed and developed for the Indiana Department of Homeland Security (IDHS), the MobileMill™ is a renewable energy platform that features rapid deployment and operation, extreme energy efficiency and redundant power generation. From a customized vehicle, solar panels and wind turbines deploy in under 60 seconds, powering computers and communication equipment while storing energy on-site for an uninterrupted 24-hour power supply.

The batteries may be charged in transit allowing the MobileMill™ to be fully functional upon arrival at a disaster zone. To meet customer needs, the MobileMill™ will be available in a variety of configurations, with generation capability between 3 kW and 8 kW, a scalable battery array for energy storage, and required peripherals, such as laptops, communication devices, task lighting, and device charging. This first-of-its-kind mobile technology will replace or supplement the traditional diesel generators required to operate the primary systems IDHS uses to provide location-based emergency support. Drawing energy from wind and solar resources, the MobileMill™ ensures that the stored system will stay charged by offering a generator and grid-tied energy as a backup.

Our representatives have presented the MobileMill™ to decision makers in the Philippines, India, Malaysia and Japan, all of whom have shown excitement about the technology. The MobileMill™ was featured at the 99th Annual League of Municipalities in Atlantic City, New Jersey, and drew wide interest from city representatives and the emergency responders' community. The MobileMill™ will be a separate manufacturing line within WindStream's growing suite of products. We expect MobileMill™ production to commence in the fourth quarter of 2015.

TowerMill™

We are developing what we believe is a unique technology, a derivative of our SolarMill® products, which harnesses the available renewable resources to power communication towers. By taking the efficient and affordable design of the SolarMill® technology and installing the turbine and solar components of the product along the side of a communications tower, the electronic components can then be powered from clean renewable energy with a fail-safe generator used only at times when natural resources alone cannot provide the needed energy. This new product line, the TowerMill™, is now being piloted in the Bahamas as a means of providing clean and consistent energy to a telecom tower insuring 100% uptime for the telecommunications company. We believe that these early-phase trials will prove the efficiency of the product and the ultimate cost savings to the owner and/or operator of the tower and its supporting electronics.

Plan of Operations

WindStream has identified two significant markets for the sale of its products in the near term:

1. Areas of the world where energy is inconsistent or non-existent (e.g., India, Africa, South Asia, Latin America and Asia)

2. Areas of the world where energy costs are high, which includes Jamaica and throughout the Caribbean, South Asia and Europe. In many cases, available energy in a given region may be generated by running diesel generators in which case the displaced cost of energy include the upfront cost of the equipment as the ongoing operating cost of the generator and fuel.

These two drivers present a large percentage of the world's population and as such, we are finding great success in penetrating these markets with its highly efficient, low cost devices. We have entered into various distribution partnerships with key companies and individuals in these markets in order to more quickly establish a presence and generate revenue from these territories and the Company will continue to use these types of arrangements to expand.

Recent Developments

- Having signed a lease in December 2014 for a 50,000 sq. ft. manufacturing facility in Hyderabad, India to manufacture our products in India, the facility is nearly completed and will be opening for full scale manufacturing in June 2015.

- For over three months, SolarMills have been used to illuminate an iconic statue in Tandil, Argentina which has led to increased attention to the Company's products in Argentina.

- Our first TowerMill installation in the Bahamas was completed in April 2015.

- The India Ministry of New and Renewable Energy (MNRE) has invited Windstream's Indian subsidiary to help define the standards that will be adopted by MNRE for all manufacturers of hybrid energy solutions.

Results of Operations for the three months ended March 31, 2015 and 2014, *in Aggregate*

	March 31, 2015	March 31, 2014
Sales	$ 968,925	$ 237,897
Cost of Sales	524,783	275,407
Gross Profit (Loss)	444,142	(37,510)
Research and Development Expenses	14,544	22,573
Stock compensation	136,814	42,330
General and Administrative Expenses	1,203,028	556,995
Operating Expenses	1,354,386	621,898
Other Expense	(77,026)	(132,758)
Net Loss	(987,270)	(792,166)
Non Controlling Interest	38,509	-
Net Loss attributable to Windstream Technologies, Inc.	$ (1,025,779)	$ (792,166)

For the three months ended March 31, 2015 and 2014, we reported net losses of $1,025,779 and $792,166, respectively. The increase in net loss in the three months ended March 31, 2015, was primarily attributable to an increase in general and administrative expenses of $646,033, consisting primarily of an increase in compensation related expenses of approximately $385,000, an increase in professional fees of approximately $176,000, an increase of marketing and investor relations expenses of approximately $42,000 and an increase in business development expenses of approximately $20,000 in 2015 versus 2014. There was an increase in interest expense, net, in 2015, of approximately $170,000 which includes higher interest costs on increased short term borrowings compared to 2014 and a $94,484 increase in stock compensation. These increases were partially offset by improved gross margin dollars of $481,652 in 2015 versus 2014 and by the gain on the change in the fair value of derivatives liabilities of approximately $227,000. There were no such gains or losses on the fair value of derivatives in 2014.

Sales - Net sales for the three months ended March 31, 2015 were $968,925, compared to $237,897 for the three months ended March 31, 2014. The increase in sales is due to our success in obtaining international customers in 2015.

Cost of Sales - During the three months ended March 31, 2015, cost of sales was $524,783 compared to $275,407 for the three months ended March 31, 2014. The increase in cost of sales relates to an increase in sales in the three months ended March 31, 2015 compared to 2014.

Gross Loss - We achieved gross profit of $444,142 for the quarter ended March 31, 2015 compared to a gross loss of $37,510 in the prior year, which increase in gross profit was due to greater efficiency in the sales and manufacturing activities.

During the three months ended March 31, 2015 and 2014, the gross profit (loss) percentage was approximately 46% and (16%), respectively. The improvement in the gross percentage is primarily attributable to increased sales as well as increased manufacturing costs, labor and overheads, which grew at a rate slower than the rate of increase in sales in the quarter ended March 31, 2015 compared to the corresponding period in 2014.

Operating Expenses

Total operating expenses for the three months ended March 31, 2015 were $1,354,386, as compared to $621,898 for the three months ended March 31, 2014.

Research and Development - Research and development expenses for the three months ended March 31, 2015 were $14,544, compared to $22,573 for the three months ended March 31, 2014. The decrease is primarily attributable to reduced development activities as we concentrated on increasing sales of our existing products.

Stock Compensation - Stock compensation expense for the three months ended March 31, 2015 was $136,814, compared to $42,330 for the three months ended March 31, 2014. The increase is due primarily to the options issued in late 2014 that vested during the quarter ended March 31, 2015, whereas there was no such activity during the quarter ended March 31, 2014.

General and Administrative Expenses – General and administrative expenses for the three months ended March 31, 2015 were $1,203,028, compared to $556,995 for the three months ended March 31, 2014, representing a year to year increase of $646,033 consisting primarily of an increase in compensation related expenses of approximately $385,000, an increase in professional fees of approximately $176,000, an increase of marketing and investor relations expenses of approximately $42,000 and an increase in business development expenses of approximately $20,000 in 2015 versus 2014.

We anticipate that as our operations increase, our research and development expenses may increase because we believe that maintaining state-of-the-art products is key to our continued success, although we expect that such expenses will constitute a lower percentage of our operating budget as much of our initial development efforts have been completed. We expect to achieve economies of scale in our general and administrative expenses as our operations increase as much our administrative expenses are fixed costs, such as salaries of key personnel and rent. As a result, while we may need to hire additional personnel as operations increase, we believe that the increases in general and administrative expenses will be at a lower rate than the increase in revenues.

Other Expense - Other expense for the three months ended March 31, 2015 was $77,026, compared to $132,758 for the three months ended March 31, 2014. The decrease is due primarily to a gain on the change in the fair value of derivatives liabilities of approximately $227,000 during the quarter ended March 31, 2015, which was partially offset by an increase in interest expense, net, of approximately $170,000, which includes higher interest costs on increased short term borrowings. There were no such gains or losses on the fair value of derivatives in 2014.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working capital at March 31, 2015 compared to December 31, 2014:

	March 31, 2015	December 31, 2014	Increase/(Decrease)
Current Assets	$ 4,727,845	$ 5,049,596	$ (321,751)
Current Liabilities	$ 10,271,170	$ 9,993,241	$ 277,929
Working Capital Deficiency	$ (5,543,325)	$ (4,943,645)	$ 599,680

As of March 31, 2015 and December 31, 2014, we had working capital deficiencies of $5,543,325 and $4,943,645, respectively. The increase in deficiency was due primarily to increased use of short term financing to fund operations.

Our working capital revolving line of credit with a bank was extended for another twelve months at substantially the same terms, but with an increase in the current credit limit. The outstanding borrowings under the line of credit as of March 31, 2015 and December 31, 2014 were $1,765,215 and $1,991,605, respectively, which has been included in the short-term debt – third parties in the accompanying consolidated balance sheets.

Going Concern

In their report dated April 10, 2015, our independent registered public accounting firm stated that our financial statements for the year ended December 31, 2014 were prepared assuming that we would continue as a going concern. Our ability to continue as a going concern is an issue raised due to net losses of approximately $11,330,000 and $4,845,000 for the years ended December 31, 2014 and 2013, respectively, and working capital deficits of approximately $4,944,000 and $1,396,000 at December 31, 2014 and 2013, respectively. We continued to have a net loss from operations during the quarter ended March 31, 2015. In addition, we have an accumulated deficit of approximately $22,776,000 as of March 31, 2015 and require additional financing to fund future operations. Our financial statements contain additional note disclosures describing the circumstances that led to this disclosure.

Our operations have not been sufficient to generate cash flow to fund operations and we have financed our activities using equity and debt financings and borrowings from a line of credit. Our ability to achieve and maintain profitability and a positive cash flow is dependent upon our ability to successfully develop and market our products and our ability to generate revenues. Our ability to continue as a going concern is subject to our ability to obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities or obtaining loans from various financial institutions, where possible. Our continued net operating losses increase the difficulty in meeting such goals and there can be no assurances that such methods will prove successful. While we continually look for additional financing sources, in the current economic environment, the procurement of outside funding is difficult and there can be no assurance that such financing will be available on terms acceptable to us, if at all.

The following table provides selected financial data about us as of March 31, 2015 and December 31, 2014. For detailed financial information, see the accompanying financial statements.

	March 31, 2015		December 31, 2014	
Cash	$	192,792	$	594,508
Total assets		5,027,850		5,365,295
Total liabilities	$	11,473,332	$	11,210,403
Stockholder deficit	$	(6,445,482)	$	(5,845,108)

Sources of Liquidity

Net cash used in operating activities for the three months ended March 31, 2015 and 2014 was $1,156,939 and $789,728, respectively. The increase in cash used in operating activities was primarily related to the increased sales of products and increases in the required working capital.

Net cash used in all investing activities for the three months ended March 31, 2015 was $20,063 as compared to $0 for the three months ended March 31, 2014. We purchased $20,063 of machinery and equipment during the three months ended March 31, 2015 and $0 during the three months ended March 31, 2014.

Net cash obtained through all financing activities for the three months ended March 31, 2015, was $775,286, as compared to $600,000 for the three months ended March 31, 2014. We received payments on stock subscription receivable, borrowings on short term debt, proceeds from long term debt and payments on notes receivable during the three months March 31, 2015 and proceeds from sale of common stock, borrowings on line of credit, and proceeds from short term debt - related parties during the three months ended March 31, 2014. The estimated working capital requirement for the next 12 months is $2,400,000 with an estimated burn rate of approximately $200,000 per month. As reflected in the accompanying financial statements, we had cash of $192,792 at March 31, 2015, compared to $594,508 at December 31, 2014.

Recent Financings

LG Capital Financing

On March 5, 2015, the Company entered into a securities purchase agreement with LG Capital Funding, LLC, an accredited investor (“LG”) whereby the Company issued and sold to LG an 8% convertible note (the “LG Note”) in the principal amount of $105,000 for $105,000 (collectively, the “LG Financing”).

The LG Note is due on the first anniversary of issuance and bears interest at the rate of 8% per annum. The LG Note is convertible, in whole or in part, into shares of Common Stock at the option of LG, at a conversion price equal to 60% of the lowest trading price of the Common Stock for the 15 trading days immediately preceding, and including, the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the LG Note.

The Company has the right, at any time prior to the six month anniversary of the issuance date of the LG Note to redeem the outstanding LG Note at a redemption price equal to an amount between 115% and 145% of the amount of principal plus interest being redeemed, depending on the date of prepayment.

The convertibility of the LG Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 9.9% of Common Stock.

The Company reimbursed LG for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $5,000 and paid $8,000 to Carter Terry & Company in connection with due diligence fees.

JSJ Investments Financing

On March 6, 2015, the Company issued and sold to JSJ Investments Inc. (“JSJ”) a convertible note (the “JSJ Note”) in the principal amount of $100,000 (collectively, the “JSJ Financing”).

The JSJ Note is due on demand and bears interest at the rate of 12% per annum. The JSJ Note is convertible, in whole or in part, into shares of Common Stock at the option of JSJ, at a conversion price equal to the lesser of (i) 55% of the lowest trading price of the Common Stock for the 20 trading days immediately preceding the date of issuance of the JSJ Note or (ii) 55% of the lowest trading price of the Common Stock for the 20 trading days immediately preceding the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the JSJ Note.

The Company has the right to redeem the outstanding JSJ Note at a redemption price equal to 150% of the amount of principal and interest being redeemed, provided that any repayment, including at maturity, can only be made with the consent of JSJ.

The Company reimbursed JSJ for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $2,000 and paid $10,000 to Carter Terry & Company in connection with due diligence fees.

JMJ Financial Financing

On March 9, 2015, the Company issued and sold to JMJ Financial ("JMJ") a convertible note (the "JMJ Note") in the principal amount of $100,000 for $90,000 (collectively, the "JMJ Financing"). JMJ has the right to invest an additional $400,000 on the same terms and conditions from time to time in its sole discretion.

Each portion funded of the JMJ Note is due on the second anniversary of funding and bears no interest for the first three months and then a one-time interest charge of 12% will be due. The JMJ Note is convertible, in whole or in part, into shares of Common Stock at the option of JMJ, at a conversion price equal to the lesser of (i) $0.084 or (ii) 60% of the lowest trading price of the Common Stock for the 25 trading days immediately preceding the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the JMJ Note.

The convertibility of the JMJ Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 4.99% of Common Stock.

The Company granted JMJ piggyback registration rights on the shares issuable upon conversion of the JMJ Note. If the Company fails to include such shares, the Company shall pay JMJ liquidated damages of 25% of the outstanding principal amount of the JMJ Note, but not less than $25,000.

EMA Financial Financing

On March 10, 2015, the Company entered into a securities purchase agreement with EMA Financial, LLC, an accredited investor ("EMA") whereby the Company issued and sold to EMA an 8% convertible note (the "EMA Note") in the principal amount of $100,000 for $90,000 (collectively, the "EMA Financing").

The EMA Note is due on the first anniversary of issuance and bears interest at the rate of 10% per annum. The EMA Note is convertible, in whole or in part, into shares of Common Stock at the option of EMA, at a conversion price equal to 60% of the lowest trading price of the Common Stock for the 15 trading days immediately preceding the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the EMA Note.

The Company has the right, at any time prior to the four month anniversary of the issuance date of the EMA Note, upon at least five trading days prior written notice, to redeem the outstanding EMA Note at a redemption price equal to 135% of the amount of principal and interest being redeemed.

The convertibility of the EMA Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 4.9% of Common Stock.

The Company granted EMA a right of first refusal on all future financings for a year from the date of issuance of the EMA Note.

The Company reimbursed EMA for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $3,500.

Adar Bays Financing

On March 20, 2015, the Company entered into a securities purchase agreement with Adar Bays, LLC, an accredited investor ("Adar") whereby the Company issued and sold to Adar an 8% convertible note (the "Adar Note") in the principal amount of $50,000 for $50,000 (collectively, the "Adar Financing").

The Adar Note is due on the first anniversary of issuance and bears interest at the rate of 8% per annum. The Adar Note is convertible, in whole or in part, into shares of Common Stock at the option of Adar, at a conversion price equal to 65% of the lowest trading price of the Common Stock for the 15 trading days immediately preceding, and including, the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the Adar Note.

The Company has the right, at any time prior to the six month anniversary of the issuance date of the Adar Note to redeem the outstanding Adar Note at a redemption price equal to 150% of the amount of principal being redeemed plus interest.

The convertibility of the Adar Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 9.9% of Common Stock.

The Company reimbursed Adar for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $2,500 and paid $4,000 to Carter Terry & Company in connection with due diligence fees.

Union Capital Financing

In April, 2015, the Company entered into a securities purchase agreement with Union Capital, LLC, an accredited investor ("Union Capital") whereby the Company issued and sold to Union Capital an 8% convertible note (the "Union Capital Note") in the principal amount of $75,000 for $75,000 (collectively, the "Union Capital Financing").

The Union Capital Note is due on the first anniversary of issuance and bears interest at the rate of 8% per annum. The Union Capital Note is convertible, in whole or in part, into shares of Common Stock at the option of Union Capital, at a conversion price equal to 60% of the lowest trading price of the Common Stock for the 15 trading days immediately preceding, and including, the date of conversion, subject to adjustment and further discount upon certain events, as set forth in the Union Capital Note.

The Company has the right, at any time prior to the six month anniversary of the issuance date of the Union Capital Note to redeem the outstanding Union Capital Note at a redemption price equal to an amount between 115% and 145% of the amount of principal plus interest being redeemed, depending on the date of prepayment.

The convertibility of the Union Capital Note may be limited if, upon conversion, the holder thereof or any of its affiliates would beneficially own more than 9.9% of Common Stock.

The Company reimbursed Union Capital for all costs and expenses incurred by it in connection with the transactions contemplated by the transaction documents in an amount equal to $3,500 and paid $6,000 to Carter Terry & Company in connection with due diligence fees.

Recent Accounting Pronouncements, not yet adopted

On May 28, 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective for us on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* ASU 2014-15 defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. Under GAAP, financial statements are prepared under the presumption that the reporting organization will continue to operate as a going concern, except in limited circumstances. The going concern basis of accounting is critical to financial reporting because it establishes the fundamental basis for measuring and classifying assets and liabilities. Currently, GAAP lacks guidance about management's responsibility to evaluate whether there is substantial doubt about the organization's ability to continue as a going concern or to provide related footnote disclosures. The ASU is effective for annual and interim periods beginning after December 15, 2016, and should be applied prospectively. Early adoption is permitted. We have not determined the effect of the standard on our ongoing financial reporting.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810) - Amendments to the Consolidation Analysis,* (ASU 2015-02). ASU 2015-02 modifies existing consolidation guidance related to (i) limited partnerships and similar legal entities, (ii) the evaluation of variable interests for fees paid to decision makers or service providers, (iii) the effect of fee arrangements and related parties on the primary beneficiary determination, and (iv) certain investment funds. These changes reduce the number of consolidation models from four to two and place more emphasis on the risk of loss when determining a controlling financial interest. This guidance is effective for public companies for fiscal years beginning after December 15, 2015. We are in the process of evaluating the adoption of this ASU, and do not expect this to have a material effect on our consolidated results of operations and financial condition.

In June 2014, the FASB issued ASU 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period.* The amendments in the ASU require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718, Compensation - Stock Compensation, as it relates to awards with performance conditions that affect vesting to account for such awards. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's financial position and results of operations.

Critical Accounting Policies

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States ("GAAP"). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenues and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note 2 of our financial statements. While all these significant accounting policies impact our financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

We believe the following critical accounting policies and procedures, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Principles of Consolidation

The consolidated financial statements include the accounts of WindStream Technology, Inc., (fka Windaus Global Energy, Inc.) and its subsidiaries, Windstream Technologies, Inc. (A California Corporation), WindStream Energy Technologies Pvt Ltd. and WindStream Technologies Latin America S.A. All material intercompany balances have been eliminated in consolidation.

Foreign Currency Translation

The accounting records of the Company are maintained in U.S. Dollars. The fair value of investments and other assets and liabilities denominated in non-U.S. currencies are translated into U.S. Dollars using the exchange rate at 4:00 p.m., Eastern Time, at each quarter end. Amounts related to the purchases and sales of investments, investment income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Net unrealized currency gains and losses arising from valuing foreign currency-denominated assets and liabilities at the current exchange rate are reflected as part of unrealized appreciation/depreciation on translation of assets and liabilities denominated in foreign currencies.

Revenue Recognition

Sales revenue consists of amounts earned from customers through the sale of its primary products, the TurboMill and the SolarMill, power generation devices, which use alternative energy sources, primarily wind, to generate electricity. We also provide accessory products in support of these devices in the form of mounting equipment, data collection/monitoring equipment, batteries, inverters and various wiring solutions and accessories.

Sales revenue is recognized when persuasive evidence of an arrangement exists, title to and risk of loss for the product has passed, which is generally when the products are shipped to its customers and collection is reasonably assured.

Basic and Diluted Net Loss per Share

We compute loss per share in accordance with ASC 260, *Earnings per Share.* ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using treasury stock method, and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive. Common stock equivalents pertaining to the convertible debt, options, warrants and convertible preferred shares were not included in the computation of diluted net loss per common share because the effect would have been anti-dilutive due to the net loss for the three months ended March 31, 2015 and 2014, respectively.

Stock Based Payments

We account for share-based awards to employees in accordance with ASC 718 "Stock Compensation". Under this guidance, stock compensation expense is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the estimated service period (generally the vesting period) on the straight-line attribute method. Share-based awards to non-employees are accounted for in accordance with ASC 505-50 "Equity", wherein such awards are expensed over the period in which the related services are rendered.

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates reflected in the Company's consolidated financial statements include the allowance made for doubtful accounts receivable, inventory write-downs, the estimated useful lives of long-lived assets, the impairment of long-lived assets and project assets, fair value of derivative liability, valuation allowance of deferred income tax assets, accrued warranty expenses, the grant-date fair value of share-based compensation awards and related forfeiture rates, and fair value of financial instruments. Changes in facts and circumstances may result in revised estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Deferred Financing Costs

Costs associated with the issuance of debt is capitalized as deferred financing costs and amortized into interest expense using the effective interest method over the life of the related debt. At each of March 31, 2015 and December 31, 2014, unamortized deferred financing costs incurred totaled $0. Amortization of deferred financing costs, which has been included interest expense, for the three months ended March 31, 2015 and 2014 was approximately $0 and $7,500, respectively.

Accounting for Derivatives Liabilities

We evaluate stock options, stock warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, *Derivative Instruments and Hedging: Contracts in Entity's Own Equity*. The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative instrument and is marked-to-market at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date.

Research and Development

Costs incurred in developing the ability to create and manufacture products for sale are included in research and development. Once a product is commercially feasible and starts to sell to third party customers, the classification of such costs as development costs stops and such costs are recorded as costs of production, which is included in cost of goods sold. Research and development costs are expensed when incurred.

Related parties

A party is considered to be related to us if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with us. Related parties also include our principal owners, our management, members of the immediate families of our principal owners and our management and other parties with which we may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Contractual Commitments

A summary of contractual debt obligations is as follows:

		Payments due by period:			
Contractual Obligations:	Total	Less than one year	1-3 years	3-5 years	More than 5 years
Short term convertible notes payable with imbedded derivatives	$ 3,495,581	$ 3,495,581	-	-	-
Short term debt - related party	$ 221,000	$ 221,000	-	-	-
Short term debt - third parties, includes:					
Line of credit with a bank	$ 1,765,215	$ 1,765,215	-	-	-
Notes payable to various individuals	$ 485,000	$ 485,000	-	-	-
Total short term debt - third parties	$ 2,250,215	$ 2,250,215	-	-	-
Notes payable, including interest	$ 1,601,535	$ 270,097	$ 1,331,483	-	-

Off Balance Sheet Arrangements:

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities” (SPEs).

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required under Regulation S-K for “smaller reporting companies.”

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2015, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.*Changes in internal control over financial reporting.*

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

There were no new material legal proceedings or material changes to existing legal proceedings involving the Company during the first quarter of 2015.

Item 1A. Risk Factors.

Not required under Regulation S-K for "smaller reporting companies."

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

31.01	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 INS	XBRL Instance Document
101 SCH	XBRL Taxonomy Extension Schema Document
101 CAL	XBRL Taxonomy Calculation Linkbase Document
101 LAB	XBRL Taxonomy Labels Linkbase Document
101 PRE	XBRL Taxonomy Presentation Linkbase Document
101 DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	WINDSTREAM TECHNOLOGIES, INC.
Date: May 15, 2015	***By:*** ***/s/ Daniel Bates***
	Name: Daniel Bates
	Title: Chief Executive Officer (Principal Executive Officer)
Date: May 15, 2015	***By:*** ***/s/ William Thorpe***
	Name: William Thorpe
	Title: Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer)

Exhibit 31.01

CERTIFICATION

I, Daniel Bates, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WindStream Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2015

/s/ DANIEL BATES
Daniel Bates
Chief Executive Officer

Exhibit 31.02

CERTIFICATION

I, William Thorpe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WindStream Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2015

/s/ WILLIAM THORPE
William Thorpe
Chief Financial Officer

Exhibit 32.01

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Bates, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of WindStream Technologies, Inc. on Form 10-Q for the fiscal quarter ended March 31, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of WindStream Technologies, Inc.

Date: May 15, 2015

By: */s/ DANIEL BATES*
Name: Daniel Bates
Title: *Chief Executive Officer*

I, William Thorpe, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of WindStream Technologies, Inc. on Form 10-Q for the fiscal quarter ended March 31, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of WindStream Technologies, Inc.

Date: May 15, 2015

By: */s/ WILLIAM THORPE*
Name: William Thorpe
Title: *Chief Financial Officer*