

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

(Mark One)

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

For the quarterly period ended March 31, 2014

OR

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

For the transition period from to

Commission file number 0-53259

POWERDYNE INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

20-5572576

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

Jefferson Place

100 Jefferson Boulevard, Suite 200
Warwick, Rhode Island 02888-3849

(Address of principal executive offices) (zip code)

401/739-3300

(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 No

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

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

(do not check if smaller reporting company)

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

Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Class

Outstanding at March 31, 2014

Common Stock, par value \$0.0001

201,887,313 shares

Documents incorporated by reference: None

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)

FINANCIAL STATEMENTS

March 31, 2014 and 2013

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(Unaudited)

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POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
CONDENSED BALANCE SHEETS

	March 31, 2014	December 31, 2013
	<u>(unaudited)</u>	<u></u>
ASSETS		
Current Assets:		
Cash	\$ 128	\$ 18,169
Prepaid expenses	31,500	495
Advances to stockholder	11,321	11,321
Total current assets	<u>42,949</u>	<u>29,985</u>
Property and Equipment		
Property and equipment, net	<u>99,237</u>	<u>102,613</u>
Total Assets	<u>\$ 142,186</u>	<u>\$ 132,598</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 180,688	\$ 162,661
Notes payable, net of unamortized debt discounts of \$96,756 and \$24,750, respectively	8,744	68,469
Due to related parties	18,773	14,250
Notes payable-related parties	67,457	67,457
Tax payable	956	956
Total current liabilities	<u>276,618</u>	<u>313,793</u>
Other liabilities:		
Derivative liability, net	<u>218,666</u>	<u>94,876</u>
Total Liabilities	<u>495,284</u>	<u>408,669</u>
Stockholders' Deficit:		
Common stock; \$0.0001 par value; 300,000,000 shares authorized, 201,887,313 shares issued and outstanding as of March 31, 2014 and 196,673,027 shares issued and outstanding as of December 31, 2013	20,188	19,667
Additional paid-in capital	1,355,778	1,286,187
Accumulated deficit	<u>(1,729,064)</u>	<u>(1,581,925)</u>
Total Stockholders' Deficit	<u>(353,098)</u>	<u>(276,071)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 142,186</u>	<u>\$ 132,598</u>

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31, 2014	For the Three Months Ended March 31, 2013	For the period from February 2, 2010 (inception) to March 31, 2014
Revenues	\$ -	\$ -	\$ -
Cost of revenues	-	-	-
Gross profit	-	-	-
Operating expenses	<u>47,963</u>	<u>30,544</u>	<u>1,554,509</u>
Loss from operations	<u>(47,963)</u>	<u>(30,544)</u>	<u>(1,554,509)</u>
Other (Income) Expense			
Derivative expense	-	-	33,833
Change in fair value of derivative	71,013	-	89,309
Amortization of debt discount	28,164	-	46,633
Total Other (Income) Expense	<u>99,177</u>	<u>-</u>	<u>169,775</u>
Loss before income tax expense	(147,140)	(30,544)	(1,724,284)
Income tax expense	-	-	4,780
Net loss	<u>\$ (147,140)</u>	<u>\$ (30,544)</u>	<u>\$ (1,729,064)</u>
Basic and diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	
Basic and diluted weighted average common shares outstanding	<u>198,034,932</u>	<u>193,216,667</u>	

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
For the period from February 2, 2010 (Inception) to March 31, 2014

	<u>Common Stock</u>		<u>Common Stock Subscribed</u>	<u>Additional Paid-In Capital</u>	<u>Common Stock Subscriptions Receivable</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>					
Balance, February 2, 2010 (Inception)	1,000,000	\$ 100	\$ -	\$ 900	\$ -	\$ -	\$ 1,000
Common stock subscribed	-	-	191,900	-	(61,915)	-	129,985
Stock issued for change in control	188,000,000	18,800	-	(18,800)	-	-	-
Stock issued for services	16,000,000	1,600	-	158,400	-	-	160,000
Net loss for the period	-	-	-	-	-	(306,270)	(306,270)
Balance, December 31, 2010	205,000,000	\$ 20,500	\$ 191,900	\$ 140,500	\$ (61,915)	\$ (306,270)	\$ (15,285)
Recapitalization shares contributed from reverse merger agreement	(84,526,666)	(8,453)	-	8,453	-	-	-
Issuance pursuant to merger agreement for services - fair valued	32,500,000	3,250	-	321,750	-	-	325,000
Issuance per cash considerations in relation to the stockholder subscription	36,026,666	3,603	(191,900)	523,997	(102,200)	-	233,500
Common stock issued	2,750,000	275	-	62,225	164,115	-	226,615
Net loss for the year	-	-	-	-	-	(745,789)	(745,789)
Balance, December 31, 2011	191,750,000	19,175	-	1,056,925	-	(1,052,059)	24,041
Issuance per cash considerations in relation to the stockholder subscription	966,667	97	-	28,903	-	-	29,000
Stock issued for services	500,000	50	-	4,950	-	-	5,000
Net loss for the year	-	-	-	-	-	(127,971)	(127,971)
Balance, December 31, 2012	193,216,667	19,322	-	1,090,778	-	(1,180,030)	(69,930)
Common stock issued for services	2,265,884	226	-	155,774	-	-	156,000
Common stock issued in exchange for debt	1,190,476	119	-	14,881	-	-	15,000
Settlement of derivative liability through conversion of notes payable	-	-	-	24,754	-	-	24,754
Net loss for the year	-	-	-	-	-	(401,894)	(401,894)
Balance, December 31, 2013	196,673,027	19,667	-	1,286,187	-	(1,581,924)	(276,070)
Settlement of derivative liability through conversion of notes payable	-	-	-	23,112	-	-	23,112
Common stock issued in exchange for debt	1,714,286	171	-	11,829	-	-	12,000
Common stock issued for services	3,500,000	350	-	34,650	-	-	35,000
Net loss for the period	-	-	-	-	-	(147,140)	(147,140)
Balance, March 31, 2014	<u>201,887,313</u>	<u>20,188</u>	<u>-</u>	<u>1,355,778</u>	<u>-</u>	<u>(1,729,064)</u>	<u>(353,098)</u>

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31, 2014 <u>(unaudited)</u>	For the Three Months Ended March 31, 2013 <u>(unaudited)</u>	From February 2, 2010 (Inception) to March 31, 2014 <u></u>
Operating Activities:			
Net loss	\$ (147,140)	\$ (30,544)	\$ (1,729,064)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	3,376	3,376	33,826
Stock compensation	35,000	-	681,000
Derivative expense	-	-	33,833
Change in FV of derivatives	71,013	-	89,309
Amortization of debt discounts	28,164	-	46,633
Changes in operating assets and liabilities:			
Prepaid expenses	(31,005)	-	(31,500)
Accrued expenses	22,551	10,401	199,462
Accrued income taxes	-	(956)	956
Net cash used by operating activities	<u>(18,041)</u>	<u>(17,723)</u>	<u>(675,545)</u>
Investing Activities:			
Organization expense	-	-	-
Purchase of equipment	-	-	(133,063)
Net cash used by investing activities	<u>-</u>	<u>-</u>	<u>(133,063)</u>
Financing Activities:			
Advances to stockholder	-	-	(11,321)
Notes payable	-	24,100	199,957
Proceeds from common stock	-	-	620,100
Net cash provided by financing activities	<u>-</u>	<u>24,100</u>	<u>808,736</u>
Net change in cash	(18,041)	6,377	128
Cash, beginning of period	18,169	665	-
Cash, end of period	\$ 128	\$ 7,042	\$ 128
Non-cash investing and financing activities:			
Common stock issued in exchange for debt	\$ 12,000	\$ -	\$ 27,000
Settlement of derivative liability through conversion of notes payable.	23,112	-	47,866
	<u>35,112</u>	<u>\$ -</u>	<u>74,866</u>
Supplemental disclosure if cash flow information			
Cash paid for interest	-	-	-
Cash paid for taxes	\$ -	\$ 956	\$ 4,780

The accompanying notes are an integral part of these condensed financial

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2014 and 2013
(Unaudited)

1. ORGANIZATION

Powerdyne, Inc., was incorporated on February 2, 2010 in Nevada, and is registered to do business in Rhode Island and Massachusetts. On February 7, 2011, Powerdyne, Inc. merged with Powerdyne International, Inc., formerly Greenmark Acquisition Corporation, a publicly held Delaware shell corporation with minimal assets and no operations.

On December 13, 2010, Powerdyne International, Inc., formerly Greenmark Acquisition Corporation, filed an Amended and Restated Articles of Incorporation in order to, among other things, increase the authorized capital stock to 300,000,000 common shares, par value \$0.0001 per share. Unless the context specifies otherwise, as discussed in Note 2, references to the "Company" refers to Powerdyne International, Inc. and Powerdyne, Inc. after the merger.

At the closing of the merger, each share of Powerdyne, Inc.'s common stock issued and outstanding immediately prior to the closing of the Merger was exchanged for the right to receive 7,520 shares of common stock of Powerdyne International, Inc. Accordingly, an aggregate of 188,000,000 shares of common stock of Powerdyne International, Inc. were issued to the holders of Powerdyne, Inc.'s common stock.

The Company is a start-up organization which intends to produce and distribute completely packaged independent electrical generator units that run on environmentally-friendly fuel sources, such as natural gas and propane. At this time, the majority stockholder has patents pending with the United States Patent Office regarding the unique design of these units.

2. REVERSE MERGER ACCOUNTING

On February 7, 2011, Greenmark Acquisition Corporation, which was a publicly held Delaware shell corporation with no operations merged with Powerdyne, Inc. Upon closing of the transaction, Greenmark Acquisition Corporation, the surviving corporation in the merger, changed its name to Powerdyne International, Inc.

The merger is being accounted for as a reverse-merger, and recapitalization in accordance with generally accepted accounting principles in the United States ("GAAP"). Powerdyne, Inc. is the acquirer for financial reporting purposes and the Company is the acquired company. Consequently, the assets and liabilities and the operations that are reflected in the historical financial statements prior to the Merger are those of Powerdyne, Inc. and have been recorded at the historical cost basis of Powerdyne, Inc., and the financial statements after completion of the merger include the assets and liabilities of the Company and Powerdyne, Inc., historical operations of Powerdyne, Inc. and operations of the Company from the closing date of the Merger. Common stock and the corresponding capital amounts of the Company pre-merger have been retroactively restated as capital stock shares reflecting the exchange ratio in the merger.

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2014 and 2013
(Unaudited)

2. REVERSE MERGER ACCOUNTING (CONTINUED)

In conjunction with the merger, the Company received no cash and assumed no liabilities from Greenmark Acquisition Corporation. All members of the Company's executive management are from Powerdyne, Inc.

3. BASIS OF PRESENTATION

The accompanying unaudited financial statements primarily reflect the financial position, results of operations and cash flows of the Company (as discussed above). The accompanying unaudited financial statements have been prepared in accordance with GAAP for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X of the Securities and Exchange Commission. Accordingly, these interim financial statements do not include all of the information and footnotes required by GAAP for annual financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014 or for any other period. These financial statements and accompanying notes should be read in conjunction with the financial statements and notes thereto in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 on file with the SEC (our "Annual Report"). There have been no material changes to our significant accounting policies as compared to the significant accounting policies described in our Annual Report.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies presented below is designed to assist in understanding the Company's financial statements. Such financial statements and accompanying notes are the representations of the Company's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") in all material respects, and have been consistently applied in preparing the accompanying financial statements. The Company is classified as a development stage enterprise under GAAP and has not generated significant revenues from its principal operations.

Development Stage and Capital Resources

Since its inception, the Company has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. Accordingly, the Company is considered to be in the development stage as defined in GAAP. The Company has not generated significant revenues from its principal operations, and there is no assurance of future revenues. As of March 31, 2014, the Company had an accumulated deficit from inception of \$1,729,064.

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2014 and 2013
(Unaudited)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company's activities will necessitate significant uses of working capital beyond 2013. Additionally, the Company's capital requirements will depend on many factors, including the success of the Company's continued research and development efforts and the status of competitive products. The Company plans to continue financing its operations with cash received from financing activities, more specifically from one of its major shareholders.

While the Company strongly believes that its capital resources will be sufficient in the near term, there is no assurance that the Company's activities will generate sufficient revenues to sustain its operations without additional capital or, if additional capital is needed, that such fund, if available, will be obtainable on terms satisfactory to the Company.

Use of Estimates

In preparing these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Company follows guidance for accounting for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Additionally, the Company adopted guidance for fair value measurement related to nonfinancial items that are recognized and disclosed at fair value in the financial statements on a nonrecurring basis. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

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.

Level 3 inputs are unobservable inputs for the asset or liability.

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2014 and 2013
(Unaudited)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company monitors the market conditions and evaluates the fair value hierarchy levels at least quarterly. For any transfers in and out of the levels of the fair value hierarchy, the Company elects to disclose the fair value measurement at the beginning of the reporting period during which the transfer occurred.

The Company's financial instruments consisted of cash and the notes payable. The estimated fair value of these instruments approximates its carrying amount due to the short maturity of these instruments

Cash and Cash Equivalents

The Company considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents. The Company had no cash equivalents as of March 31, 2014 and December 31, 2013.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company places its cash with high quality banking institutions. From time to time, the Company may maintain cash balances at certain institutions in excess of the Federal Deposit Insurance Corporation limit. The Company has not incurred any loss from this risk.

Revenue Recognition

The Company is in the development stage and has yet to realize revenues from planned operations. The Company will recognize revenue on arrangements in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") No. 605, "Revenue Recognition". In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured. The Company has not recorded any sales transactions since inception.

Property and Equipment

Property and equipment is stated at cost. Capital expenditures for improvements and upgrades to existing equipment are also capitalized. Maintenance and repairs are expensed as incurred. The machinery and equipment, previously classified as 'construction in progress' was placed into service on October 1, 2011 and the Company began to depreciate the assets at that time. The equipment is depreciated over 10 years on a straight-line basis. Vehicles are depreciated over 5 years using the straight-line basis. Depreciation expense for the periods ended March 31, 2014 and 2013 was \$3,376 and \$3,576, respectively, and \$33,826 for the period from inception to March 31, 2014.

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2014 and 2013
(Unaudited)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivatives and Hedging

In April 2008, the FASB issued a pronouncement that provides guidance on determining what types of instruments or embedded features in an instrument held by a reporting entity can be considered indexed to its own stock for the purpose of evaluating the first criteria of the scope exception in the pronouncement on accounting for derivatives. This pronouncement was effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of these requirements can affect the accounting for many convertible instruments with provisions that protect holders from a decline in the stock price. Each reporting period, the Company evaluates whether convertible debt to acquire stock of the Company contain provisions that protect holders from declines in the stock price or otherwise could result in modification of the exercise price under the respective convertible debt agreements. The Company determined that the conversion feature in the convertible notes issued during the second, third and fourth quarters of 2013 contained such provisions and recorded such instruments as derivative liabilities. See Note 7, Notes Payable.

Long-Lived Assets

In accordance with ASC 350-30 (formerly SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), the Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that their then carrying values may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. The Company's management currently believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Company's products under development will continue. Either of these could result in future impairment of long-lived assets.

Income Taxes

As a result of the implementation of certain provisions of ASC 740, *Income Taxes*, (formerly FIN 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109*), ("ASC 740"), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. ASC 740 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes.

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2014 and 2013
(Unaudited)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In 2010, the Company adopted Accounting for Uncertain Income Taxes under the provisions of ASC 740. ASC 740 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any additional liability for unrecognized tax benefits as a result of the adoption of ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized.

We believe that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to our financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. In addition, we did not record a cumulative effect adjustment related to the adoption of ASC 740. Our policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes. Our tax provision determined using an estimate of our annual effective tax rate using enacted tax rates expected to apply to taxable income in the years in which they are earned, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. Taxes payable as of March 31, 2014 and December 31, 2013 was \$956 and \$956, respectively.

Share Based Compensation

We periodically issue stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. We account for stock option and warrant grants issued and vesting to employees based on Financial Accounting Standards Board (FASB) ASC Topic 718, "Compensation – Stock Compensation", whereas the award is measured at its fair value at the date of grant and is amortized ratably over the vesting period. We account for stock option and warrant grants issued and vesting to non-employees in accordance with ASC Topic 505, "Equity", whereas the value of the stock compensation is based upon the measurement date as determined at either (a) the date at which a performance commitment is reached, or (b) at the date at which the necessary performance to earn the equity instruments is complete.

Loss per Common Share

Basic loss per common share excludes dilutive securities and is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted earnings per common share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Since the Company has only incurred losses, basic and diluted loss per share is the same. As of March 31, 2014 and 2013, there were no outstanding dilutive securities.

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
 March 31, 2014 and 2013
 (Unaudited)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table represents the computation of basic and diluted losses per share:

	Three Months ended March 31, 2014	Three Months ended March 31, 2013
Loss available for common shareholder	\$ (147,140)	\$ (30,544)
Basic and fully diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average common shares outstanding - basic and diluted	<u>198,034,932</u>	<u>193,216,667</u>

Net loss per share is based upon the weighted average shares of common stock outstanding.

Recent Accounting Pronouncements

Any recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the United States Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

5. PROPERTY AND EQUIPMENT - NET

Equipment consists of the following as of March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Motor vehicles	\$ 1,976	\$ 1,976
Machinery and equipment	131,087	131,087
	<u>133,063</u>	<u>133,063</u>
Less accumulated depreciation	(33,826)	(30,450)
Total equipment - net	<u>\$ 99,237</u>	<u>\$ 102,613</u>

POWERDYNE INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2014 and 2013
(Unaudited)

Equipment is stated at cost and depreciated on a straight-line basis over the assets' estimated useful lives: vehicles 5 years and machinery and equipment 10 years. The machinery and equipment that was previously classified as 'construction in process,' was placed into service on October 1, 2011. Total depreciation expense for the periods ended March 31, 2014 and 2013 was \$3,376 and \$3,576, respectively and from February 2, 2010 (Inception) to March 31, 2014 was \$33,826.

6. COMMON STOCK

Starting in June 2010, the Company entered into various stockholder subscription agreements with private investors in order to provide working capital for the Company. The agreements were sold to private investors at \$0.01 to \$0.03 per share in various share amounts. The agreement stipulated that the shares of common stock would not be issued to the investors until the execution of the reverse merger agreement and subsequent Initial Public Offering. During fiscal year 2010, the Company raised \$191,900 from the stockholder subscription agreements for the purchase of 19,190,000 shares of common stock. The Company had \$61,915 in common stock subscription receivable as of December 31, 2010. The 19,190,000 shares of common stock were issued on February 8, 2011.

On December 11, 2010, the Company issued 2,000,000 shares of common stock to each of Tiber Creek Corporation and IRAA Fin Serv. for services rendered on behalf of Powerdyne Inc. The shares were valued at their estimated fair value of \$0.01 per share for a total compensation of \$40,000.

On December 13, 2010, the Company issued 188,000,000 to Dale Euga, the sole shareholder of Powerdyne Inc. The shares were issued to effect a change of control of the Company in anticipation of the merger that was eventually consummated with Powerdyne, Inc.

On December 13, 2010, the Company issued 12,000,000 shares of common stock to Arthur Read, II, Esq for services rendered on behalf of Powerdyne Inc. The shares were valued at their estimated fair value of \$0.01 per share for a total compensation of \$120,000.

On February 7, 2011, in connection with the merger, Dale Euga contributed 84,526,666 shares of common stock to the Company which were then cancelled. Mr. Euga received no compensation for these shares.

On February 8, 2011, the Company issued 32,500,000 shares of common stock to employees and consultants for services. The Company recorded an expense of \$325,000 based on an estimated fair value of \$0.01 per share.

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Pursuant to the terms and conditions of the merger on February 7, 2011 (see Note 1 and 2) each share of Powerdyne, Inc.'s common stock issued and outstanding immediately prior to the closing of the merger was exchanged for the right to receive 7,520 shares of Powerdyne International, Inc. common stock.

For the year ended December 31, 2012, the Company raised an additional \$29,000 from stockholder subscription agreements for the purchase of 966,667 shares of common stock. In total, the Company has raised \$619,100 in cash from common stock subscriptions since inception. In addition, during the period ended March 31, 2012, 500,000 shares were issued to a consultant as compensation for services rendered. The Company valued the award of stocks at \$0.01 per share for a total of \$5,000.

During the year ended December 31, 2013, 2,205,884 shares were issued to three consultants as compensation for services rendered. The Company valued the stock at \$0.068 per share for a total of \$150,000. The Company also issued 60,000 shares to one consultant as compensation for services rendered. The Company valued the stock at \$0.10, for a total of \$6,000. On December 3, 2013 the Company issued 1,190,476 shares in exchange for the retirement of \$15,000 of debt held by a venture capital lender.

On February 13, 2014 the Company issued 1,714,286 shares in exchange for the extinguishment of \$12,000 of debt held by a venture capital lender. The Company also issued 3,500,000 shares on March 20, 2014 to a consulting company as compensation for services rendered/to be rendered. The Company valued the stock at \$0.01, for a total of \$35,000.

7. NOTES PAYABLE

Asher Enterprises, Inc.

On June 3, 2013 Powerdyne International entered into an agreement for the sale of a Convertible Promissory Note ("**Asher Note 1**") in the principal amount \$42,500 with an interest rate of 8% per annum pursuant to the terms of a Securities Purchase Agreement between Asher Enterprises, Inc. ("**Asher**"), a Delaware corporation, and Powerdyne International Inc. The Asher Note 1 closed on June 5, 2013 and matures on March 6, 2014. After 180 days, the Investor/Lender has the option of converting some or all principal and accrued interest into common shares of the Company. The conversion rate, 58% of the average of the lowest three trading day prices of the Company during the ten trading day period prior to the conversion date. The Company analyzed the conversion option for derivative accounting consideration under ASC 815-15 "Derivatives and Hedging" and determined that the instrument should be classified as a liability once the conversion option becomes effective, since there is no explicit limit to the number of shares to be delivered upon settlement of the above conversion options.

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On December 10, 2013 the Investor/Lender exercised its right to convert \$15,000 of the Note 1 into 1,190,476 common shares. The Company has determined that the conversion feature is considered a beneficial conversion feature and thereby creates a derivative liability for the Company. On the date of issuance, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes-Merton option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions; (i) dividend yield of 0%; (ii) expected volatility of 506.82%; (iii) risk free rate of 0.13%, (iv) expected term of 3 months, (v) market value share price of \$0.022, and (vi) per share conversion price of \$0.0126. Based upon this model, the Company determined an initial derivative liability value of \$62,131, which it recorded as a derivative liability as of the date of issuance while also recording a \$15,000 non-cash amortization expense of debt discount and a \$42,500 debt discount on its balance sheet in relation to the beneficial conversion feature (BCF) of this note. This conversion produced an increase in additional paid in capital of \$24,754 and a decrease in the derivative liability by the same amount. In addition, the Company recorded a derivative expense of \$19,631, and a change in fair value of derivative of \$8,004.

On December 31, 2013, the Company revalued the derivative value of the \$42,500 8% Note with remaining principal balance of \$27,500 using the weighted-average Black-Scholes-Merton option pricing model with the following assumptions; (i) dividend yield of 0%; (ii) expected volatility of 483.43%; (iii) risk free rate of 0.013%, (iv) expected term of 2 months, (v) market value share price of \$0.184, and (vi) per share conversion price of \$0.00998. The Company determined the derivative value to be \$47,494 as of December 31, 2013, which represents a change in the fair value of the derivative in the amount of \$2,113 as compared to the derivative value on December 10, 2013. Accordingly, the Company recorded a non-cash change in fair value of the derivative liability of \$2,113 while also increasing the derivative liability from \$39,202 to \$47,494 as of December 31, 2013. Also recorded for that period was an amortization of debt discount of \$2,750. The derivative liability balance as of December 31, 2013 and 2012 was \$47,494 and \$0, respectively. The debt discount balance as of December 31, 2013 and 2012 was \$24,750 and \$0, respectively.

On February 13, 2014, the Investor/Lender exercised its right to convert an additional \$12,000 of the Note 1 (the second conversion of this note) into 1,714,286 common shares. The Company has determined that the conversion feature is considered a beneficial conversion feature and thereby creates a derivative liability for the Company. On the date of issuance, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes-Merton option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions; (i) dividend yield of 0%; (ii) expected volatility of 490.30%; (iii) risk free rate of 0.13%, (iv) expected term of 6 months, (v) market value share price of \$0.0143, and (vi) per share conversion price of \$0.007. This conversion produced an increase in additional paid in capital of \$23,112 and a decrease in the derivative liability by the same amount. In addition, the Company recorded an amortization of debt discount of \$12,000 and a reduction of debt discounts of the same amount. There was also a decrease in the change in fair value of the derivative liability of \$5,471 while also producing an increase in the derivative liability at conversion date.

On March 31, 2014, the Company revalued the derivative value of the \$42,500 8% Note with remaining principal balance of \$ 15,500 using the weighted-average Black-Scholes-Merton option pricing model with the following assumptions; (i) dividend yield of 0%; (ii) expected volatility of 356.54%; (iii) risk free rate of 0.013%, (iv) expected term of 62 months, (v) market value share price of \$0.015, and (vi) per share conversion price of \$0.0059. The Company determined the derivative liability value to be \$34,509 as of March 31, 2014, which represents a change in the fair value of the derivative in the amount of \$4,656 as compared to the derivative value on February 13, 2014. Accordingly, the Company recorded a non-cash change in fair value of the derivative liability of \$4,656 while also increasing the derivative liability from \$34,509 to \$47,494 as of March 31, 2014. Also recorded for that period was an amortization of debt discount in the amount of \$4,650. The derivative liability balance as of March 31, 2014 and December 31, 2013 was \$47,494 and \$34,509, respectively. The debt discount balance as of March 31, 2014 and December 31, 2013 was \$8,100 and \$24,750, respectively.

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On August 27, 2013 Powerdyne International entered into an agreement for the sale of a Convertible Promissory Note (“**Asher Note 2**”) in the principal amount \$32,500 with an interest rate of 8% per annum pursuant to the terms of a Securities Purchase Agreement between Asher and Powerdyne International Inc. The Asher Note 2 closed on August 29, 2013 and matures on May 29, 2014. This Note2 is convertible at 58% of the average of the lowest three trading prices of Powerdyne’s common stock during the ten trading day period prior to the conversion date after 180 days. Powerdyne analyzed the conversion option for derivative accounting consideration under ASC 815-15 “Derivatives and Hedging” and determined that the instrument should be classified as a liability once the conversion option becomes effective after 180 days due to there being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options.

On October 2, 2013 Powerdyne International entered into an agreement for the sale of a Convertible Promissory Note (“**Asher Note 3**”) in the principal amount \$32,500 with an interest rate of 8% per annum pursuant to the terms of a Securities Purchase Agreement between Asher and Powerdyne International. This Note closed on October 7, 2013 and matures on July 7, 2014. The Note is convertible at 58% of the average of the lowest three trading prices of Powerdyne’s common stock during the ten trading day period prior to the conversion date after 180 days.

Powerdyne analyzed the conversion option for derivative accounting consideration under ASC 815-15 “Derivatives and Hedging” and determined that the instrument should be classified as a liability once the conversion option becomes effective after 180 days due to there being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options.

JMJ Financial

On December 11, 2013, the Company entered into an agreement with an another unrelated party in order to obtain short term cash flow in the form of a \$25,000, ten (10) percent convertible Note Payable. Interest accrues at zero (0) percent for the first three months and at ten (10) percent thereafter. The maturity date is two years from the effective date of the Note Payable. The lender has the right to convert some or all of the Note Payable into common stock of the Company at a discount rate of \$0.022 or 40% of market, whichever is less. As a result of the convertible notes payable, the Company realized the derivative nature of those instruments. Accordingly, the Company recognized following charges to operations, Derivative expense of \$14,202, Change in Fair Value of Derivatives of \$8,179 and Amortization of Debt Discounts of \$719. Furthermore, the Company recognized Derivative Liabilities in the amount of \$47,381 and Debt Discounts in the amount of \$24,281 which is amortized

On December 31, 2013, the Company revalued the derivative value of the \$25,000 8% Note using the weighted-average Black-Scholes-Merton option pricing model with the following assumptions; (i) dividend yield of 0%; (ii) expected volatility of 483.43%; (iii) risk free rate of 0.013%, (iv) expected term of 8 months, (v) market value share price of \$0.184, and (vi) per share conversion price of \$0.00912. The Company determined the derivative value to be \$47,381 as of December 31, 2013, which represents a change in the fair value of the derivative in the amount of \$8,179 as compared to the derivative value on December 11, 2013. Accordingly, the Company recorded a non-cash change in fair value of the derivative liability of \$8,179 while also increasing the derivative liability from \$39,202 to \$47,381 as of December 31, 2013. Also recorded for that period was an amortization of debt discount of \$719.

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On March 31, 2014, the Company revalued the derivative value of the \$25,000 8% Note using the weighted-average Black-Scholes-Merton option pricing model with the following assumptions; (i) dividend yield of 0%; (ii) expected volatility of 292.13%; (iii) risk free rate of 0.013%, (iv) expected term of 6 months, (v) market value share price of \$0.015, and (vi) per share conversion price of \$0.00306. The Company determined the derivative value to be \$108,271 as of March 31, 2014, which represents a change in the fair value of the derivative in the amount of \$60,890 as compared to the derivative value on December 11, 2013. Accordingly, the Company recorded a non-cash change in fair value of the derivative liability of \$60,890 while also increasing the derivative liability from \$47,381 to \$108,271 as of March 31, 2014. Also recorded for that period was an amortization of debt discount of \$3,082.

8. RELATED PARTY – Promissory Note

The Company obtained short-term cash flow from a related party in the form of three demand Notes Payable in the aggregate amount of \$10,000 during the year ended December 31, 2012. The Notes bear an interest rate of 7% per annum and are unsecured.

Note	Principal	Rate	Accrued interest		Maturity
			3/31/14	12/31/13	
Promissory note 1	\$ 6,000	7%	\$ 659	\$ 556	9/4/2014
Promissory note 2	\$ 2,000	7%	\$ 209	\$ 175	10/1/2014
Promissory note 3	\$ 2,000	7%	\$ 185	\$ 151	12/3/2014
Total	<u>\$ 10,000</u>		<u>\$ 1,053</u>	<u>\$ 882</u>	

The Company obtained short-term cash flow from a related party in the form of six demand Notes Payable in the aggregate amount of \$32,953 during the year ended December 31, 2012. The Notes bear an interest rate of 7% per annum and are unsecured.

Note	Principal	Rate	Accrued interest		Maturity
			3/31/14	12/31/13	
Promissory note 1	\$ 5,000	7%	\$ 558	\$ 472	7/25/2014
Promissory note 2	\$ 11,000	7%	\$ 1,108	\$ 918	10/22/2014
Promissory note 3	\$ 15,000	7%	\$ 1,415	\$ 1,156	11/24/2014
Promissory note 4	\$ 102	7%	\$ 10	\$ 8	10/22/2014
Promissory note 5	\$ 879	7%	\$ 83	\$ 68	11/24/2014
Promissory note 6	\$ 972	7%	\$ 109	\$ 92	7/25/2014
Total	<u>\$ 32,954</u>		<u>\$ 3,283</u>	<u>\$ 2,714</u>	

The Company obtained short-term cash flow from a related party in the form of two demand Notes Payable in the aggregate amount of \$404 during the year ended December 31, 2012 and an additional amount of \$6,100 during the quarter ended March 31, 2013. The Notes bear an interest rate of 7% per annum and are unsecured.

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Note	Principal	Rate	Accrued interest		Maturity
			3/31/14	12/31/13	
Promissory note 1	\$ 234	7%	\$ 22	\$ 17	12/5/2014
Promissory note 2	\$ 170	7%	\$ 16	\$ 13	11/18/2014
Promissory note 3	\$ 4,100	7%	\$ 330	\$ 259	2/5/2015
Promissory note 4	\$ 2,000	7%	\$ 160	\$ 126	2/7/2015
Total	<u>\$ 6,504</u>		<u>\$ 528</u>	<u>\$ 415</u>	

The Company obtained short-term cash flow from a related party in the form of two demand Notes Payable in the aggregate amount of \$18,000 during the quarter ended March 31, 2013. The Notes bear an interest rate of 7% per annum and are unsecured.

Note	Principal	Rate	Accrued interest		Maturity
			3/31/14	12/31/13	
Promissory note 1	\$ 8,000	7%	775	602	3/18/2015
Promissory note 2	\$ 10,000	7%	581	443	2/21/2013
Total	<u>\$ 18,000</u>		<u>1356</u>	<u>\$ 1,045</u>	

From time to time, the Company advances amounts to stockholders, as well as receives payments from stockholders in the form of cash and/or out-of-pocket expenditures for the benefit of the Company, which are business in nature. The balance of advances to stockholder as of March 31, 2014 and December 31, 2013 was \$11,321 and \$11,321, respectively. Besides, as stated in Note 9, the Company signed a real property rental agreement with a related party for its manufacturing facilities that begins January 1, 2012. Rent accrued, but not yet paid, as Due to Related Party at March 31, 2014 and December 31, 2013 was \$3,600 and \$3,600, respectively. The Company has an agreement with an outside consultant, a related party. Amounts paid for the period ended March 31, 2014 and March 31, 2013 was \$2,500 and \$500 respectively. Amounts accrued, but not yet paid as due to related party at March 31, 2014 and December 31, 2013 was \$13,825 and \$10,325, respectively.

9. MEMORANDUM OF UNDERSTANDING

The Company entered into a Memorandum of Understanding (MoU) with Turning Mill, LLC, a Massachusetts company that has developed a business model that utilizes various federal and state renewable energy programs. The MoU sets forth a framework for the companies to begin to collaborate in the clean, renewable energy market place. This MoU expired December 31, 2011.

On February 6, 2012, the Company signed a "Developers License Agreement" with AMCANCO, LLC ("AMCANCO"), a limited liability corporation organized and existing in Massachusetts. AMANCO has agreed to use its resources and interest to develop renewable energy projects utilizing the Company's generator set technology. This agreement essentially replaces the MoU with Turning Mills, LLC.

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10. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company entered into an operating lease agreement for its manufacturing facilities with a related party on October 1, 2011. The initial term of the lease begins January 1, 2012 and ends March 31, 2012. The Company has the option to renew the lease for an additional three month term beginning April 1, 2012. Additional three month terms are renewable at the Company's option through December 2017. The Company shall pay this related party \$300 per month, beginning January 1, 2012, for the term of the lease. In addition, The Company is responsible for utilities used at this facility. The Company no longer occupies the space as of December 31, 2012.

Litigation

During the ordinary course of the Company's business, it is subject to various claims and litigation. Management believes that the outcome of such claims or litigation will not have a material adverse effect on the Company's financial position, results of operations or cash flow.

The Company is involved in a legal settlement with a former employee of the Company. The Company is seeking reimbursement of expenses paid in the amount of \$5,000. The former employee is seeking further additional expenses incurred in the amount of \$6,500. It is the opinion of the Company's legal counsel that the legal action is without merit and no accrual has been recorded for this claim.

The Company is the named defendant in a civil suit in the District Court for the State of Rhode Island alleging that the company owes \$6,875 on Book Account and is seeking \$6,875 plus attorney's fees. The claim is disputed and the company has filed a general denial and a counter claim, alleging faulty workmanship and seeking compensatory damages. The matter is in early stages of discovery.

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Financing Agreements

On June 5, 2013, the Company signed a “Term Sheet” with a venture capital group, outlining the equity financing arrangement the companies have agreed on. On August 7, 2013, the Company signed an “Investment Agreement” with that venture capital group which details and supersedes the “Term Sheet” financing arrangement. The “Investment Agreement” calls for the Company to make available to the venture capital group for purchase up to \$3,000,000 in a “Registered Direct Offering” of the Company’s common stock at 80% of market price under certain conditions. The Company must prepare a stock registration statement that is declared “effective” by the Securities and Exchange Commission. The Company must pay for the document preparation fees as well as issue 5% of the offering amount in newly issued stock representing a commitment fee upon execution of the term sheet. As partial fulfillment of the commitment fee, the Company issued 441,177 shares at \$0.068 per share for a total value of \$30,000 on June 27, 2013. The Company issued the balance of the commitment shares totaling 1,764,707 shares at \$0.068 per share for a total value of \$120,000. These shares were issued on July 2, 2013.

11. SUBSEQUENT EVENTS

On April 10, 2014 The Company issued 3,659,574 shares in exchange for extinguishment of \$15,500 of debt held by a venture capital lender. This conversion extinguished the Company’s first note payable with this venture capital lender.

On May 2, 2014, the Company decided to extend its agreement with an outside consulting firm to handle some of its investor relations/public relations. The agreement calls for one month of additional service for \$12,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is a development stage company and has experienced losses since its inception. The Company's independent auditors have issued a report raising a substantial doubt about the Company's ability to continue as a going concern. The Company has not established a revenue source since inception. The sources of cash have been capital invested by shareholders and venture capital investors/lenders. The Company has had no sales nor received revenues since inception through March 31, 2014.

The Company plans to manufacture, install, maintain, own and operate patented portable electrical power generation equipment ("gensets") intended to be installed at a client location. The Company has applied for a patent for its electrical power generation equipment. The Company will own, maintain and lease the equipment to the customer who will use it to produce its own supplemental electrical power. The products are intended to be portable, easy-to-use units that can be conveniently redeployed in various locations around the world. The units can also be assembled and combined to produce power centers providing up to 50 megawatts of power.

The following discussion contains forward-looking statements, as discussed above. Please see the sections entitled "Forward-Looking Statements" and "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these forward-looking statements.

The following discussion and analysis of Powerdyne International, Inc. financial condition and results of operations are based on the unaudited financial statements as of March 31, 2014 and 2013, which were prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

Operations

The Company's initial product is the PDIGenset (patent pending) which is a self-contained generator that is powered by a modified radial air cooled engine to drive a minimum of a 1-megawatt generator. The entire unit, which runs on natural gas or propane, is compact, lightweight and clean burning. As a result, the unit will produce extremely low emissions and is extremely energy-efficient.

The Company has recently completed a fully operational factory Series 2 prototype, which has been tested and is ready as a demonstration unit. This unit is available for any prospective customers to view in full operational capacity. In addition, the Series 2 prototype is ready to be manufactured for customers upon placement of customer orders.

On February 28, 2011, the Company filed with the Securities and Exchange Commission a registration statement on Form S-1 for the offer and sale of up to 16,000,000 shares of Common Stock by the Company at \$0.15 per share and for the offer of 71,535,166 shares of Common Stock by the holders of those shares at \$0.15 per share. The Company has amended its registration to include only the registration of the 71,535,166 shares of Common Stock by the holders thereof. The Company's registration statement has been declared effective by the Securities and Exchange Commission on June 12, 2012. On behalf of the Company, Spartan Securities Group, Ltd filed a form 15c2-11 and was cleared to submit a quote on the OTC Bulletin Board and in OTC Link for the Company under the symbol of PWDY.

Overview

The Company plans to manufacture, install, maintain and lease its own portable electrical power equipment (for which the Company has applied for a patent). The Company plans to manufacture portable electrical power equipment intended to be installed at client locations. The Company will own, maintain and lease the equipment to the customer who will use it to produce its own supplemental electrical power. The Company's products are intended to be portable, easy-to-use units that can be conveniently redeployed in various locations around the world. The Company's units can also be assembled and combined to produce power centers providing up to 50 megawatts of power. The Company's headquarters are located in Warwick, Rhode Island and operates a manufacturing facility in Massachusetts.

The Company will market its products in locations where inexpensive electrical power is needed and clean energy powered electrical equipment is needed and/or required.

Plan of Operations

The Company's strategy is to pursue selected opportunities in markets where inexpensive and environmentally friendly power sources are needed and/or required.

Results of Operations - The three months ended March 31, 2014 compared to the three months ended March 31, 2013:**Revenues**

Powerdyne International, Inc. did not generate revenues during the three months ended March 31, 2014 and 2013.

Operating expenses

During the three months ended March 31, 2014 and 2013, total operating expenses were \$47,963 and \$30,544, respectively. The increase related to the selling, general and administrative expenses was approximately \$17,000. This increase resulted primarily from the increases in salaries and wages of approximately \$3,000, legal and accounting of \$5,000, interest expense of \$2,000 and Company public relations and promotion of \$5,000.

Net loss

During the three months ended March 31, 2014 and 2013, the net loss was \$147,140 and \$30,544, respectively.

Liquidity and Capital Resources

As of March 31, 2014 and December 31, 2013, Powerdyne International, Inc. had working capital deficits of \$233,668 and \$283,808, respectively. For the three months ended March 31, 2014, Powerdyne International, Inc. had approximately \$18,000 decrease in cash. The cash used in operations of approximately \$18,000 was primarily due to net loss from operations of \$147,140 less non-cash adjustments to net operating cash flows of approximately \$3,000 of depreciation, \$35,000 in stock compensation, approximately \$71,000 of changes in fair value of derivatives, approximately \$28,000 of amortization of debt discounts, the increase in prepaid expenses of approximately \$31,000 and an increase of accrued but unpaid expenses of approximately \$23,000. Of the total cash provided by financing activities of approximately \$0, \$0 was used to purchase equipment and the remaining amount for working capital and operating activities.

For the period from February 2, 2010 (inception) to March 31, 2014, Powerdyne International Inc. had approximately \$100 of net cash increase. The cash used in operations of approximately \$676,000 was primarily due to net loss from operations of \$1,729,064 plus non-cash adjustments to net operating cash flows of approximately \$681,000 of employee and non-employee stock compensation, \$170,000 of derivative related charges, \$34,000 of depreciation, \$32,000 of prepaid expenses and approximately \$200,000 of accrued but unpaid expenses. Of the total cash provided by financing activities of approximately \$809,000, approximately \$133,000 was used to purchase equipment and the remaining amount for working capital and operating activities.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts during the reporting periods. Actual results could differ from those estimates. Significant estimates and assumptions included in Powerdyne International, Inc.'s financial statements relate to estimate of loss contingencies and accrued other liabilities.

Fair Value of Financial Instruments

ASC 820-10 (formerly SFAS No. 157, *Fair Value Measurements*) requires 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 fair value. ASC 820-10 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. As of March 31, 2014 and December 31, 2013, the carrying value of certain financial instruments such as accounts receivable, accounts payable, notes payable-related parties, accrued expenses, and amounts due to/from related party approximates fair value due to the short-term nature of such instruments.

Impairment of Long-Lived Assets

In accordance with ASC 350-30 (formerly SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), the Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that their then carrying values may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. The Company's management currently believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Company's products under development will continue. Either of these could result in future impairment of long-lived assets.

Recently Issued Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2010-19 ("ASU 2010-19"), *New and Enhanced Disclosures about Fair Value Measurements*. ASU 2010-06 provides amendments to FASB ASC 820-10 that requires new fair value disclosures and clarifies existing fair value disclosures required under FASB ASC 820-10. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for certain disclosures about purchases, sales, issuances, and settlements in the roll forward activity in Level 3 fair value measurements. Those disclosures are effective now. The adoption of the new provisions within ASU 2010-19 did not have a material impact on our consolidated financial position, results of operations, cash flows, or disclosures.

Fair Value of Financial Instruments

ASC 820-10 (formerly SFAS No. 157, *Fair Value Measurements*) requires 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 fair value. ASC 820-10 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. As of March 31, 2014 and December 31, 2013, the carrying value of certain financial instruments such as accounts receivable, accounts payable, notes payable-related parties, accrued expenses, and amounts due to/from related party approximates fair value due to the short-term nature of such instruments.

Impairment of Long-Lived Assets

In accordance with ASC 350-30 (formerly SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), the Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that their then carrying values may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. The Company's management currently believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Company's products under development will continue. Either of these could result in future impairment of long-lived assets.

Recently Issued Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2010-19 ("ASU 2010-19"), *New and Enhanced Disclosures about Fair Value Measurements*. ASU 2010-06 provides amendments to FASB ASC 820-10 that requires new fair value disclosures and clarifies existing fair value disclosures required under FASB ASC 820-10. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for certain disclosures about purchases, sales, issuances, and settlements in the roll forward activity in Level 3 fair value measurements. Those disclosures are effective now. The adoption of the new provisions within ASU 2010-19 did not have a material impact on our consolidated financial position, results of operations, cash flows, or disclosures.

PART II

ITEM 1. LEGAL PROCEEDINGS

During the ordinary course of the Company's business, it is subject to various claims and litigation. Management believes that the outcome of such claims or litigation will not have a material adverse effect on the Company's financial position, results of operations or cash flow.

The Company is involved in a legal settlement with a former employee of the Company. The Company is seeking reimbursement of expenses paid in the amount of \$5,000. The former employee is seeking further additional expenses incurred in the amount of \$6,500. It is the opinion of the Company's legal counsel that the legal action is without merit and no accrual has been recorded for this claim.

The Company is the named defendant in a civil suit in the District Court for the State of Rhode Island alleging that the company owes \$6,875 on Book Account and is seeking \$6,875 plus attorney's fees. The claim is disputed and the company has filed a general denial and a counter claim, alleging faulty workmanship and seeking compensatory damages. The matter is in early stages of discovery.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On December 11, 2010, the Company issued 4,000,000 shares of its common stock in addition to the then outstanding 1,000,000 shares of common stock. As part of the change in control effected on December 13, 2010, the Company issued 200,000,000 shares of common stock to the following shareholders in the following amounts:

Dale P. Euga	188,000,000
Arthur M. Read, II	12,000,000

On February 7, 2011, Mr. Euga contributed back to the Company 84,526,666 shares of his 188,000,000 common stock without remuneration.

Subsequent to the contribution of such shares and ending June 30, 2011, the Company issued 68,526,666 shares to officers, directors, and private investors pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended, as transactions by an issuer not involving any public offering, as follows:

Edwin S. Barton, II	6,833,333
Stephen L. Caromile	6,000,000
Linda H. Madison	1,000,000
Eric Foster	18,000,000
57 Investors	37,193,333

Between August 8 and August 22, 2011 the Company issued 2,000,000 shares to six investors pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended, as transactions by an issuer not involving any public offering,

For the period ended June 30, 2012, the Company raised \$29,000 from stockholder subscription agreements for the purchase of 966,667 shares of common stock. In addition, during the period ended June 30, 2012, 500,000 shares were issued to a consultant as compensation for services rendered.

During the period ended September 30, 2013, 1,764,707 shares were issued to a lender as partial consideration for entering into an Investment Agreement with the Company. The Company valued the stock at \$0.068 per share for a total valuation of \$120,000.

On February 13, 2014 the Company issued 1,714,286 shares in exchange for the extinguishment of \$12,000 of debt held by Asher Enterprises Inc. The Company also issued 3,500,000 shares on March 20, 2014 to a consulting company as compensation for services rendered/to be rendered. The Company valued the stock at \$0.01, for a total of \$35,000.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the security holders during the quarter covered by this report.

ITEM 5. OTHER INFORMATION

(a) Not applicable.

(b) Item 407(c)(3) of Regulation S-K:

During the quarter covered by this Report, there have not been any material changes to the procedures by which security holders may recommend nominees to the Board of Directors.

ITEM 6. EXHIBITS

(a) Exhibits

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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.

POWERDYNE INTERNATIONAL, INC.

Dated: May 20, 2014

By: /s/ Dale P. Euga

President and Principal executive officer

Dated: May 20, 2014

By: /s/ Linda H. Madison

Principal financial officer

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