

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## TETRIDYN SOLUTIONS INC

**Form: 10-K**

**Date Filed: 2012-03-29**

Corporate Issuer CIK: 827099

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Commission File Number 033-19411-C

**TETRIDYN SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**20-5081381**

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

**1651 Alvin Ricken Drive**

**Pocatello, ID**

(Address of principal executive offices)

**83201**

(Zip Code)

**208-232-4200**

(Registrant's telephone number, including area code)

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

Title of each class

**n/a**

Name of each exchange on which registered

**n/a**

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

**n/a**

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

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

State the aggregate market value of the voting and nonvoting common equity held by nonaffiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. **As of June 30, 2011, the aggregate market value of the voting and nonvoting common equity held by nonaffiliates of the registrant was \$46,552.**

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. **As of March 29, 2012, issuer had 23,031,863 shares of issued and outstanding common stock, par value \$0.001.**

**DOCUMENTS INCORPORATED BY REFERENCE: None.**

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## SPECIAL NOTE ABOUT FORWARD-LOOKING INFORMATION

Certain statements in this Annual Report on Form 10-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This report contains statements about the future, sometimes referred to as "forward-looking" statements. Forward-looking statements are typically identified by the use of the words "believe," "may," "could," "should," "expect," "anticipate," "estimate," "project," "propose," "plan," "intend," and similar words and expressions. Statements that describe our future strategic plans, goals, or objectives are also forward-looking statements.

Readers of this report are cautioned that any forward-looking statements, including those regarding us or our management's current beliefs, expectations, anticipations, estimations, projections, strategies, proposals, plans, or intentions, are not guarantees of future performance or results of events and involve risks and uncertainties, such as:

- whether we will be able to obtain additional amounts of capital from external sources in order to expand our product offerings and introduce newly developed products into new markets;
- whether the substantial amounts we need to spend for product development will enable us to penetrate new markets and expand sales;
- whether we will be able to overcome our low stock price to obtain equity capital on favorable terms;
- whether we will be able to overcome the general downturn in the economy to expand our markets and increase revenues;
- whether recently adopted national healthcare legislative reform will adversely affect the particular segments of the industry in which we are engaged;
- whether our efforts to protect our intellectual properties will be successful;
- whether our intellectual properties interfere with the intellectual properties of others; and
- whether we will be able to engage and retain qualified technical and executive personnel.

The forward-looking information is based on present circumstances and on our predictions respecting events that have not occurred, that may not occur, or that may occur with different consequences from those now assumed or anticipated. Actual events or results may differ materially from those discussed in the forward-looking statements. The forward-looking statements included in this report are made only as of the date of this report.

## PART I

### ITEM 1. BUSINESS

#### Nature of Business

We specialize in providing business information technology (IT) solutions to our customers. We optimize business and IT processes by utilizing systems engineering methodologies, strategic planning, and system integration to add efficiency and value to our customers' business processes and to help our customers identify critical success factors in their business.

We provide business IT solutions primarily to the healthcare industry. We are expanding our service offerings into select other professional industries as we are able to commercialize product ideas for developing markets.

#### Product Lines

Our business IT solutions fall into four major categories:

1. Silver Key Solution
2. ChargeCatcher Revenue Recovery Services
3. Healthcare Software Solutions
4. Consulting Services

#### *Silver Key Solution*

Starting in 2009, we expanded our previous radio-frequency identification, or RFID, research and development to address problem areas in the healthcare segment, including issues surrounding patient care, optimized business processes for the healthcare providers, improved reporting of incidents, and increased revenues for provided services. Our team has a unique combination of radio frequency, electrical, firmware, software, database, and systems engineering expertise. This blend of expertise allows us to create a complete, integrated system that includes hardware devices worn by individuals, communications equipment, complex databases, and software systems that provide advanced reporting and analysis tools.

In 2011, we established our first two beta-test sites for our healthcare RFID solutions that include automatic patient fall detection, motion detection, identification of location within a facility, and proximity of facility employee to facility resident. Beta testing was initialized in the first quarter of 2011 and continued throughout 2011.

We are nearing our commercialization stage for this product line and have branded it as *Silver Key Solution*. We are currently finalizing form factors of the individual components and summarizing the results of our beta testing. Initial sales for related services occurred in the first quarter of 2012.

### ***ChargeCatcher Revenue Recovery Services***

In 2011, we introduced a new proprietary product and associated services called ChargeCatcher. ChargeCatcher specifically targets revenue recovery in hospital environments. ChargeCatcher augments a hospital staff's ability to capture lost revenue due to data-entry errors, missing charge sheets, or other process errors. We perform advanced data mining and statistical correlation methodologies on a hospital's chargeable items, while also employing artificial intelligence algorithms, to identify services and materials that were expended but never billed. By reviewing the identified missed charges, hospitals can correct their processes going forward.

ChargeCatcher fees are set on a contingency basis in which we are paid a percentage of the recovered additional revenue. This revenue model protects our customers if they have little lost revenue, while it benefits us for high-quality data analysis that results in identifying increased lost revenue.

### ***Healthcare Solutions***

We are a value-added reseller (VAR) for McKesson Corporation healthcare software and service packages and have recently upgraded to becoming a *One McKesson* VAR, which provides us with additional priority and services from McKesson. We sell, install, implement, support, and train on the following McKesson products: Medisoft Clinical, Lytec MD, and Total Practice Partner. McKesson Corporation, currently ranked 18th on the FORTUNE 500, is one of the largest healthcare companies in the world.

### ***Consulting Services***

We provide consulting services to customers needing assistance with various aspects of their IT services. We offer enterprise IT assessments, policy and procedure review and creation, IT strategic planning, and project management and planning.

### **Research and Development**

We incurred costs of \$159,196 and \$162,245 for research and development for our continuing operations during the years ended December 31, 2011 and 2010, respectively. In addition, we routinely complete customer-required engineering and related developmental activities in connection with the delivery of various customized products that indirectly support our research and development effort.

### **Intellectual Property**

We believe our intellectual properties are critical to our business and growth. We rely on trade secret protection; confidentiality agreements with employees, consultants, customers, and others with whom we interact; and patent laws to protect our proprietary rights. We do not believe that our business IT solutions segment is dependent upon or obtains a competitive advantage from our patents or that the expiration of any patent would materially affect our business.

We frequently review our research and development efforts and product identification needs to consider whether we should seek additional patent or trademark protection for new developments or product offerings.

We do not believe that any of our products or other proprietary rights infringe upon the rights of third parties. However, we cannot assure that others may not assert infringement claims against us in the future and recognize that any such assertion may require us to incur legal and other defense costs, enter into compromise royalty arrangements, or terminate the use of some technologies. Further, we may be required to incur legal and other costs to protect our proprietary rights against infringement by third parties.

## **Employees**

As of March 29, 2012, we had four employees, including three full-time employees, consisting of two executive officers, who are also directors and perform technical and managerial functions, one other engineer, and one part-time administrative staff.

## **Government Regulation; Environmental Compliance**

Our activities are not subject to present or expected probable material governmental regulation, including environmental laws.

## **Competition**

The market for IT services and products is intensely competitive and highly fragmented, with minimal barriers to entry. We expect competition to increase in the future, and we cannot assure that we will be able to compete effectively with current or future competitors or that the competitive pressures we face will not have a material adverse effect on our business, financial condition, and operating results.

Potential competitors may have substantially greater research and product development capabilities and financial, technical, marketing, and human resources than we have. As a result, these competitors may:

- succeed in developing products that are equal to or superior to our products or that achieve greater market acceptance than our products;
- devote greater resources to developing, marketing, or selling their products;
- respond more quickly to new or emerging technologies or technical advances and changes in customer requirements, which could render our technologies or products obsolete;
- introduce products that make the continued development of our current and future products uneconomical;
- obtain patents that block or otherwise inhibit our ability to develop and commercialize our products;
- withstand price competition more successfully than we can;
- establish cooperative relationships among themselves or with third parties that enhance their ability to address the needs of our prospective customers; and
- take advantage of acquisition or other opportunities more readily than we can.

In our business IT solutions segment, we believe competition is based principally on providing resourceful creative solutions at competitive prices with quick, responsive service. We cannot assure that our efforts to meet these competitive factors will be successful.

## Organization

TetriDyn Solutions, Inc. ("TetriDyn-Idaho"), was organized under the laws of the state of Idaho on October 3, 2000. On March 22, 2006, TetriDyn-Idaho and its shareholders completed a stock exchange agreement with Creative Vending Corp., a Florida corporation. Under the terms of the agreement, the TetriDyn-Idaho shareholders exchanged all of the outstanding TetriDyn-Idaho common stock for 17,170,563 shares of Creative common stock. Creative also issued 829,437 shares to a consultant for services primarily rendered to TetriDyn-Idaho under a July 2005 agreement. Creative had 2,009,350 shares of common stock outstanding prior to the reorganization that remained outstanding after the transaction. The members of the board of directors of TetriDyn-Idaho and its management became the board of directors and management of Creative. TetriDyn-Idaho continues as our subsidiary through which our operations are conducted.

Due to the TetriDyn-Idaho shareholders controlling TetriDyn-Idaho before and after the completion of the agreement, TetriDyn-Idaho was considered the accounting acquirer. The transaction was therefore recognized as a 1-to-2.07 stock split of the common stock of TetriDyn-Idaho and the reverse acquisition of Creative by TetriDyn-Idaho. Creative did not meet the definition of a business under Emerging Issues Task Force Issue 98-3, *Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business*; accordingly, the acquisition of Creative was recognized as a nonmonetary exchange whereby the 2,009,350 shares of common stock constructively issued to the Creative shareholders were recorded at \$4,500, which was the value of the liabilities assumed.

On June 1, 2006, Creative changed its domicile to the state of Nevada through a merger with and into a newly formed subsidiary, TetriDyn Solutions, Inc., a Nevada corporation. The reorganization of Creative into the Nevada surviving corporation was accomplished by a 1-for-1 share exchange by the shareholders. Under Nevada law, our authorized capital consists of 5,000,000 shares of preferred stock, \$0.001 par value, and 100,000,000 shares of common stock, \$0.001 par value.

### ITEM 1A. RISK FACTORS

In addition to the negative implications of all information and financial data included in or referred to directly in this periodic report, you should consider the following risk factors. This periodic report contains forward-looking statements and information concerning us, our plans, and other future events. Those statements should be read together with the discussion of risk factors set forth below, because those risk factors could cause actual results to differ materially from such forward-looking statements.

*The auditors' report for our most recent fiscal year contains an explanatory paragraph about our ability to continue as a going concern.*

The report of our auditors on our consolidated financial statements for the years ended December 31, 2011 and 2010, as well as for prior years, contains an explanatory paragraph raising substantial doubt about our ability to continue as a going concern.

*We will require substantial amounts of additional capital from external sources.*

We will require substantial additional funds to complete development and marketing of our new Silver Key Solution products and to expand marketing of our ChargeCatcher product. The extent of our future capital requirements will depend on many factors, including competing technological and market developments; effective commercialization activities; establishment of strategic alliances, joint ventures, or other collaborative arrangements; and other factors not within our control. We anticipate that we will seek required funds from external sources.



We may seek required funds through the sale of equity or other securities. Our ability to complete an offering on acceptable terms will depend on many factors, including the condition of the securities markets generally and for companies such as us at the time of such offering; the business, financial condition, and prospects at the time of the proposed offering; our ability to identify and reach a satisfactory arrangement with prospective underwriters; and various other factors, many of which are outside our control. Our efforts to raise equity capital will be adversely affected by the low trading price of our common stock. We cannot assure that we will be able to complete an offering on terms favorable to us or at all. The issuance of additional equity securities may dilute the interest of our existing shareholders or may subordinate their rights to the superior rights of new investors.

We may also seek additional capital through strategic alliances, joint ventures, or other collaborative arrangements. Any such relationships may dilute our interest in any specific project and decrease the amount of revenue that we may receive from such project. We cannot assure that we will be able to negotiate any strategic investment or obtain required additional funds on acceptable terms, if at all. In addition, our cash requirements may vary materially from those now planned because of the results of future research and development; results of product testing; potential relationships with our strategic or collaborative partners; changes in the focus and direction of our research and development programs; competition and technological advances; issues related to patent or other protection for proprietary technologies; and other factors.

If adequate funds are not available, we may be required to delay, reduce the scope of, or eliminate our planned marketing efforts; to obtain funds through arrangements with strategic or collaborative partners that may require us to relinquish rights to certain of our technologies, product candidates, or products that we would otherwise seek to develop or commercialize ourselves; or to license our rights to such products on terms that are less favorable to us than might otherwise be available.

*Product development still comprises a substantial part of our operations, and we face significant technological uncertainties.*

Our prospects must be considered in light of the risks, expenses, delays, problems, and difficulties that we may encounter in entering new markets with our business IT solutions, including:

- our ability to maintain and expand a sales network to expose our product to potential customers and to complete sales;
- our ability to manage our limited working capital;
- our ability to scale systems and fulfillment capabilities to accommodate any growth of our business;
- our ability to meet competition;
- our ability to access and obtain additional capital when required;
- our ability to develop and maintain strategic relationships; and
- our dependence upon key personnel.

We cannot be certain that our business strategy will be successful or that it will successfully address these risks.

*We cannot predict the impact on our activities of the current economic crises.*

The current economic crises may adversely affect our ability to expand or generate new sales from our healthcare industry customers, which are likely to continue to face reduced patient and procedure revenues and patient and third-party payments. We may be unable to expand sales in a constricted or further constricting healthcare industry economy.

*Recently adopted national healthcare legislation may adversely affect our business.*

The recently adopted national healthcare legislation will implement a number of changes in the way healthcare is delivered and paid for in the United States, which may result in market disruptions and other currently unforeseen circumstances that may limit or reduce the demand for our services or the ability of our current and future customers to pay for them. We cannot predict the potential negative impact of these legislative reforms on our business.

*If we are unable to protect our intellectual property, we may lose a valuable asset or incur costly litigation to protect our rights.*

Our success will depend, in part, upon our intellectual property rights. Litigation to enforce intellectual property rights or to protect trade secrets could result in substantial costs and may not be successful. Any inability to protect intellectual property rights could seriously harm our business, operating results, and financial condition. In addition, the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the United States. Our means of protecting our intellectual property rights in the United States or abroad may not be adequate to fully protect those intellectual property rights.

*Claims that we infringe upon the intellectual property rights of others could be costly to defend or settle.*

Litigation regarding intellectual property rights is common in the software industry. We expect that software technologies and services may be increasingly subject to third-party infringement claims as the number of competitors in our industry segment grows and the functionality of products and services in different industry segments overlaps. We may from time to time encounter disputes over rights and obligations concerning intellectual property. Although we believe that our intellectual property rights will be sufficient to allow us to market products and services without incurring third-party liability, third parties may bring claims of infringement against us. These claims may or may not have merit. Any litigation to defend against claims of infringement or invalidity could result in substantial costs and diversion of resources. Furthermore, a party making a claim could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from selling products or services. Our business, operating results, and financial condition could be harmed if any of these events occurred.

*We are heavily dependent on our executive officers and technical personnel.*

We are dependent upon the continued participation and assistance of our key management and technical personnel, including David Hempstead, Chief Executive Officer, Chief Financial Officer, and President, and Antoinette Knapp, Deputy Chief Executive Officer and Vice President. We do not have and generally do not intend to acquire keyman life insurance on any of our executives. We will require the recruitment and retention of additional personnel, including technical advisors and management, and the development of additional expertise by existing management. The inability to acquire such services or to develop such expertise could have a material adverse effect on our operations.

*We will need to hire and retain a number of key employees who may be difficult to find.*

Growth may require us to hire additional personnel, including software engineers, systems engineers, customer support personnel, marketing personnel, and operational personnel. Competition for these individuals is intense, and we may not be able to attract or retain additional highly qualified personnel in the future. The failure to attract, motivate, and retain such additional employees could seriously harm our business.

*Any substantial increase in sales will require skilled management of growth.*

As our operations expand, our success will depend on our ability to manage continued growth, including integration of our executive officers, directors, and consultants into an effective management and technical team; to formulate strategic alliances, joint ventures, or other collaborative arrangements with third parties; to commercialize and market our proposed products and services; and to monitor and manage these relationships on a long-term basis. If our management is unable to integrate these resources and manage growth effectively, the quality of our products and services, our ability to retain key personnel, and the results of our operations would be materially and adversely affected.

*If we provide software products that are unreliable, we could lose customers and revenues.*

Software products may contain unknown and undetected errors or performance problems. Many serious defects in software products are frequently found during the period immediately following introduction of new or enhancements to existing products. Although we will attempt to resolve all errors we believe our customers would consider serious, no technology is error-free. Undetected errors or performance problems may be discovered after customers begin using our products. This could result in lost revenues or delays in customer acceptance and could be detrimental to our reputation, which could harm our business, operating results, and financial condition.

*We will be exposed to the risk of product liability.*

The implementation of our business plan entails risks of product liability. We will seek to obtain product liability insurance, but we cannot assure that we will be able to obtain such insurance or, if we are able to do so, that we will be able to do so at rates that will make it cost-effective. Any successful product liability claim made against us could substantially reduce or eliminate any economic return to us or our shareholders and could have a significant adverse impact on our future.

*If we become subject to service-related liability claims, they could be time-consuming and costly to defend.*

Because our customers will use our products and services for mission-critical applications in the medical and other fields, any errors, defects, or other performance problems could result in liability or financial or other damages to our customers. They could seek damages for losses from us that, if successful, could have a material adverse effect on our business, operating results, or financial condition. Although we intend for our agreements with customers to contain provisions designed to limit exposure to service-related liability claims, existing or future laws or unfavorable judicial decisions could negate these limitations of liability provisions. A service-related liability claim brought against us, even if unsuccessful, could be time-consuming, costly to defend, and harm our reputation.

*We are authorized to issue substantial additional shares of stock, which would dilute the ownership of our stockholders.*

We have authorized 100,000,000 shares of common stock and 5,000,000 shares of preferred stock. Of these, 23,031,863 shares of common stock and 1,200,000 shares of preferred stock are issued and outstanding as of the date of this report. Our board of directors also has authority, without action or vote of the shareholders, to issue all or part of the authorized but unissued shares. Any such issuance will dilute the percentage ownership of shareholders and may further dilute the book value of the shares of common stock.

*Penny stock regulations will impose certain restrictions on resales of our securities, which may cause an investor to lose some or all of its investment.*

The Securities and Exchange Commission has adopted regulations that generally define a "penny stock" to be any equity security that has a market price (as defined) of less than \$5.00 per share that is not traded on a national securities exchange or that has an exercise price of less than \$5.00 per share, subject to certain exceptions. As a result, our common stock is subject to rules that impose additional sales practice requirements on broker-dealers that sell such securities to persons other than established customers and accredited investors (generally those with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of such securities and have received the purchaser's written consent to the transaction prior to the purchase. Further, if the price of the stock is below \$5.00 per share and the issuer does not have \$2.0 million or more net tangible assets or is not listed on a registered national securities exchange, sales of such stock in the secondary trading market are subject to certain additional rules promulgated by the Securities and Exchange Commission. These rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices, and disclosure of the compensation to the broker-dealer and the salesperson working for the broker-dealer in connection with the transaction. These rules and regulations may affect the ability of broker-dealers to sell our common stock, thereby effectively limiting the liquidity of our common stock. These rules may also adversely affect the ability of persons that acquire our common stock to resell their securities in any trading market that may exist at the time of such intended sale.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

This item is not applicable to our company.

#### **ITEM 2. PROPERTIES**

Our principal executive offices are located at 1651 Alvin Ricken Drive, Pocatello Idaho, where we lease approximately 5,500 square feet of office space from an unrelated party at \$1,700 per month on a month-to-month basis.

#### **ITEM 3. LEGAL PROCEEDINGS**

We are not a party to any material legal proceedings and no material legal proceedings have been threatened by us or, to the best of our knowledge, against us.

#### **ITEM 4. MINE SAFETY DISCLOSURES**

This item is not applicable to our company.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth for the periods indicated the high and low bid prices for our common stock as quoted under the symbol TDYS on the Over-The-Counter Bulletin Board until early 2012 and on the Over-The-Counter Quotation Board thereafter. Such quotations do not include commissions or retail mark-ups or mark-downs and may not represent actual transactions:

	Low	High
<b>2012:</b>		
First Quarter (to March 28, 2012)	\$0.003	\$0.003
<b>2011:</b>		
Fourth Quarter	0.001	0.003
Third Quarter	0.005	0.020
Second Quarter	0.005	0.010
First Quarter	0.021	0.040
<b>2010:</b>		
Fourth Quarter	0.020	0.060
Third Quarter	0.030	0.060
Second Quarter	0.010	0.060
First Quarter	0.040	0.040

On March 28, 2012, the closing price per share of our common stock on the Over-The-Counter Quotation Board was \$0.003.

We have never paid cash dividends on our common stock and do not anticipate that we will pay dividends in the foreseeable future. We intend to reinvest any future earnings to further expand our business. We estimate that, as of March 29, 2012, we had approximately 820 stockholders.

#### Issuance of Common Stock to Directors

In May 2011, we issued 400,000 shares of common stock to each of our two outside directors (800,000 total shares) for their services valued at the fair value on the date of grant of \$1,680. We also granted 150,000 shares of common stock to our employees valued at the fair value on the date of grant of \$315 and 200,000 shares of common stock to two consultants for their services at the fair value on the date of grant of \$420.

These grants were effected in reliance on the exemption from registration set forth in Section 4(2) of the Securities Act for transactions not involving a public offering. The recipients of the stock are our outside directors, who are accredited investors, and our employees. The securities were acquired for investment and bear a restrictive legend. The transactions were effected through direct communications between the recipients and our executive officers. No cash proceeds were received by us in this issuance, and no underwriter participated in the transactions.

### ITEM 6. SELECTED FINANCIAL DATA

This item is not applicable to our company.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion should be read in conjunction with our audited consolidated financial statements and notes to our financial statements included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors discussed elsewhere in this report.

Certain information included herein contains statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, such as statements relating to our anticipated revenues, gross margin and operating results, future performance and operations, plans for future expansion, capital spending, sources of liquidity, and financing sources. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future, and accordingly, such results may differ from those expressed in any forward-looking statements made herein. These risks and uncertainties include those relating to our liquidity requirements, the continued growth of the mobility software industry, the success of our product development, marketing and sales activities, vigorous competition in the software industry, dependence on existing management, leverage and debt service (including sensitivity to fluctuations in interest rates), domestic or global economic conditions, the inherent uncertainty and costs of prolonged arbitration or litigation, and changes in federal or state tax laws or the administration of such laws.

### **Overview**

We optimize business and IT processes by utilizing systems engineering methodologies, strategic development, and integration to add efficiency and value to our customers' business processes and to help our customers identify critical success factors in their business.

We provide business IT solutions to the healthcare industry. We are expanding our service offerings into select other professional industries as those markets develop and as we develop new applications for our integrated system of radio frequency identification (RFID) and software solutions for tracking, management, and diagnostic systems.

### **Description of Expenses**

General and administrative expenses consist primarily of salaries and related costs for accounting, administration, finance, human resources, and information systems.

Professional fees expenses consist primarily of fees related to legal, outside accounting, auditing, and investor relations services.

Selling and marketing expenses consist primarily of advertising, promotional activities, trade shows, travel, and personnel-related expenses.

Research and development expenses consist of payroll and related costs for software engineers, management personnel, and the costs of materials used by these employees in the development of new or enhanced product offerings.

In accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification ("ASC") 985, "*Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*," development costs incurred in the research and development of new software products to be sold, leased, or otherwise marketed are expensed as incurred until technological feasibility in the form of a working model has been established. Internally generated, capitalizable software development costs have not been material to date. We have charged our software development costs to research and development expense in our statements of operations.

Property and equipment are recorded at cost. Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Gains or losses on dispositions of property and equipment are included in the results of operations when realized.

## **Results of Operations**

### ***Comparison of Years Ended December 31, 2011 and 2010***

#### **Revenues**

Our revenue was \$569,845 and \$672,755 for 2011 and 2010, respectively, representing a decrease of \$102,910, or 15%, in 2011. The decrease in revenue in 2011 was due to our decision to discontinue a focus on hardware sales and associated services because of the unprofitability of this product line.

#### **Cost of Revenue**

Our cost of revenue was \$352,754 and \$357,770 for 2011 and 2010, respectively, representing a decrease of \$5,016, or 1%, in 2011. The gross margin percentage on revenue was 38% and 47% for 2011 and 2010, respectively. The decrease in the gross margin percentage for 2011 was a result of the impairment loss we recognized in 2011 for the computer chips that were in inventory.

Although the net changes and percent changes with respect to our revenues and our cost of revenue for 2011 and 2010 are summarized above, these trends should not be viewed as a definitive indication of our future results.

#### **Operating Expenses**

*General and Administrative* — General and administrative expenses for our continuing operations, including noncash compensation expense, were \$212,686 and \$309,720 for 2011 and 2010, respectively, representing a decrease of \$97,034, or 31%, in 2011. The decrease in our general and administrative expenses in 2011, as compared to 2010, reflects the decreased salary expenditures due to reduced staff in 2011.

*Professional Fees* — Professional fees expenses for our continuing operations, including noncash compensation expense, were \$41,596 and \$49,336 for 2011 and 2010, respectively, representing a decrease of \$7,740, or 16%, in 2011. The decrease in our professional fees expenses from 2011, as compared to 2010, reflects the additional legal fees in 2010 associated with the issuance of our preferred stock.

*Selling and Marketing* — Selling and marketing expenses for our continuing operations, including noncash compensation expense, were \$75,823 and \$131,063 for 2011 and 2010, respectively, representing a decrease of \$55,240, or 42%, in 2011. The decrease in our selling and marketing expenses from 2011, as compared to 2010, reflects our decreased salary expenditures due to reduced staff in 2011.

*Research and Development* — Research and development expenses for our continuing operation, including noncash compensation expense, were \$159,196 and \$162,245 for 2011 and 2010, respectively, representing a decrease of \$3,049, or 2%, in 2010. The decrease in research and development expenses in 2011, as compared to 2010, was immaterial.

Interest expense was \$85,043 and \$63,046 in 2011 and 2010, respectively, an increase of \$21,997, or 35%, in 2011. The increase in interest expense from 2011, as compared to 2010, reflects our increased use of credit lines and loans to cover our cash shortfalls in 2011.

## **Liquidity and Capital Resources**

At December 31, 2011, our principal source of liquidity for our continuing operations consisted of \$18,609 of cash, as compared to \$65,007 of cash at December 31, 2010. In addition, our stockholders' deficit was \$1,101,454 at December 31, 2011, compared to stockholders' deficit of \$746,619 at December 31, 2010, an increase in the deficit of \$354,835.

Our operations used net cash of \$138,167 during 2011, as compared to using \$164,837 of net cash during 2010. The \$26,670 decrease in the net cash used by our operating activities during 2011 primarily resulted from reduced staff salaries in 2011 compared to 2010.

Investing activities for our operations in 2011 and 2010 used no net cash.

Financing activities for our operations provided \$91,769 during 2011, compared to providing net cash of \$106,060 during 2010. The decrease of \$14,291 of net cash provided from financing activities was due to less principal payments and fewer new notes payable in 2011, as compared to 2010.

We are focusing our efforts on increasing revenue while we explore external funding alternatives as our current cash is insufficient to fund operations for the next 12 months. We expect that additional sales will enable us to increase our payments on indebtedness and support the development of other products. Although our independent auditors have expressed substantial doubt about our ability to continue as a going concern, we feel that our revenues are sufficient for our IT business solutions segment to continue as a going concern. However, in order to expand our product offerings, we expect that we will require additional investments and sales.

As we continue development of new products and identify specific commercialization opportunities, we will focus on those product markets and opportunities for which we might be able to get external funding through joint venture agreements, strategic partnerships, or other direct investments.

We have no significant contractual obligations or commercial commitments not reflected on our balance sheet as of this date.



## Critical Accounting Policies

We have identified the policies outlined below as critical to our business operations and an understanding of our results of operations. The list is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for management's judgment in their application. The impact and any associated risks related to these policies on our business operations is discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations when such policies affect our reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see the notes to the December 31, 2011, consolidated financial statements. Note that our preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. We cannot assure that actual results will not differ from those estimates.

### ***Revenue Recognition***

Revenue from software licenses and related installation and support services is recognized when earned and realizable. Revenue is earned and realizable when persuasive evidence of an arrangement exists; services, if requested by the customers, have been rendered and are determinable; and ability to collect is reasonably assured. Amounts billed to customers prior to these criteria being met are deferred. Revenue from the sale of software is recognized when delivered to the customer or upon installation of the software if an installation contract exists. Revenue from post-contract telephone support service contracts is recognized as the services are provided, determined on an hourly basis.

Revenue applicable to multiple-element fee arrangements is divided among the software, the installation, and post-contract support service contracts using vendor-specific objective evidence of fair value, as evidenced by the prices charged when the software and the services are sold as separate products or arrangements.

### ***Income Taxes***

We utilize the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and on the amount of operating loss carry-forwards and are measured using the enacted tax rates and laws that will be in effect when the temporary differences and carry-forwards are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized.

## Recent Accounting Pronouncements

*ASU No. 2011-05; Amendments to Topic 220, Comprehensive Income.* In June 2011, the FASB issued ASU No. 2011-05. Under the amendments in this ASU, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This ASU eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments in this ASU should be applied retrospectively.

Additionally, the FASB issued a second amendment to ASC Topic 220 in December 2011, ASU No. 2011-12, which allows companies to defer certain aspects of ASU 2011-05. For public entities, these amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The amendments do not require any transition disclosures.

*ASU No. 2011-08, Intangibles – Goodwill and Other* . On September 15, 2011, the FASB issued ASU No. 2011-08, which simplifies how an entity is required to test goodwill for impairment. This ASU would allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under the ASU, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The ASU includes a number of factors to consider in conducting the qualitative assessment. The ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. This standard is not expected to have a material impact on our reported results of operations or financial position.

#### **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.”

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

This item is not applicable to our company.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Our consolidated financial statements, including the Report of Independent Registered Public Accounting Firm on our consolidated financial statements, are included beginning on page F-1 of this report, immediately following the signature page and supplemental information.

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and that information is accumulated and communicated to our management, including our principal executive and principal financial officer (whom we refer to in this periodic report as our Certifying Officer), as appropriate to allow timely decisions regarding required disclosure. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management evaluated, with the participation of our Certifying Officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2011, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officer concluded that, as of December 31, 2011, our disclosure controls and procedures were effective at the reasonable assurance level.

### Management's Report on Internal Control Over Financial Reporting

Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. There has been no change in our internal control over financial reporting during the year ended December 31, 2011, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Our management, including our Certifying Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Our Certifying Officer conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, he concluded that our internal control over financial reporting was effective as of December 31, 2011.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

## ITEM 9B. OTHER INFORMATION

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Name	Age	Title
David W. Hempstead	48	Chairman of the Board, Chief Executive Officer, Chief Financial Officer, and President
Antoinette R. Knapp	47	Deputy Chief Executive Officer, Vice President, Secretary/Treasurer, Chief Technology Officer, and Director
Orville J. Hendrickson	87	Director and Member of Executive Compensation Committee
Larry J. Ybarrondo	74	Director and Member of Executive Compensation Committee

**David Hempstead** has served as our Chief Executive Officer, Chief Financial Officer, President, and Chairman of the Board since TetriDyn-Idaho's inception, and assumed these positions with us upon consummation of our share exchange transaction with TetriDyn-Idaho. Mr. Hempstead sets our strategic direction and works closely with our management team, board of directors, and advisors on all aspects of our operations, from product development to marketing. He has 27 years of experience in management, accounting, financial forecasting, business development, marketing, and software design, development, and maintenance. Mr. Hempstead brings a unique blend of business and technical expertise to our team. He has capitalized on his diverse experience by frequently serving as the liaison between our technical and business divisions, enabling efficient and productive communication. Mr. Hempstead has been instrumental in the development of our many strategic alliances and in providing the vision and focus for the company. Education: BS, Accounting with Computer Science Minor, University of Idaho. We believe Mr. Hempstead contributes significantly to our board because of his management experience in software enterprises, financial background, and software and research experience, which enable him to provide strategic direction for our growth.

**Antoinette Knapp** serves as our Deputy Chief Executive Officer, Vice President, Secretary/Treasurer, and a director. Ms. Knapp served as our Chief Technology Officer, Vice President, and a director since TetriDyn-Idaho's inception and as its Secretary and Treasurer since May 2004, and assumed these positions with us upon consummation of our share exchange transaction with TetriDyn-Idaho. Ms. Knapp administers all of our corporate and finance activities. Ms. Knapp also directs our software development activities and coordinates product development with marketing and sales. Ms. Knapp has 27 years of experience in management, finance, software management, and software development. Ms. Knapp has also served as adjunct faculty for University of Idaho where she taught Computer Science courses. Education: MS, Computer Science, University of Idaho; BS, Applied Mathematics, University of Idaho. Ms. Knapp provides to our board of directors experience in software development and project management, as well as experience in financial statement preparation and regulatory reporting.

**Orville J. Hendrickson** was elected to TetriDyn-Idaho's board of directors in July 2004, and became a director of ours upon consummation of our share exchange transaction with TetriDyn-Idaho; however, Mr. Hendrickson served as a valued advisor to TetriDyn-Idaho from its inception in providing contacts and advice in legal, accounting, technical, and business areas. Mr. Hendrickson serves on our board's compensation committee. He is a retired Lieutenant Colonel for the United States Air Force and spent three years teaching Mechanical Engineering at the University of Washington. Mr. Hendrickson served for 38 years as Executive Vice President and 50% owner of Industrial Contractor, Inc., a specialty mechanical construction company that completed over \$1 billion in today's dollars of successful contracts and was the sixth company in America to receive the original Nuclear Construction ASME Stamp. Mr. Hendrickson continues to pursue new ventures by starting Productrade Insumos Organicos Occidente S de RL de CV, a Mexican enterprise, in which patented organic soil is developed, in addition to developing organic polymer that allows farmers to raise produce with 60% savings of the water required and with approximately 30% time savings from planting to maturity. Education: BS, Mechanical Engineering (with nine additional minors including Accounting and Mathematics), University of Washington. Mr. Hendrickson was chosen to become a director principally due to his decades-long experience as an executive in managing enterprises with large long-term private and government contracts and his entrepreneurship in starting new businesses.

**Larry J. Ybarrondo, Ph.D.** was elected to TetriDyn-Idaho's board of directors in July 2004, and became a director of ours upon consummation of our share exchange transaction with TetriDyn-Idaho. Dr. Ybarrondo serves on the board's compensation committee. Dr. Ybarrondo founded and built SCIENTECH, Inc., a 1,200-person, national, high-technology engineering services company with offices in over 30 cities and six foreign countries. His work experience includes responsibility for operation of four nuclear reactor facilities, major advisory and programmatic roles for the U.S. Nuclear Regulatory Commission (NRC) and the U.S. Department of Energy (DOE), and a broad range of general management issues including planning, facility design, construction, fabrication, and modification. Customer responsiveness, excellence in performance, safety, training, maintenance, and total quality management were strongly emphasized in Dr. Ybarrondo's work. Dr. Ybarrondo has over 30 years experience in the technological, operational, and managerial aspects of nuclear reactor technology. His experience has included senior management positions with a national laboratory organization, consulting to prestigious groups, and strategic, tactical, and operational planning for a diverse set of large and nationally significant projects. Education: Ph.D., Mechanical Engineering, Georgia Institute of Technology; MS, Mechanical Engineering, Northwestern University; BS, Mechanical Engineering, University of Detroit; Ten-Week Program for Senior Executives, Massachusetts Institute of Technology, Sloan Business School. We chose Mr. Ybarrondo to become a director principally because of his strong educational background in management, honed in decades of successful management of large technical enterprises and professional engineering service firms.

Unless a director dies, resigns, or is removed earlier, each director serves at least two years or until the next annual meeting of shareholders, provided that each director will serve until such director's successor is elected and qualified.

David W. Hempstead and Antoinette R. Knapp are married.

#### **Board of Directors' Committees**

Both Orville J. Hendrickson and Larry J. Ybarrondo are considered independent members of our board of directors under NASD Rule 4200(a)(15).

Our compensation committee is composed of Messrs. Hendrickson and Ybarrondo, our independent directors. Our board as a whole acts as the audit committee. Our board of directors has concluded that Mr. Hendrickson, an independent director, serves as the audit committee financial expert. Our board of directors does not have a separate nominating committee. The entire board acts as the nominating committee.

## Code of Ethics

We have adopted a code of ethics that applies to all of our employees, including our executive officers, a copy of which is included as an exhibit to this report.

## Corporate Governance Matters

We have not adopted any material changes to the procedures by which security holders may recommend nominees to our board of directors.

## ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth, for the last completed fiscal year, the dollar value of all cash and noncash compensation earned by any person that was our principal executive officer, or PEO, during the preceding fiscal year and each of our other two highest compensated executive officers earning more than \$100,000 during the last fiscal year (together, the "Named Executive Officers"):

Summary Compensation									
Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Bonus (\$)	Stock Award(s) (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) <sup>(1)</sup>	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
David W. Hempstead	2011	50,000	--	--	--	--	--	104	50,104
PEO	2010	6,311 <sup>(2)</sup>	--	--	--	--	--	104	6,415
Antoinette R. Knapp	2011	50,000	--	--	--	--	--	83	50,083
Deputy PEO	2010	8,934 <sup>(3)</sup>	--	--	--	--	--	83	9,017

(1) Other compensation includes the value of fringe benefits including group life benefit.

(2) Mr. Hempstead voluntarily forfeited payment of the amount by which his agreed salary of \$108,000 exceeded the amount reported for the year of 2010. We recognized a salary expense of \$50,000 for Mr. Hempstead in 2010 with \$43,689 accounted for as a contribution to capital.

(3) Ms. Knapp voluntarily forfeited payment of the amount by which her agreed salary of \$96,000 exceeded the amount reported for the year of 2010. We recognized a salary expense of \$50,000 for Ms. Knapp in 2010 with \$41,066 accounted for as a contribution to capital.

Our employment agreements with Mr. Hempstead and Ms. Knapp engage them as at-will employees who we can terminate at any time, with or without cause. Both Mr. Hempstead and Ms. Knapp have agreed to maintain the confidentiality of company information, assign to us all of their inventions during employment, and not compete with us for three years after their employment by us terminates for any reason. Their annual compensation is determined annually by the compensation committee. Mr. Hempstead's and Ms. Knapp's 2010 and 2011 annual salaries were \$108,000 and \$96,000, respectively, subject to adjustment by the board. However, Mr. Hempstead and Ms. Knapp voluntarily forfeited a majority of their 2010 salaries and postponed payment of a majority of their 2011 salaries to reduce outgoing cash flow.

## Outstanding Equity Awards at Fiscal Year-End

The following table reflects outstanding stock option awards classified as exercisable and unexercisable as of December 31, 2011, for each of the Named Executive Officers. The table also reflects unvested and unearned stock awards:

Name	Option Awards				Stock Awards				Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(\$)
	Number of Securities Underlying Unexercised Options (#) Exercisable <sup>(1)</sup>	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options(#)	Option Exercise Price(\$)	Option Expiration Date	Number of Shares or Units of Stock Held That Have Not Vested(#)	Market Value of Shares or Units of Stock That Have Not Vested(\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested(#)	
David W. Hempstead	900,000	--	--	0.11	4/25/2013	--	--	--	--
PEO	720,000	--	--	0.10	5/31/2012	--	--	--	--
Antoinette R. Knapp	900,000	--	--	0.11	4/25/2013	--	--	--	--
Deputy PEO	640,000	--	--	0.10	5/31/2012	--	--	--	--

(1) All of the foregoing options are fully vested and were unexercised at December 31, 2011.

## Directors' Compensation

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director who served on our board of directors in 2011:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
Orville J. Hendrickson	--	840	--	--	--	--	840
Larry J. Ybarrondo	--	840	--	--	--	--	840

Directors who are employees are not compensated for their services.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND  
MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth, as of March 29, 2012, the outstanding shares of common stock owned of record or beneficially by each person that owned of record, or was known by us to own beneficially, more than 5% of our issued and outstanding shares, and the name and share holdings of each director and all of the executive officers and directors as a group:

<u>Name of Person or Group</u>	<u>Nature of Ownership</u>	<u>Amount</u>	<u>Percent</u>	<u>Common Voting Equivalent</u>	<u>Percent</u>
<b>Principal Stockholders:</b>					
Sawtooth Meadows, LP <sup>(1)</sup>	Common Stock	12,279,111	53.3%	12,279,111	8.6%
	Options	3,160,000	12.1	3,160,000	2.2
		15,439,111	58.9	15,439,111	10.6
	Series A Preferred Stock <sup>(2)</sup>	1,200,000	100.0	120,000,000	83.9
				135,439,111	92.6
<b>Directors:</b>					
David W. Hempstead <sup>(1)</sup>	Common Stock	12,279,111	53.3	12,279,111	8.6
	Options	3,160,000	12.1	3,160,000	2.2
		15,439,111	58.9	15,439,111	10.6
	Series A Preferred Stock <sup>(2)</sup>	1,200,000	100.0	120,000,000	83.9
				135,439,111	92.6
Antoinette R. Knapp <sup>(1)</sup>	Common Stock	12,279,111	53.3	12,279,111	8.6
	Options	3,160,000	12.1	3,160,000	2.2
		15,439,111	58.9	15,439,111	10.6
	Series A Preferred Stock <sup>(2)</sup>	1,200,000	100.0	120,000,000	83.9
				135,439,111	92.6
Orville J. Hendrickson	Common Stock	563,383	2.4	563,383	*
	Options	100,000	*	100,000	*
		663,383	2.9	663,383	*
Larry J. Ybarrondo	Common Stock	879,020	3.8	879,020	*
	Options	100,000	*	100,000	*
		979,020	4.2	979,020	*
<b>All Executive Officers and Directors as a Group (4 persons):</b>					
	Common Stock	13,721,514	59.6	13,721,514	9.6
	Options	3,360,000	12.7	3,360,000	2.3
		17,081,514	64.7	17,081,514	11.7
	Series A Preferred Stock <sup>(2)</sup>	1,200,000	100.0	120,000,000	83.9
				137,081,514	93.6%

\* Less than 1%.

(1) Consists of 25,920 shares and options to purchase 1,620,000 shares owned of record by David W. Hempstead; 25,920 shares and options to purchase 1,540,000 shares owned of record by Antoinette R. Knapp; 12,227,271 shares owned of record by Sawtooth Meadows, LP., and 600,000 shares of Series A Preferred Stock owned by each of David W. Hempstead and Antoinette R. Knapp. David W. Hempstead and Antoinette R. Knapp, husband and wife, are owners of, and control, Sawtooth Meadows, LP, and as such, each is deemed to be the beneficial owner of shares owned of record by Sawtooth Meadows, LP.

(2) Each share of Series A Preferred Stock is entitled to 100 votes per share, voting with the common stock as a single class, except when required to vote separately by law, and is equal to 1/20th of a share of common stock in the case of dividends and distributions in the event of dissolution and liquidation.



## Equity Compensation Plans

The following table provides information respecting our compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance:

Plan Category	Number of Securities To Be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))(c)
Equity compensation plans approved by security holders	3,378,000	\$0.10	4,616,000
Equity compensation plans not approved by security holders	--	--	--
Total	<u>3,616,000</u>	<u>\$0.10</u>	<u>4,616,000</u>

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The terms of the following transactions were not the result of arm's-length negotiations.

### Related-Party Loans

During 2010, we borrowed an aggregate of \$150,000 in three separate \$50,000 loans to obtain additional working capital from two of our officers and directors, repayable pursuant to convertible promissory notes. The terms of each note are as follows: (a) no interest will accrue if the note is repaid within 60 days; (b) if the note is not repaid within 60 days, we are obligated to pay \$5,000 for costs associated with securing the funds; (c) if the loan is repaid within one year, no annual interest rate will be charged; however, if the loan is not repaid within one year, the note will accrue interest at 6% per annum, beginning on the one-year anniversary date of the note; (d) the lenders are authorized to convert part or all of the note balance and accrued interest, if any, into our common stock at its fair value at any time while the note is outstanding; and (e) the loan's due date for full repayment is December 31, 2013.

During 2011, we borrowed an aggregate of \$125,000 in five separate \$25,000 loans to obtain additional working capital from two of our officers and directors, repayable pursuant to convertible promissory notes. The terms of each note are as follows: (a) no interest will accrue if the note is repaid within 60 days; (b) if the note is not repaid within 60 days, we are obligated to pay \$2,500 for costs associated with securing the funds; (c) if the loan is repaid within one year, no annual interest rate will be charged; however, if the loan is not repaid within one year, the note will accrue interest at 6% per annum, beginning on the one-year anniversary date of the note; (d) the lenders are authorized to convert part or all of the note balance and accrued interest, if any, into our common stock at its fair value at any time while the note is outstanding; and (e) the loan's due date for full repayment is December 31, 2014.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

### Audit Fees

For our fiscal year ended December 31, 2011, we were billed approximately \$28,564 for professional services rendered for the audit and reviews of our consolidated financial statements. For our fiscal year ended December 31, 2010, we were billed approximately \$24,285 for professional services rendered for the audit and reviews of our consolidated financial statements.

### Audit Related Fees

For our fiscal years ended December 31, 2011 and 2010, we did not incur any audit-related fees.

### Tax Fees

For our fiscal years ended December 31, 2011 and 2010, we were not billed for professional services rendered for tax compliance, tax advice, and tax planning.

### All Other Fees

We did not incur any other fees related to services rendered by our principal accountant for the fiscal years ended December 31, 2011 and 2010.

### Audit and Non-Audit Service Preapproval Policy

In accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder, the audit committee has adopted an informal approval policy that it believes will result in an effective and efficient procedure to preapprove services performed by the independent registered public accounting firm.

**Audit Services.** Audit services include the annual financial statement audit (including quarterly reviews) and other procedures required to be performed by the independent registered public accounting firm to be able to form an opinion on our consolidated financial statements. The audit committee preapproves specified annual audit services engagement terms and fees and other specified audit fees. All other audit services must be specifically preapproved by the audit committee. The audit committee monitors the audit services engagement and may approve, if necessary, any changes in terms, conditions, and fees resulting from changes in audit scope or other items.

**Audit-Related Services.** Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements, which historically have been provided to us by the independent registered public accounting firm and are consistent with the Securities and Exchange Commission's rules on auditor independence. The audit committee preapproves specified audit-related services within preapproved fee levels. All other audit-related services must be preapproved by the audit committee.

**Tax Services.** The audit committee preapproves specified tax services that the audit committee believes would not impair the independence of the independent registered public accounting firm and that are consistent with Securities and Exchange Commission's rules and guidance. The audit committee must specifically approve all other tax services.

**All Other Services.** Other services are services provided by the independent registered public accounting firm that do not fall within the established audit, audit-related, and tax services categories. The audit committee preapproves specified other services that do not fall within any of the specified prohibited categories of services.

**Procedures.** All proposals for services to be provided by the independent registered public accounting firm, which must include a detailed description of the services to be rendered and the amount of corresponding fees, are submitted to the chairman of the audit committee and the Chief Financial Officer. The Chief Financial Officer authorizes services that have been preapproved by the audit committee. If there is any question as to whether a proposed service fits within a preapproved service, the audit committee chair is consulted for a determination. The Chief Financial Officer submits requests or applications to provide services that have not been preapproved by the audit committee, which must include an affirmation by the Chief Financial Officer and the independent registered public accounting firm that the request or application is consistent with the Securities and Exchange Commission's rules on auditor independence, to the audit committee (or its chair or any of its other members pursuant to delegated authority) for approval.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

<b>Exhibit Number*</b>	<b>Title of Document</b>	<b>Location</b>
<b>Item 3. Articles of Incorporation and Bylaws</b>		
3.01	Articles of Incorporation of TetriDyn Solutions, Inc. dated May 15, 2006	Incorporated by reference from the current report on Form 8-K filed June 7, 2006.
3.02	Bylaws of TetriDyn Solutions, Inc. adopted May 26, 2006	Incorporated by reference from the current report on Form 8-K filed June 7, 2006.
3.03	Designation of Rights, Privileges, and Preferences of Series A Preferred Stock	Incorporated by reference from the annual report on Form 10-K for the year ended December 31, 2009, filed March 31, 2010.
<b>Item 4. Instruments Defining the Rights of Security Holders, Including Debentures</b>		
4.01	Specimen stock certificate	Incorporated by reference from the current report on Form 8-K filed June 7, 2006.
<b>Item 10. Material Contracts</b>		
10.01	Technology License Agreement, effective October 16, 2001, by Bechtel B WXT Idaho, LLC, and TetriDyn Solutions, Inc.	Incorporated by reference from the current report on Form 8-K filed March 28, 2006.
10.02	Lease Document between Idaho State University and TetriDyn Solutions, Inc. dated September 1, 2004	Incorporated by reference from the current report on Form 8-K filed March 28, 2006.
10.03	Employment Agreement between TetriDyn Solutions, Inc. and David W. Hempstead dated January 21, 2006**	Incorporated by reference from the current report on Form 8-K filed March 28, 2006.
10.04	Employment Agreement between TetriDyn Solutions, Inc. and Antoinette R. Knapp dated January 21, 2006**	Incorporated by reference from the current report on Form 8-K filed March 28, 2006.
10.07	Loan Agreement between TetriDyn Solutions, Inc., and Southeast Idaho Council of Governments, Inc., together with related promissory notes, dated December 23, 2009	Incorporated by reference from the annual report on Form 10-K for the year ended December 31, 2009, filed March 31, 2010.
10.08	Promissory Note dated June 1, 2010	Incorporated by reference from the current report on Form 8-K filed June 2, 2010.

Exhibit Number*	Title of Document	Location
10.09	Promissory Note dated August 12, 2010	Incorporated by reference from the quarterly report on Form 10-Q for the quarter ended June 30, 2010, filed August 16, 2010.
10.10	Promissory Note dated December 22, 2010	Incorporated by reference from the current report on Form 8-K filed December 27, 2010.
10.11	Promissory Note dated February 19, 2011	Incorporated by reference from the current report on Form 8-K filed February 25, 2011.
10.12	Promissory Note dated May 4, 2011	Incorporated by reference from the current report on Form 8-K filed May 6, 2011.
10.13	Promissory Note dated June 3, 2011	Incorporated by reference from the current report on Form 8-K filed June 3, 2011.
10.14	Promissory Note dated July 28, 2011	Incorporated by reference from the current report on Form 8-K filed August 2, 2011.
10.15	Promissory Note dated November 9, 2011	Incorporated by reference from the quarterly report on Form 10-Q for the quarter ended September 30, 2011, filed November 14, 2011.
10.16	Promissory Note dated February 10, 2012	Incorporated by reference from the current report on Form 8-K filed February 16, 2012.
10.17	Promissory Note dated February 22, 2012	Incorporated by reference from the current report on Form 8-K filed February 28, 2012.
<b>Item 14.</b>	<b>Code of Ethics</b>	
14.01	TetriDyn Solutions, Inc., Code of Ethics	Incorporated by reference from the annual report on Form 10-KSB for the year ended December 31, 2006, filed April 2, 2007.
<b>Item 16.</b>	<b>Letter on Change of Certifying Accountant</b>	
16.01	Letter from Hansen, Barnett & Maxwell to Securities and Exchange Commission	Incorporated by reference from the current report on Form 8-K filed January 22, 2007.
<b>Item 21.</b>	<b>Subsidiaries of the Small Business Issuer</b>	
21.01	Schedule of subsidiaries	Incorporated by reference from the annual report on Form 10-K for the year ended December 31, 2010, filed April 13, 2011.

Exhibit Number*	Title of Document	Location
<b>Item 31.</b>	<b>Rule 13a-14(a)/15d-14(a) Certifications</b>	
31.01	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Rule 13a-14	This filing.
<b>Item 32.</b>	<b>Section 1350 Certifications</b>	
32.01	Certification 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	This filing.
<b>Item 101.</b>	<b>Interactive Data</b>	
101	Interactive Data Files	This filing.

\* The number preceding the decimal indicates the applicable SEC reference number in Item 601, and the number following the decimal indicating the sequence of the particular document. Omitted numbers in the sequence refer to documents previously filed with the SEC as exhibits to previous filings, but no longer required.

\*\* Identifies each management contract or compensatory plan or arrangement required to be filed as an exhibit, as required by Item 15(a)(3) of Form 10-K.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

### TETRIDYN SOLUTIONS, INC.

Date: March 29, 2012

By: /s/ David W. Hempstead  
David W. Hempstead, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Date: March 29, 2012

/s/ David W. Hempstead  
David W. Hempstead, Director  
Principal Executive Officer  
Principal Financial and Accounting Officer

/s/ Antoinette R. Knapp  
Antoinette R. Knapp, Director

/s/ Orville J. Hendrickson  
Orville J. Hendrickson, Director

/s/ Larry J. Ybarrondo  
Larry J. Ybarrondo, Director

### **SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT**

We will furnish to the Securities and Exchange Commission, at the same time that it is sent to stockholders, any proxy or information statement that we send to our stockholders in connection with our 2012 annual stockholders' meeting.

**TETRIDYN SOLUTIONS, INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2011 and 2010**

**TETRIDYN SOLUTIONS, INC.**

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**Webb & Company, P.A.**

*Certified Public Accountants*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of:  
TetriDyn Solutions, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheets of TetriDyn Solutions, Inc. and Subsidiary (the "Company") as of December 31, 2011 and December 31, 2010 and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the two years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of TetriDyn Solutions, Inc. and Subsidiary (the "Company") as of December 31, 2011 and December 31, 2010 and the results of its operations and its cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company had a net loss of \$357,251 and used \$138,167 of cash in operating activities for the year ended December 31, 2011. The Company had a working capital deficiency of \$639,106 and a stockholders' deficiency of \$1,101,454 as of December 31, 2011. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*Webb & Company, P.A.*

WEBB & COMPANY, P.A.  
*Certified Public Accountants*

Boynton Beach, Florida  
March 29, 2012

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**TETRIDYN SOLUTIONS, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2011	December 31, 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 18,609	\$ 65,007
Accounts receivable	2,563	21,673
Inventory	-	63,432
Prepaid expenses	11,888	16,483
<b>Total Current Assets</b>	<b>33,060</b>	<b>166,595</b>
<b>Property and Equipment, net</b>	<b>22,319</b>	<b>37,654</b>
<b>Total Assets</b>	<b>\$ 55,379</b>	<b>\$ 204,249</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 388,298	\$ 365,624
Accrued liabilities	159,591	61,789
Customer deposits	24,663	30,943
Notes payable, current portion	99,614	104,162
<b>Total Current Liabilities</b>	<b>672,166</b>	<b>562,518</b>
<b>Long-Term Liabilities</b>		
Notes payable, net of current portion	209,667	238,350
Convertible note payable to related party	275,000	150,000
<b>Total Long-Term Liabilities</b>	<b>484,667</b>	<b>388,350</b>
<b>Total Liabilities</b>	<b>1,156,833</b>	<b>950,868</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock - \$0.001 par value		
Authorized:	5,000,000 shares	
Issued and outstanding:	1,200,000 shares and 1,200,000 shares, respectively	1,200 1,200
Common stock - \$0.001 par value		
Authorized:	100,000,000 shares	
Issued and outstanding:	23,031,863 shares and 21,881,863 shares, respectively	23,032 21,882
Additional paid-in capital	2,896,351	2,895,085
Accumulated deficit	(4,022,037)	(3,664,786)
<b>Total Stockholders' Deficit</b>	<b>(1,101,454)</b>	<b>(746,619)</b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$ 55,379</b>	<b>\$ 204,249</b>

See the accompanying notes to consolidated financial statements.

**TETRIDYN SOLUTIONS, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Years Ended December 31,	
	2011	2010
<b>Revenue</b>	\$ 569,845	\$ 672,755
<b>Cost of Revenue</b>	352,754	357,770
<b>Gross Profit</b>	217,091	314,985
<b>Operating Expenses</b>		
General and administrative	212,686	309,720
Professional fees	41,596	49,336
Selling and marketing	75,823	131,063
Research and development	159,196	162,245
<b>Total Operating Expenses</b>	489,301	652,364
<b>Net Loss from Operations</b>	(272,210)	(337,379)
<b>Other Income (Expenses)</b>		
Interest Income	2	198
Interest Expense	(85,043)	(63,046)
<b>Total Other Income (Expenses)</b>	(85,041)	(62,848)
<b>Net Loss before Provision for Income Taxes</b>	(357,251)	(400,227)
<b>Provision for Income Taxes</b>	-	-
<b>Net Loss</b>	\$ (357,251)	\$ (400,227)
<b>Total Basic and Diluted Loss Per Common Share</b>	\$ (0.02)	\$ (0.02)
<b>Basic and Diluted Weighted-Average Common Shares Outstanding</b>	22,561,971	21,881,863

See the accompanying notes to consolidated financial statements.

**TETRIDYN SOLUTIONS INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
For the Years Ended December 31, 2011 and December 31, 2010

	Common Stock		Preferred Stock		Additional Paid In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
<b>Balance, December 31, 2009</b>	21,881,863	\$ 21,882	1,200,000	\$ 1,200	\$ 2,810,330	\$ (3,264,559)	\$ (431,147)
In kind contribution of salaries	-	-	-	-	84,755	-	84,755
Net loss	-	-	-	-	-	(400,227)	(400,227)
<b>Balance, December 31, 2010</b>	21,881,863	21,882	1,200,000	1,200	2,895,085	(3,664,786)	(746,619)
Issuance for outside director services, \$0.0021 per share, May 2011	800,000	800	-	-	881	-	1,681
Issuance for employees' services, \$0.0021 per share, May 2011	150,000	150	-	-	165	-	315
Issuance for consultants' services, \$0.0021 per share, May 2011	200,000	200	-	-	220	-	420
Net loss	-	-	-	-	-	(357,251)	(357,251)
<b>Balance, December 31, 2011</b>	23,031,863	\$ 23,032	1,200,000	\$ 1,200	\$ 2,896,351	\$ (4,022,037)	\$ (1,101,454)

See the accompanying notes to consolidated financial statements.

**TETRIDYN SOLUTIONS, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended December 31,	
	2011	2010
<b>Cash Flows from Operating Activities</b>		
Net Loss	\$ (357,251)	\$ (400,227)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Depreciation	15,335	15,351
Common stock issued for services	2,416	-
In kind contributions of services	-	84,755
Changes in operating assets and liabilities:		
Accounts receivable	19,110	40,689
Inventory	63,432	739
Prepaid expenses	4,595	323
Accrued expenses	97,802	(3,181)
Accounts payable	22,674	98,855
Customer deposits	(6,280)	(2,141)
<b>Net Cash Used in Operating Activities</b>	(138,167)	(164,837)
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	-	-
<b>Net Cash Used in Investing Activities</b>	-	-
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowing under related party convertible note payable	125,000	150,000
Principal payments on notes payable	(33,231)	(43,940)
<b>Net Cash Provided by Financing Activities</b>	91,769	106,060
<b>Net Decrease in Cash</b>	(46,398)	(58,777)
<b>Cash at Beginning of Year</b>	65,007	123,784
<b>Cash at End of Year</b>	\$ 18,609	\$ 65,007
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest expense and lines of credit	\$ 68,367	\$ 47,702
<b>Supplemental Noncash Investing and Financing:</b>		

During the year ended December 31, 2010, the Company received from a former subsidiary inventory worth \$63,432 and equipment worth \$10,000, reducing the accounts receivable balance from the former subsidiary by \$73,432

See the accompanying notes to consolidated financial statements.

**TETRIDYN SOLUTIONS, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**Note 1 – Organization and Summary of Significant Accounting Policies**

**Nature of Business** – TetriDyn Solutions, Inc. (the “Company”), specializes in providing business information technology (IT) solutions to its customers. The Company optimizes business and IT processes by utilizing systems engineering methodologies, strategic planning, and system integration to add efficiency and value to its customers’ business processes and to help its customers identify critical success factors in their business.

**Principles of Consolidation** – The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, an Idaho corporation also named TetriDyn Solutions, Inc. (“TetriDyn-Idaho”). Intercompany accounts and transactions have been eliminated in consolidation.

**Business Segments** – The Company has only one business segment for the years ended December 31, 2010 and 2011.

**Use of Estimates** – In preparing financial statements in conformity with accounting principles generally accepted in the United States, or GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Estimates include the valuation of deferred tax assets, inventory allowance, reserve for accounts receivable, and legal contingency. Actual results could differ from these estimates.

**Cash and Cash Equivalents** – For purposes of the cash flow statements, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

**Revenue Recognition** – Revenue from software licenses, related installation, and support services is recognized when earned and realizable. Revenue is earned and realizable when persuasive evidence of an arrangement exists, services, if requested by the customers, have been rendered and are determinable, and collectability is reasonably assured. Amounts received from customers prior to these criteria being met are deferred. Revenue from the sale of software is recognized when delivered to the customer or upon installation of the software if an installation contract exists. Revenue from post-contract support service contracts is recognized as the services are provided, determined on an hourly basis. The Company recognizes the revenue received for unused support hours under support service contracts that have had no support activity after two years. Revenue applicable to multiple-element fee arrangements is divided among the software, the installation, and post-contract support service contracts using vendor-specific objective evidence of fair value, as evidenced by the prices charged when the software and the services are sold as separate products or arrangements.

**TETRIDYN SOLUTIONS, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**Long-Lived Assets** – The Company accounts for long-lived assets under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350, “Accounting for Goodwill and Other Intangible Assets,” and FASB ASC Topic 360, “Accounting for Impairment or Disposal of Long-Lived Assets.” In accordance with FASB ASC Topic 350 and FASB ASC Topic 360, long-lived assets, goodwill, and certain identifiable intangible assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, goodwill, and intangible assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets.

**Going Concern**– The accompanying consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern. As reflected in the accompanying consolidated financial statements, the Company had a net loss of \$357,251 and used \$138,167 of cash in operating activities for the year ended December 31, 2011. The Company had a working capital deficiency of \$639,106 and a stockholders’ deficiency of \$1,101,454 as of December 31, 2011. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company’s ability to increase its sales and obtain external funding for its product development. The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

**Income Taxes** – The Company accounts for income taxes under FASB ASC 740-10-25, *Income Taxes*. Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

**Fair Value of Financial Instruments** – The carrying amounts of the Company’s current portion of accounts receivable, prepaid expenses, accounts payable, accrued liabilities, customer deposits, notes payable, and related-party convertible note payable approximate fair value due to the relatively short period to maturity for these instruments.

**Property and Equipment** – Property and equipment are recorded at cost. Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset, which is set at five years for computing equipment and vehicles and seven years for office equipment. Gains or losses on dispositions of property and equipment are included in the results of operations when realized.

**TETRIDYN SOLUTIONS, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**Inventory** – Inventory is recorded at cost and the Company utilizes the First-In, First-Out (FIFO) cost flow method. Gains or losses on dispositions or impairment of inventory are included in the results of operations when realized.

**Net Profit (Loss) Per Common Share** – Basic and diluted net profit (loss) per common share are computed based upon the weighted-average stock outstanding as defined by FASB ASC 260, “*Earnings Per Share*.” As of December 31, 2011 and 2010, 3,378,000 and 3,465,000, respectively, of common share equivalents for granted stock options were antidilutive and not used in the calculation of diluted net loss per share. Additionally, as of December 31, 2011 and 2010, 91,666,667 and 5,000,000, respectively, of common share equivalents for convertible note payables were antidilutive and not used in the calculation of diluted net loss per share.

**Stock-Based Compensation** – On June 17, 2009, at the Company's annual shareholders meeting, the Company's shareholders approved the 2009 Long-Term Incentive Plan under which up to 4,000,000 shares of common stock may be issued. The 2009 plan is to be administered either by the board of directors or by the appropriate committee to be appointed from time to time by such board of directors. Awards granted under the 2009 plan may be incentive stock options (“ISOs”) (as defined in the Internal Revenue Code), appreciation rights, options that do not qualify as ISOs, or stock bonus awards that are awarded to employees, officers, and directors that, in the opinion of the board or the committee, have contributed or are expected to contribute materially to the Company's success. In addition, at the discretion of the board of directors or the committee, options or bonus stock may be granted to individuals who are not employees, officers, or directors, but contribute to the Company's success.

Equity instruments issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB ASC 505, “*Share-Based Payment*.” Emerging Issues Task Force, or EITF, Issue 96-18, “*Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*,” defines the measurement date and recognition period for such instruments. In general, the measurement date is when either a (a) performance commitment, as defined, is reached; or (b) the earlier of (i) the non-employee performance is complete; or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the EITF.

Effective January 1, 2006, the Company adopted the provisions of FASB ASC 505 for its stock-based compensation plan. Under FASB ASC 505, all employee stock-based compensation is measured at the grant date, based on the fair value of the option or award, and is recognized as an expense over the requisite service, which is typically through the date the options or awards vest. The Company adopted FASB ASC 505 using the modified prospective method. Under this method, for all stock-based options and awards granted prior to January 1, 2006, that remain outstanding as of that date, compensation cost is recognized for the unvested portion over the remaining requisite service period, using the grant-date fair value measured under the original provisions of FASB ASC 505 for pro forma and disclosure purposes. Furthermore, compensation costs will also be recognized for any awards issued, modified, repurchased, or cancelled after January 1, 2006.

As the result of adoption of FASB ASC 505, the Company recognized \$2,415 and no compensation during the years ended December 31, 2011, and December 31, 2010, respectively (see Note 8).



**TETRIDYN SOLUTIONS, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**Recent Accounting Pronouncements** – *ASU No. 2011-05; Amendments to Topic 220, Comprehensive Income.* In June 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-05. Under the amendments in this ASU, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This ASU eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments in this ASU should be applied retrospectively.

Additionally, the FASB issued a second amendment to ASC Topic 220 in December 2011, ASU No. 2011-12, which allows companies to defer certain aspects of ASU 2011-05. For public entities, these amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The amendments do not require any transition disclosures.

*ASU No. 2011-08, Intangibles – Goodwill and Other* . On September 15, 2011, the FASB issued ASU No. 2011-08, which simplifies how an entity is required to test goodwill for impairment. This ASU would allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under the ASU, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The ASU includes a number of factors to consider in conducting the qualitative assessment. The ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. This standard is not expected to have a material impact on the Company's reported results of operations or financial position.

**Reclassifications** – Certain amounts in the 2010 information have been reclassified to conform to the 2011 presentation. These reclassifications had no impact on the Company's net loss or cash flows.

**Note 2 – Property and Equipment**

Property and equipment consist of the following as of December 31, 2011 and 2010:

<i>December 31,</i>	<b>2011</b>	<b>2010</b>
Computer & office equipment	\$ 51,587	\$ 51,587
Company vehicle	33,981	33,981
Accumulated depreciation	(63,249)	(47,914)
	<u>\$ 22,319</u>	<u>\$ 37,654</u>

Depreciation expense during the years ended December 31, 2011 and 2010, was \$15,335 and \$15,351, respectively.

**TETRIDYN SOLUTIONS, INC. AND SUBSIDIARY**  
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**Note 3 – Inventory**

The Company's inventory is comprised of regular inventory and direct materials to be used in the manufacture of new products. During the year ended December 31, 2010, the Company received computer chips in exchange for a \$63,432 reduction of a former variable interest subsidiary's debt to the Company. The Company reviewed the valuation of these computer chips and recognized an impairment loss on the chips for their full value of \$63,432 in the year ended December 31, 2011.

**Note 4 – Investments**

As of December 31, 2010 and December 31, 2011, the Company had an approximately 40% minority interest in an entity that is developing electronic livestock tracking systems. The Company has no management or financial control over this entity and therefore accounted for the investment using the cost method. The value of the investment was \$0 as of December 31, 2010 and 2011.

**Note 5 – Accounts Payable and Accrued Liabilities**

As of December 31, 2011, the Company had \$388,298 in accounts payable, \$344,240 of which is due under multiple revolving credit arrangements with varying rates of interest between 5.25% and 27.24%.

As of December 31, 2011, the Company had \$159,591 in accrued liabilities. The accrued liabilities included \$23,491 that represents an overpayment by one customer. This overpayment was refunded to the customer in February 2012. The accrued liabilities also included \$99,047 in unpaid salaries to two of its officers.

**Note 6 – Convertible Notes Payable to Related Party**

In 2010, the Company borrowed \$150,000 in three separate loans from two of its officers and directors, repayable pursuant to various convertible promissory notes. The terms of the notes are as follows: (a) no interest will accrue if the note is repaid within 60 days; (b) if the note is not repaid within 60 days, the Company is obligated to pay 10% for costs associated with securing the funds; (c) if the loan is repaid within one year, no annual interest rate will be charged; however, if the loan is not repaid within one year, the note will accrue interest at 6% per annum, beginning on the one-year anniversary date of the note; (d) the lenders are authorized to convert part or all of the note balance and accrued interest, if any, into the Company's common stock at its fair value at any time while the note is outstanding; and (e) the loan's due date for full repayment is December 31, 2013. Since the loans were not paid within 60 days, the Company is obligated to pay \$18,000 for costs associated with securing the funds and accrued interest. As of December 31, 2011, \$14,000 of interest is included in accrued expenses.

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In 2011, the Company borrowed \$125,000 in five separate loans from two of its officers and directors, repayable pursuant to various convertible promissory notes. The terms of the notes are as follows: (a) no interest will accrue if the note is repaid within 60 days; (b) if the note is not repaid within 60 days, the Company is obligated to pay 10% for costs associated with securing the funds; (c) if the loan is repaid within one year, no annual interest rate will be charged; however, if the loan is not repaid within one year, the note will accrue interest at 6% per annum, beginning on the one-year anniversary date of the note; (d) the lenders are authorized to convert part or all of the note balance and accrued interest, if any, into the Company's common stock at its fair value at any time while the note is outstanding; and (e) the loan's due date for full repayment is December 31, 2014. Since the loans were not paid within 60 days, the Company is obligated to pay \$10,000 for costs associated with securing the funds. As of December 31, 2011, the \$10,000 of interest is included in accrued expenses.

**Note 7 – Notes Payable**

Effective in May 2011, one economic development lender agreed to suspend all loan payments toward principal and interest for six months on two separate loans. The balances of the two loans were \$23,435 and \$141,719 as of December 31, 2011.

Notes payable are summarized as follows:

	December 31, 2011	December 31, 2010
Note payable to third party, due in monthly payments of \$2,000 through September 2015, bearing interest at 7% per annum, secured by a junior lien on all of the company's assets and shares of founders' common stock	\$ 85,821	\$ 104,829
Note payable to third party, due in monthly payments of \$979 through July 2013, bearing interest at 6.25% per annum, guaranteed by two shareholders, secured by liens on intangible software assets	23,435	27,045
Note payable to third party, due in monthly payments of \$1,742 through December 2014, bearing interest at 7.00% per annum, guaranteed by two shareholders secured by shareholders' personal property	141,719	145,132
Note payable to third party, originally due in full September 2010, and extended during 2010 until October 2011, bearing interest up to 5.00%, unsecured, in default	50,000	50,000
Note payable to credit union, bearing interest at 6.29%, due January 2013, guaranteed by two shareholders, secured by certain asset	8,306	15,506
Total Notes Payable	\$ 309,281	\$ 342,512
Less: Current Portion	99,614	104,162
Long-Term Notes Payable	\$ 209,667	\$ 238,350

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Annual maturities of notes payable as of December 31, 2011, were as follows:

**Years Ending December 31:**

2012	\$	99,614
2013		45,669
2014		145,457
2015		18,541
2016		-
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>309,281</b>

**Note 8 – Stockholders' Equity**

**Common Stock** – As of January 1, 2010, the Company had 21,881,863 common shares issued and outstanding. No shares or options were granted in 2010.

In May 2011, the Company granted 400,000 shares of common stock to each of its outside directors (800,000 total shares) for their services valued at the fair value on the date of grant of \$1,680. The Company also granted 150,000 shares of common stock to its employees valued at the fair value on the date of grant of \$315 and 200,000 shares of common stock for two consultants' services at the fair value on the date of grant of \$420.

No options were granted during 2011.

A summary of the status of the Company's stock options as of December 31, 2011, and the changes during the period ended is presented below:

<b>Weighted Average Fixed Options</b>	<b>Shares</b>	<b>Exercise Price</b>
Outstanding at beginning of year	3,465,000	
Expired	(87,000)	\$ 0.10
Outstanding at December 31, 2011	3,378,000	
Exercisable at December 31, 2011	3,378,000	
Weighted average exercise price of options granted to employees in the year ended Dec. 31, 2011	\$ -	

<b>Exercise Price</b>	<b>Number Outstanding at December 31, 2011</b>	<b>Weighted Average Remaining Contractual Life</b>	<b>Weighted Average Exercise Price</b>	<b>Number Exercisable at December 31, 2011</b>	<b>Weighted Average Exercise Price</b>
\$0.09	203,000	2.46	\$ 0.09	203,000	\$ 0.09
\$0.10	1,375,000	0.50	0.10	1,375,000	0.10
\$0.11	1,800,000	1.32	0.11	1,800,000	0.11
	<u>3,378,000</u>			<u>3,378,000</u>	

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A summary of the status of the Company's stock options as of December 31, 2010, and the changes during the period ended is presented below:

<b>Weighted Average Fixed Options</b>	<b>Shares</b>	<b>Exercise Price</b>
Outstanding at beginning of year	3,497,000	\$ 0.10
Expired	(22,000)	0.09
Expired	(10,000)	0.10
Outstanding at December 31, 2010	3,465,000	
Exercisable at December 31, 2010	3,465,000	
Weighted average exercise price of options granted to employees in the year ended Dec. 31, 2010	\$ -	

<b>Exercise Price</b>	<b>Number Outstanding at December 31, 2010</b>	<b>Weighted Average Remaining Contractual Life</b>	<b>Weighted Average Exercise Price</b>	<b>Number Exercisable at December 31, 2010</b>	<b>Weighted Average Exercise Price</b>
\$0.09	235,000	3.86	\$ 0.09	235,000	\$ 0.09
\$0.10	1,430,000	1.71	0.10	1,430,000	0.10
\$0.11	1,800,000	2.32	0.11	1,800,000	0.11
	<u>3,465,000</u>			<u>3,465,000</u>	

**Preferred Stock** – No shares or options were granted in 2010 or 2011.

**Note 9 – Concentrations**

**Sales** – The Company had two customers that represented 11% and 10% of sales for the year ended December 31, 2011. The two customers were both regional critical access hospitals that purchased services, hardware, and software from the Company. The Company had two different customers that represented 17% and 13% of sales for the year ended December 31, 2010. The two customers were both regional critical access hospitals that purchased services, hardware, and software from the Company.

**Accounts Receivable** – The Company had only two accounts receivable for the year ended December 31, 2011, both of which were paid in full in January 2012. The Company had four customers that represented 10%, 14%, 20%, and 36% of the accounts receivable for the year ended December 31, 2010. The 10% and 14% accounts receivables were for services and hardware and were both paid in full in January 2011. The 20% and 36% accounts receivables were accounts that were on payment plans and were paid in full in the year ended December 31, 2011.

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**Note 10 – Income Taxes**

As of December 31, 2011, the Company has net operating loss carry-forwards of approximately \$2,891,925 that expire, if not used, from 2022 through 2031. The valuation allowance at December 31, 2011, was \$1,113,714. The net change in the valuation allowance for the year ended December 31, 2011, was an increase of \$139,332. The Company paid no income taxes during the years ended December 31, 2011 and 2010. Deferred tax assets and related valuation allowance were as follows at December 31, 2011 and 2010:

<i>December 31,</i>	<b>2011</b>	<b>2010</b>
Customer deposits	\$ 9,967	\$ 12,417
Operating loss carry forwards	1,103,779	962,735
Depreciation	(32)	(756)
<b>Total Deferred Income Tax Assets</b>	<b>1,113,714</b>	<b>974,396</b>
Valuation allowance	(1,113,714)	(974,396)
<b>Net Deferred Income Tax Asset</b>	<b>\$ -</b>	<b>\$ -</b>

The following is a reconciliation of the tax benefit of pretax loss at the U.S. federal statutory rate with the benefit from income taxes:

<i>For the Years Ended December 31,</i>	<b>2011</b>	<b>2010</b>
Benefit at statutory rate (34%)	\$ (121,465)	\$ (136,077)
Non-deductible permanent differences	67	505,228
Change in valuation allowance	139,332	(349,060)
State tax benefit, net of federal tax	(17,934)	(20,091)
<b>Benefit from Income Taxes</b>	<b>\$ -</b>	<b>\$ -</b>

**Note 11 – Commitments and Contingencies**

In March 2012, the executive compensation committee approved the continuation of officer salaries at the current annual rate of \$50,000 for the Chief Executive Officer and the Deputy Chief Executive Officer. These salaries will remain in effect until the board and executive compensation committee approve further modifications.

In November 2011, a customer filed a complaint against the Company in order to receive a refund on a nonrefundable custom software product purchased in September 2010. McKesson, the manufacturer of the software product, was also named in the complaint. The Company submitted a response rejecting the complaint. A court date has been set for June 2012. The Company considers the potential litigation contingency to be without merit due to the clearly-stated and acknowledged non-return policy and the shared responsibility with the software manufacturer. It is too early in the process for management to reasonably estimate the outcome of this matter.

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**Note 12 – Subsequent Events**

In February 2012, the Company borrowed \$40,000 from two of its officers and directors, repayable pursuant to a convertible promissory note. The terms of the note are as follows: (a) no interest will accrue if the note is repaid within 60 days; (b) if the note is not repaid within 60 days, the Company is obligated to pay \$4,000 for costs associated with securing the funds; (c) if the loan is repaid within one year, no annual interest rate will be charged; however, if the loan is not repaid within one year, the note will accrue interest at 6% per annum, beginning on the one-year anniversary date of the note; (d) the lenders are authorized to convert part or all of the note balance and accrued interest, if any, into the Company's common stock at its fair value at any time while the note is outstanding; and (e) the loan's due date for full repayment is December 31, 2014.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14**

I, David W. Hempstead, certify that:

1. I have reviewed this Annual Report on Form 10-K of TetriDyn Solutions, 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(s) 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(s) 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 reasonably 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 control over financial reporting.

Date: March 29, 2012

/s/ David W. Hempstead  
David W. Hempstead  
Principal Executive Officer and Principal Financial Officer



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of TetriDyn Solutions, Inc. (the "Company"), on Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission (the "Report"), I, David W. Hempstead, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ David W. Hempstead  
David W. Hempstead  
Chief Executive Officer  
Chief Financial Officer  
March 29, 2012

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.