MIRENCO INC
Form 10QSB
August 20, 2007

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended **June 30, 2007**

[ ]	TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from ________________ to ________________

Commission file number **333-41092**

Mirenco, Inc.

(Exact name of small business issuer as specified in its charter)

Iowa	**39-1878581**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

206 May Street, P.O. Box 343, Radcliffe, Iowa 50230
(Address of principal executive offices)

(515) 899-2164
(Issuer's telephone number)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section l2, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ] **Not applicable**

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: **26,107,858 shares of no par value common stock as of August 20, 2007**.

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

Cautionary Statement on Forward-Looking Statements.

The discussion in this Report on Form 10-QSB, including the discussion in Item 2 of PART I, contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about the Company s business, based on management s current beliefs and assumptions made by management. Words such as expects , anticipates , intends , believes , plans , seeks , estimates , and similar expressions or variations of thes intended to identify such forward-looking statements. Additionally, statements that refer to the Company s estimated or anticipated future results, sales or marketing strategies, new product development or performance or other non-historical facts are forward-looking and reflect the Company s current perspective based on existing information. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results and outcomes may differ materially from what is expressed or forecasted in any such forward-looking statements. Such risks, and uncertainties include those set forth below in Item 1 as well as previous public filings with the Securities and Exchange Commission. The discussion of the Company s financial condition and results of operations included in Item 2 of PART I should also be read in conjunction with the financial statements and related notes included in Item 1 of PART I of this quarterly report. These quarterly financial statements do not include all disclosures provided in the annual financial statements and should be read in conjunction with the annual financial statements and notes thereto included in the Company's Form 10KSB for the year ended December 31, 2006 filed on April 25, 2007. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I Financial Information

Item 1. Financial Statements

MIRENCO, Inc.
BALANCE SHEET
(unaudited)
June 30, 2007

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	5,781
Accounts receivable		88,603
Inventories		109,550
Prepaid expenses		6,583
Total current assets		210,517
PROPERTY AND EQUIPMENT, net		478,871
PATENTS AND TRADEMARKS, net		15,020
	$	704,408
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of note payable	$	9,544
Current portion of capital lease		3,944
Accounts payable		198,031
Accrued expenses		100,932
Due to officers		184,559
Other current liabilities		15,500
Notes payable to related parties		35,357
Total current liabilities		547,867
LONG TERM LIABILITIES		
Notes payable, less current portion		90,881
Notes payable, to related parties, less current portion		40,224
Capital lease, less current portion		100
Shares subject to mandatory redemption		18,256
Total long term liabilities		149,461

STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, 50,000,000 shares authorized		-
no shares issued or outstanding		
Common stock, no par value: 100,000,000 shares authorized,		
25,420,358 shares issued and outstanding		10,066,281
Additional paid-in capital		1,714,954
Accumulated (deficit)		(11,774,155)
		7,080
	$	704,408

See the accompanying notes to the financial statements.

MIRENCO, Inc.
STATEMENTS OF OPERATIONS
(unaudited)

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Sales	$ 309,080	$ 307,893
Cost of sales	198,877	212,404
Gross profit	110,203	95,489
Salaries and wages	226,396	269,763
Other general and administrative expenses	160,918	152,531
	387,314	422,294
(Loss) from operations	(277,111)	(326,805)
Other income (expense)		
Interest income	2	2
Interest expense	(9,900)	(10,989)
	(9,898)	(10,987)
NET (LOSS)	$ (287,009)	$ (337,792)
Net (loss) per share available for common shareholders - basic and diluted	$ (0.01)	$ (0.02)

Weighted-average shares outstanding - basic and diluted	24,193,695	19,282,854

See the accompanying notes to the financial statements.

MIRENCO, Inc.
STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006
Sales	$ 179,106	$ 192,995
Cost of sales	106,009	119,582
Gross profit	73,097	73,413
Salaries and wages	95,399	151,067
Other general and administrative expenses	89,020	83,377
	184,419	234,444
(Loss) from operations	(111,322)	(161,031)
Other income (expense)		
Interest income	1	1
Interest expense	(4,865)	(5,471)
	(4,864)	(5,470)
NET (LOSS)	$ (116,186)	$ (166,501)
Net (loss) per share available for common shareholders - basic and diluted	$ (0.005)	$ (0.01)
Weighted-average shares outstanding - basic and diluted	25,326,976	20,393,779

See the accompanying notes to the financial statements.

MIRENCO, Inc.
STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Cash flows from operating activities		
Net cash (used in) operating activities	$ (227,131)	$ (286,844)
Cash flows from investing activities		
Net cash (used in) investing activities	(7,802)	(50)
Cash flows from financing activities		
Proceeds from issuance of stock	220,580	338,245
Shares subject to mandatory redemption	9,356	-
Principal payments on long-term debt:		
Banks and others	(6,346)	(9,554)
Related parties	(2,545)	(2,380)
Net cash provided by financing activities	221,045	326,311
Increase (decrease) in cash and cash equivalents	(13,888)	39,417
Cash and cash equivalents, beginning of period	19,669	4,984
Cash and cash equivalents, end of period	$ 5,781	$ 44,401

Non-cash financing activities:

Common stock issued for account payable to officer

$ 10,000

$

-

Conversion of 5,000 shares of convertible, redeemable preferred stock

to 25,000 shares of common stock

$ 5,000

$

-

See the accompanying notes to the financial statements.

MIRENCO, Inc.

NOTES TO FINANCIAL STATEMENTS

(unaudited)

June 30, 2007

NOTE A BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and Item 310(b) of Regulation S-B. They do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included.

The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. For further information, refer to the financial statements of the Company as of December 31, 2006, and for the two years then ended, including notes thereto included in the Company s Form 10-KSB.

NOTE B INVENTORY

Inventories, consisting of purchased finished goods ready for sale, are stated at the lower of cost (as determined by the first-in, first-out method) or market.

NOTE C - REALIZATION OF ASSETS

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. Net loss for the six months ended June 30, 2007 was ($287,009). The Company has incurred net losses aggregating $11,774,155 from inception, and may continue to incur net losses in the future. In addition, the Company had a working capital deficiency of ($337,350) as of June 30, 2007. If revenues do not increase substantially in the near future, additional sources of funds will be needed to maintain operations. These matters give rise to substantial doubt about the Company s ability to continue as a going concern.

Management and other personnel have been focused on product exposure and marketing. The Company s management team has diligently explored several market segments relative to the Company s product and service lines over the past 24 months. From that exploration, the Company has decided it is in its best interests to market other products that are related to the DriverMax® product line. In that respect, the Company has become an authorized reseller for Network Car, Inc. to market its Networkfleet product which is a vehicle tracking and diagnostic reporting product that focuses on productivity and fuel efficiency. Management also believes a large market exists for the Company s testing and evaluation services and the information resulting from those services. By concentrating the sales efforts within its own reasonable geographical area, management believes it can better provide a professional, consultative approach toward customers needs and prove the value of its products and services. Management will focus on the Company s efforts on the sales of products, services, and programs with sensible controls over expenses. Management believes these steps, if successful, will improve the Company s liquidity and operating results, allowing it to continue in existence.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

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MIRENCO, Inc.

NOTES TO FINANCIAL STATEMENTS Continued

(unaudited)

June 30, 2007

NOTE D – STOCKHOLDERS EQUITY

During the six months ended June 30, 2007, the Company issued 2,637,800 shares of common stock for cash of $220,580, which shares were issued at a discount to the fair market value of the shares.

During the six months ended June 30, 2007, the Company issued 5,000 options to directors to purchase common stock at $.25 per share. The options are exercisable at this price until January 31, 2014. In addition, 50,000 options to purchase common stock at $.25 per share were issued to an employee, also exercisable through January 31, 2014. Of these options issued to the employee, 10,000 options are fully vested as of the grant date, February 16, 2007, 20,000 options will vest January 1, 2008, and the remaining 20,000 options will vest January 1, 2009. There was no material charge to operations during the period ended June 30, 2007, related to these options.

The following summarizes the options outstanding at June 30, 2007:

	Number of shares		Weighted-average exercise price
	Outstanding	Exercisable	per share
Outstanding, December 31, 2006	2,274,210	2,274,210	$ 1.15
Granted	55,000	15,000	0.25
Exercised	-	-	-
Outstanding June 30, 2007	2,329,210	2,289,210	$ 1.13

The following table summarizes information about options outstanding at June 30, 2007 under the Compensatory Stock Option Plan:

2007 Compensatory Stock Options and Warrants

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable	Weighted-average exercise price
$0.12-$5.00	2,329,210	6.21	$ 1.13	2,289,210	$ 1.13

NOTE E NOTES PAYABLE

Notes payable consisted of the following at June 30, 2007:

	Total	Current Portion	Long-term Portion
Note payable to bank in monthly installments of $1,731, including principal and variable interest, currently 11.00%, guaranteed by stockholder, guaranteed by Small Business Administration	$ 100,425	$ 9,544	$ 90,881
Capital lease payable to leasing company in monthly installments of $376, including principal and interest of 20.625%, maturing in July, 2008	4,044	3,944	100
	$ 104,469	$ 13,488	$ 90,981

NOTE F NOTES PAYABLE TO RELATED PARTIES

Notes payable to related parties consisted of the following at June 30, 2007:

	Total	Current Portion	Long-term Portion
Notes payable to investors, 9% interest payable quarterly, principal due in December, 2007	$ 30,000	$ 30,000	$ -
Note payable to related Company in monthly installments of $689, including principal and interest of 6.75% maturing May, 2009	45,581	5,357	40,224
	$ 75,581	$ 35,357	$ 40,224

NOTE G MAJOR CUSTOMERS

In the first six months of 2007, four major customers accounted for 82% of total sales. At June 30, 2007, these customers account for 68% of accounts receivable.

NOTE H EARNINGS (LOSS) PER SHARE

The Company calculates net income (loss) per share as required by Statement of Financial Accounting Standards (SFAS) 128, "Earnings per Share." Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares and dilutive common stock equivalents outstanding. During periods in which the Company incurs losses, common stock equivalents, if any, are not considered, as their effect would be anti dilutive.

NOTE I REDEEMABLE, CONVERTIBLE PREFERRED STOCK

In December 2006, Mirenco offered a minimum $3,000 investment for 25,000 shares of its common stock at $0.12 per share, plus 500 shares of convertible, redeemable preferred stock valued by the Company at $1 per share. In connection with this offering, 23,256 shares of the convertible, redeemable preferred stock were issued, of which 5,000 were converted to 25,000 shares of common stock during the period ended June 30, 2007. Each preferred share is convertible at the holder s option, to fives shares of the Company s common stock, and carries a cumulative 6% dividend rate through December 31, 2011. The preferred shares may be redeemed by the Company any time after December 31, 2009, and must be fully redeemed on December 31, 2011, together with all cumulative dividends in arrears. Accordingly, the preferred shares are presented as shares subject to mandatory redemption in the accompanying financial statements.

NOTE J SUBSEQUENT EVENTS

During July and August, 2007, 725,000 shares of common stock were issued for cash of $58,000.

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Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General and Background

We have incurred annual losses since inception while developing and introducing our original products and focusing management and other resources on capitalizing the Company to support future growth. Relatively high management, personnel, consulting and marketing expenditures were incurred in prior years in preparation for the commercialization of our products. We expect distribution and selling expenses to increase directly with sales increases, however, as a percentage of sales, these expenses should decline. It is anticipated that general and administrative expenses should remain stable and decline significantly as a percentage of sales.

Liquidity and Capital Resources

Cash and equivalents and accounts receivable are currently the Company s substantial source of liquidity. The changes in Cash and Equivalents for the six months ended June 30, 2007 and 2006 can be reviewed in the Statements of Cash Flows in PART I Item 1 above.

According to the terms of our purchase agreement with American Technologies to acquire the patents and trademarks, we have incurred a 3% royalty of annual gross sales for a period of 20 years, which began November 1, 1999.

Results of Operations

Gross sales of $309,080, including $79,160 in product sales and $229,920 in sales of services, were realized for the six months ended June 30, 2007 and were $1,187 more than sales for the same period one year ago. Cost of sales for the six months ended June 30, 2007 was $198,877 resulting in a net increase of $14,714 in gross profit margin as a result of increased sales over the same period in the prior year. In the six months ended June 2007, $170,990 of employment costs were included in Cost of Sales compared to $172,313 in the corresponding period in the prior year. Salary expense for the six months ended June 30, 2007 was $226,396 compared to $269,764 in the corresponding period in the prior year. After accounting for the employment costs included in cost of sales, salaries decreased $45,644.

A total of 15 full-time individuals, were employed with the Company at both June 2007 and 2006.

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A comparative breakdown of Other general and administrative expenses per the Statements of Operations included in PART I Item 1 above is as follows:

MIRENCO, INC
COMPARATIVE DATA
for NOTES TO FINANCIAL STATEMENTS

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Note
Royalty	$ 9,272	$ 9,195	1
Advertising	309	4,383	2
Depreciation and amortization	18,382	21,706	3
Insurance	26,156	30,912	4
Professional fees	53,400	22,717	5
Office expenses	29,508	23,519	6
Travel	7,340	17,431	7
Utilities	16,551	22,668	8
Total general and administrative expenses	$ 160,918	$ 152,531	

1.

Royalty expense is proportional to sales and is based on sales of products, services and rights related to patents according to the contractual agreement.

2.

Advertising expense for the six months ended June 30, 2007 decreased $4,074 over the same period in the prior year because of decreased recruiting activities.

3.

Depreciation and amortization expense decreased $3,324 from the corresponding period in the prior year because of computer and other equipment becoming fully depreciated in the prior period.

4.

Insurance expense for the six months ended June 30, 2007 decreased $4,756 from the corresponding period in the prior year because of a thorough examination of current coverage and obtaining a more competitive bid.

5.

Professional fees expense increased $30,683 because of increased expenses related to patents and consulting fees.

6.

Office expense for the six months ended June 30, 2007 increased $5,989 from the corresponding period in the prior year.

7.

Travel expense for the first six months of 2007 decreased $10,091 due to decreased travel to mining customers.

9.

Utilities expense for the first six months of 2007 decreased $6,117 from the first six months of 2006 due to reduced telephone expenses.

Interest expense for the six months ended June 30, 2007 and 2006 is a result of obtaining investor loans and bank loans in 2005 and 2004.

The Company uses estimates in the preparation of its financial statements. The estimates used relate to valuation of receivables and the useful lives of its equipment and patents. Since the Company s receivables consist of larger individual accounts, the Company elects to use the direct write off method for those accounts that are deemed to be uncollectible. The Company believes there is no material difference in this method from the allowance method. There have been no accounts written off in 2007. If it is determined that potential losses of a material amount in receivables, the allowance for doubtful accounts method will be adopted. No such allowance is considered to be required at this time. If it were determined that the depreciated cost of its equipment and the amortized cost of its patents exceeded their fair market value, there would be a negative impact on the results of operations to the extent the depreciated and amortized cost of these assets exceeded their fair market value.

The carrying value of long-lived assets is reviewed on a regular basis for the existence of facts and circumstances that suggest impairment. During the first six months of 2007, no material impairment has been indicated. Should there be an impairment in the future, the Company will measure the amount of the impairment based on the amount that the carrying value of the impaired assets exceed the undiscounted cash flows expected to result from the use and eventual disposal of the impaired assets.

The Company accounts for equity instruments issued to employees for services based on the fair value of the equity instruments issued and accounts for equity instruments issued to other than employees based on the fair value of the consideration received or the fair value of the equity instruments whichever is more reliably measurable.

The Company accounts for stock based compensation in accordance with SFAS 123, Accounting for Stock-Based Compensation . The provisions of SFAS 123 allow companies to either expense the estimated fair value of stock options or to continue to follow the intrinsic value method set forth in APB Opinion 25, Accounting for Stock Issued to Employees (APB Opinion 25) but disclose the proforma effects on net income (loss) had the fair value of the options been expensed. The Company has elected to continue to apply APB Opinion 25 in accounting for its stock option incentive plans.

In December 2004, the FASB issued SFAS 123(R), Share-Based Payment. SFAS 123(R) amends SFAS 123, Accounting for Stock-Based Compensation, and APB Opinion 25, Accounting for Stock Issued to Employees. SFAS 123(R) requires that the cost of share-based payment transactions (including those with employees and non-employees) be recognized in the financial statements. SFAS 123(R) applies to all share-based payment transactions in which an entity acquires goods or services by issuing (or offering to issue) its shares, share options, or other equity instruments (except for those held by an ESOP) or by incurring liabilities (1) in amounts based (even in part) on the price of the entity s shares or other equity instruments, or (2) that require (or may require) settlement by the issuance of an entity s shares or other equity instruments. This statement is effective (1) for public companies qualifying as SEC small business issuers, as of the first interim period or fiscal year beginning after December 15, 2005, or (2) for all other public companies, as of the first interim period or fiscal year beginning after June 15, 2005, or (3) for all nonpublic entities, as of the first fiscal year beginning after December 15, 2005.

The Company outsources the production of its DriverMax® products to ICE Corporation of Manhattan, Kansas. If, for some reason the relationship between the Company and ICE Corporation should be interrupted or discontinued, the operations of the Company could be adversely affected until such time an alternative supply source could be located, contracted and begin producing our technology. Such an event could materially effect the results of operations of the Company. The Company continues to review its relationship with this single source and believes there is no need for an alternative source at this time. As sales of product grow the Company will continue to review alternative sources.

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Item 3.

CONTROLS AND PROCEDURES

An evaluation of the Company s disclosure controls and procedures and internal controls and procedures was performed on July 26, 2007. Based on that review, management concludes that the Company s disclosure controls and procedures adequately ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules and forms. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the evaluation date. There have been no corrective actions with regard to significant deficiencies and material weaknesses since the evaluation date.

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PART II. OTHER INFORMATION

Item 1.

Legal Proceedings

None

Item 2.

Changes in Securities

During the six months ended June 30, 2007, 2,637,800 shares of common stock were issued. 2,562,800 were issued for cash, 50,000 were issued for debt due to an officer and 25,000 were issued upon the conversion of 5,000 shares of the Company s convertible, redeemable preferred stock. Changes in shares outstanding during the first six months are summarized as follows:

		Shares Issued		Amount
Shares outstanding January 1, 2007	$	22,782,558	$	9,830,701
New shares issued for cash		2,562,800		220,580
Shares issued for conversion of preferred stock		25,000		5,000
Shares issued to officer for payables		50,000		10,000
Shares outstanding June 30, 2007	$	25,420,358	$	10,066,281

Item 3.

Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following are the exhibits to this report.

3.2(a)

Articles of Amendment to Articles of Incorporation (Incorporated by reference to the Company s 10QSB for the quarter ended June 30, 2004 filed on August 10, 2004).

3.2(b)

Certificate of Incorporation and Certificates of Amendment to the Certification of Incorporation of Registrant (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

3.3

Bylaws of Registrant (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.2(d)

Stock Option Agreement between Registrant and Betty Fosseen (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.2(f)

Stock Option Agreement between Registrant and J. Richard Relick (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.4

Purchase Agreement Between Registrant and American Technologies, LLC (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.5

Environmental Regulatory Approvals with the U.S. Environmental Protection Agency and California Air Resources Board (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.6

Summary of Patents and Associated Service Marks (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.7

Copies of U.S. and Canadian Patents Issued to Dwayne L. Fosseen (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.8

Summary of Mexican Patents and Associated Protections Issued to Dwayne L. Fosseen (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.9

Rental Agreement Between Registrant and Fosseen Manufacturing & Development, Inc (incorporated by reference to the Company s Registration Statement filed on July 10, 2000).

10.13(a)

Stock Option Agreement between Registrant and Betty Fosseen (incorporated by reference to the Company s Registration Statement Amendment filed on April 17, 2001).

10.14

2001 Common Stock Compensation Plan (incorporated by reference to the Company s 10KSB for the fiscal year ended December 31, 2001).

10.29

Employment Agreement with Richard A. Musal. (Incorporated by reference to the Company s 10QSB filed November 19, 2004)

10.30 2004 Common Stock Compensation Plan (Incorporated by reference to the Company s 10KSB filed April 15, 2005)

10.31 Company s Code of Ethics . (Incorporated by reference to the Company s 10QSB filed May 13, 2005)

Reseller agreement with Network Car, Inc. dated April 12, 2006. (incorporated b reference to the Company s

0QSB filed May 22, 2006.).

10.35

Letter of Agreement between Mirenco, Inc. and KARMA Enterprises group.

*10.36 Distributor Agreement between Mirenco, Inc. and Whayne Supply.

*31.1

Certificate of Principal Executive Officer dated August 20, 2007.

*31.2

Certificate of Principal Financial Officer dated August 20, 2007.

*32.1

Dwayne Fosseen s Certification dated August 20, 2007 pursuant to 18 U.S.C. SECTION 1350, as adopted pursuant to, SECTION 906 of the Sarbanes-Oxley Act of 2002.

*32.2

Glynis M. Hendrickson s Certification dated August 20, 2007 pursuant to 18 U.S.C. SECTION 1350, as adopted pursuant to SECTION 906 of the Sarbanes-Oxley Act of 2002.

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Filed herewith

Exhibit 10.36

DISTRIBUTOR AND SERVICES AGREEMENT

This Distributor and Services Agreement (Agreement) is made and entered into by and between Mirenco, Inc., an Iowa corporation with its principal place of business at 206 May Street, Radcliffe, Iowa 50230 ("Mirenco") and Whayne Supply Company, a Kentucky corporation with its principal place of business at 1400 Cecil Ave., Louisville, Kentucky 40211-1622 ("Distributor").

WHEREAS, Mirenco is the owner of various patents, particularly U.S. patent number 958958 issued September 25, 1990 entitled Engine Emissions Control Apparatus Method, U.S. patent number 5315977 issued May 31, 1994 entitled Fuel Limiting Method and Apparatus for Internal Combustion Engine, U.S. patent number 6845314 issued Jan 18, 2005 entitled Method and Apparatus for Remote Communication of Vehicle Combustion Performance and Parameters

WHEREAS, Mirenco has developed a testing procedure for diesel particulate matter and gaseous emissions called the Mirenco Diesel Evaluation Procedure (MDEP)

WHEREAS, Mirenco has developed a reporting process of the results of the MDEP including individual vehicles and fleets of vehicles (REPORTS)

WHEREAS, Mirenco has capabilities to receive data, store and analyze data, make maintenance recommendations, report production and distributor support (SUPPORT)

WHEREAS, Distributor has the ability to service and repair diesel powered vehicles and equipment and desires to sell Mirenco s products and perform the MDEP

WHEREAS, Distributor desires Mirenco to provide REPORTS and SUPPORT for its customers

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1.

Appointment. Mirenco hereby appoints Distributor as an independent distributor of Mirenco s Products subject to the terms of this Agreement.

2.

Exclusive Rights of Distributor. Mirenco appoints Distributor as an exclusive distributor of Mirenco s Products and MDEP Procedures for the term of this Agreement within the State of Kentucky and the 16 counties Distributor represents for Caterpillar, Inc. in Indiana.

3.

Definition of Products. For purposes of this Agreement, the term "Products" shall mean only those products which are specifically described in Schedule A as attached hereto from time to time.

4.

Submission of Purchase Orders. (a) Distributor agrees that it shall submit completed purchase orders to Mirenco for the purchase of Product.

(b) Each Purchase Order shall be placed by Distributor by forwarding thcompleted and executed Purchase Order to Mirenco.

(c) All Accepted Orders are expressly limited solely to the terms and conditions of the corresponding Purchase Order and this Agreement.

5. **Delivery of Products**. Any Products purchased by Distributor hereunder shall be made free on board, shipping point.

6.

Price, Terms of Sale. Unless otherwise agreed, Mirenco will sell Products to Distributor and Distributor will purchase Products from Mirenco at prices as set forth in Schedule A attached hereto from time to time. Mirenco shall provide Distributor with sixty (60) days written notice prior to changing Product pricing. The aggregate purchase price with respect to each Accepted Purchase Order shall be due and payable in U.S. dollars by Distributor, in full, within thirty (30) days of the date of Mirenco s invoice to Distributor. Distributor shall pay a late charge on any delinquent amount compounded and computed daily at the lesser of (i) 1.5% per month, or (ii) the highest rate permitted by applicable law.

7.

Additional Duties of Distributor. Distributor agrees to devote commercially reasonable efforts and such time as is necessary or appropriate to diligently market and promote the sale of the Products and services. Distributor also agrees that it will:

(a) Purchase such equipment necessary to perform MDEP

(b)

Promptly submit to Mirenco all correspondence or other documents concerning the performance of Mirenco s Products and Services which a person or entity may provide directly to Distributor.

8.

Duties of Mirenco. Mirenco agrees to:

(a)

Provide sales and technical assistance to Distributor.

(b)

Furnish Distributor with promotional and sales materials generally prepared in regard to sales of the Products and Services.

(c)

Sell Products to Distributor as provided herein.

(d) Provide training in the products and services to Distributor pursuant to Schedule A

9.

<u>Expenses</u>. Distributor agrees that it shall pay and be solely responsible for all costs and expenses of any nature whatsoever which are incurred by Distributor in rendering services pursuant to this Agreement**.**

10.

<u>Term and Termination</u>. (a)

The term of this Agreement shall be for a period of one (1) year from the date hereof, and shall be automatically renewed thereafter for successive one (1) year periods, unless either party provides written notice to the other of its intention not to renew this Agreement, for termination with cause, at least sixty (60) days prior to the termination date of the one (1) year term then in effect, or this Agreement is earlier terminated pursuant to any other provision of this Agreement.

(b)

This Agreement may be terminated by either Mirenco or Distributor, for failure to comply with the terms set forth in this agreement, effective sixty (60) days following the giving of written notice.

11.

<u>Transactions After Termination</u>. The parties agree that upon the termination of this Agreement, for whatever reason:

(a)

Distributor shall return all written promotional, advertising and sales materials provided to Distributor by Mirenco hereunder.

(b)

The termination of this Agreement shall not affect any liability or obligation of the parties hereunder which shall accrue prior to such termination.

(c) Distributor will have the right to return new inventory to Mirenco for a full refund of dealer net price Distributor paid Mirenco less applicable shipping and handling.

12.

Mirenco Trademarks. Distributor is hereby granted a limited, nonassignable and nontransferable right to use Mirenco's trade or service marks. The rights conferred herein shall cease and terminate immediately upon notice to cease such use as provided by Mirenco.

13.

Proprietary and Confidential Information. Distributor acknowledges and agrees that it is necessary for Mirenco to prevent the unauthorized use and disclosure of Proprietary and Confidential Information. Accordingly, Distributor covenants and agrees that it will not at any time directly or indirectly disclose any Proprietary or Confidential Information regarding Mirenco or the Products to any third party, nor use any Proprietary and Confidential Information for its own benefit. Proprietary information shall include only documents marked Proprietary and Confidential information, and shall not include information that is generally available to the public, information Whayne develops independently or information that becomes available from a third party.

Distributor may disclose Proprietary or Confidential information to the extent required by law.

14.

Limited Warranty; Mirenco represents and warrants to Distributor that Products delivered to Distributor or its customers shall be free from defect for a period not to exceed one (1) year from the date of the installation corresponding to such Products (the Warranty Period). The foregoing warranty will be automatically null and void if the defect has resulted in any way from Distributor s negligence, from accident, abuse, misapplication, or if the Product has been altered in any manner without the express prior written consent of Mirenco.

15.

Indemnification. (a) Distributor agrees to defend, indemnify and hold Mirenco harmless from and against any claim, demand, proceeding, loss, liability, damage, cost or expense (including, but not limited to, attorneys fees, legal expense and court costs)to the extent arising in connection with or resulting from any breach of warranty, misrepresentation or non-fulfillment of any agreement on the part of Distributor under this Agreement or which are incurred by Mirenco in enforcing its rights under this Agreement.

(b) Mirenco agrees to defend, indemnify, and hold Distributor harmless from and against any claim, demand, proceeding, loss, liability, damage, cost or expense (including, but not limited to attorneys fees, legal expense, and court costs) to the extent arising in connection with or resulting from (i) any defect or alleged defect in any of the Products, packaging, instruction, or related materials, (ii) the breach of alleged breach of any warranty (express or implied) in connection with the sale of any Products,

with the exception of express written warranties made by the Distributor, or (iii) any infringement of any intellectual property rights (including without limitation patents relating to the Products and/or trademarks licensed to the Distributor under the Agreement).

16.

No Waiver; Modifications in Writing. No failure or delay on the part of any party in exercising any right, hereunder shall operate as a waiver, nor shall any single or partial exercise of any such right, preclude any other right..

17.

Notice. Any notice required or permitted to be given hereunder shall be in writing and shall be deemed given when personally delivered or deposited in the mail, postage prepaid, sent certified or registered, or transmitted via electronic means and addressed as follows:

a.

If to Mirenco to:

Mirenco, Inc.

Attn:Dwayne Fosseen

Post Office Box 343

206 May Street

Radcliffe, Iowa 50230

b.

If to Distributor to:

Whayne Supply Company

VP Product Support

PO Box 35900

Louisville, KY 40232-5900

or, to such other address or person as may hereafter be designated in writing by the applicable party in the manner provided in this paragraph for the giving of notices.

18.

Severability. In the event that any portion of this Agreement shall, for any reason, be held to be held invalid, illegal or unenforceable in whole or in part, the remaining portion shall not be affected thereby and shall continue to be valid and enforceable.

19.

Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, liabilities or obligations under or by reason of this Agreement.

20.

Authority. Each person signing below represents that such person has been and is authorized and empowered to execute and deliver this Agreement on behalf of the party on whose behalf the person is executing this Agreement.

21.

Entire Agreement. This Agreement and all exhibits and schedules hereto constitute the entire agreement between the parties hereto.

22.

Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa in the United States of America and, to the extent applicable, the laws of the United States of America.

23.

Miscellaneous. This Agreement may be assigned, in whole or in part, by Mirenco without the prior written consent of Distributor. This Agreement may not be assigned, voluntarily or involuntarily or by operation of law or otherwise, by Distributor.

IN WITNESS WHEREOF, the parties have executed this Agreement on this __21st__ day of May, 2007.

MIRENCO, INC.

By: ________________________________

Its ___________________________________

WHAYNE SUPPLY COMPANY

By: __________________________________

Its ___________________________________

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Mirenco, Inc.
(Registrant)

By: /s/ Glynis M. Hendrickson

Glynis M. Hendrickson

Chief Financial Officer

Date: August 20, 2007

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Dwayne Fosseen

Dwayne Fosseen

Chairman of the Board,

Chief Executive Officer

and Director

Date: August 20, 2007

By: /s/ Don Williams

Don Williams

Director

Date: August 20, 2007

EXHIBIT 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Dwayne Fosseen, Chief Executive Officer and President of Mirenco, Inc. (the Small business issuer) certify that:

1.

I have reviewed this report on Form 10-QSB of Small business issuer

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 small business issuer as of, and for, the periods presented in this report;

4.

The small business issuer's other certifying officers 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 small business issuer 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 small business issuer, 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)

Evaluated the effectiveness of the small business issuer 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

(c)

Disclosed in this report any change in the small business issuer s internal control over financial reporting that occurred during the small business issuers most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuers internal control over financial reporting; and

5.

The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

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Date: August 20, 2007

/s/ Dwayne Fosseen

Dwayne Fosseen,

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATE OF PRINCIPAL FINANCIAL OFFICER

I, Glynis M. Hendrickson, Chief Financial Officer of Mirenco, Inc. (the Small business issuer) certify that:

1.

I have reviewed this report on Form 10-QSB of Small business issuer

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 small business issuer as of, and for, the periods presented in this report;

4.

The small business issuer's other certifying officers 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 small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer 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

(c)

Disclosed in this report any change in the small business issuer s internal control over financial reporting that occurred during the small business issuers most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuers internal control over financial reporting; and

5.

The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

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Date August 20, 2007

/s/ Glynis M. Hendrickson

Glynis M. Hendrickson,

Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Dwayne Fosseen, Chief Executive Officer of Mirenco, Inc. (the Company), pursuant to 18 U.S.C. section 1350, certify that, to my knowledge:

(1)

The Company s Quarterly Report on Form 10-QSB for the period ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (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 results of operations of the Company.

/s/ Dwayne Fosseen

Dwayne Fosseen

Chief Executive Officer and President

August 20 , 2007

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Glynis M. Hendrickson , Chief Financial Officer of Mirenco, Inc. (the Company), pursuant to 18 U.S.C. section 1350, certify that, to my knowledge:

(1)

The Company s Quarterly Report on Form 10-QSB for the period ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (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 results of operations of the Company.

/s/ Glynis M. Hendrickson

Glynis M. Hendrickson

Chief Financial Officer

August 20, 2007