

Cal Bay International Inc.
Financial Statements
For the Years Ended December 31, 2013 and December 31, 2012

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Cal Bay International, Inc.

Unaudited Balance Sheet

For the Years ended December 31, 2013 and December 31, 2012

	December 31, 2013	December 31, 2012
ASSETS		
Current Assets		
Checking/Savings		
Total Checking/Savings	-	2,513
Other Current Assets		
Website	40,000	
Total Other Current Assets	40,000	
Total Current Assets	40,000	2,513
Fixed Assets		
Furniture and Equipment	8,571	10,000
Total Fixed Assets	8,571	10,000
Other Assets		
Residences\Retention		264,014
Computer Equipment	15,000	18,000
Intellectual Property	3,600,000	
Total Other Assets	3,615,000	292,014
TOTAL ASSETS	3,663,571	294,527
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
Loan from Officer	4,278	
Total Other Current Liabilities	4,278	
Total Current Liabilities	4,278	
Long Term Liabilities		
Loans from shareholder		642,948
Loans-Others		777,225
Loans from Investors		288,878
Convertible Consultant Debt	25,000	25,000
Convertible Management Debt	40,000	50,000
Debt to Lawsuits	455,518	
Convertible Notes	42,000	50,000
Total Long Term Liabilities	562,518	1,834,051
Total Liabilities	566,796	1,834,051
Equity		
Capital Stock	29,712,101	29,712,101
Common Stock	3,639,862	3,112,000
Authorized 4,000,000,000 shares		
Issued\Outstanding		
3,639,862,272 shares		
Preferred Stock, Series A	4,678,938	45,879
Authorized 55,000,000 shares		
Issued\Outstanding 46,789,384		
Preferred Stock, Series C	1,156,243	3,261
Authorized 4,000,000 shares		
Issued\Outstanding 3,261,358		
Retained Earnings	(38,175,010)	(36,497,353)
Stock Option	2,167,000	2,167,000
Treasury stock	(82,412)	(82,412)
Total Equity	3,096,722	(1,539,524)
TOTAL LIABILITIES & EQUITY	3,663,571	294,527

Cal Bay International, Inc.

Unaudited Statement of Operations

December 31, 2013 and December 31, 2012

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Ordinary Income/Expense		
Expense		
Patent Amoritize	400,000	
Depreciation Expense	7,429	
Foreclosure	264,014	
G&A	25,000	50,000
Professional Fees	12,500	25,000
Total Expense	<u>708,943</u>	<u>75,000</u>
Net Ordinary Income	<u>(708,943)</u>	<u>(75,000)</u>
Net Income	<u>(708,943)</u>	<u>(75,000)</u>

Cal Bay International, Inc.

Statement of Stockholder's Equity (Deficit) Unaudited

	Capital	Stock Option	Treasury Stock	Common Stock	Preferred A	Preferred C	Retained Earnings (Deficit)	Total
Balance December 31, 2009	\$ 29,712,101	\$ 2,167,000	\$ (82,412)	\$ 573,988	\$ 46,200	\$ 3,261	\$ (36,370,971)	\$ (3,969,117)
Balance December 31, 2010	\$ 29,712,101	\$ 2,167,000	\$ (82,412)	\$ 584,246	\$ 46,200	\$ 3,261	\$ (36,424,787)	\$ (3,994,391)
Balance December 31, 2011	\$ 29,712,101	\$ 2,167,000	\$ (82,412)	\$ 1,294,862	\$ 45,879	\$ 3,261	\$ (36,422,353)	\$ (3,281,662)
Balance December 31, 2012	\$ 29,712,101	\$ 2,167,000	\$ (82,412)	\$ 3,112,000	\$ 45,879	\$ 3,261	\$ (36,497,353)	\$ (1,539,524)
Balance December 31, 2013	\$ 29,712,101	\$ 2,167,000	\$ (82,412)	\$ 573,988	\$ 46,200	\$ 3,261	\$ (36,370,971)	\$ (3,969,117)

Cal Bay International, Inc.

Statement Of Cash Flows
December 31, 2013 and
December 31, 2012

	December 31, 2013	December 31, 2012
OPERATING ACTIVITIES		
Net Income	(708,943)	(75,000)
Adjustments to reconcile Net Income to net cash provided by operations:		
Loan from Officer	4,278	
Net cash provided by Operating Activities	(704,665)	(75,000)
INVESTING ACTIVITIES		
Decrease in Accounts Payable		(410,376)
Decrease in Office Equipment		(7,000)
Buildings and Improvements	264,014	
Furniture and Equipment	1,429	
Computer Equipment	6,000	
Loans		(1,333,438)
Patents	400,000	
Net cash provided by Investing Activities	671,443	(1,750,814)
FINANCING ACTIVITIES		
Debt	10,000	
Notes	8,000	
Capital Stock	1,663,754	1,817,138
Common stock-par	(527,862)	
Pref A	(910)	
Pref C	(1,152,982)	
Net cash provided by Financing Activities	-	1,817,138
Net cash increase for period	(33,222)	3,758
Cash at end of period	(33,222)	2,513

Cal Bay International Inc.
Notes to Financial Statements
For the Years Ended December 31, 2013 and December 31, 2012

NOTE 1 - ORGANIZATION AND DEVELOPMENT OF BUSINESS

Cal Bay International ("The Company") was originally formed in NEVADA in 2001. In 2001, the Company acquired Cal Bay Controls, A Nevada Corporation. The resulting company changed its name to Cal Bay International, A Nevada Corporation trading on the over the counter or "Pink Sheets" market. The Company is engaged in the acquisition, development, management and sale of Real Property The Company is a development state enterprise since it has not generated significant revenue from the sale of its products from its inception.

The Company has been devoted to following its business plan and increasing brand name awareness. Accordingly the financial statements have been prepared in accordance with the provisions of Statement of Financial Accounting Standard (SFAS) Number 7, "Accounting and Reporting by Development Stage Enterprises".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America Use of Estimates: The Company prepares financial statements in conformity with generally accepted accounting standards which requires management to make estimates and assumptions that affect the reported amounts and disclosures. Although these estimates are based on management's knowledge of events and actions it may undertake in the future, actual results may differ from those estimates.

Cash and Cash Equivalents:

The Company considers all highly liquid investments with maturities of three months or less when acquired, to be cash equivalents. As of June 30, 2013 management has not made any such investments.

NOTE 3 - NOTES PAYABLE

Notes payable consist of the following:

A non-interest bearing irrevocable promissory note for \$50,000 commencing August 5th, 2012 payable to a nonaffiliated company For Your Information Inc. with a one year maturity convertible into shares of common stock. In 2013 \$8,000.00 was paid towards the note.

A non-interest bearing consulting agreement in the amount of \$25,000 commencing on January 1st, 2011 payable to a previous company affiliate with a one year maturity convertible into shares of common stock.

A non-interest bearing note for \$50,000 commencing January 1st, 2011 for Management Consulting payable to a previous company affiliate with a one year maturity convertible into shares of common stock. In 2013 \$10,000.00 was paid towards the note.

NOTE 4- LEGAL MATTERS

1. Penelope Stowe, breach of contract, 10-14-2011 \$138,148.47
The company is reviewing all of the facts and circumstances in regard to prior management's involvement with this matter. At this time the company is disputing the amount.
2. Mark Indeglia, Breach of contract, 10-2008 \$60,017.83
The company is reviewing all of the facts and circumstances in regard to prior management's involvement with this matter. At this time the company is disputing the amount.

3. Matthew Liang, breach of contract, 4-16-2010 \$257,352.17
The company is reviewing all of the facts and circumstances in regard to prior management's involvement with this matter.

NOTE 4 - INCOME TAX

The Company is subject to Federal Corporate Income Tax.