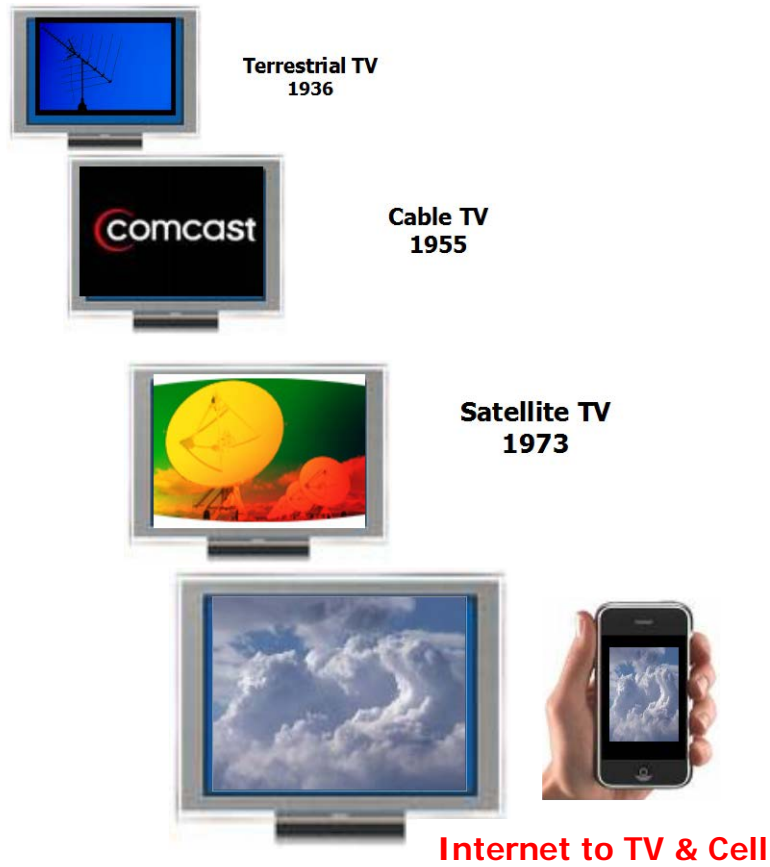


# Digital Utilities Ventures, Inc.



## The New Last Mile

The First Live Internet to TV/Cell Phone Broadcasting System

## OTC Pink Basic Disclosure Guidelines

### 1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

The companies name is Digital Utilities Ventures, Inc. as of March 26,2009 the issuers predecessor names are Geon (June 28, 1984), Broken Arrow Petroleum Co. (June 13, 1991) and 3eee, Inc. (May 31, 2000)

### 2) Address of the issuer's principal executive offices

#### Company Headquarters

Address 1: 1919 Northwest 19<sup>th</sup> St. Ft. Lauderdale, FL. 33311

Address 2: \_\_\_\_\_

Address 3: \_\_\_\_\_

Phone: 954-551-7701

Email: \_\_\_\_\_

Website(s): \_\_\_\_\_

#### IR Contact

Address 1: N/A

Address 2: \_\_\_\_\_

Address 3: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Website(s): \_\_\_\_\_

### 3) Security Information

Trading Symbol: DUTV

Exact title and class of securities outstanding: The company has two classes of authorized capital stock consisting of 5,000,000,000 shares of common stock and 30,000,000 shares of preferred stock.

CUSIP: 25400G107

Par or Stated Value: Common stock \$0.001 par value; Preferred stock \$0.001 par value

Total shares authorized: Common stock: 5,000,000,000/ Preferred stock: 30,000,000

as of: 05/31/14

Total shares outstanding: Common stock: 3,409,654,798/ Preferred stock: 20,418,649

as of: 05/31/14

#### Transfer Agent

Name: Pacific Stock Transfer Co.

Address 1: 4045 S. Spencer St., Suite 403 Las Vegas, NV 89119

Address 2: \_\_\_\_\_

Address 3: \_\_\_\_\_

Phone: (702) 361-3033

Is the Transfer Agent registered under the Exchange Act?\*

Yes: ☒

No: ☐

\*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

N/A

Describe any trading suspension orders issued by the SEC in the past 12 months.

N/A

#### 4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

N/A

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;

N/A

D. The number of shares sold;

1) 300,000,000

2) 167,074,500 TO BE ISSUED

E. The price at which the shares were offered, and the amount actually paid to the issuer;

1) \$30,000.00

2) \$222,951 Subscribed

F. The trading status of the shares; and

1) Free Trading

2) Restricted

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

June 1, 2012-November 30, 2012 shares valued at \$30,000.00 were issued to Joseph C. Passalaqua under section 4(2) of the Securities Act.

167,074,500 shares TO BE ISSUED to the shareholders of Torq Communications, LLC. pursuant to the merger under Section 4(2) of the Securities Act.

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than ten percent (10%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

## 5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes; and
- E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

## 6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;

DUTV is focused on helping people and Broadcasting throughout the world realize their full potential. We create technology that transforms the way people watch TV, play and communicate across a wide rang of Digital devices. We will generate revenue by developing, licensing, and supporting a wide range of software products and services, by designing and selling hardware and by delivering relevant online advertising into a global customer audience.

- B. Date and State (or Jurisdiction) of Incorporation:

Digital Utilities Ventures, Inc. is a Delaware Corporation and was incorporated on June 13, 1991.

- C. the issuer's primary and secondary SIC Codes;

SIC Codes: 3663, 4841

- D. the issuer's fiscal year end date;

The Fiscal Year end is May 31

- E. principal products or services, and their markets;

Through its wholly owned subsidiary, Torq Communications, Inc., Digital Utilities Ventures, Inc. has designed an efficient real time video transport system for the internet because of the strict bandwidth, loss and time constraints

and the lack of quality of service (Qos) guarantees from the present IP networks. The company present an end-to-end system architecture based on the mpeg-4 delivery multimedia integration framework (dmif) for transporting real-time live video over the internet. The kay features of the system include: (1) mpeg-4 dmif based terminal architecture; (2) Combination of an end-to-end feedback control mechanism and a rate-adaptive encoding algorithm for the best use of the internet; (3) a robust and efficient packetization scheme for the mpeg-4 bit stream by using the resynchronization marker approach specified in the mpeg-4 standar; and (4) efficient error control algorithms adopted at the end systems for visual quality enhancement. The company has demonstrated our method in many parts of the world and results using the actual internet showed that our system is capable of utilizing the available network resource and achieve good perceptual quality at the application level. Over the last 5 years, the company has expanded its product offering to the television, mobile phone, and the computer. The company continues to be focused on new markets and new product offerings. Our markets are Algeria, Burundi, Gambia, Guatemala and Pakistan.

## **7) Describe the Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The business office property is a shared tenant service facility, the building is 850 sq ft. with two offices and a conference room. The address is: 1919 Northwest 19th St.

Ft. Lauderdale, FL 33311

The operations and logistics office has 8,000 square feet.

The address is: 2485 Grant Ave.

Ogden, UT 84401

The data center office address is : World Trade Center  
53rd Street, Marbella  
Panama City, Panama

## 8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

- A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Garry McHenry is the sole Officer, Director, CEO, CFO and President

- B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

Garry McHenry has not had a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

Garry McHenry has not had an entry of order, judgement, or decree, not subsequently reversed, suspended or vacated by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such persons involvement in any type of business, securities, commodities, or banking activities.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

Garry McHenry has not been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the commodity futures trading commission, or a state securities regulator of a violation of Federal or State securities or commodities law, which finding or judgment has not been reversed, suspended or vacated.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

Garry McHenry has not been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such persons involvement in any type of business or securities activitie

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Garry McHenry 6716 NorthWest 19<sup>th</sup> Terrace Coral Springs, FL. 33067

Common shares: 2,117,537,000/ Class A Convertible Preferred shares: 16,000,000

## **9) Third Party Providers**

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

### Legal Counsel

Name: Ken Bart

Firm: Bart & Associates LLC.

Address 1: 1357 S. Quintero Way Aurora, CO. 80017

Address 2: \_\_\_\_\_

Phone: (720) 226-7511 Fax: (303) 745-1880

Email: kbart@kennethbartesq.com

### Accountant or Auditor

Name: Christian Cornell

Firm: Accurum Group PLLC.

Address 1: P.O. Box 711 426 Salt Lake City, UT. 84171

Address 2: \_\_\_\_\_

Phone: (801) 608-8744

Email: christian@accountinggroup.com

### Investor Relations Consultant

Name: N/A

Firm: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: Ken Bart

Firm: Bart & Associates LLC.

Address 1: 1357 S. Quintero Way Aurora, CO. 80017

Address 2: \_\_\_\_\_

Phone: (720) 226-7511 Fax: (303) 745-1880

Email: kbart@kennethbartesq.com

## **10) Issuer Certification**

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Garry McHenry, certify that:

1. I have reviewed this annual disclosure statement of Digital Utilities Ventures, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

September 19, 2014 [Date]

/s/ Garry McHenry  
Garry McHenry

(President)



**DIGITAL UTILITIES VENTURES, INC.**

**UNAUDITED FINANCIAL STATEMENTS**

May 31, 2014 and 2013

DIGITAL UTILITIES VENTURES, INC.  
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	May 31,	
	2014	2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,389	\$ 31,994
Accounts receivable, net of allowance of \$0 and \$679,808	2,772,768	453,206
Prepaid expenses	3,850	-
Interest receivable	9,288	9,288
Notes receivable	97,050	239,187
<b>Total current assets</b>	<u>2,884,345</u>	<u>733,675</u>
 Intangible assets	 167,075	 -
<b>Total assets</b>	<u><u>\$ 3,051,420</u></u>	<u><u>\$ 733,675</u></u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 2,690,131	\$ 193,913
Accrued interest	847,182	709,880
Related party payables	800	-
Notes payable	1,402,168	1,699,226
<b>Total current liabilities</b>	<u>4,940,281</u>	<u>2,603,019</u>
<b>Stockholders' deficit</b>		
Common stock subscribed	167,075	222,951
Preferred stock, \$0.001 par; 30,000,000 shares authorized; 20,418,649 issued and outstanding	20,419	20,419
Common stock, \$0.001 par; 5,000,000,000 shares authorized; 3,409,654,798 issued and outstanding	3,409,655	3,409,655
Additional paid-in capital	2,527,691	2,527,691
Accumulated deficit	(8,013,701)	(8,050,060)
<b>Total stockholders' deficit</b>	<u>(1,888,861)</u>	<u>(1,869,344)</u>
<b>Total liabilities and stockholders' deficit</b>	<u><u>\$ 3,051,420</u></u>	<u><u>\$ 733,675</u></u>

See accompanying notes to the unaudited financial statements.

DIGITAL UTILITIES VENTURES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Year ended May 31,	
	2014	2013
<b>Revenue</b>	\$ 4,900,137	\$ -
<b>Cost of sales</b>	4,704,863	-
<b>Gross Margin</b>	195,274	-
<b>Operating expenses</b>		
Stock based compensation	-	2,275
Rent	-	60,000
General and administrative	21,611	16,419
<b>Total operating expenses</b>	21,611	78,694
<b>Other income (expense)</b>		
Interest income	-	-
Interest expense	(137,304)	(136,034)
<b>Total other income (expense)</b>	(137,304)	(136,034)
<b>Income (loss) from operations</b>	36,359	(214,728)
<b>Income from discontinued operations</b>	-	-
<b>Net income (loss)</b>	\$ 36,359	\$ (214,728)
<b>Basic and diluted income (loss) per common share</b>	\$ 0.00	\$ (0.00)
<b>Basic and diluted weighted average shares outstanding</b>	3,409,654,798	3,310,202,743

See accompanying notes to the unaudited financial statements.

DIGITAL UTILITIES VENTURES, INC.  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
YEARS ENDED MAY 31, 2014 AND 2013

	Common Stock		Preferred Stock		Additional Paid-in Capital	Common Stock Subscribed	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance, May 31, 2012	3,109,654,798	\$ 3,109,655	20,418,649	\$ 20,419	\$ 2,797,691	\$ -	\$ (7,835,332)	\$ (1,907,567)
Conversion of debt	300,000,000	300,000	-	-	(270,000)	-	-	30,000
Shares issuable from merger	-	-	-	-	-	222,951	-	222,951
Net loss, year ended May 31, 2013	-	-	-	-	-	-	(214,728)	(214,728)
Balance, May 31, 2013	3,409,654,798	3,409,655	20,418,649	20,419	2,527,691	222,951	(8,050,060)	(1,869,344)
Change in net value of assets acquired in merger	-	-	-	-	-	(55,876)	-	(55,876)
Net income, year ended May 31, 2014	-	-	-	-	-	-	36,359	36,359
Balance, May 31, 2014	<u>3,409,654,798</u>	<u>\$ 3,409,655</u>	<u>20,418,649</u>	<u>\$ 20,419</u>	<u>\$ 2,527,691</u>	<u>\$ 167,075</u>	<u>\$ (8,013,701)</u>	<u>\$ (1,888,861)</u>

See accompanying notes to the unaudited financial statements.

DIGITAL UTILITIES VENTURES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Year ended May 31,	
	2014	2013
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 36,359	\$ (214,728)
Stock based compensation	-	-
Stock issued in acquisition	-	-
Changes in operating assets and liabilities:		
Prepaid expenses	(3,850)	-
Interest receivable	-	-
Accounts receivable	(2,772,768)	-
Accounts payable and accrued expenses	2,602,832	17,293
Accrued interest payable	137,302	135,948
<b>Net cash used in operating activities</b>	<u>(125)</u>	<u>(61,487)</u>
<b>Cash flows from investing activities</b>		
Notes receivable	-	(1,114)
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(1,114)</u>
<b>Cash flows from financing activities</b>		
Proceeds from notes payable	-	59,350
Proceeds from related party payable	800	-
Common stock subscribed for cash	(31,280)	31,280
Proceeds from common stock	-	-
<b>Net cash provided by financing activities</b>	<u>(30,480)</u>	<u>90,630</u>
Net change in cash	(30,605)	28,029
Cash at beginning of period	31,994	3,965
Cash at end of period	<u>\$ 1,389</u>	<u>\$ 31,994</u>
<b>Supplemental cash flows disclosures:</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 86</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental disclosure of non-cash financing and investing activities:</b>		
Conversion of debt to common stock	<u>\$ -</u>	<u>\$ 30,000</u>
Common stock subscribed for acquisition of intangible assets	<u>\$ 167,075</u>	<u>\$ -</u>
Common stock subscribed for acquisition of accounts receivable, net of allowance of \$679,808	<u>\$ (453,206)</u>	<u>\$ 453,206</u>
Common stock subscribed for acquisition of notes receivable	<u>\$ (142,138)</u>	<u>\$ 142,138</u>
Common stock subscribed for acquisition of accounts payable	<u>\$ 106,615</u>	<u>\$ (106,615)</u>
Common stock subscribed for acquisition of notes payable	<u>\$ 297,058</u>	<u>\$ (297,058)</u>

See accompanying notes to the unaudited financial statements.

**DIGITAL UTILITIES VENTURES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2014 and 2013**

**Note 1 - Nature and Continuance of Operations**

**Organization**

Digital Utilities Ventures, Inc. (the Company) was incorporated under the laws of the State of Delaware on June 13, 1991. The Company's business plan indicates that it has designed an efficient real time video transport system for the internet as well as for television and mobile phones. The key features of the system include 1) IMPEG-\$DMIF based terminal architecture; 2) combination of an end to end feedback control mechanism and a rate-adaptive encoding algorithm for the best use of the Internet3) a robust and efficient packetization scheme for the IMPEG-4 bit standard and 4) efficient error control algorithms adopted at the end systems for visual quality enhancement. On January 14, 2013, the Company entered into an agreement to merge with TORQ Communications, LLC to further execute this plan.

On August 31, 2010 the Company liquidated its subsidiary American Telepath International, Inc. The financial statements have been restated to reflect for all periods presented the loss on discontinued operations.

**Going Concern**

These financial statements have been prepared on a going concern basis. The Company's ability to continue as a going concern is dependent upon the ability of it to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with any certainty at this time. These factors raise substantial doubt that the company will be able to continue as a going concern. Management plans to continue to provide for its capital needs by the issuance of common stock and related party advances. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that (1) recorded transactions are valid; (2) all valid transactions are recorded and (3) transactions are recorded in the period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the company for the respective periods being presented.

**Use of Estimates**

The preparation of financial statements in accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. A change in managements' estimates or assumptions could have a material impact on the Company's financial condition and results of operations during the period in which such changes occurred.

**DIGITAL UTILITIES VENTURES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2014 and 2013**

**Note 2 - Summary of Significant Accounting Policies - cont'd**

Use of Estimates (continued)

Actual results could differ from those estimates. The Company's financial statements reflect all adjustments that management believes are necessary for the fair presentation of their financial condition and results of operations for the periods presented.

Revenue Recognition

Sales are recognized when revenue is realized or realizable and has been earned. The Company's policy is to recognize revenue when risk of loss and title to the product transfers to the customer. Net sales are comprised of gross revenues less expected returns, trade discounts and customer allowances, which include costs associated with off-invoice mark-downs and other price reductions, as well as trade promotions and coupons. These incentive costs are recognized at the later of the date on which the Company recognizes the related revenue or the date on which the Company offers the incentive. The Company recognized revenue of \$4,900,137 and \$0 during the years ended May 31, 2014 and 2013.

Impairment of Long-lived Assets

The Company reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, discounted cash flows, or external appraisals, as applicable. The Company reviews long-lived assets for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Basic and diluted earnings per share

Basic earnings per share are based on the weighted-average number of shares of common stock outstanding. Diluted Earnings per share is based on the weighted-average number of shares of common stock outstanding adjusted for the effects of common stock that may be issued as a result of the following types of potentially dilutive instruments:

- Warrants,
- Employee stock options, and
- Other equity awards, which include long-term incentive awards.

The FASB ASC Topic 260, *Earnings per Share*, requires the Company to include additional shares in the computation of earnings per share, assuming dilution.

Diluted earnings per share are based on the assumption that all dilutive options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options are assumed to be exercised at the time of issuance, and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

The Company has not issued warrants or entered into any agreements requiring the Company to do so at a future date. Therefore, dilutive and basic losses per common share are equal.

**DIGITAL UTILITIES VENTURES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2014 and 2013**

**Note 2 - Summary of Significant Accounting Policies - cont'd**

**Concentrations, Risks, and Uncertainties**

The Company derives all of its revenues from two separate clients and cost of sales consists of minutes purchased from one supplier. The loss of either client or the supplier could have a negatively material impact on our operations.

**Income Taxes**

The Company uses the asset and liability method of accounting for income taxes in accordance with FASB ASC Topic 740. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carryforwards 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. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement.

**Fair Value of Financial Instruments**

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The Company's valuation techniques used to measure the fair value of money market funds and certain marketable equity securities were derived from quoted prices in active markets for identical assets or liabilities. The valuation techniques used to measure the fair value of all other financial instruments, all of which have counterparties with high credit ratings, were valued based on quoted market prices or model driven valuations using significant inputs derived from or corroborated by observable market data.



**DIGITAL UTILITIES VENTURES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2014 and 2013**

**Note 2 - Summary of Significant Accounting Policies - cont'd**

Fair Value of Financial Instruments (continued)

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments

Stock Based Compensation

For purposes of determining the variables used in the calculation of stock compensation expense under the provisions of FASB ASC Topic 505, “*Equity*” and FASB ASC Topic 718, “*Compensation — Stock Compensation*,” we perform an analysis of current market data and historical company data to calculate an estimate of implied volatility, the expected term of the option and the expected forfeiture rate. With the exception of the expected forfeiture rate, which is not an input, we use these estimates as variables in the Black-Scholes option pricing model. Depending upon the number of stock options granted, any fluctuations in these calculations could have a material effect on the results presented in our statement of operations and other comprehensive income. In addition, any differences between estimated forfeitures and actual forfeitures could also have a material impact on our financial statements. The Company has not issued stock options since its inception.

Recent Accounting Pronouncements

Recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not, or are not believed by management to, have a material impact on the Company’s present or future consolidated financial statements.

Property and Equipment

Property and equipment are carried at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Depreciation is computed for financial statement purposes on a straight-line basis over estimated useful lives of the related assets. The estimated useful lives of depreciable assets are:

	<u>Estimated Useful Lives</u>
Furniture and Fixtures	5 - 10 years
Computer Equipment	2 - 5 years
Vehicles	5 - 10 years

For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. For audit purposes, depreciation is computed under the straight-line method. We have not purchased property or equipment since inception.

**DIGITAL UTILITIES VENTURES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2014 and 2013**

**Note 2 - Summary of Significant Accounting Policies - cont'd**

**Principles of Consolidation**

The accompanying consolidated financial statements include the financial statements of Digital Utilities Ventures, Inc. for the years ended May 31, 2014 and 2013 consolidated with the financial statements of Torq Communications, Inc. (formerly Digital Utilities, Inc.) for the years ended May 31, 2014 and 2013. All intercompany transactions and balances have been eliminated in the consolidation.

**Note 3 – Going Concern**

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company does not have significant cash or other current assets, nor does it have an established source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern.

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading, or seeking protection from creditors pursuant to laws or regulations. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plan described in the Business paragraph and eventually attain profitable operations. The accompanying financial statements do not include any adjustments that may be necessary if the Company is unable to continue as a going concern.

During the next year, the Company's foreseeable cash requirements will relate to continual development of the operations of its business, maintaining its good standing and making the requisite filings with the Securities and Exchange Commission, and the payment of expenses associated with research and development. The Company may experience a cash shortfall and be required to raise additional capital.

Management may raise additional capital through future public or private offerings of the Company's stock or through loans from private investors, although there can be no assurance that it will be able to obtain such financing. The Company's failure to do so could have a material and adverse affect upon it and its shareholders.

Since inception, the Company has funded operations by the issuance of common shares in exchange for services. For the coming year, the Company plans to continue to fund the Company through debt and securities sales and issuances until the company generates enough revenues through the operations as stated above.

**Note 4- Stockholders' Equity**

The total number of common shares authorized that may be issued by the Company is 5,000,000,000 shares with a par value of one tenth of one cent (\$0.001) per share. The total number of preferred shares authorized that may be issued by the Company is 30,000,000 shares with no par value.

During the period ended May 31, 1992, the Company issued a total of 2,449,681 common shares for cash proceeds totaling \$194,953.

**DIGITAL UTILITIES VENTURES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Note 4- Stockholders' Equity (continued)**

During the year ended May 31, 2009, the Company issued a total of 142,930,543 common shares and 20,418,649 preferred shares as part of a merger agreement.

During the year ended May 31, 2010, the Company issued 17,000,000 common shares as a conversion of debt and 7,192,500 common shares for total cash proceeds of \$295,400. The Company also issued 1,429,000 preferred shares for services valued at \$1,429.

During the year ended May 31, 2011, the Company issued 2,000,000,000 shares of its common stock for services valued at \$6,000,000; 302,000,000 common shares as a conversion of a \$51,500 notes and 8,478,490 shares as a stock dividend.

During the year ended May 31, 2012, the Company issued 456,000,000 shares as a conversion of \$31,000 of notes payable. The Company also issued 173,603,584 common shares as a conversion of 1,429,000 preferred shares.

During the year ended May 31, 2013, the Company issued 300,000,000 shares of its common stock as a conversion of \$30,000 of notes payable.

There were 3,409,654,798 shares of common stock and 20,418,649 shares of preferred stock issued and outstanding at May 31, 2014 and 2013.

From inception to May 31, 2014 Company has not granted any stock options.

**Note 5 – Income Taxes**

We did not provide any current or deferred U.S. federal income tax provision or benefit for any of the periods presented because we have experienced operating losses since inception. When it is more likely than not that a tax asset cannot be realized through future income the Company must allow for this future tax benefit. We provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carryforwards, because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred tax assets during the carryforward period.

The Company has not taken a tax position that, if challenged, would have a material effect on the financial statements for the year ended May 31, 2014 or during the prior three years applicable under FASB ASC 740. We did not recognize any adjustment to the liability for uncertain tax position and therefore did not record any adjustment to the beginning balance of accumulated deficit on the consolidated balance sheet. All tax returns for the Company remain open.

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before provision for income taxes. The sources and tax effects of the differences for the periods presented are as follows:

Income tax provision at the federal statutory rate	35%
Effect on operating losses	(35%)
	-

**DIGITAL UTILITIES VENTURES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2014 and 2013**

**Note 5 – Income Taxes (continued)**

The net deferred tax assets consist of the following:

	May 31, 2014
Net operating loss carry forward	\$ 8,013,701
Valuation allowance	(8,013,701)
Net deferred tax asset	\$ -

A reconciliation of income taxes computed at the statutory rate is as follows:

	Year ended May 31,		
	2014	2013	Since Inception
Tax at statutory Rate	\$ (12,726)	\$ 75,155	\$ 2,804,795
Increase in valuation allowance	12,726	(75,155)	(2,804,795)
Net deferred tax asset	\$ -	\$ -	\$ -

The net federal operating loss carry forward will begin to expire in 2021. This carry forward may be limited upon the consummation of a business combination under IRC Section 381.

**Note 6 - Acquisition**

On January 14, 2013, the Company entered into an agreement with TORQ Communications, LLC ("TORQ") to acquire all of its assets and certain liabilities in exchange for 167,074,500 shares of common stock. The net value of the assets acquired totaled \$222,951 and consisted of cash, accounts receivable, notes receivable, notes payable and accounts payable. The common stock had yet to be issued and was shown as subscribed at May 31 2014 as a result.

During the year ended May 31, 2014, it was determined the assets acquired in the merger had no market value and the surviving entity was not liable for the debts of TORQ. Because the acquisition had not yet been completed through the transfer of stock, these items were adjusted against the value of the common stock to be issued. It was also determined the intangible assets consisting of certain intellectual property ("IP"), industry know-how and goodwill was valued at an amount equal to the total par value of the common stock to be issued, or \$167,075. Because the common shares have yet to be issued, they are shown as subscribed at May 31, 2014. We are currently testing the assertions made by TORQ prior to the acquisition to verify the value of the IP and will issue the common stock subscribed upon satisfaction of the truthfulness of these assertions.

**Note 7 – Concentrations of Risk**

As of May 31, 2014 the Company's revenues and receivables were comprised of the following customer concentrations:

	May 31, 2014	
	% of Revenues	% of Receivables
Client 1	62%	44%
Client 2	38%	53%

**DIGITAL UTILITIES VENTURES, INC.**  
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**Note 8 – Subsequent Events**

The Company evaluated all events or transactions that occurred after May 31, 2014 through the date of this filing. The Company determined that it does not have any other subsequent event requiring recording or disclosure in the financial statements for the year ended May 31, 2014.