

# **DIGITAL UTILITIES VENTURES, INC.**

## **QUARTERLY REPORT ISSUER INFORMATION AND DISCLOSURE STATEMENT PURSUANT TO RULE 15c2-11**

**SECURITIES EXCHANGE ACT OF 1934**

**DATED: FEBRUARY 29, 2012**

**CUSIP NUMBER: 25400G107**

**ALL INFORMATION FURNISHED HEREIN HAS BEEN PREPARED FROM THE BOOKS AND RECORDS OF DIGITAL UTILITIES VENTURES, INC. (“COMPANY”) IN ACCORDANCE WITH RULE 15c2-11 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.**

**NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED HEREIN IN CONNECTION WITH THE COMPANY. ANY REPRESENTATIONS NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY THE COMPANY.**

**DELIVERY OF THIS INFORMATION DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS ISSUER INFORMATION AND DISCLOSURE STATEMENT.**

## INFORMATION AND DISCLOSURE STATEMENT

*All information in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule 15c2-11 promulgated under the Securities Exchange Act of 1934, as amended. The enumerated item and captions contained herein correspond to the format as set forth in that rule.*

### PART A GENERAL COMPANY INFORMATION

**Item 1: The Exact Name of the issuer and its Predecessor (If Any)**

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

**The Address of its Principal Executive Offices**

7325 Oswego Rd.  
Liverpool, NY 13090  
Phone: 315-451-7515  
Fax: 315-453-7311

### SHARE STRUCTURE

**Item 2: The 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. The Company's trading symbol is DUTV and CUSIP number is 25400G107.

For the period ending February 29, 2012

Common Outstanding: 3,109,655,214  
Preferred Outstanding: 21,847,649

**Item 3: Interim Financial Statements**

The financial statements for the period ended February 29, 2012 are attached hereto and incorporated in this disclosure statement in attachment A.

**Item 4: Management's Discussion and Analysis or Plan of Operation**

Over the next twelve months, the Company will maintain its business operations. The Company intends to expand its products to new distributors in a broader market. Pending availability of additional financing, it is anticipated that the Company can increase its budget requirements and continue to grow in its industry. The Company does not have any off-balance sheet arrangements.

**Item 5: Legal Proceedings**

NA

**Item 6: Defaults upon Senior Securities**

NA

**Item 7: Other Information**

NA

**Item 8: Exhibits**

NA

**Item 9: Certification**

I, Joseph Passalaqua, certify that:

1. I have reviewed this Quarterly Issuer Information and Disclosure Statement of Digital Utilities Ventures, Inc.

2. Based on my knowledge, this disclosure statement does not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in the 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, cash flows of the issuer as of, and for, the period presented in the disclosure statement.

Dated: May 14, 2012

/s/ Joseph Passalaqua

Name: Joseph Passalaqua

Title: President

Attachment A

**DIGITAL UTILITIES VENTURES, INC.**  
(A Development Stage Company)

**UNAUDITED FINANCIAL STATEMENTS**  
February 29, 2012

DIGITAL UTILITIES VENTURES, INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	<u>February 29, 2012</u>	<u>May 31, 2011</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 86	\$ 917
Interest receivable	9,288	6,192
Notes receivable	95,435	95,435
<b>Total current assets</b>	<u>104,809</u>	<u>102,544</u>
<b>Total assets</b>	<u>\$ 104,809</u>	<u>\$ 102,544</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 56,997	\$ 49,865
Accrued interest	539,754	444,852
Notes payable	1,355,368	1,329,668
<b>Total current liabilities</b>	<u>1,952,119</u>	<u>1,824,385</u>
<b>Stockholders' deficit</b>		
Preferred stock, \$0.001 par; 30,000,000 shares authorized; 21,847,649 issued and outstanding	21,848	21,848
Common stock, \$0.001 par; 5,000,000,000 shares authorized; 3,109,655,214 and 2,480,051,214 issued and outstanding at February 29, 2012 and May 31, 2011	3,109,655	2,480,051
Additional paid-in capital	2,813,622	3,394,866
Accumulated deficit	(7,792,435)	(7,618,606)
<b>Total stockholders' deficit</b>	<u>(1,847,310)</u>	<u>(1,721,841)</u>
<b>Total liabilities and stockholders' deficit</b>	<u>\$ 104,809</u>	<u>\$ 102,544</u>

See accompanying notes to the unaudited financial statements.

DIGITAL UTILITIES VENTURES, INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended February 29, 2012	Three months ended February 28, 2011	Nine months ended February 29, 2012	Nine months ended February 28, 2011	From June 13, 1991 (Inception) to February 29, 2012
<b>Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operating expenses</b>					
Stock based compensation	-	6,000,000	17,360	6,000,000	6,018,789
Rent	15,000	15,000	45,000	45,000	500,200
General and administrative	5,409	12,038	19,663	39,991	789,307
<b>Total operating expenses</b>	<u>20,409</u>	<u>6,027,038</u>	<u>82,023</u>	<u>6,084,991</u>	<u>7,308,296</u>
<b>Other income (expense)</b>					
Interest income	-	4,644	3,096	4,644	10,624
Interest expense	(33,753)	(35,223)	(94,902)	(105,503)	(494,856)
<b>Total other income (expense)</b>	<u>(33,753)</u>	<u>(30,579)</u>	<u>(91,806)</u>	<u>(100,859)</u>	<u>(484,232)</u>
<b>Loss from operations</b>	<u>(54,162)</u>	<u>(6,057,617)</u>	<u>(173,829)</u>	<u>(6,185,850)</u>	<u>(7,792,528)</u>
<b>Income from discontinued operations</b>	-	-	-	-	93
<b>Net loss</b>	<u>(54,162)</u>	<u>(6,057,617)</u>	<u>(173,829)</u>	<u>(6,185,850)</u>	<u>(7,792,435)</u>
<b>Basic and diluted loss per common share</b>	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>	
<b>Basic and diluted weighted average shares outstanding</b>	<u>3,109,655,214</u>	<u>202,495,658</u>	<u>2,772,786,732</u>	<u>180,457,495</u>	

See accompanying notes to the unaudited financial statements.

DIGITAL UTILITIES VENTURES, INC.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
CUMMULATIVE FROM JUNE 13, 1991 (INCEPTION) to FEBRUARY 29, 2012

	Common Stock		Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Issuance of common shares	2,449,681	\$ 2,450	-	\$ -	\$ 192,503	\$ -	\$ 194,953
Net loss, period ended May 31, 1992	-	-	-	-	-	-	-
Balance, May 31, 1992	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 1993	-	-	-	-	-	-	-
Balance, May 31, 1993	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 1994	-	-	-	-	-	-	-
Balance, May 31, 1994	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 1995	-	-	-	-	-	-	-
Balance, May 31, 1995	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 1996	-	-	-	-	-	-	-
Balance, May 31, 1996	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 1997	-	-	-	-	-	-	-
Balance, May 31, 1997	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 1998	-	-	-	-	-	-	-
Balance, May 31, 1998	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 1999	-	-	-	-	-	-	-
Balance, May 31, 1999	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 2000	-	-	-	-	-	-	-
Balance, May 31, 2000	2,449,681	2,450	-	-	192,503	-	194,953
Net loss, year ended May 31, 2001	-	-	-	-	-	(238,397)	(238,397)
Balance, May 31, 2001	2,449,681	2,450	-	-	192,503	(238,397)	(43,444)
Net loss, year ended May 31, 2002	-	-	-	-	-	(94,488)	(94,488)
Balance, May 31, 2002	2,449,681	2,450	-	-	192,503	(332,885)	(137,932)
Net loss, year ended May 31, 2003	-	-	-	-	-	(148,065)	(148,065)
Balance, May 31, 2003	2,449,681	2,450	-	-	192,503	(480,950)	(285,997)
Net loss, year ended May 31, 2004	-	-	-	-	-	(49,306)	(49,306)

Balance, May 31, 2004	2,449,681	2,450	-	-	192,503	(530,256)	(335,303)
Net loss, year ended May 31, 2005	-	-	-	-	-	(73,812)	(73,812)
Balance, May 31, 2005	2,449,681	2,450	-	-	192,503	(604,068)	(409,115)
Net loss, year ended May 31, 2006	-	-	-	-	-	(96,221)	(96,221)
Balance, May 31, 2006	2,449,681	2,450	-	-	192,503	(700,289)	(505,336)
Net loss, year ended May 31, 2007	-	-	-	-	-	(85,655)	(85,655)
Balance, May 31, 2007	2,449,681	2,450	-	-	192,503	(785,944)	(590,991)
Net loss, year ended May 31, 2008	-	-	-	-	-	(90,231)	(90,231)
Balance, May 31, 2008	2,449,681	2,450	-	-	192,503	(876,175)	(681,222)
Shares issued for acquisition	142,930,543	142,930	20,418,649	20,419	(826,866)	-	(663,517)
Net loss, year ended May 31, 2009	-	-	-	-	-	(169,238)	(169,238)
Balance, May 31, 2009	145,380,224	145,380	20,418,649	20,419	(634,363)	(1,045,413)	(1,513,977)
Preferred shares issued	-	-	1,429,000	1,429	-	-	1,429
Conversion of debt	17,000,000	17,000	-	-	-	-	17,000
Common shares issued for cash	7,192,500	7,193	-	-	288,207	-	295,400
Net loss, year ended May 31, 2010	-	-	-	-	-	(330,242)	(330,242)
Balance, May 31, 2010	169,572,724	169,573	21,847,649	21,848	(346,156)	(1,375,655)	(1,530,390)
Common shares issued for services	2,000,000,000	2,000,000	-	-	4,000,000	-	6,000,000
Conversion of debt	302,000,000	302,000	-	-	(250,500)	-	51,500
Stock dividend	8,478,490	8,478	-	-	(8,478)	-	-
Net loss, year ended May 31, 2011	-	-	-	-	-	(6,242,951)	(6,242,951)
Balance, May 31, 2011	2,480,051,214	2,480,051	21,847,649	21,848	3,394,866	(7,618,606)	(1,721,841)
Common shares issued for services	173,603,584	173,604	-	-	(156,244)	-	17,360
Conversion of debt	456,000,000	456,000	-	-	(425,000)	-	31,000
Net loss, period ended February 29, 2012	-	-	-	-	-	(173,829)	(173,829)
Balance, February 29, 2012	<u>3,109,654,798</u>	<u>\$ 3,109,655</u>	<u>21,847,649</u>	<u>\$ 21,848</u>	<u>\$ 2,813,622</u>	<u>\$ (7,792,435)</u>	<u>\$ (1,847,310)</u>

See accompanying notes to the unaudited financial statements.

DIGITAL UTILITIES VENTURES, INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine months ended February 29, 2012	Nine months ended February 28, 2011	From June 13, 1991 (Inception) to February 29, 2012
<b>Cash flows from operating activities</b>			
Net loss	\$ (173,829)	\$ (6,185,850)	\$ (7,792,435)
Stock based compensation	17,360	6,000,000	6,018,789
Stock issued in acquisition	-	-	(663,517)
Changes in operating assets and liabilities:			
Interest receivable	(3,096)	(4,644)	(9,288)
Accounts payable and accrued expenses	7,132	16,435	56,997
Accrued interest payable	94,902	105,503	539,754
<b>Net cash used in operating activities</b>	<u>(57,531)</u>	<u>(68,556)</u>	<u>(1,849,700)</u>
<b>Cash flows from investing activities</b>			
Notes receivable	-	(300)	(95,435)
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(300)</u>	<u>(95,435)</u>
<b>Cash flows from financing activities</b>			
Proceeds from notes	56,700	68,629	1,454,868
Proceeds from common stock	-	-	490,353
<b>Net cash provided by financing activities</b>	<u>56,700</u>	<u>68,629</u>	<u>1,945,221</u>
Net change in cash	(831)	(227)	86
Cash at beginning of period	917	419	-
Cash at end of period	<u>\$ 86</u>	<u>\$ 192</u>	<u>\$ 86</u>
<b>Supplemental cash flow disclosures:</b>			
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,281</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental disclosure of non-cash financing activities:</b>			
Conversion of debt to common stock	<u>\$ 31,000</u>	<u>\$ 30,000</u>	<u>\$ 99,500</u>

See accompanying notes to the unaudited financial statements.

**DIGITAL UTILITIES VENTURES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2012**

**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 currently has limited operations and, in accordance with ASC 915 "Development Stage Entities," is considered a Development Stage Company. The Company has been in the developmental stage since inception and has no operating history other than organizational matters.

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 August 31, 2010 the Company liquidated its subsidiary American Telepath International, Inc. The financial 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.

**DIGITAL UTILITIES VENTURES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2012**

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

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.

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.

Development Stage Company

The Company complies with FASB ASC Topic 915 and The Securities and Exchange Commission Act Guide 7 for its characterization of the Company as development stage.

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 has not recognized revenue since its inception.

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.

**DIGITAL UTILITIES VENTURES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2012**

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

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.

Concentrations, Risks, and Uncertainties

The Company did not have a concentration of business with suppliers or customers constituting greater than 10% of the Company's gross sales during the periods presented.

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.

**DIGITAL UTILITIES VENTURES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2012**

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

**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.

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.

**DIGITAL UTILITIES VENTURES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2012**

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

Recent Accounting Pronouncements

Accounting Standards Updates through number 2011-12 have been issued but do not apply to the company.

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.

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of Digital Utilities Ventures, Inc. for the period of inception through February 29, 2012 consolidated with the financial statements of Digital Utilities, Inc. for the period of establishment through February 29, 2012. 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.

**DIGITAL UTILITIES VENTURES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2012**

**Note 3 – Going Concern (cont'd)**

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 – Subsequent Events**

The Company evaluated all events or transactions that occurred after February 29, 2012 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 period ended February 29, 2012.