

Cal-Bay International, Inc.
Unaudited Financial Report
For the Three Month Period Ended
June 30, 2014

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VAL-BAY INTERNATIONAL, INC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEET
(CONDENSED FINANCIAL STATEMENTS)

	6/30/14	12/31/13
ASSETS		
Current Assets		
Checking/Savings	\$ 2,500	\$ -
Accounts Receivable-Trade		
Investment in Foreign Currency		
Total Current Assets	<u>\$ 2,500</u>	<u>\$ -</u>
PROPERTY & EQUIPMENT		
Residences for Retention		
Computer and Office Equipment	\$ 15,000	\$ 15,000
Furniture and Fixtures	\$ 8,571	\$ 8,571
Vehicles		
(Less) accumulated depreciation	\$ (1,107)	
Total Property & Equipment	<u>\$ 22,464</u>	<u>\$ 23,571</u>
OTHER ASSETS		
Deposits		
Tax & Insurance Deposit		
Intellectual Property Patents	\$ 4,000,000	\$ 4,000,000
(Less) accumulated Amortization Patents	\$ (562,500)	\$ (400,000)
Website & Domain	\$ 40,000	\$ 40,000
Real Estate		
Total Other Assts	<u>\$ 3,477,500</u>	<u>\$ 3,640,000</u>
TOTAL ASSETS	<u><u>\$ 3,502,464</u></u>	<u><u>\$ 3,663,571</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable		
Loans-Officers	\$ 6,778	\$ 4,278
Total Current Liabilities	<u>\$ 6,778</u>	<u>\$ 4,278</u>
LONG TERM LIABILITIES		
Loans from Shareholder		
Loans-Others		
Investor - CMD	\$ 40,000	\$ 40,000
Investor - Garrett Hobbs	\$ 25,000	\$ 25,000
Investor - CN	\$ 39,000	\$ 42,000
Loans from Investors		
Debt to Lawsuits	\$ 455,518	\$ 455,518
Total Long Term Liabilities	<u>\$ 559,518</u>	<u>\$ 562,518</u>
Total Liabilities	<u>\$ 566,296</u>	<u>\$ 566,796</u>
Stockholders' Equity		
Capital	\$ 29,712,101	\$ 29,712,101
Common Stock		
Authorized -4,000,000,000shares		
Issued & Outstanding 3,939,862,272	\$ 3,939,862	\$ 3,639,862
Preferred Stock, series A		
Authorized-55,000,000 Shares		
Issued & Outstanding 46,789,384	\$ 4,678,938	\$ 4,678,938
Preferred Stock, series B		
Authorized-1,000,000 Shares		
Issued and Outstanding - None		
Preferred Stock, Series C	\$ 1,156,243	\$ 1,156,243
Authorized - 4,000,000		
Issued and Outstanding - 3,261,358		
Stock Options	\$ 2,167,000	\$ 2,167,000
Retained Earnings	\$ (38,471,957)	\$ (37,466,014)
Net Income	\$ (163,607)	\$ (708,943)
Less Treasury Stock at Cost	\$ (82,412)	\$ (82,412)
Total Equity	<u>\$ 2,936,168</u>	<u>\$ 3,096,775</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u><u>\$ 3,502,464</u></u>	<u><u>\$ 3,663,571</u></u>

CAL-BAY INTERNATIONAL, INC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
Profit Loss
(CONDENSED FINANCIAL STATEMENTS)

	<u>June 30, 2014</u>	<u>Year End December 31, 2013</u>
Ordinary Income/Expense		
Income		
Rental Income	\$ -	\$ -
Commission Income	\$ -	\$ -
Total Income	<u>\$ -</u>	<u>\$ -</u>
Cost of Goods Sold		
Cost of Goods Sold-Sales	\$ -	\$ -
Commission Expense	\$ -	\$ -
Total Cost of Goods Sold	<u>\$ -</u>	<u>\$ -</u>
Gross Profit	<u>\$ -</u>	<u>\$ -</u>
Expense		
General & Administrative		\$ 25,000
Professional Fees		\$ 12,500
Patent Amortization	\$ 62,500	\$ 400,000
Depreciation	\$ 1,107	\$ 7,429
Foreclosure		\$ 264,014
Total Expense	<u>\$ (63,607)</u>	<u>\$ (708,943)</u>
Net Ordinary Income	<u>\$ (63,607)</u>	<u>\$ (708,943)</u>
Net Income (Loss)	<u>\$ (63,607)</u>	<u>\$ (708,943)</u>

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONDENSED FINANCIAL STATEMENTS)

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
OPERATING ACTIVITIES		
Net Income	\$ (63,607)	\$ (708,943)
Adjustments to reconcile Net Income		
Loan from Officer	\$ 2,500	\$ 4,278
to net cash provided by operations:		
Net cash provided by Operating Activities	<u>\$ (61,107)</u>	<u>\$ (704,665)</u>
FINANCING ACTIVITIES		
Increase (decrease) in Accounts Payable		
Increase (decrease) in Office Equip/Furniture	\$ 1,107	\$ 7,429
Buildings & Improvements		\$ 264,014
Intellectual Property Patents	\$ 62,500	\$ 400,000
Website & Domain		
Investment in Foreign Currency		
Other Loans		
Net cash provided by Financing Activities	<u>\$ 63,607</u>	<u>\$ 671,443</u>
Net cash increase for period	<u>\$ 2,500</u>	<u>\$ (33,222)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	\$ -	
Retention Property	\$ -	
Net Cash provided (used) from Investing Activities	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt		\$ 10,000
Notes	\$ (3,000)	\$ 8,000
Capital Stock		\$ 1,663,754
Common Stock Par	\$ 300,000	\$ (527,862)
Pref A		\$ (910)
Pref C		\$ (1,152,982)
Retained Earnings	\$ (297,000)	
Retention Property		
Stock Activity		
Net cash provided (used) from Financing Activities	<u>\$ -</u>	<u>\$ -</u>
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	<u>\$ 2,500</u>	<u>\$ (33,222)</u>
Cash at beginning of period	\$ -	
Cash at end of period	<u><u>\$ 2,500</u></u>	<u><u>\$ -</u></u>

Cal Bay International Inc.
Notes to Financial Statements
For the Three Months Ended
June 30, 2014

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, 2014 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, Garrett Hobbs, 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. In June of 2014 the note was reduced to \$39,000.

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.