Cal-Bay International, Inc.
ANNUAL REPORT
DECEMBER 31, 2009

CAL-BAY INTERNATIONAL, INC.
ANNUAL REPORT
DECEMBER 31, 2009
PART A -- GENERAL COMPANY INFORMATION
ITEM I. NAME OF ISSUER
Cal-Bay International, Inc.
ITEM II. ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
8430 West Lake Mead Boulevard, Suite 100, Las Vegas, Nevada 89128
Office: 702-576-9849
Fax: 702-442-7756
Web: www.cbhomesusa.com/index3.htm

ITEM III. JURISDICTION AND DATE OF THE ISSUER'S INCORPORATION
The State of Nevada on December 8, 1998 as Var-Jazz Entertainment, Inc. On March 8, 2001, Var-Jazz Entertainment acquired 100% of the outstanding common shares of Cal-Bay Controls, Inc., which has been accounted for as a reverse acquisition. Subsequent to this acquisition, Var-Jazz Entertainment, Inc. changed its name to Cal-Bay International, Inc.

CAL-BAY INTERNATIONAL, INC.
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PART B -- SHARE STRUCTURE
ITEM IV. TITLE AND CLASS OF SECURITIES OUTSTANDING
A. Common Stock - The Company is authorized to issue 945,000,000 shares of $0.001 par value Common Stock. The Company's Common Stock is traded through the Pink Sheets Electronic Quotation Service under the symbol "CBYI" (CUSIP number 12802P208). As of December 31, 2009 573,988,272 shares of the Company's Common Stock were outstanding.

B. Preferred Stock - The Company is authorized to issue 55,000,000 shares of preferred stock with such rights and preferences and in such series as determined by the Board of Directors at the time of issuance, portions of which are designated as Classes A, B and C.

C. Stock Designations - On August 11, 2005, the Company filed with the Nevada Secretary of State a Certificate of Designation of the Rights and Preferences of Preferred Stock of Cal-Bay International, Inc. This designation created 50,000,000 shares, par value $0.001, of Series A Convertible Preferred Stock, out of the 550,000,000 authorized shares of preferred stock of the Company, at the time.

On August 11, 2005, the Company filed with the Nevada Secretary of State a Certificate of Designation of the Rights and Preferences of Preferred Stock of Cal-Bay International, Inc. This designation created 500,000,000 shares, par value $0.001, of Series B Convertible Preferred Stock, out of the 550,000,000 authorized shares of preferred stock of the Company, at the time. The Series B Preferred Convertible Shares have voting rights which equate to 50 shares of common stock for every 1 Series B Preferred share and may be converted into 50 shares of common stock with authorization by the Board of Directors.

On May 25, 2006, the Company filed with the Nevada Secretary of State a Certificate of Designation of the Rights and Preferences of Preferred Stock of Cal-Bay International, Inc. designated as Series C Preferred Stock. This designation created 25,000,000 shares, par value $0.001, of Series C Convertible Preferred Stock, out of the now 575,000,000 authorized shares of preferred stock of the Company. The Series C Preferred Convertible Shares have voting rights which equate to 1 share of common stock for every 1 Series B Preferred share and may be converted into 1 share of common stock with authorization by the Board of Directors.

On January 21, 2010, the Company filed with the Nevada Secretary of State a Certificate of Designation of the Rights and Preferences of Preferred Stock of Cal-Bay International, Inc., effective December 16, 2009. This designation reduced the authorized shares, par value $0.001, of Common Stock from 12,000,000,000 (12 billion) shares to 945,000,000 (945 million) shares, and also reduced the authorized shares, par value $0.001, of Series B Convertible Preferred Stock from 500,000,000 (500 million) to 1,000,000 (1 million). The authorized shares of Series A Convertible Preferred Stock remained at 50,000,000

(50 million) authorized shares, and the authorized shares of Series C Convertible Preferred Stock remained at 4,000,000 (4 million) authorized shares of preferred stock of the Company. The voting and conversion rights of the preferred stock remain the same, which are, Series A Convertible Preferred Stock have voting rights which equate to 1,000 shares of common stock for every 1 Series A Preferred share and may be converted into 1,000 shares of common stock with authorization by the Board of Directors, Series B Convertible Preferred Stock have voting rights which equate to 50 shares of common stock for every 1 Series B Preferred share and may be converted into 50 shares of common stock with authorization by the Board of Directors, Series C Convertible Preferred Stock have voting rights which equate to 1 share of common stock for every 1 Series C Preferred share and may be converted into 1 share of common stock with authorization by the Board of Directors..

As of December 31, 2009, the number of shares of Series A Convertible Preferred Stock issued and outstanding is 46,200,000. Shaun Bailey holds a total of 37,500,000 shares of Series A and Roger Pawson holds 4,000,000 shares of Series A. The remaining shares of Series A are held by 5 shareholders with less than 5% each. Each named individual received the shares of Series A stock in exchange for the transfer of assets or stock to Cal-Bay International, Inc. The Series A Convertible Preferred Shares have voting rights which equate to 1,000 shares of common stock for every 1 Series A Preferred share and may be converted into 1,000 shares of common stock with authorization by the Board of Directors. A total of 46,200,000 (46 million, 2 hundred thousand) shares have been designated and authorized as Series A Preferred Shares of a total number of 50,000,000 (50 million) authorized shares of preferred A stock.

Dividends: The Company has never declared a cash dividend.

ITEM V. PAR VALUE AND DESCRIPTION OF SECURITIES

A. Par Value - The Company's Common Stock has a par value of $0.001 and the Preferred Stock also has a par value of $0.001.

B. Common Stock

1. Dividends Declared on Common Stock – None
2. Voting Rights - one vote per share
3. Preemption Rights -- None
4. Other Material Rights -- None
5. Provisions in Charter or by-laws that would delay, defer or prevent a change in control of the issuer -- None

C. Preferred Stock –

Class A Preferred Stock

1. Dividends Declared on Common Stock – None.
2. Voting Rights – 1,000 votes per share
3. Conversion Rights – 1,000 shares of common stock for 1 share
4. Liquidation Rights -- None
5. Other material Rights -- None

Class B Preferred Stock

1. Dividends Declared on Common Stock – None.

2. Voting Rights - 50 votes per share
3. Conversion Rights -- 50 shares of common stock for 1 share
4. Liquidation Rights -- None
5. Other Material Rights -- None

Class C Preferred Stock

1. Dividends Declared on Common Stock – None.
2. Voting Rights - one vote per share
3. Conversion Rights -- 1 share of common stock for 1 share
4. Liquidation Rights -- None
5. Other Material Rights -- None

ITEM VI. NUMBER OF SHARES OR TOTAL AMOUNT OF SECURITIES OUTSTANDING FOR EACH CLASS OF SECURITIES AUTHORIZED

A. Common Stock December 31, 2009 December 31, 2008
Shares authorized 945,000,000 12,000,000,000
Shares outstanding 573,988,272 9,994,030,998
# of beneficial shareholders (0) 0 0
# of shareholders of record 180 178
B. Preferred Stock December 31, 2009 December 31, 2008
Shares authorized 50,000,000 575,000,000
Class A
Shares outstanding 46,200,000 46,750,000
Freely tradable shares 0 0
# of beneficial shareholders 2 2
# of shareholders of record 8 8
Class B
Shares outstanding 0 0
Freely tradable shares 0 0
# of beneficial shareholders 0 0
# of shareholders of record 0 0
Class C
Shares outstanding 3,261,358 3,261,358
Freely tradable shares 0 0
# of beneficial shareholders 0 0
# of shareholders of record 5 5

CAL-BAY INTERNATIONAL, INC.
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PART C -- BUSINESS INFORMATION
ITEM VII. NAME AND ADDRESS OF TRANSFER AGENT
First American Stock Transfer, Inc
4747 North 7th Street, Suite 170
Phoenix, Arizona 85014

ITEM VIII. NATURE OF ISSUER'S BUSINESS

Cal-Bay International, Inc. and subsidiaries ("The Company"), was originally organized as Var-Jazz Entertainment, Inc., under the laws of the State of Nevada, on December 8, 1998. On March 8, 2001, Var-Jazz Entertainment, Inc. acquired 100% of the outstanding common shares of Cal-Bay Controls, Inc., which has been accounted for as a reverse acquisition. Subsequent to this acquisition, Var-Jazz Entertainment, Inc. changed its name to Cal-Bay International, Inc.

Cal-Bay Controls, Inc. (“CBC”) was originally a sole proprietorship, being operated since 1990 under the name Cal-Bay Controls, in Tustin, California, by its owner Robert Thompson. CBC, which represented the only operating entity of the Company, was a manufacturer's representative and distribution firm, serving California, Nevada and Hawaii in process, environmental, safety and laboratory markets. On February 22, 2001, CBC was incorporated under the name Cal-Bay Controls, Inc.

CBC supplied analytical products, services and associated equipment through license distribution agreements, and received compensation for its selling efforts in the form of commissions, typically 10-20% of the net sales price, on all sales of products within the specified sales territory.

On August 17, 2003, the Company formed a Nevada corporation, Cal-Bay Analytical, Inc., (“CBA”) a wholly owned subsidiary. As of January 6, 2005, all the assets and liabilities of CBA were sold along with CBC to Robert Thompson and Charles Prebay in exchange for their shares in CBYI and delivery of Atlantis Holdings, Inc., a shell company traded on the pink sheets. As a result of this transaction the Company was reorganized with the Company's primary focus being the acquisition, management and sales of real estate.

The Company’s SIC Code is 6500

ITEM IX. NATURE OF PRODUCTS OR SERVICES OFFERED

ITEM X. NATURE AND EXTENT OF ISSUER'S FACILITIES

8430 West Lake Mead Boulevard, Suite 100, Las Vegas, Nevada 89128

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PART D -- MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

ITEM XI. NAME OF CHIEF EXECUTIVE OFFICER, MEMBERS OF THE BOARD OF DIRECTORS, AS WELL AS CONTROL PERSONS

The following persons are officers and directors of Cal-Bay as of the date of this prospectus:
Name Age Position(s) and Office(s)
Shaun Bailey 29 President and Director

Shaun Bailey 29 has four years of experience in business operations and over six years of experience in systems and data management. He has a degree in Business Management from Brigham Young University, Shaun has extensive marketing experience having developed and implemented marketing plans and web strategies for nearly a decade.

Directors are appointed for terms that expire upon a shareholders meeting being held at which an election of directors is held.

No other person is expected to make a significant contribution to Cal-Bay who is not identified in this prospectus as an executive officer or director of Cal-Bay. All executive officers are appointed by the board and hold office until the board appoints their successors or they resign.

The following table sets forth certain information concerning the ownership of the Company's common stock as of December 31, 2009, with respect to: (i) each person known to the Company to be the beneficial owner of more than five percent of the Company's common stock; (ii) all directors; and (iii) directors and executive officers of the Company as a group. The notes accompanying the information in the table below are necessary for a complete understanding of the figures provided below. As of December 31, 2009, there were 573,988,272 shares of common stock issued and outstanding.

TITLE OFCLASS
NAME AND ADDRESS OF BENEFICIAL OWNER
AMOUNT & NATURE OF BENEFICIAL OWNERSHIP
PERCENT OF CLASS
Preferred Series
“A” Stock ($0.001par value)
Shaun Bailey, President & Director
5316 Hollyridge St.
Las Vegas, Nevada 89081
37,500,000(1) 81.17%

Roger Pawson, Past President & Director
13038 East Corrine Drive
Scottsdale, Arizona 85259
4,000,000 (2) 8.66%
Pawson shows ownership, but the certificates have been lost, these shares were to have been returned to the Treasury.

(1) Series “A” preferred stock has voting rights of 1,000 to 1 of the common stock, these shares give Mr. Bailey 37,500,000,000 votes in any shareholder vote.

B. Legal/Disciplinary History -- None
C. Disclosure of Family Relationships – Cal-Bay has a note to Gateway Venture Holdings where the original document was signed in April of 2005 for the Sale of the Aspen Cove Property. The President of Gateway Venture Holdings is Shaun Bailey’s father.
D. Disclosure of Related Party Transactions -- During the years ended December 31, 2009 and 2008,
The Company has entered into the following related party transactions:
Gateway Venture Holdings $725,693
E. Disclosure of Conflicts of Interest - None.

ITEM XII & XIII FINANCIAL INFORMATION FOR THE CURRENT AND PAST TWO YEARS

CAL-BAY INTERNATIONAL, INC.
Index to Consolidated Financial Statements
Page

CAL-BAY INTERNATIONAL, INC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEET

(CONDENSED FINANCIAL STATEMENTS)

	December 31, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash	$ 3,639	$ -
Accounts Receivable	-	-
Prepaid Expenses	-	-
Escrowed Funds	-	-
Total Current Assets	$ 3,639	$ -
PROPERTY & EQUIPMENT		
Residences for Retention	256,583	-
Computer and Office Equipment	-	-
Furniture and Fixtures	-	-
Vehicles	-	-
(Less) accumulated depreciation	-	-
Total Property & Equipment	$ 256,583	$ -
OTHER ASSETS		
Deposits		
Tax & Insurance Deposit	38	-
Real Estate		
Aspen Cove Resort	125,000	125,000
Total Other Assets	$ 125,038	$ 125,000
Total Assets	$ 385,260	$ 125,000

See Notes to Financial Statements

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

	December 31, 2009	December 31, 2008
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable& Accrued Expenses	$ 215,690	$ 1,640
Accrued Liabilities	0	0
Loans from Shareholder	642,948	642,948
Loans from Others	144,525	0
Convertible Note	650,772	650,772
Loans from Investors	943,000	943,000
Aspen Cove Debt	1,612,650	1,612,650
Mortgages	144,792	0
Total Liabilities	$ 4,354,377	$ 3,851,010
STOCKHOLDERS' EQUITY		
Preferred stock - $.001 par value		
Authorized - 55,000,000 shares		
Series A Preferred		
Authorized - 50,000,000 shares		
46,200,000 issued and outstanding	46,200	46,750
Series B Preferred		
Authorized - 1,000,000 shares		
Issued and outstanding - none	0	0
Series C Preferred		
Authorized - 4,000,000 shares		
3,261,358 issued and outstanding	3,261	3,261
Common stock, - $.001 par value		
Authorized - 945,000,000 shares		
Issued and outstanding - 573,988,272 and 9,994,030,998	573,988	9,994,031
Additional paid-in capital	29,693,637	20,073,044
Stock Options	2,167,000	2,167,000
Retained (deficit)	(35,927,684)	(35,680,044)
Net Income (deficit)	(443,107)	(247,640)
Less Treasury Stock at Cost	(82,412)	(82,412)
Net Stockholders' Equity	$ (3,969,117)	$ (3,726,010)
Total Liabilities & Stockholders' Equity	$ 385,260	$ 125,000

See Notes to Financial Statements

CAL-BAY INTERNATIONAL, INC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(CONDENSED FINANCIAL STATEMENTS)

	Year Ended December 31, 2009	Year Ended December 31, 2008
REVENUES		
Rental Income	$ 11,461	$ 0
Sales	0	0
Commission Income	0	0
TOTAL REVENUES	11,461	0
COST OF SALES		
Cost of Goods Sold-Sales	0	0
Real Estate Purchase	0	0
Commission Expense	0	0
COST OF SALES	0	0
GROSS PROFIT	11,461	0
OTHER COSTS AND EXPENSES		
General & Administrative	74,269	1,640
Professional Fees	380,300	246,000
TOTAL OTHER COSTS AND EXPENSES	454,569	247,640
OTHER INCOME (EXPENSE):		
Other Income	0	0
(Loss) on Real Estate Escrow Deposits	0	0
(Loss) on Real Estate, Furniture, Computers, Vehicles	0	0
TOTAL OTHER INCOME (EXPENSE):	0	0
NET INCOME (LOSS)	$ (443,108)	$ (247,640)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	$ (0.00)	$ (0.00)
BASIC & DILUTED WEIGHTED AVERAGE SHARES OF COMMON STOCK	243,385,481	8,601,948,806

See Notes to Financial Statements

CAL-BAY INTERNATIONAL , INC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(CONDENSED FINANCIAL STATEMENTS)

	9 Months Ended December 31, 2009	Year Ended December 31, 2008
OPERATING ACTIVITIES:		
Net income (loss)	$ (443,107)	$ (247,640)
Adjustments to reconcile Net Changes in operating assets & liabilities which increase (decrease) cash flow:		
Accounts Payable	214,050	1,640
Other Loans	144,524	(500,000)
Net cash provided by operating activities	(84,533)	(746,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Retention Property	(256,620)	
Net cash provided (used) from investing activities	(256,620)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Retention Property	144,792	-
Stock Activity	200,000	746,000
Net cash provided (used) from financing activities	344,792	746,000
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	3,639	-
CASH AND CASH EQUIVALENTS - Beginning of Period	-	-
Cash at end of period	$ 3,639	$ -

The accompanying notes are an integral part of these consolidated financial statements
SUPPLEMENTAL DISCLOSURE OF INFORMATION

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT POLICIES

a. Organization and Nature of Operations

The Company originally incorporated in the State of Nevada on December 9, 1998, under the name Var-Jazz Entertainment, Inc. Var-Jazz was organized to engage in the business of music production and sales. Var-Jazz did not succeed in the music business and the board of directors determined it was in the best interest of the Company to seek additional business opportunities. On March 8, 2001, Var-Jazz entered into an Agreement and Plan of Reorganization with Cal-Bay Controls, Inc. whereby Var-Jazz changed its name to Cal-Bay International, Inc., and acquired Cal-Bay Controls, Inc. as a wholly owned subsidiary in exchange for 17,112,000 shares of common stock.

Cal-Bay Controls, Inc. originally formed in 1976 as a sole proprietorship that was acquired by Robert J. Thompson in 1990. On February 22, 2001, Cal-Bay Controls incorporated in the State of Nevada and was subsequently acquired by Var-Jazz on March 8, 2001.

On March 7, 2002, Cal-Bay International's Form 10-SB registration statement went effective and in June of 2002, Cal-Bay International, Inc. moved from the Pink Sheets to the Over the Counter Bulletin Board under the symbol CBAY.

On January 5, 2005, Cal-Bay International, Inc. completed the acquisition of TLCO Software, Inc. TLCO Software is a Nevada corporation that designs proprietary software programs for commercial use in the internet web-hosting industry.
One-hundred percent (100%) of the outstanding shares of TLCO Softwares common stock were acquired from the former owner, Mr. Roger Pawson of San Diego, California for consideration of Fifteen million (15,000,000) shares of Cal-Bay International (CBAY) common stock. TLCO Software, Inc. operated as a wholly-owned subsidiary of Cal-Bay International, Inc.

On January 6, 2005, Cal-Bay International, Inc. also completed the sale of its subsidiary companies, Cal-Bay Controls, Inc., Cal-Bay Analytical, Inc., and WetChem, Inc. to Atlantis Holding Corp. Both Cal-Bay Controls and Cal-Bay Analytical are Nevada corporations that operate as sales representative and distribution companies in the Western US for environmental, process-control, safety and laboratory instrumentation and related products and services.

Cal-Bay Controls, Cal-Bay Analytical and WetChem will operate in the future as wholly-owned subsidiaries of Atlantis Holding Corp. Atlantis Holding Corp is a Pink Sheet company, incorporated in the State of Nevada.

On January 7, 2005, Cal-Bay International, Inc. announced the resignations of Robert J. Thompson and Charles A. Prebay from its board of directors and as officers of the company and announced the appointment of Roger Pawson to its Board of Directors, where he served as Chairman of the Board. Mr. Pawson was also appointed to the positions of President and CEO, Secretary and Treasurer of Cal-Bay International, Inc.

In the second quarter 2006, Cal-bay completed the acquisition of COBS Homes, LLC; an Oceanside, California based online virtual builder support company. Cal-Bay acquired COBS for $6,700,000 in Preferred company shares and cash. COBS had 24 employees and approximately $6,000,000 in projected revenues for 2006. COBS was to be relocating to Cal-Bay's Carlsbad, California Corporate Offices in the third quarter of 2006.

September 2006
Roger Pawson acquires 54 homes in Las Vegas, NV for the Company.

October 2006
Roger Pawson, then President and CEO of Cal-Bay International was going through some personal challenges and Cobs Homes, LLC elected to take their company back because the funds were not paid to them.

December 26, 2006
COBS Homes was no longer a part of Cal-Bay.

March 2007
Cal-Bay International, Inc. did an appeal on Stonewall Estates West Palm Beach, FL property.

March 31, 2007
The San Francisco property foreclosed.

April 18, 2007
Aspen Cove Resort property foreclosed (money is still owed to original owners of Aspen Cove). Foreclosure included furniture, fixtures and equipment.

May 2007
- Omaha property foreclosed. Lack of action, lost $136,000.
- Stock option expired.
- Seagerville property foreclosed.
- Chapel Down property foreclosed.

May 31, 2007
Carlsbad property foreclosed.

November 2007
- Roger Pawson resigns as Pres/CEO of Cal-Bay International, Inc. Pawson signs a note and sells stock to Shaun Bailey. The board elects Shaun Bailey as the new President/CEO of Cal-Bay International, Inc..
- Shaun Bailey signs an agreement to take over company’s responsibilities.

- 54 properties that had been acquired in Las Vegas foreclosed

February 2008
Roger Pawson never gave all his stock up to Mr. Bailey. Consequently, Shaun Bailey resigns as President/CEO of the company.

March 2008.
Board calls Melinda Rice as the new President and CEO of Cal-Bay International.

April 2008
Roger Pawson gives all of his stock certificates to Shaun Bailey with the exception of a lost 4 million shares. There is still a dispute between Roger Pawson and Shaun Bailey.

November 2008
Melinda Rice and Roger Pawson resign as board members and CEO. Shaun Bailey takes over as chairman of the board and President and CEO of Cal-Bay International, Inc.

January 2009
Property is acquired by Cal-Bay International, Inc, Las Vegas Nevada Toiyabe and Great Smokey properties and a condominium in Provo, Utah.

March 3, 2009
Shaun Bailey is officially elected as President and CEO of Cal-Bay International, Inc. and becomes board member and chairman.

b. Accounting Method
The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business.

c. Reclassification
Certain prior year balances have been reclassified to conform to the current year presentation.

d. Cash
Cash represents cash held at the bank or brokerage and amounts in-transit from banks for customer credit and debit cards. The process of transferring these funds usually takes between one to two business days and the funds in transit are classified as cash on the Consolidated Balance Sheets.

e. Merchandise Inventory
None

f Property and Equipment

Property and equipment are stated at cost. Expenditures that materially increase the life of the assets are capitalized. Ordinary maintenance and repairs are charged to expense as incurred. When assets are sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized at that time. All capital leases are added to the property and equipment and depreciated over the life of the assets.
Depreciation is computed on the straight-line method over the following useful lives:
Building and improvements 6-39 Years
Furniture, equipment and fixtures 3-10 Years
Vehicles 5 Years
Computer equipment and software 3 years
When commercial buildings are sold, the net depreciated basis is deducted from the net cash and other consideration received and the difference is reported as a net gain or loss.

g. Revenue Recognition
The Company will recognize revenue from its main sources of revenue as follows:
Rental Revenue
Rental revenues are recorded in the period in which they are earned in accordance with rental agreements and lease contracts. Rent payments are typically due by the 1st of each month.
Sale Revenue
Sale revenues are recorded in the period in which the sale takes place.

h. Stock-based Compensation
NONE

i Environmental Compliance and Remediation
The Company determines its potential liability for environmental compliance and remediation on a site by site basis and records a liability when its existence is probable and when reasonable estimates can be determined. Expenditures that do not have a future economic benefit are expensed as incurred. Expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized.

j. Impairment of Long-Lived Assets
The Company evaluates its long-lived assets in accordance with Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets." The Company recognizes impairment losses as the difference between historical cost and fair value of the asset, less costs to sell, when management determines that events and circumstances indicate a need to assess impairment, and when that assessment indicates that historical cost materially exceeds fair value, less costs to sell. There was no impairment expense of long-lived assets for the years ended December 31, 2009 and 2008.

k. Advertising Expense
The Company expenses advertising costs as incurred. Advertising expense was $0 and $0 for the years ended December 31, 2009 and 2008, respectively.

l Basic and Diluted Loss Per Common Share
The Company computes net loss per common share in accordance with SFAS No. 128, "Earnings per share" (SFAS 128) and SEC Staff Accounting Bulletin No. 98 (SAB 98). Under the provisions of SFAS 128 and SAB 98, basic net loss per share is computed by dividing the net loss available to common stockholders for the period by the weighted average number of shares of common stock outstanding during the period. The calculation of diluted net loss per share gives

effect to common stock equivalents; however, potential common shares are excluded if their effect is anti-dilutive.

m. Use of Estimates
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 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. Actual results could differ from those estimates.

n Fair Value
The Company assesses the carrying value of goodwill for impairment annually or other indications of impairment exist. No impairment was recognized during each of the years ended December 31, 2009 and 2008.

o Newly Issued Accounting Pronouncements
FASB Interpretation No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115" (FAS 159) - In February 2007, the FASB issued Statement No. 159. FAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The provisions of FAS 159 become effective as of the beginning of our 2009 fiscal year. The Company is currently evaluating the impact that FAS 159 will have on our future financial statements if we elect to adopt it.

FASB Statement No. 160 amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements,* and requires all entities to report non-controlling (minority) interests in subsidiaries within equity in the consolidated financial statements, but separate from the parent shareholders' equity. Statement No. 160 also requires any acquisitions or dispositions of non-controlling interests that do not result in a change of control to be accounted for as equity transactions. Further, the Statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. FAS 160 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of adopting FAS 160 on our results of operations and financial condition.

FASB Statement No. 161, "*Disclosures about Derivatives Instruments and Hedging Activities*", an amendment of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 161"). In March 2008, the FASB issued SFAS No. 161, which changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures stating how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. FAS 161 requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. FAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. FAS 161 also encourages but does not require comparative disclosures for earlier periods at initial adoption. The Company is currently evaluating whether the adoption of FAS 161 will have an impact on our financial statements.

FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("FAS 162"). FAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section, 411 The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles". The statement is intended to improve financial reporting by identifying a consistent hierarchy for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP). The Company has not completed its evaluation of the effects, if any, that FAS 162 may have on its consolidated financial position, results of operations and cash flows.

NOTE 2 - GOING CONCERN

The Company's consolidated 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. The Company has incurred cumulative operating losses through December 31, 2009 of $35,927,684, and a stockholders' deficit of $3,969,117 at December 31, 2009. In addition, the Company has defaulted on several of its liabilities. These matters raise substantial doubt about the Company's ability to continue as a going concern. Primarily, revenues have not been sufficient to cover the Company's operating costs. Management's plans to enable the Company to continue as a going concern include the following:

• Making improvements to certain rental properties in order to make them more marketable
• Purchasing revenue producing real estate

There can be no assurance that the Company can or will be successful in implementing any of its plans or that it will be successful in enabling the Company to continue as a going concern. The Company's consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3 – INVENTORY

Inventory consisted of the following at December 31, 2009 and 2008:

2008 2007 NONE

NOTE 4 - RELATED PARTIES

NONE

NOTE 5 – EQUITY

PREFERRED STOCK

The Company is authorized to issue 55,000,000 shares of preferred stock with a par value of $0.001 per share. The Preferred Stock can be issued in various series with varying dividend rates and preferences.

As of December 31, 2009, the number of shares of Series A Convertible Preferred Stock issued and outstanding was 46,200,000 shares. The Series A Preferred shares have voting rights equal to 1,000 shares of common stock for every 1 Series A Preferred share, and it may be converted into 1,000 shares of common stock for every 1 Series A Preferred share. A total of 50,000,000 shares have been designated and authorized as Series A Preferred Stock.

As of December 31, 2009, the number of shares of Series B Convertible Preferred Stock issued and outstanding was 0. The Series B preferred stock holds voting rights equal to 50 shares of common stock for each share of the Series B Preferred Stock issued and it may be converted into 50 shares of common stock for every 1 Series B Preferred share.. 1,000,000 shares have been designated and authorized as Series B Preferred Stock.

As of December 31, 2009, the number of shares of Series C Preferred Stock issued and outstanding was 3,261,358. The Series C Preferred stock holds voting rights equal to 1 share of common stock for each share of the Series C Preferred Stock issued and it may be converted into 1 share of common stock for every 1 Series C Preferred share. A total of 4,000,000 shares have been designated and authorized as Series C Preferred Stock.

COMMON STOCK

The Company was authorized as of December 31, 2009, to issue 945 million shares of common stock with a par value of $0.001 per share. As of December 31, 2009, the number of common shares issued and outstanding was 573,988,272. The common stock holds voting rights of one vote per share.

The Company has not declared a dividend for any of its classes of stock during the fiscal years ended December 31, 2009 and 2008.

TREASURY STOCK

The Company accounts for its treasury stock at cost. Treasury stock includes all shares of the Company owned by the Company and its subsidiaries. As of December 31, 2009, there was no treasury stock.

NOTE 6 – OFFICER SALARY

There was no accrued salary liability at December 31, 2009.

NOTE 7 – ACCOUNTING TREATMENT OF SERIES A, B AND C CONVERTIBLE PREFERRED STOCK OF THE COMPANY

Each share of the Company's Series A, B and C Preferred Stock is convertible into 1,000, 50 and 1 share of common stock, respectively.

ITEM XIV. BENEFICIAL OWNERS

The following is a list of shareholders beneficially owning more than 5% of the Company's common stock: Shaun Bailey 87.11%

Shaun Bailey, President and CEO of the Company also owns preferred shares that give him voting control.

ITEM XV. NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL ADDRESS OF OUTSIDE PROVIDERS THAT ADVISE THE ISSUER ON MATTERS RELATING TO THE OPERATIONS, BUSINESS DEVELOPMENT AND DISCLOSURE

A. Investment Banker - None

B. Promoters - None

C. Counsel -The Company's principal legal Counsel is Jeff Navaro

D. Independent Auditors - None

E. Tax Accountants Matt Swan of Swan & Gardiner CPA, 9005 West Sahara Avenue, Las Vegas, Nevada 89117

F. Public Relations Consultant(s) - None

G. Investor Relations Consultant – None

ITEM XVI. MANAGEMENT'S DISCUSSION AND ANALYSIS

A. Financial Condition and Results of Operations

Results of Operations

Revenues

Year ended December 31, 2009. Gross operating revenues for the fiscal years ended December 31, 2009 and 2008 were $11,461 and $0, respectively.

Expenses

Year ended December 31, 2009. Total operating expenses for the fiscal years ended December 31, 2009 and 2008 were $454,569 and $247,640, respectively. The main expenses were professional/consulting fees from stock issued and additional consulting fees payable, transfer agent fees and property expenses.

The net increase in general and administrative expenses from 2008 to 2009 was $206,929 realized because of actively pursuing business opportunities.

Operating Losses

Cal-Bay recorded an operating loss of $247,640 for the year ended December 31, 2008 compared to $443,107 for the comparable period in the year 2009. The increase in operating loss of $195,467 or a 78.9% increase was the result of the increased operating expenses related to the increase in expenses for actively pursuing real estate purchases and contract agreements during 2009, when there was no activity in 2008.

Net Losses

Cal-Bay recorded a net loss of $247,640 for the year ended December 31, 2008, as compared to a net loss of $443,107 for the comparable period in 2009. The increase in the amount of net loss represents a change of $195,467 or 79%, compared to the same period in 2008, reported above. The only contributing factor to the increase in net loss are the expenses of getting the business running again, and the expense of stock issued before the new officer took charge in 2009. Cal-Bay does not expect to operate at a profit through fiscal 2010. There can be no guarantee that profitability or revenue growth will be realized in the future.

Impact of Inflation

The Company believes that inflation may have a negligible effect on future operations. The Company believes that it may be able to offset inflationary increases in the cost of revenue by increasing revenue and improving operating efficiencies.

Liquidity and Capital Resources

On December 31, 2008 Cal-Bay had current assets of $0 and $125,000 in total assets compared to current assets of $3,639 and total assets of $385,260 as of December 31, 2009.

B. Off-Balance Sheet Arrangements –

Stonewal Estates appeal in the Third Circuit Court of New Orleans

CAL-BAY INTERNATIONAL, INC.
ANNUAL REPORT
DECEMBER 31, 2009

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ANNUAL REPORT
DECEMBER 31, 2009

PART F -- EXHIBITS

ITEM XVII. MATERIAL CONTRACTS

NONE

ITEM XXI. ISSUER'S CERTIFICATIONS

I, Shaun Bailey, certify that:

1. I have reviewed this annual disclosure statement of Cal-Bay International, 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.

December 2009

Shaun Bailey, CEO and Chief Financial Officer