

**ENABLE IPC CORPORATION and SOLRAYO, INC.**  
**CONSOLIDATED AND CONDENSED BALANCE SHEET**  
**MARCH 31 2014**  
**(Unaudited)**

ASSETS

Current assets	
Cash and cash equivalents	\$ 4,412
Accounts receivable	81,464
Prepaid expenses (current)	4,050
Inventory	8,080
Total current assets	98,006
Fixed assets, net	39,019
Intangible and other assets, net	1,119,060
Total assets	\$ 1,256,085

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 61,025
Accrued expenses and other current liabilities	353,959
Other liability	175,412
Due to stockholders	196,933
Total current liabilities	787,329
Total liabilities	787,329
Commitments and contingencies	-
Stockholders' deficit	
Minority interest in SolRayo	681,219
Preferred stock; \$0.001 par value; 10,000,000 shares authorized 530 shares issued and outstanding	1
Common stock; \$0.001 par value; 250,000,000 shares authorized 242,522,960 shares issued and outstanding	242,523
Additional paid-in capital	4,230,740
Retained earnings	(4,472,444)
Net loss	(213,283)
Total stockholders' equity	468,756
Total liabilities and stockholders' equity	\$ 1,256,085

See Accompanying notes to Financial Statements

**ENABLE IPC CORPORATION and SOLRAYO, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	Year Ended 2014	Year Ended 2013	March 17, 2005 (Inception) through March 31, 2014
Revenues	\$ 260,080	\$ 899,057	\$ 1,577,250
Costs of license, research and RFID revenue	164,451	306,255	718,942
Gross profit	95,629	592,802	858,308
Operating expenses			
General and administrative expenses			
Legal and professional fees	155,859	82,166	964,589
Wages and salaries	150,653	94,508	1,319,667
Research and development	84,399	72,703	1,653,626
Other general and administrative	239,558	288,360	1,946,189
Total operating expenses	630,469	537,737	5,884,071
Profit (loss) from operations	(534,840)	55,065	(5,025,763)
Other income			
Revenue from grants, other income	339,687	464,123	1,213,990
Loss from disposition of assets	(13,500)	(418,003)	(434,049)
Total other income	326,187	46,120	779,941
Interest expense	(4,630)	(41,944)	(439,905)
Profit (loss) before provision for income taxes	(213,283)	59,241	(4,685,727)
Provision for income taxes	-	-	-
Net profit (loss)	\$ (213,283)	\$ 59,241	\$ (4,685,727)
Profit (loss) per common share	(0.00)	0.00	(0.05)
Weighted average common shares outstanding	240,330,703	233,149,492	97,488,378

See Accompanying notes to Financial Statements

ENABLE IPC CORPORATION and SOLRAYO, INC.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
Unaudited

	Common Stock		Preferred Stock		Additional Paid-in Capital	Minority Interest	Prepaid Services Paid in Common Stock	Accumulated Deficit	Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount					
<b>Balance at 31 Mar 2013</b>	<b>223,976,139</b>	<b>223,976</b>	<b>314</b>	<b>-</b>	<b>4,189,287</b>	<b>674,532</b>	<b>-</b>	<b>(4,472,444)</b>	<b>615,351</b>
Stock issued for cash	18,546,821	18,547			41,453				60,000
Minority interest in SolRayo						6,687			6,687
Net loss								(213,283)	(213,283)
<b>Balance at 31 Mar 2014</b>	<b>242,522,960</b>	<b>242,523</b>	<b>314</b>	<b>-</b>	<b>4,230,740</b>	<b>681,219</b>	<b>-</b>	<b>(4,685,727)</b>	<b>468,755</b>

See Accompanying notes to Financial Statements

**ENABLE IPC CORPORATION and SOLRAYO, INC**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Year ended March 31, 2014	Year ended March 31, 2013	March 31, 2005 (Inception) through March 31, 2014
Cash flows from operating activities:			
Net profit (loss)	\$ (213,283)	\$ 59,241	\$ (4,685,727)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	13,579	(68,198)	185,356
Stock based compensation	-	352,700	1,224,831
Stock based compensation related to office supplies	-	-	2,608
Interest accrued on PV of min royalty payments	-	-	21,646
Deferred income	(8,000)	8,000	-
Changes in operating assets and liabilities:			
Prepaid expenses	(1,150)	600	(4,050)
Accounts receivable	(52,699)	32,935	(81,464)
Inventory	8,010	(3,073)	(8,080)
Accounts payable	(94,569)	5,675	53,975
Accrued and other liabilities	368,440	(57,947)	634,766
Net cash used by operating activities	<u>20,328</u>	<u>329,933</u>	<u>(2,656,139)</u>
Cash flows from investing activities:			
Purchase of fixed assets	(3,877)	(30,404)	(124,856)
Change in non-controlling interest	6,687	77,816	673,720
Change in intangible assets	(111,483)	(371,640)	(414,831)
Net cash used by investing activities	<u>(108,673)</u>	<u>(324,228)</u>	<u>134,033</u>
Cash flows from financing activities:			
Issuance of common stock for cash	60,000	150,380	1,929,191
Issuance of preferred stock for cash	-	-	44,000
Issuance of stock in satisfaction of due to stockholders	-	-	422,960
Reacquisition of common shares	-	(6,000)	(13,225)
Change in due to stockholders	26,358	(251,217)	143,593
Net cash provided by financing activities	<u>86,358</u>	<u>(106,837)</u>	<u>2,526,519</u>
Net change in cash	(1,987)	(101,132)	4,412
Beginning balance, April 1	<u>6,399</u>	<u>107,531</u>	<u>-</u>
Ending balance	<u>\$ 4,412</u>	<u>\$ 6,399</u>	<u>\$ 4,412</u>

See Accompanying notes to Financial Statements

**ENABLE IPC CORPORATION and SOLRAYO, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**  
**(Unaudited)**

**1. DESCRIPTION OF BUSINESS, HISTORY AND SUMMARY OF SIGNIFICANT POLICIES**

Basis of presentation – The consolidated financial statements include the financial statements of Enable IPC Corporation and Enable’s subsidiary, SolRayo, Inc., under its effective control from its date of acquisition (October 1, 2008), after elimination of inter-company transactions and balances. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates and such differences could be material.

Description of business – Enable IPC Corporation (hereinafter referred to as the “Company” or “Enable IPC”) was incorporated on March 17, 2005 under the laws of the state of Delaware. Enable IPC is engaged in the development of several technologies, which it acquires, develops, and seeks to have manufactured or licensed.

The Company’s principal revenues are from licensing fees for its technologies and products.

The Company has previously worked, and/or is currently working, on the following technologies:

- Alumina anodized nanopore templates, for use in creating nanostructures and filtering
- Nanostructures for use in microbatteries on microscopically thin film
- Nanoparticles for use in enhancing the performance of ultracapacitors
- Nanoparticles for use in enhancing battery cathode performance, particularly under high heat conditions
- Potentiostats for measuring and controlling voltages
- RFID tags for use in an RFID system, primarily in tracking assets

Subsidiary and Subsidiary’s Portion of Net Loss – In October 2008, the Company acquired a controlling interest in SolRayo, then a Wisconsin-based LLC, co-founded and operated by Kevin Leonard, one of the inventors of the Company’s nanoparticle (for ultracapacitors) technology. In 2008, SolRayo was awarded a grant from the State of Wisconsin’s Energy Independence Fund, which required SolRayo to provide \$250,000 in “in-kind” cash, goods and/or services. Enable IPC provided the \$250,000 “in-kind” portion in exchange for a controlling interest in SolRayo, plus a majority presence on SolRayo’s Board of Managers.

The statements included herein are consolidated between the two entities (see “Basis of presentation” above).

*Conversion to Corporation*

In August 2009, SolRayo converted to a class C corporation organized under the laws of the State of Wisconsin. The ownership interests were transferred from the LLC to the corporation on a pro rata basis.

#### *STTR Phase I*

In July 2010, SolRayo commenced work under a Small Business Technology Transfer (STTR) grant for \$149,935 from the National Science Foundation (NSF) SBIR/STTR Program. Under this program, the grant was classified as “Phase I”, meaning the work would determine the scientific, technical and commercial merit of the innovation. The work continued through June 30, 2011 and was performed under the guidance of SolRayo's Director of Battery R&D, Dr. Walter Zeltner and in collaboration with the University of Wisconsin. Under the grant, SolRayo began development of new, nanoparticle-based materials for commercial use in various renewable energy, industrial, consumer and automotive applications. The objective of the awarded grant was to address an issue concerning the degradation of performance of certain lithium batteries, particularly in high temperature (i.e., above 85°F) applications.

#### *STTR Phase II*

During March 2012, SolRayo was notified that NSF had awarded the Company a “Phase II” grant to continue the work to full commercialization. Work began on Phase II on April 1, 2012 and continued to March 31, 2014.

#### *REU Award*

During September 2012, SolRayo was granted a supplemental award, again by the NSF. The supplement, totaling \$16,000, was granted under the NSF's REU (Research Experience for Undergraduates) program and funded two undergraduate students, part time, to work on the project.

#### *CC Supplement*

During May 2013, SolRayo received a supplement, again from the NSF. The Company received \$39,993 under the NSF's CC (Community College) program. The majority of the funds were distributed to a local community college, the Madison Area Technical College, to provide funds for students to work on the project.

#### *SolRayo Portion of Net Loss*

The combined net loss for the fiscal year ended March 31, 2014 was \$213,283. SolRayo's portion of this, during the 12 months ending March 31, 2014, constituted approximately \$171,964. Total consolidated net loss from inception to March 31, 2014 was \$4,685,727. SolRayo's portion of this total net loss was approximately \$502,861.

Going concern – The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has limited revenue and incurred a net loss of approximately \$4,685,727 for the period from March 17, 2005 (Date of Inception) through March 31, 2014. The Company's management is in the process of raising additional capital for the Company. As part of this effort, the Company issued the following equity:

During the fiscal year ended March 31, 2006, the Company issued an aggregate of 2,807,000 shares of common stock for proceeds of \$268,400.

During the fiscal year ended March 31, 2007, the Company issued an aggregate of 3,017,497 shares for proceeds of \$202,225 less \$3,302 in offering costs. In addition, the Company issued an aggregate of

150,000 shares for services valued at \$10,500, 100,000 shares to satisfy outstanding loans from shareholders totaling \$7,000.

During the fiscal year ended March 31, 2008, the Company issued an aggregate of 9,442,500 shares for proceeds of \$313,500 less \$3,413 in offering costs. In addition, the Company issued an aggregate of 5,599,641 shares for services valued at \$344,320, 214,358 shares to satisfy outstanding loans from shareholders totaling \$65,005, and an aggregate of 300,000 shares for warrants exercised during the period for proceeds of \$4,500. In addition, the Company reacquired an aggregate of 1,500,000 shares.

During the fiscal year ended March 31, 2009, the Company issued an aggregate of 8,660,000 shares for proceeds of \$252,000. In addition, the Company issued an aggregate of 1,614,504 shares for services valued at \$38,601, 768,000 shares to satisfy an outstanding loan from a shareholder totaling \$30,725, and 2,865,000 shares in satisfaction of amounts due to shareholders. In addition, the Company issued 317,500 shares for prepaid services valued at \$19,800, which were amortized over the performance period.

During the fiscal year ended March 31, 2010, the Company issued an aggregate of 31,950,944 shares for proceeds of \$241,000. In addition, the Company issued an aggregate of 12,550,000 shares for services valued at \$133,125 and 2,250,000 shares to satisfy outstanding loans from shareholders totaling \$19,500. In addition, the Company issued 2,000,000 shares for prepaid services valued at \$33,375, which were amortized over the performance period. Finally, during the period 1,713,284 warrants were exercised for proceeds of \$21,434.

During the fiscal year ended March 31, 2011, the Company issued an aggregate of 26,783,331 shares to eleven investors for proceeds of \$96,145. In addition, the Company issued 30,845,000 shares to eleven investors for services valued at \$141,720, and the Company issued 325,000 shares to an investor in satisfaction of a loan valued at \$1,300. Finally, the Company issued 14 shares of Series A Preferred stock to four investors for proceeds of \$14,000. A description of Series A Preferred stock can be found in this section under heading 8, "Preferred Stock".

During the fiscal year ended March 31, 2012, the Company issued an aggregate of 2,481,600 shares of its common stock and 10 shares of its Series A preferred stock to 6 investors for proceeds of \$326,600. In addition, the Company issued 9,579,580 shares of its common stock and 45 shares of its Series A preferred stock to 8 investors for services valued at \$145,437. Also, the Company re-acquired 7,225,000 shares of its common stock in exchange for 161 shares of its Series A preferred stock. Finally, the Company issued an aggregate of 5,000,000 shares of its Common Stock to SolRayo, Inc., valued at \$100,000 as an investment in SolRayo, bringing Enable's ownership percentage in SolRayo to 62%.

During the fiscal year ended March 31, 2013, the Company issued an aggregate of 27,325,000 shares of its common stock for proceeds of \$150,380. In addition, the Company issued 13,400,000 shares for services valued at \$190,000. Finally, the Company re-acquired 2,500,000 shares of its common stock during the period.

During the fiscal year ended March 31, 2014, the Company issued an aggregate of 18,547,156 shares for aggregate proceeds of \$60,000.

These conditions give rise to substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include adjustments relating to the recoverability and classification of reported asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's continuation as a going concern is dependent upon its ability to obtain additional financing or sale of its common stock as may be required and ultimately to attain profitability.

Definition of fiscal year – The Company's fiscal year end is March 31.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash – The Company places its cash with high quality institutions. Accounts at each institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation. As of March 31, 2014, the Company has no uninsured cash balance.

Fixed assets – Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets. The cost of repairs and maintenance is charged to expense as incurred. Expenditures for property betterments and renewals are capitalized. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in other income (expense).

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of fixed assets or whether the remaining balance of fixed assets should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the fixed assets in measuring their recoverability.

Intangible assets – Intangible assets are generally amortized principally on the straight-line method over their useful lives of one to 22 years (in accordance with Section 197 of the Internal Revenue Code).

The Company evaluates the remaining useful life of the intangible asset being amortized annually to determine whether events and circumstances warrant a revision to the remaining period of amortization. If the estimate of the intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset will be amortized prospectively over that revised remaining useful life. If the intangible asset being amortized is subsequently determined to have an indefinite useful life, the asset will no longer be amortized and will be accounted for in the same manner as other intangible assets that are not subject to amortization.

Research and development – The Company expects to make substantial investments in research and development in order to develop and market our technologies. Research and development costs consist primarily of consulting fees related to research and development activities, fees for use of outside laboratories (primarily at the University of Wisconsin, Madison) and laboratory supplies. The Company expenses research and development costs as incurred. Property, plant and equipment for research and development that have an alternative future use are capitalized and the related depreciation is expensed. Property, plant and equipment for research and development that have no alternative future uses in other research and development projects or otherwise are expensed as research and development costs at the time the costs are incurred. The costs of intangibles that are purchased from others for use in research and development activities and that have alternative future uses in research and development projects or otherwise are capitalized and amortized as intangible assets. The amortization of those intangible assets used in research and development activities is a research and development cost. Costs of intangibles that are purchased from others for a particular research and development project and that have no alternative future uses in other research and development

projects or otherwise are research and development costs at the time the costs are incurred. The Company expects our research and development expense to increase as we continue to invest in the development of our technology.

Minority interests – In October 2008, the Company acquired a controlling interest in SolRayo, a Wisconsin-based LLC, which was co-founded and operated by Kevin Leonard, one of the inventors of Enable IPC’s ultracapacitor technology. Therefore, the financial statements presented are consolidated with SolRayo. The interests of the other unit holders of SolRayo are reflected under the “Equity” portion of the Balance Sheet (“Minority interest in SolRayo”), in accordance with Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements.

Income taxes – The Company accounts for its income taxes in accordance with Statement of Financial Accounting Standards No. 109, which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. 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 effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock-based compensation – On April 1, 2006, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), “Share-Based Payment,” requiring the Company to recognize expense related to the fair value of its employee stock option awards. The Company recognizes the cost of all share-based awards on a graded vesting basis over the vesting period of the award.

From inception to March 31, 2014, the Company has granted no warrants or options to employees for services. Accordingly, the adoption of SFAS No. 123 (R) did not impact the financial statements.

Fair value of financial instruments - The carrying amounts and estimated fair values of the Company’s financial instruments approximate their fair value due to the short-term nature.

Earnings (loss) per common share – Earnings (loss) per share are computed using the weighted-average number of outstanding common shares during the applicable period. Common stock equivalent shares are excluded from the computation if their effect is antidilutive.

New accounting pronouncements – The Company has examined the new and recent Financial Accounting Standards Board (FASB) pronouncements and has determined that it is either in compliance with all the pronouncements that are, or might be, applicable to the Company.

## **2. FIXED ASSETS**

A summary of fixed assets as of March 31, 2014 are as follows:

Office and lab equipment	\$ 97,943
Office furniture	7,254
Leasehold improvements	6,752
	<hr/>
	111,949
	<hr/>
Less: accumulated depreciation	(72,930)
	<hr/>
Fixed assets, net	\$ 39,019
	<hr/>

### **3. INTANGIBLE AND OTHER ASSETS**

Intangible and other assets are net of amortization and include patents, licenses, trademarks, engineering related know-how and knowledge that provide us a competitive advantage in advancing projects.

#### **WARF License**

In August 2011, the Wisconsin Alumni Research Foundation (“WARF”) and the Company agreed to cancel an Exclusive License Agreement, which removed the intangible asset from the books as well as the requirement to pay future royalties. In addition, a liability of \$82,412 in fees owed to the date of termination. At March 31, 2014, the balance due on this amount was \$40,412.

### **4. RELATED PARTY TRANSACTIONS**

At March 31, 2014, the Company recorded owing \$196,933 to related parties. Of that amount, \$179,787 was owed for services rendered to the Company and \$17,146 was recorded for an outstanding loan to the Company. Both are summarized below.

#### *Services*

The Company owed \$179,787 to stockholders for services to the Company. Of this amount, \$122,787 was owed to ten shareholders for consulting services rendered to the Company. In addition, the Company owed a total of \$57,000 to Board members for services rendered.

#### *Loan*

The Company had an outstanding loan payable to a shareholder on March 31, 2014. The loan was for \$40,000 at 13% interest per annum for a term of 24 months. The Company is required to make monthly payments of \$1,905 for 24 months. Interest on this loan totals \$5,721. As of March 31, 2014 the Company had made fifteen payments on this loan totaling \$28,576 (\$23,747 toward principal and \$4,829 toward interest). Total amount remaining to be paid on this loan on March 31, 2014 was \$17,146, which included \$893 in past due interest.

### **5. COMMITMENTS AND CONTINGENCIES**

Leased facilities – The Company’s two-year lease in Valencia, CA expired on May 31 2008. At that point, the Company consolidated operations in its subsidiary’s Madison, WI facility described in the following paragraph.

On November 26, 2008, the Company’s subsidiary, SolRayo, entered into a lease agreement with St. John’s Properties, Inc. (“Landlord”) for the leasing of approximately 1,500 square feet of industrial and office space located at 4005 Felland Road, Suite 107, Madison, Wisconsin. The Company was required to pay to the Landlord upon commencement of the lease a security deposit of \$1,500. There is no material relationship between us and the Landlord.

The lease will expire August 31, 2014, unless renewed. Rental payments are \$1,653 per month.

Under the terms of the lease, we are required to maintain insurance and to indemnify the Landlord for losses incurred that are related to our use or occupancy of the property. With certain exceptions, we are also required to maintain at our cost the property, utility installations used by us, such as the HVAC system, and alterations we make or fixtures we add to the property. In addition, we are required to make pro-rated payments for property taxes and other costs on a semi-annual basis.

As of March 31, 2014, total rent expense since inception approximated \$258,970.

Legal dispute - In September 2013, the company's subsidiary, SolRayo Inc., filed a lawsuit against Steven Jay Oshinsky, and others, in the Los Angeles Superior Court. The lawsuit contained claims against Mr. Oshinsky for breach of contract, intentional interference with prospective economic advantage, intentional interference with economic relationship, misappropriation of trade secret and injunction.

In February 2014, the Los Angeles Superior Court found that Mr. Oshinsky had, indeed, breached an oral contract with SolRayo and, in addition, "intentionally interfered with [SolRayo's] existing economic and contractual relationships and misappropriated and disclosed trade secrets to third parties." The judge also found that Mr. Oshinsky "took these actions intentionally, maliciously, and fraudulently and with a purpose and intention of causing severe harm and damage to" SolRayo. Mr. Oshinsky did this personally and through the use of alter ego and front companies, including JMPW Management, LLC and Ram Capital Management Trust as part of his "scheme to damage and injure" SolRayo. As a result, SolRayo was awarded \$1.5 million against Steven Oshinsky in actual damages along with an additional \$1 million in punitive damages.

As of March 31, 2014, management could not ascertain the level of certainty of the actual collection of these favorable judgments.

## **6. COMMON STOCK**

During the fiscal year ended March 31, 2006, the Company issued an aggregate of 2,807,000 shares of common stock for proceeds of \$268,400.

During the fiscal year ended March 31, 2007, the Company issued an aggregate of 3,017,497 shares for proceeds of \$202,225 less \$3,302 in offering costs. In addition, the Company issued an aggregate of 150,000 shares for services valued at \$10,500, 100,000 shares to satisfy outstanding loans from shareholders totaling \$7,000.

During the fiscal year ended March 31, 2008, the Company issued an aggregate of 9,442,500 shares for proceeds of \$313,500 less \$3,413 in offering costs. In addition, the Company issued an aggregate of 5,599,641 shares for services valued at \$344,320, 214,358 shares to satisfy outstanding loans from shareholders totaling \$65,005, and an aggregate of 300,000 shares for warrants exercised during the period for proceeds of \$4,500. In addition, the Company reacquired an aggregate of 1,500,000 shares.

During the fiscal year ended March 31, 2009, the Company issued an aggregate of 8,660,000 shares for proceeds of \$252,000. In addition, the Company issued an aggregate of 1,614,504 shares for services valued at \$38,601, 768,000 shares to satisfy an outstanding loan from a shareholder totaling \$30,725, and 2,865,000 shares in satisfaction of amounts due to shareholders. In addition, the Company issued 317,500 shares for prepaid services valued at \$19,800, which were amortized over the performance period.

During the fiscal year ended March 31, 2010, the Company issued an aggregate of 31,950,944 shares for proceeds of \$241,000. In addition, the Company issued an aggregate of 12,550,000 shares for services valued at \$133,125 and 2,250,000 shares to satisfy outstanding loans from shareholders totaling \$19,500. In addition, the Company issued 2,000,000 shares for prepaid services valued at \$33,375, which were amortized over the performance period. Finally, during the period 1,713,284 warrants were exercised for proceeds of \$21,434.

During the fiscal year ended March 31, 2011, the Company issued an aggregate of 26,783,331 shares to eleven investors for proceeds of \$96,145. In addition, the Company issued 30,845,000 shares to eleven

investors for services valued at \$141,720, and the Company issued 325,000 shares to an investor in satisfaction of a loan valued at \$1,300. Finally, the Company issued 14 shares of Series A Preferred stock to four investors for proceeds of \$14,000. A description of Series A Preferred stock can be found in this section under heading 8, "Preferred Stock".

During the fiscal year ended March 31, 2012, the Company issued an aggregate of 2,481,600 shares of its common stock and 10 shares of its Series A preferred stock to 6 investors for proceeds of \$326,600. In addition, the Company issued 9,579,580 shares of its common stock and 45 shares of its Series A preferred stock to 8 investors for services valued at \$145,437. Also, the Company re-acquired 7,225,000 shares of its common stock in exchange for 161 shares of its Series A preferred stock. Finally, the Company issued an aggregate of 5,000,000 shares of its Common Stock to SolRayo, Inc., valued at \$100,000 as an investment in SolRayo, bringing Enable's ownership percentage in SolRayo to 62%.

During the fiscal year ended March 31, 2013, the Company issued an aggregate of 27,325,000 shares of its common stock for proceeds of \$150,380. In addition, the Company issued 13,400,000 shares for services valued at \$190,000. Finally, the Company re-acquired 2,500,000 shares of its common stock during the period.

During the fiscal year ended March 31, 2014, the Company issued an aggregate of 18,547,156 shares for aggregate proceeds of \$60,000.

#### **7. PREFERRED STOCK**

During 2010, the Company authorized Series A Preferred Stock, followed by Series B Preferred Stock during 2012. Cash dividends on the Series A and B Preferred Stock are payable on certain sales revenues and payable quarterly at a rate of 0.022% per share. These shares are not redeemable prior to July 1, 2013 for Series A and July 31, 2015 for Series B. Both are redeemable thereafter in cash or the then-market value of common shares, at the option of the Company. The holders of these shares have voting rights equal to the number of Common shares issuable upon conversion of the stock and vote with the Common stock. At March 31, 2014, all 250 shares of Series A and 280 shares of Series B Preferred Stock had been issued.

#### **8. LEGAL AND PROFESSIONAL FEES**

We recorded \$155,859 in legal and professional fees, which is significantly higher when compared with the same period in 2013 (\$82,166). This increase primarily consist of activities relating to our dispute with Steven Oshinsky and others (see note 5, "Commitments and Contingencies", "Legal dispute").

#### **9. WAGES AND SALARIES**

We recorded \$150,653 in wages and salaries, which is significantly higher when compared with the same period in 2013 (\$94,508). This is due primarily to additional personnel and highly accelerated activities under our NSF Phase II effort, most of which consists of undergraduate and community college students, many of whom were hired under our supplemental programs.

#### **10. OTHER INCOME**

The Company recorded \$326,187 in other income for the fiscal year ended March 31, 2014. This amount consists of income received under the NSF grant (described in paragraph 1 under "Subsidiary and Subsidiary's Portion of Net Income", "STTR Phase II" and "REU Award"), offset by a loss on disposition of some of its assets and a gain on the extinguishment of debt.

## 11. INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109 (SFAS No. 109), "Accounting for Income Taxes," which requires use of the liability method. SFAS No. 109 provides that deferred tax assets and liabilities are recorded based on the difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences. Deferred tax assets and liabilities at the end of each period are determined using the current enacted tax rates applied to taxable income in the periods in which the deferred tax assets and liabilities are expected to be settled or realized.

For the period ended March 31, 2014, the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At March 31, 2014, the Company had approximately \$4,685,727 of accumulated federal and state net operating losses. The net operating loss carryforwards, if not utilized, will begin to expire in 2026.

The components of the Company's deferred tax asset are as follows:

	FISCAL YEAR ENDING		
	31 MAR 2014	31 MAR 2013	INCEPTION THRU 31 MAR 2012
DEFERRED TAX ASSETS			
NET OPERATING LOSS CARRYFORWARDS	\$ 72,516	\$ (20,192)	\$ 1,524,673
TOTAL DEFERRED TAX ASSETS	\$ 72,516	\$ (20,192)	\$ 1,524,673
DEFERRED TAX LIABILITIES			
DEPRECIATION	\$ -	\$ -	\$ -
NET DEFERRED TAX ASSETS BEFORE VALUATION ALLOWANCE	\$ 72,516	\$ (20,192)	\$ 1,524,673
LESS VALUATION ALLOWANCE	(72,516)	20,192	( 1,524,673)
NET DEFERRED TAX ASSETS	\$ -	\$ -	\$ -

For financial reporting, the Company has incurred a loss since inception to March 31, 2014. Based on the available objective evidence, including the Company's history of its loss, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at March 31, 2014. A reconciliation between the amounts of income tax benefit determined by applying the applicable U.S. and State statutory income tax rate to pre-tax loss is as follows:

	FISCAL YEAR ENDING		
	31 MAR 2014	31 MAR 2013	INCEPTION THRU 31 MAR 2012
CHANGE ON VALUATION ALLOWANCE ON DEFERRED TAX ASSETS	\$ 92,708	\$ 86,662	\$ (66,470)
TOTAL DEFERRED TAX ASSETS	(92,708)	(86,662)	\$ 66,470
TOTAL INCOME TAX BENEFIT	\$ -	\$ -	\$ -