

Eco-Shift Power Corp.
Form 10-K
April 15, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE YEAR ENDED DECEMBER 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number **000-54507**

ECO-SHIFT POWER CORP.

(Exact name of registrant as specified in its charter)

Delaware

000-21134 04-2893483

(State or other jurisdiction of incorporation or organization) (Commission File Number) (I.R.S. Employer Identification Number)

1090 Fountain Street North

Cambridge, Ontario N3H 4R7

(Address of principal executive offices, including zip code)

(519) 650-9506

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act:

None

Securities registered under Section 12(g) of the Act:

Common stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Edgar Filing: Eco-Shift Power Corp. - Form 10-K

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
 [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, non-accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer []
Accelerated filer []
Non-accelerated filer []
Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [] No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter:

\$22,137,212 as of June 30, 2014.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of April 15, 2015, the registrant has 78,052,550 shares of Common Stock issued and outstanding.

TABLE OF CONTENTS

PART I

ITEM 1.	<u>BUSINESS</u>	4
ITEM 1A.	<u>RISK FACTORS</u>	9
ITEM 1B.	<u>UNRESOLVED STAFF COMMENTS</u>	12
ITEM 2.	<u>PROPERTIES</u>	12
ITEM 3.	<u>LEGAL PROCEEDINGS</u>	12
ITEM 4.	<u>MINE SAFETY DISCLOSURES</u>	13

PART II

ITEM 5.	<u>MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	13
ITEM 6.	<u>SELECTED FINANCIAL DATA</u>	16
ITEM 7.	<u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	17
ITEM 7A.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	20
ITEM 8.	<u>CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	20
ITEM 9.	<u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	20
ITEM 9A.	<u>CONTROLS AND PROCEDURES</u>	20
ITEM 9B.	<u>OTHER INFORMATION</u>	21

PART III

ITEM 10.	<u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	21
ITEM 11.	<u>EXECUTIVE COMPENSATION</u>	23
ITEM 12.	<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	23
ITEM 13.	<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	24
ITEM 14.	<u>PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	24
<u>PART</u>		
<u>IV</u>		
ITEM 15.	<u>EXHIBITS</u>	24
	<u>SIGNATURES</u>	25

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “might,” “will,” “expect,” “anticipate,” “predict,” “project,” “forecast,” “potential,” “continue” negatives thereof or similar expressions. Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements.

We cannot predict all of the risks and uncertainties. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. These forward-looking statements are found at various places throughout this Annual Report on Form 10-K and include information concerning possible or assumed future results of our operations, including statements about potential acquisition or merger targets; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future operations, business plans and future financial results, and any other statements that are not historical facts.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the Annual Report on Form 10-K. All subsequent written and oral forward-looking statements concerning other matters addressed in this Annual Report on Form 10-K and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Annual Report on Form 10-K.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise. Our consolidated financial statements are stated in United States dollars and are prepared in accordance with generally accepted accounting principles in the United States of America. In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars.

USE OF CERTAIN DEFINED TERMS

Except as otherwise indicated by the context, references in this report to “we,” “us,” “our,” or the “Company,” means the business of Eco-Shift Power Corp.

In addition, unless the context otherwise requires and for the purposes of this report only

“Exchange Act” refers to the Securities Exchange Act of 1934, as amended;

“SEC” refers to the United States Securities and Exchange Commission;

“Securities Act” refers to the Securities Act of 1933, as amended;

PART I

ITEM 1. BUSINESS

Company History

Eco-Shift Power Corp. (formerly Simplepons, Inc., “Simplepons”, the “Company”) is a Delaware corporation formed on February 7, 2011. Simplepons was in the business of the sale of coupon books and was developing a mobile coupon subscription that solves the problem of leaving your coupons at home. On February 5, 2013, Simplepons completed a reverse merger and subsequently the board of directors (the “Board”) ceased the existing coupon subscription business.

Eco-Shift Power Corp. (“Eco-Shift Canada”), a wholly owned subsidiary of the Company, was incorporated on May 15, 2008 under the laws of the Province of Ontario, Canada. Eco-Shift Canada is primarily engaged in developing, selling and distributing electrical lighting products.

Sun & Sun Industries, Inc., a California corporation and a wholly owned subsidiary of the Company, performs energy optimization lighting projects using a customized approach that includes design and installation of energy efficient lighting products. The Company’s customers are primarily in the United States of America and territories.

On February 5, 2013, Simplepons finalized a share exchange agreement whereby Simplepons issued 34,047,928 (1,702,396,382 pre split) exchangeable shares for 100% of the common stock of Eco-Shift Canada (the “Share Exchange”). These exchangeable shares are mandatorily convertible (within five years) into Company’s common shares. Accordingly the number and the value of these shares have been presented as part of common stock with corresponding credit to accumulated deficit. The exchangeable shares are exchangeable at the option of the holder, each into one share of common stock of the Company. In addition, Simplepons issued one share of Series B Preferred Stock (the “Series B Preferred”). As a result of the Share Exchange, Eco-Shift Canada is now a wholly-owned subsidiary of Simplepons. This transaction has been accounted for as a reverse merger. Consequently, the assets and liabilities and the historical operations reflected in the consolidated financial statements for the periods prior to February 5, 2013 are those of Eco-Shift Canada and are recorded at the historical cost basis. After February 5, 2013, the Company’s consolidated financial statements include the assets and liabilities of both Eco-Shift Canada and Simplepons and the historical operations of both after that date as one entity.

For accounting purposes, this transaction was treated as an acquisition of Simplepons and a recapitalization of Eco-Shift Power Corp. Eco-Shift Power was the accounting acquirer and the results of its operations carried over.

Accordingly, all prior year financial statements presented for comparative purposes are those of Eco-Shift Canada and not Simplepons. Accordingly, the operations of Simplepons are not carried over and adjusted to \$Nil. Immediately prior to the Merger, Simplepons had net liabilities of \$406,496 which were acquired and presented in the consolidated financial statements.

On July 19, 2013, the holder of the Series B Preferred, through a unanimous written consent in lieu of a meeting, authorized: (i) 1-for-50 reverse stock split of the Company's issued and outstanding shares of common stock; (ii) the change in the name of the Company from Simplepons, Inc. to Eco-Shift Power Corp. (the "Company").

The reverse stock split and the name change became effective on the date that the Company filed the Certificate of Amendment to the Articles of Incorporation of the Company (the "Amendment") with the Secretary of State of Delaware. The Company filed the Amendment during the fourth quarter ended December 31, 2013. The Company has also notified the Financial Industry Regulatory Authority ("FINRA") of the actions by filing the Issuer Company Related Action Notification Form during the fourth quarter ended December 31, 2013.

On October 20, 2014 (the "Closing"), the Company entered into a Share Purchase and Exchange Agreement (the "Agreement") with and among Sun & Sun Industries, Inc. (the "Sun"), and the common stockholders of Sun, Lynda Sun Frederick and Deborah Sun. Pursuant to the Agreement, the Company acquired 100% of the issued and outstanding shares of common stock of Sun from the two holders thereof, in exchange for the issuance of 9,850,000 shares of the Company's common stock and the payment of cash in the aggregate amount of \$250,000. All preferred stock and shareholder notes of Sun were cancelled at the Closing. As a result of the transactions contemplated by the Agreement, Sun became a wholly owned subsidiary of the Company. The Company also agreed to grant an aggregate of 1,200,000 shares of its common stock to certain key members of Sun promptly following the Closing.

ITEM 1. BUSINESS (continued)

Business Overview

Eco-Shift Power Corp. is an energy management consulting firm that sells and distributes specialty, energy efficient lighting products together with other electrical products to commercial and industrial markets in North America and the Caribbean. Eco-Shift is focused on addressing the need for commercial, industrial, institutional and recreational (CIIR) clients to manage their energy costs during this new era of rising energy costs and beyond. The company's mission is to help their customers achieve energy and environmental footprint reduction targets through the application of cost effective technologies. Eco-Shift offers a variety of services to identify and quantify energy savings opportunities, including, but not limited to, the following:

- Lighting system audits and retrofit recommendations;
- Lighting design services complete with photometry;
- Local power authority rebate applications and preapprovals;
- HVAC system peak load analysis;
- Power distribution load analysis and retrofit recommendations;
- ISO 50001 program development and implementation;
- Environmental impact analysis of GHG emissions; and
- Underwriting of complete project costs with financing packages.

Business And Growth Strategy

NASDAQ has created the "Clean Edge Smart Grid Infrastructure" index and global technology players such as IBM, Cisco, GE, and Honeywell are developing systems that are changing how we produce, distribute and consume electricity. Power consumed by lighting accounts for a significant portion of the system load and represents a major opportunity for energy savings for businesses across the continent. The large multinationals are focusing on the large, integrated "building management systems" that control all aspects of power consumption for all building systems and in some cases even automatically control window blinds to balance the need for light against air conditioning. These systems are designed primarily for use in high rise office and commercial towers in urban centers and are priced accordingly.

The Company focuses on the significant portion of the market without cost effective solutions for managing energy consumption, especially for lighting. Single story building with high ceilings, known as "hi-bay" typically found in industrial parks, warehouses and big box retail facilities to name a few, which historically have had limited options for conserving power through their lighting systems.

From Eco-Shift's headquarters in Ontario, Canada the Company has built a strong competitive advantage as a proven provider of energy efficient lighting solutions and wireless IP addressable energy management systems. Clients switching to new digital electronic ballast driven HID or LED lighting can generate savings in the 50%-70% range without an energy management system. When combined with Eco-Shift's energy management system that utilizes state-of-the-art IP addressable light fixtures with wireless communication, clients are seeing rates of return that often exceed 80% with payback periods ranging from 12 to 30 months. Add in the ability to participate in Demand Response programs with Eco-Shift Power's Virtual Power Point Platform and the savings are enhanced by revenues earned from government programs. While the company continues to grow its core business, it is working with its roster of over 50 clients as a foundation to introduce Virtual Power Plant Platform (enterprise-wide web-enabled energy monitoring and control) to enter and leverage the Demand Response market. Once the platform is in place, Eco-Shift will be able to connect, monitor and control other energy using technologies such as HVAC, compressors, security system, etc. creating a truly "smart building"

Eco-Shift's growth strategy and expansion is based on becoming vertically driven and specialized in favorable verticals and their footprints. Eco-Shift Power has a successfully established reputation: especially in South Western Ontario providing lighting based energy management solutions to customer footprints that include Industrial/Manufacturing, Automobile Dealerships, Recreational/Sports Facilities, Big Box Retail, Warehousing & Logistics and Hydroponic/Greenhouse Growers. Eco-Shift Power will become head office focused which will require a strategic approach to developing relationships with corporate head offices in order to claim the ultimate goal of becoming the vendor of choice for a corporate roll-out strategy for multiple customer site projects via a replicable process. The geographically focused strategy entails reaching out farther into all geographical regions of North America via what we call "Marketing Brokerage Agencies" (see section entitled "Distribution Method of Products and Services" as well as existing subsidiary (Sun & Sun Industries, Inc.) and future subsidiaries.

ITEM 1. BUSINESS (continued)

Products And Services

The following is a representation of some of the products and services the Company currently offers.

Commercial & Industrial High Bay Lighting

Formerly, Eco-Shift acquired the electronic ballast from North American and Chinese manufactures, which was a high frequency ballast tuned specifically to drive high intensity discharge (HID) lamps at their optimum efficiency. Four models were available for lamps rated from 250W to 575W and were designed for use in interior high bay applications with ceiling heights of 20ft and above. Typical applications included retail, industrial and warehousing applications where quality of light is important to operations. These ballasts compatible with industry standard wired control protocols for interfacing with existing building management systems found in high end commercial buildings. That technology has been replaced by the new LED high bay fixtures which Eco-Shift has now added to its product array together with low bay (under 20 ft ceiling height) LED fixtures.

High Power Outdoor & Recreational Lighting

Similarly, Eco-Shift has added LED outdoor and recreational lighting products which are designed primarily for outdoor use. Typical applications include recreational facilities (both interior and exterior playing surface lighting), parking lots, security lighting and larger industrial facilities. These products are also fully compatible with industry standard control protocols.

Difficult Access Locations

Street lighting, vaulted building atriums and hazardous locations are the target market for QL induction lighting. Consisting of a matched lamp and driver which ESP integrates into various fixture styles, lifetimes of up to 100,000 hours are achieved. Introduced 15 years ago, the QL brand is the “Kleenex” of the induction lighting market. Induction provides superior light levels at lower power and with the renewed emphasis on energy efficiency QL is garnering a lot of attention. The City of San Diego recently began replacing 35,000 street lights with QL systems.

Distribution Method Of Products And Services

The Company formerly utilized a direct sales force to sell its products and services by utilizing a combination of our network of personal contacts and leads generated through referrals and the Company's website. Management recognized that in order to put the Company on a more sustainable growth path, more structure and focus is required to meet the Company's desired projections. To that end, the Company is currently developing a more detailed sales and marketing plan based on a program that will focus on the acquisition of already established lighting specialty operations as subsidiaries (such as Sun & Sun Industries, Inc.) in certain key geographical areas of North America and/or by adding what we call Marketing Brokerage Agencies in certain of those areas to extend Eco-Shift's reach and saturate the growing market for the new LED high and low bay fixtures.

These initiatives account for a significant portion of the 2015 operating budget. Management believes this is a critical tool for extracting maximum value to put the Company on a sustainable growth path.

ITEM 1. BUSINESS (continued)

Status Of Planned Products And Services

The Company has introduced its NetZero Certification as Eco-Shift Power's means of qualifying lighting products that meet exacting criteria and is a new tool for industry to make better energy and cost saving decisions. ECOP has developed rigorous protocols including over 22 necessary tests that all products must go through to attain NetZero Certification. With a foundation in new-era LED lighting and wireless and web-enabled technologies, Eco-Shift Power is transitioning clients' decision making from old, fixed technology to the new information age. The premise is that the NetZero certification provides certainty, avoids confusion and means industrial and commercial clients can improve the quality of their decision making when seeking cost savings from energy efficient lighting.

Competitive Business Conditions, Competitive Position And Methods Of Competition

We currently face competition from both traditional lighting companies that provide general lighting products, such as incandescent, fluorescent and neon lighting, and from specialized lighting companies that are engaged in providing LED products. In general, we compete with both groups on the basis of design, innovation, quality of light, maintenance costs, safety issues, energy consumption, price, product quality and brightness.

We compete with traditional lighting companies, including Acuity Brands Lighting, Inc., Cooper Lighting (a division of Cooper Industries, Inc.), Hubbell Lighting, Inc. (a division of Hubbell Incorporated), Juno Lighting Group (a division of Schneider Electric SA), Osram Sylvania and Royal Philips Lighting (a division of Koninklijke Philips Electronics N.V.) in the general illumination market. Our LED products tend to be alternatives to traditional lighting sources for applications within the commercial market. In these markets, we compete on the basis of energy savings, lamp life and durability.

We also compete with providers of LED replacement lamps and other energy efficient lighting products and fixtures. These companies include traditional lighting companies such as Sylvania and Philips; specialized lighting companies such as Lighting Science Group Corporation; certain packaged LED suppliers such as Cree, which is primarily a manufacturer of LEDs; as well as multiple low cost offshore providers. In the market for LED lighting products, we compete on the basis of design, innovation, light quality, maintenance costs, safety issues, energy consumption, price, product quality and energy savings resulting from the use of the latest lighting technology, energy Star and UL certifications and brightness.

Eco-Shift has a unique sales process which, amongst other things, targets the “C” level stratum of medium to large industrial and commercial enterprises with its unique consultative approach to the light retrofit sales opportunities whereby all four lighting technologies (Fluorescent, Induction, LED and HID) are presented, carefully avoiding any apparent bias as to which technology we favour. Our unique light assessment process followed by a thorough “Life Cycle Analysis” and a very detailed presentation booklet which explains the technology we’ve recommended and incorporates the photometry and light design elements that support our planned light output level predictions. This provides the recipient with a perfect package to present to their board of directors who require such input to enable them to make an informed decision. Furthermore, we make it clear that we are a “Full Service” provider in that we don’t just recommend light retrofit programs; we can and do handle the logistics of purchasing and installing the appropriate products for those light retrofit projects.

ITEM 1. BUSINESS (continued)

We believe that we can compete favorably in our markets, based on the following factors:

unique consultative sales process that does not favour one technology over another;
the latest in finished product technology that has been thoroughly analyzed and tested;
breadth and diversity of high-quality product offerings that include lighting audits plus a Life cycle analysis that calculates key economic indicators such as “Pay Back Period” and “ROI”;
offer asset backed financing packages that pay for themselves by way of energy savings;
ability to offer custom light retrofit solutions that meet customers’ needs at a competitive price;
excellence in customer service and support; and
recruitment and retention of qualified personnel, particularly engineers.

We expect our markets to remain competitive and to reflect rapid technological evolution and continuously evolving customer and regulatory requirements. Our ability to remain competitive depends in part upon our success in developing new and enhanced advanced lighting solutions and introducing these products at competitive prices on a timely basis.

Sources Of Raw Materials

The Company does not use raw materials; rather the Company purchases finished products and components from a variety of third party manufacturers which we then replace out dated and inefficient fixtures.

Dependence On One Or Few Major Customers

The Company does not currently depend on one or a few major customers, rather the Company’s client and prospect base is extremely large in the industrial, institutional, recreational and commercial/retail markets.

Need For Governmental Approval And Certification

As an aggregated solutions provider, all products and components purchased the Company must be pre-certified by all governmental regulatory bodies located in the jurisdictions where the Company conducts business. In some, but not all cases, the aggregated solution provided by the Company must be resubmitted as a standalone product and recertified at the expense of the Company. These approved solutions/certifications, become the intellectual property of the Company. Such certifications include, but are not limited to, the Canadian Standards Association, Electrical Safety Authority and Underwriters Laboratories.

Estimate Of The Amount Spent on Research And Development

The Company is a solutions provider and as such, aggregates the technology of manufacturers of electronic products in order to provide our clients with some of the world's best selection of products that maximize light output and minimize energy consumption. As such, our research and development expenses are kept to a minimum since such costs are dedicated to evaluating the legitimacy and accuracy of high-tech manufacturers' claims concerning their products.

Research and development expenses were confined to a commitment to a research and development company in the year 2014 to provide exclusive rights to the new LED low and high bay technology in exchange for 5,000,000 ECOP common shares and a commitment to pay \$100,000 cash in 2015 and \$Nil in 2014.

Costs And Effects Of Environmental Compliance

We are not aware of any material effects that compliance with federal, state, local or foreign environmental protection laws or regulations will have on our business. We have not expended material amounts to comply with any environmental protection laws or regulations and do not anticipate having to do so in the foreseeable future.

Employees

The Company currently employs under 25 full-time employees. Rather, the company chooses to engage specialized consultants (as individuals or as companies) who are put under contract only on a “if, as and when needed” basis to avoid high fixed overhead expenses. In addition, the Company engages independent electrical contractors for the installation aspect of its sales process on a job-by-job basis and these contractors are coordinated by the Company’s full-time project manager employees to guarantee that quality service standards are met for all of the Company’s installations.

Available Information

Our website address is *www.eco-shiftpower.com*. We do not intend our website address to be an active link or to otherwise incorporate by reference the contents of the website into this Report. The public may read and copy any materials the Company files with the U.S. Securities and Exchange Commission (the “SEC”) at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0030. The SEC maintains an Internet website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below, together with all of the other information included in this report, in considering our business and prospects. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. The occurrence of any of the following risks could harm our business, financial condition or results of operations.

Risks Related To Our Business and Industry

We Have A Limited Operating History From Which You Can Evaluate Our Performance.

Since we have a limited operating history, it will be difficult for investors and securities analysts to evaluate our business and prospects and predict future revenue. Because we have a limited operating history, we will encounter risks, expenses and difficulties of which we are unaware, and may be challenging to overcome. There can be no assurance that our efforts will be successful or that we will reach profitability.

There is substantial Doubts As To Our Ability To Continue As A Going Concern.

Our financial statements have been prepared assuming we will continue as a going concern. Since the inception of the Company, we have experienced substantial and recurring losses from operations, which losses have caused an accumulated deficit of \$7,255,484 at December 31, 2014. The Company has not generated sufficient cash flow to internally fund its business and has historically funded its operating through sales of our securities, including to insiders and our affiliates. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The financial statements of the Company do not include any adjustments that might result from the outcome of this uncertainty. We anticipate that our operating expenses will continue to increase and we will continue to incur substantial losses in future periods until we are successful in significantly increasing our revenues and cash flow. An effort has been mounted to raise a significant amount of funding from an investment banker, which amount will enable ECOP to complete current product development and fulfill already established orders worldwide and expand retrofit markets through an aggressive acquisition program and the Marketing Brokerage Agency program. However, there are no assurances that we will be able to increase our revenues and cash flow to a level which supports profitable operations and provides sufficient funds to pay our obligations. If we are unable to meet those obligations, we could be forced to cease operations in which event investors would lose their entire investment in our Company.

If We Need Additional Capital to Fund Our Growing Operations, We May Not Be Able To Obtain Sufficient Capital And May Be Forced To Limit The Scope Of Our Operations.

As we implement our growth strategies, we may experience increased capital needs. We may not, however, have sufficient capital to fund our future operations without additional capital investments. If adequate additional financing is not available on reasonable terms or at all, we may not be able to carry out our corporate strategy and we would be forced to modify our business plans (e.g., limit our expansion, limit our marketing efforts and/or decrease or eliminate capital expenditures), any of which may adversely affect our financial condition, results of operations and cash flow. Such reduction could materially adversely affect our business and our ability to compete.

ITEM 1A. RISK FACTORS (continued)

Our capital needs will depend on numerous factors, including, without limitation, (i) our profitability, (ii) our ability to respond to a release of competitive products by our competitors, and (iii) the amount of our capital expenditures, including acquisitions. Moreover, the costs involved may exceed those originally contemplated. Cost savings and other economic benefits expected may not materialize as a result of any cost overruns or changes in market circumstances. Failure to obtain intended economic benefits could adversely affect our business, financial condition and operating performances.

Insiders Have Substantial Control over US, And they Could Delay Or Prevent A Change In Our Corporate Control Even If Our Other Stockholders Want It To Occur.

As of the date of this filing, our executive officers, directors and principal stockholders who beneficially own 5% or more of our outstanding common stock, own in the aggregate, more than a majority of our voting equity. These stockholders are able to exercise significant control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This could delay or prevent an outside party from acquiring or merging with our Company even if our other stockholders want it to occur.

Our Future Success Depends Upon, In Large Part, Our Continuing Ability To Attract and Retain Qualified Consultants and/or Qualified Personnel.

Expansion of our business and operation may require additional consultants, managers and employees with industry experience, in which case our success will be dependent on our ability to attract and retain experienced management personnel and other employees. There can be no assurance that we will be able to attract or retain qualified personnel. Competition may also make it more difficult and expensive to attract, hire and retain qualified managers and employees. If we fail to attract, train and retain sufficient numbers of the qualified personnel, our prospects, business, financial condition and results of operations will be materially and adversely affected.

We May Not Be Able To Prevent Others From Using Our Intellectual Property, And May Be Subject To Claims By Third Parties that We Infringe On Their Intellectual Property.

We regard the content that we plan to distribute via digital media to be important to our success. We plan to rely on non-disclosure and other contractual provisions to protect our proprietary rights. We may also try to protect our intellectual property rights by, among other things, searching the Internet to detect unauthorized use of our intellectual

property.

However, policing the unauthorized use of our intellectual property is often difficult and any steps we take may not, in every case, prevent the infringement by unauthorized third parties. Further, there can be no assurance that our efforts to enforce our rights and protect our intellectual property will be successful. We may need to resort to litigation to enforce our intellectual property rights, which may result in substantial costs and diversion of resources and management attention.

Further, although management does not believe that our products and services infringe on the intellectual rights of others, there is no assurance that we will not be the target of infringement or other claims. Such claims, even if not true, could result in significant legal and other costs and may be a distraction to our management or interrupt our business.

We Encounter Competition in Our Business, And Any Failure To Compete Effectively Could Adversely Affect Our Results Of Operations.

We anticipate that our competitors will continue to expand and seek to obtain additional market share with competitive price and performance characteristics. Aggressive expansion of our competitors or the entrance of new competitors into our markets could have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to Being a Public Company

We Will Incur Significant Costs To Ensure Compliance With United States Corporate Governance And Accounting Requirements.

We will incur significant costs associated with our public company reporting requirements and costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 and other rules implemented by the SEC. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly. We also expect that these applicable rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on the Company's board of directors (the "Board") or as executive officers. We may be wrong in our prediction or estimate of the amount of additional costs we may incur or the timing of such costs.

ITEM 1A. RISK FACTORS (continued)

If We Fail to Maintain an Effective System Of Internal Control Over Financial Reporting, Our Ability To Accurately And Timely Report Our Financial Results Or Prevent Fraud may Be Adversely Affected and Investor Confidence may Be Adversely Impacted.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, or SOX 404, the SEC ado