FORM 10-K

Sunworks, Inc. - SUNW

Filed: March 26, 2014 (period: December 31, 2013)

Annual report with a comprehensive overview of the company

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended: **December 31, 2013**

Commission file number 000-49805

SOLAR3D, INC.
(Exact name of registrant as specified in its charter)

Delaware	**01-05922991**
(State of Incorporation)	(I.R.S. Employer Identification No.)

26 West Mission Street , Suite8, Santa Barbara, California 93101
(Address of principal executive offices) (Zip Code)

(805) 690-9000
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
COMMON STOCK	OTC

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 registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 past 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 ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. Yes ☐ No ☒

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☐	Smaller reporting company	☒

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting stock held by non-affiliates of the registrant was approximately $1,234,991 as of June 30, 2013, the last business day of the registrant's most recently completed second fiscal quarter (computed by reference to the last sale price of a share of the registrant's Common Stock on that date as reported by OTC-QB Market).

There were 275,409,669 shares outstanding of the registrant's Common Stock as of March 19, 2014.

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PART I

ITEM 1. BUSINESS

General

Solar3D, Inc., a Delaware corporation (the "Company," "Solar3D," "we, "us", or "our"), is engaged in the business of providing of solar power solutions and developing of a proprietary high efficiency solar cell. The Company's wholly owned subsidiary, Solar United Networks, Inc. ("SUNworks") focuses on the design, installation, and management of solar power systems for commercial, agricultural, and residential customers. We believe SUNworks is one of the fastest growing solar systems providers in California. SUNworks has delivered hundreds of 2.5 kilowatt to 1-megawatt commercial systems and has the capability of providing systems as large as 25 megawatts. Solar3D's technology division is developing a patent-pending three-dimensional solar cell technology to maximize the conversion of sunlight into electricity (the "Solar3D Cell"). The Solar3D Cell collects sunlight from a wide angle and lets light bounce around in three-dimensional microstructures on the solar cell surface. The Company's mission is to further the widespread adoption of solar power by deploying affordable, state-of-the-art systems and developing breakthrough new solar technologies.

Corporate History

We were originally formed in January 2002 as MachineTalker, Inc. in order to pursue the development of new wireless process control technology. In August 2005, we filed a Registration Statement on Form SB-2 which was declared effective by the Securities and Exchange Commission on December 22, 2005. In September 2010, we shifted our engineering and research focus to developing a new means for generating solar-produced electrical power for use in the manufacture of highly efficient solar cells. In July 2010, we changed our company name to Solar3D, Inc. in order to better reflect our new business plan and filed for patent protection covering our new concepts for 3D solar cell designs. On January 31, 2014, we acquired 100% of the stock of Solar United Networks, Inc., a California corporation, which we believe is one of the fastest growing providers of solar systems in California and in the United States.

Background of Solar Cell Technology

Solar cell efficiency is the measure of how much incident sunlight is converted into electricity. Most solar cells today are made from silicon, an inexpensive and abundant raw material. Due to the physics of silicon, the theoretical maximum efficiency of high-grade crystalline silicon solar cells is approximately 29%. In commercial practice, the efficiency ranges from 12% to 19%. We anticipate that our 3D solar cell technology will increase the efficiency of solar cells using low cost processes, in order to decrease the overall cost per watt of solar electricity.

Traditional solar cells are two-dimensional, utilizing a single pass sunlight conversion mechanism. There are two primary ways that these devices lose light and electrons, or electron-hole pairs to be precise, which result in a conversion efficiency much less than the theoretical maximum.

- **Surface Reflection** – Due to fundamental physics, approximately 30% of incident sunlight is reflected off the surface of silicon cells.

- **Electron Reabsorption** – When a photon strikes the solar cell, an electron is "knocked loose" creating an electron-hole pair that moves through the cell material creating an electrical current. However, in conventional two-dimensional solar cell designs, these electron-hole pairs must travel a long distance before reaching a metal contact wire. As a result, they are reabsorbed by the material and do not contribute to the production of electrical current.

Our 3D Solar Cell Technology

We are designing our three-dimensional solar cell from the ground up as an integrated optoelectrical device that optimally reduces all primary energy losses in a solar cell to achieve the highest efficiency. By leveraging the scalability of conventional solar and semiconductor processes, we believe our 3D solar cell can deliver an unprecedented level of cost and conversion efficiency.

Unlike conventional solar cells where sunlight passes through one time, our 3D solar cell design is planned to use myriad 3D micro-cells that trap sunlight inside photovoltaic structures where photons bounce around until they are all converted into electricity. Our three-dimensional technology is expected to combine thin- and thick-film technologies to achieve the high efficiencies of crystalline at the lower cost per watt of thin film.

We believe the key features and benefits of our 3D solar cell design are:

- **Light Collection** – Instead of allowing sunlight to bounce off the surface, the new design uses light collecting to trench down into the three dimensional structure.

- **3D Photovoltaic Structure** – Conventional solar cells have one photon absorbing surface. Solar3D's unique design is anticipated to increase the surface area many fold in order to allow the photos to bounce off many surfaces until virtually all the photons that can be absorbed, within the limitations of the material, are absorbed.

- **Thin Absorbing Regions** – Our 3D photovoltaic structure is anticipated to be fabricated with very thin absorbing regions and designed to enhance charge carrier separation. Therefore, electron-hole pairs will travel short distances before reaching a contact wire where they will be quickly extracted to produce current. We believe this approach will lead to an overall height and silicon material reduction when compared to conventional crystalline silicon cells.

- **Below Surface Contacts** – Unlike conventional solar cells where electrical contact wires run on the top of the cell, blocking sunlight, our design is expected to use a network of contact wires that run below the light collectors. We believe this approach will allow our 3D solar cells to trap and utilize nearly 100% of the incident light.

- ·**A New Solar Cell Design** – Almost all conventional solar cells are two-dimensional designs based on wafer or thin film manufacturing processes. As a result, their performance is naturally constrained by their physical structure. By redefining the problem in 3D, we expect that the new design will be able to break down the 2D constraints and develop a more efficient solution.

Our initial commercialization objective is to create a low cost, high efficiency silicon solar cell based on our 3D technology. By keeping our focus on silicon, we believe we can leverage the tremendous silicon infrastructure and manufacturing processes of the growing solar industry, as well as the mature and highly optimized semiconductor industry. However, we anticipate that our 3D technology will be able to be used to create multi-junction cells with exotic materials such as gallium arsenide to achieve efficiencies that may be greater than 50% for use in concentrated solar and high performance applications.

SUNworks Approach

SUNworks is engaged in the business of the design, installation, and management of solar systems for commercial, agricultural, and residential customers in California. SUNworks designs, finances, and installs systems ranging in size from 2KW (kilowatt) for residential loads to multi MW (megawatt) systems for larger commercial projects.

SUNworks provides the following systems:

Roof-Mounted Systems. SUNworks roof mounted solar systems range from small 2KW systems to large megawatt systems. The solar panels are lightweight and can be installed on any roof style. Roof mounted systems come with up to a 25 year production warranty.

Ground-Mounted Systems. A ground-mounted solar system is an alternative for owners who have roof issues or open property. Ground-mounted systems are designed to make the most of the available space and sunlight while remaining easy to maintain. These systems are designed to withstand all wind up-lift zoning requirements and come with a 25 year production warranty.

Post-Mounted Systems. Pole-mounted solar systems allow for homes, farms, or businesses to generate electricity in highly-visible and efficient locations without shading or directional issues. Pole-mount systems are placed on a fixed platform and positioned to capture optimal sunlight. Unlike roof-mounted systems, a pole-mount solar system does not involve any building attachment and is a highly-beneficial low cost option to owners with minimal roof or land space.

Carport Systems. A carport or trellis solar system is a viable solution for the residential or commercial business owner that is looking to take advantage of solar power without sacrificing valuable parking, or large portions of expensive real estate. New carport or trellis structures can be custom built or existing carports can be modified to provide shaded or covered parking. Custom-designed solar carport or trellis systems require virtually no maintenance and allow the panels to be positioned for optimal energy production.

Tilted Single Axis Trackers. Tilted single axis trackers offer optimal efficiency and solar tracking capabilities by tracking the sun throughout the day. The motors in the single axis trackers move with the earth's orbit allowing 20% more power to be captured than a fixed solar array.

Duel Axis Trackers. A SUNworks dual-axis tracker can produce 30% more electricity than stationary solar arrays. This is achieved since the array follows the daily movement of the sun from east to west, as well as its change in altitude through the seasons. Although the initial cost of a dual axis tracking system can be higher than a stationary system, the dual axis tracker produces more electricity making it possible to use fewer panels to provide the same amount of electricity. Dual axis trackers can also be a viable solution for property owners that would prefer not to cover large portions of their land with ground mounted solar arrays.

Solar Performance Assessments. A Solar Energy Performance Assessment (“EPA“) is SUNworks’s version of an energy audit. This is the first step to assess how much energy a home or business consumes and to evaluate what measures can be taken to make the home or business more energy efficient, by performing a room by room examination of a structure as well as a thorough examination of past utility bills. By taking this step, customers can make additional changes to reduce energy usage and reduce the necessary size of the solar system. SUNworks’s EPA uses building science to help SUN evaluate and create a comprehensive plan that will increase energy efficiency and comfort, lower utility bills, reduce carbon footprint, improve the indoor air quality, and extend the structure's durability.

Maintenance and Performance Packages: SUN offers maintenance care packages that include system cleanings and maintenance inspections. SUNworks also offers performance packages which include complete system monitoring, performance guarantees, warranties, and cleanings.

Business and Revenue Models

We are currently working on our third generation prototype which we expect to be complete in the second quarter of 2014. Our focus in 2014 will be on the commercialization of this new technology. We anticipate that three major milestones must be met in order to bring this technology to market.

1. **The development of a manufacturing prototype.** We anticipate that we will develop a manufacturing prototype under the guidance of Dr. Changwan Son, our director of technology, in conjunction with a third party foundry, established specifically to help commercialize solar inventions such are ours. The development of this prototype is planned to include third party testing by a recognized testing organization within the solar industry.

2. **A pilot run of the manufacturing process for our new solar cell**. We anticipate that the same foundry that develops the manufacturing prototype will conduct a pilot manufacturing run of several thousand units to prove that the process can be executed economically, and that the performance of our solar cell can be maintained in a mass production environment. Steps one and two are anticipated to be completed by the fourth quarter of 2014.

3. **Identify a manufacturing partner to help take our product to market**. As opposed to other solar technology developers, Solar3D does not intend to build manufacturing facilities. Instead, we plan to rely on existing processes, equipment and facilities in other organizations to produce our final product for the marketplace. To do so, Solar3D intends to identify and contract with a solar cell or semiconductor manufacturer to mass-produce the Solar3D cell. We believe that these manufacturers will be able to use our device to increase the energy output of their existing products. We expect to earn revenue from licensing fees and by partnering or joint venturing with entities that seek to use our proprietary three-dimensional solar cell technology. We anticipate that we will identify our manufacturing partner by the fourth quarter of 2014.

Competition

The market for solar cell technology is highly competitive. There are many companies throughout the world that manufacture solar cell arrays using existing technology and several other companies pursuing new methods to produce more energy efficiency using photovoltaic structures. Additionally, researchers at universities worldwide are currently working on new means to increase photovoltaic efficiency. Many of these competitors have longer operating histories, greater name recognition, larger installed customer bases, and substantially greater financial and marketing resources than Solar3D. Our ability to compete successfully in this field will depend upon our completion of development of our proprietary technique for production of more efficient solar cells and the adoption of our technology by major manufacturers in the field. We cannot assure that we will be able to compete successfully in the solar cell technology industry, or that future competition will not have a material adverse effect on our business, operating results, and financial condition.

Government Regulation

We are subject to various federal, state and local laws affecting wireless communication and security businesses. The Federal Trade Commission and equivalent state agencies regulate advertising and representations made by businesses in the sale of their products, which apply to us. Our business is also subject to government laws and regulations governing health, safety, working conditions, employee relations, wrongful termination, wages, taxes and other matters applicable to businesses in general. Failure of Solar3D to comply with applicable government rules or regulations could have a material adverse effect on our financial condition and business operations.

Employees

As of December 31, 2013, we had two full time employees, our chief executive officer and our director of technology. We also relied upon the services of consultants to assist us with designing photovoltaic receptors to produce electricity from that incident light energy.

Seasonality

Solar3D operations are not expected to be affected by seasonal fluctuations, although our cash flow may be affected by fluctuations in the timing of investment capital to support our research and product development. SUNworks has some seasonality with winter being relatively slow and summer and fall being busy.

ITEM 2. PROPERTIES

Solar3D currently leases approximately 850 square feet of office space at 26 West Mission Avenue, Santa Barbara, California 93101 at a base rental rate of $1,700 per month pursuant to a one (1) year lease. SUNworks leases approximately 6,000 square feet of office space at 1358 Blue Oaks Boulevard, Suite 300, Roseville, California 95678, at a rental rate of $6,000 per month including triple net charges.

ITEM 3. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Our common stock trades on the OTC-QB Market under the symbol "SLTD." The range of high and low bid quotations for each fiscal quarter within the last two fiscal years was as follows:

Year Ended December 31, 2013	High	Low
First Quarter ended March 31, 2013	$ 0.04	$ 0.02
Second Quarter ended June 30, 2013	$ 0.03	$ 0.01
Third Quarter ended September 30, 2013	$ 0.03	$ 0.01
Fourth Quarter ended December 31, 2013	$ 0.05	$ 0.01

Year Ended December 31, 2012	High	Low
First Quarter ended March 31, 2012	$ 0.16	$ 0.04
Second Quarter ended June 30, 2012	$ 0.07	$ 0.04
Third Quarter ended September 30, 2012	$ 0.05	$ 0.02
Fourth Quarter ended December 31, 2012	$ 0.05	$ 0.03

The above quotations reflect inter-dealer prices, without retail markup, mark-down, or commission and may not necessarily represent actual transactions.

As of March 19, 2014, there were approximately 122 record holders of our common stock, not including shares held in "street name" in brokerage accounts, which is unknown. As of March 19, 2014, there were approximately 275,409,669 shares of our common stock outstanding on record.

Dividends

We have not declared or paid any cash dividends on our common stock and do not anticipate paying dividends for the foreseeable future.

Equity Compensation Plan Information

During the fiscal year ended December 31, 2013, we granted 20,000,000 restricted shares of our common stock to James B. Nelson, our chief executive officer, president, and interim chief financial officer. These shares vest according to the following schedule of performance goals:

Restricted Shares	Company Performance Goals
4,000,000	The Company's Market Capitalization exceeds $10,000,000. Market Capitalization shall mean the total number of shares of issued and outstanding common stock, multiplied by the closing trade price of the Company's stock on the date of determination.
6,000,000	The Company's consolidated gross revenue, calculated in accordance with generally accepted accounting principles, consistently applied, equals or exceeds $10,000,000 for the trailing twelve-month period.
10,000,000	The Company's consolidated net profit, calculated in accordance with generally accepted accounting principles, consistently applied, equals or exceeds $2,000,000 for the trailing twelve-month period.

After a particular performance goal has been met, the restricted shares associated with that particular performance goal become eligible for vesting (the "Eligible Restricted Shares"). The Eligible Restricted Shares vest on a monthly basis, based on the following formula:

$$\text{Monthly Number of Vested Shares} = \frac{5\% \times \text{Prior Monthly Trade Value}}{\text{Fair Market Value of the Company's Shares}}$$

For the purposes of this Agreement, the Monthly Trade Value of the Company's Shares shall mean the aggregate sum of the Daily Trade Value in a calendar month. The Daily Trade Value is defined as the closing trade price of the Company's Shares multiplied by the daily trade volume. For example, if the closing trade price was $1.00 and the daily trade volume on that day was 500,000 shares, then the Daily Trade Value for that day would be $500,000. If the Company's common stock is no longer publicly traded, then the Board of Directors in good faith shall determine the Monthly Number of Vested Shares. If the Prior Monthly Trade Value is less than $50,000, then zero Eligible Restricted Shares shall vest for that month. The monthly vested Shares, if any, shall be issued to the Grantee within five (5) business days after the last day of each month. As of March 15, 2014, 4,000,000 of these shares have vested and have been issued.

Effective September 23, 2013, we granted nonqualified stock options to purchase up to 2,000,000 shares of our common stock to Mark J. Richardson, a former director of Solar3D, at an exercise price of $0.018 per share exercisable on a cash or cashless basis until September 23, 2020 in consideration for his services to us. These stock options vest according to the following schedule: 55,556 on the date of grant and 55,556 on the first day of each month thereafter commencing on October 1, 2013 and ending on August 1, 2016, and 55,540 on September 1, 2016; provided Mr. Richardson is an employee or consultant of Solar3D on the scheduled vesting date. As of March 10, 2014, 277,780 stock options were exercised on a cashless basis for which Mr. Richardson received 227,979 shares of our common stock.

During the fiscal year ended December 31, 2012, we granted nonqualified stock options to purchase up to 5,000,000 shares of our common stock to James B. Nelson, our chief executive officer, president and interim chief financial officer, at an exercise price of $0.01 per share exercisable on a cash or cashless basis until November 1, 2019 in consideration for his services to us. These stock options vest according to the following schedule: 1,388,889 on the date of grant, 138,889 on the first day of each month thereafter commencing on December 1, 2012 until December 1, 2014, and then 138,886 on January 1, 2015; provided Mr. Nelson is an employee or consultant of Solar3D on the scheduled vesting date. None of these options has been exercised.

Effective July 22, 2010, we granted nonqualified stock options to purchase up to 15,000,000 shares of our common stock to James B. Nelson, our chief executive officer, president, and interim chief financial officer, at an exercise price of $0.05 per share exercisable until July 22, 2017 in consideration for his services to us. These stock options vest 1/36th per month, commencing on August 21, 2010, on a monthly basis for as long as Mr. Nelson is an employee or consultant of Solar3D. None of these options has been exercised.

Warrants

For the fiscal year ended December 31, 2013, we issued no new warrants to purchase unregistered common stock.

Recent Sales of Unregistered Securities

The following are issuance of securities by us during the fiscal year ending December 31, 2013 in transactions exempt from registration that were not previously included in a Quarterly Report on Form 10-Q or in a Report on Form 8-K:

During the three months ended December 31, 2013, the Company issued 6,512,288 shares of common stock through a cashless exercise for 9,093,336 common stock purchase warrants. Also, the Company issued 14,077,042 shares of common stock upon conversion of convertible notes in the principal amount of $115,375, plus accrued interest of $9,112. Additionally, the Company issued 2,597,479 shares of common stock due to an adjustment in price for shares issued for cash during a previous quarter.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements

This Form 10-K contains financial projections and other "forward-looking statements," as that term is used in federal securities laws, about Solar3D Inc.'s financial condition, results of operations and business. These statements include, among others, statements concerning the potential for revenues and expenses and other matters that are not historical facts. These statements may be made expressly in this Form 10-K. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," or similar expressions used in this Form 10-K. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause our actual results to be materially different from any future results expressed or implied by us in those statements. The most important facts that could prevent us from achieving our stated goals include, but are not limited to, the following:

(a) inability to complete research and development of the new Solar3D technology with little or no current revenue;

(b) volatility or decline of our stock price;

(c) potential fluctuation in quarterly results;

(d) our failure to earn revenues or profits;

(e) inadequate capital to continue business;

(f) barriers to raising the additional capital or to obtaining the financing needed to implement our business plans;

(g) lack of demand for our products and services;

(h) rapid and significant changes in markets;

(i) litigation with or legal claims and allegations by outside parties;

(j) insufficient revenues to cover operating costs;

(k) inability to start or acquire new businesses, or lack of success of new businesses started or acquired by us, if any;

(l) dilution experienced by our shareholders in their ownership of Solar3D because of the issuance of additional securities by us, or the exercise of outstanding convertible securities;

(m) inability to effectively develop or commercialize our new Solar3D technology;

(n) inability to obtain patent or other protection for our proprietary intellectual property;

(o) loss of key personnel;

(p) effect of significant competition; and,

(q) elimination of key drivers of SUNworks' business, including but not limited to loss of media exposure, elimination of subsidies, or a reduction in utility prices.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution you not to place undue reliance on the statements, which speak only as of the date of this Form 10-K. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events.

The following discussion should be read in conjunction with our condensed financial statements and notes to those statements. In addition to historical information, the following discussion and other parts of this quarterly report contain forward-looking information that involves risks and uncertainties.

Overview

On August 5, 2010, the holders of a majority of our outstanding voting stock voted by written consent to (1) effect a one-for-five reverse stock split, and (2) change our name to Solar 3D, Inc. From that date until January 31, 2014, our business focus has centered on the development and commercialization of our new proprietary technology, which seeks to significantly increase the efficiency and energy production of solar photovoltaic cells that are currently offered in the market and that may be developed in the future. In furtherance of our business, we applied for patents covering a novel three-dimensional solar cell technology that is designed to maximize the conversion of sunlight into electricity. We believe our new technology will dramatically increase the efficiency of solar cells. Unlike conventional solar cells where sunlight passes through one time, our 3D solar cell design is planned to use myriad 3D micro-cells that trap sunlight inside photovoltaic structures where photons bounce around until they are all converted into electricity. Our three-dimensional technology is expected to combine thin-film and thick-film technologies to achieve the high efficiencies of crystalline at the lower cost of thin film. Our development division has two full time employees, our chief executive officer and our director of technology, and a part time office manager. We also retain the services of several research consultants who are responsible for product development

As of January 31, 2014, Solar3D, Inc. acquired 100% of the outstanding capital stock of Solar United Networks, Inc., ("SUNworks"). SUNworks is engaged in the business of the design, installation, and management of solar systems for commercial, agricultural, and residential customers in California. SUNworks designs, finances, and installs systems ranging in size from 2KW (kilowatt) for residential loads to multi MW (megawatt) systems for larger commercial projects. SUNworks currently employs approximately 40 personnel involved in the operations and administration of the business. It also utilizes outside subcontractors to assist with providing solar systems to its customers.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to impairment of property, plant and equipment, intangible assets, deferred tax assets and fair value computation using the Black Scholes option pricing model. We base our estimates on historical experience and on various other assumptions, such as the trading value of our common stock and estimated future undiscounted cash flows, that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates, including those for the above-described items, are reasonable.

Use of Estimates

In accordance with accounting principles generally accepted in the United States, management utilizes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates and assumptions relate to recording net revenue, collectability of accounts receivable, useful lives and impairment of tangible and intangible assets, accruals, income taxes, inventory realization, stock-based compensation expense and other factors. Management believes it has exercised reasonable judgment in deriving these estimates. Consequently, a change in conditions could affect these estimates.

Fair Value of Financial Instruments

Our cash, cash equivalents, investments, accounts receivable and accounts payable are stated at cost which approximates fair value due to the short-term nature of these instruments.

Revenue Recognition

We will continue to recognize revenue in accordance with the Securities and Exchange Commission Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements" ("SAB 104"). We will continue to recognize revenue upon delivery, provided that evidence of an arrangement exists, title, and risk of loss have passed to the customer, fees are fixed or determinable, and collection of the related receivable is reasonably assured. We will continue to record revenue net of estimated product returns, which is based upon our return policy, sales agreements, management estimates of potential future product returns related to current period revenue, current economic trends, changes in customer composition and historical experience. We will continue to accrue for warranty costs, sales returns, and other allowances based on our prior experience in servicing customers and products. We may extend credit to our customers based upon credit evaluations and do not require collateral. We do not and will not ship a product until we have either a purchase agreement or rental agreement signed by the customer with a payment arrangement. This is a critical policy, because we want our accounting to show only sales which are "final" with a payment arrangement. We do not intend to make consignment sales or inventory sales subject to a "buy back" or return arrangement from customers.

Provision For Sales Returns, Allowances and Bad Debts

We will continue to maintain a provision for sales allowances, returns and bad debts. Sales returns and allowances result from equipment damaged in delivery or customer dissatisfaction, as provided by agreement. The provision will continue to be provided for by reducing gross revenue by a portion of the amount invoiced during the relevant period. The amount of the reduction will continue to be estimated based on historical experience.

Results of Operations for the Years Ended December 31, 2013 and 2012

REVENUE AND COST OF SALES

For the years ended December 31, 2013 and 2012, the Company had no revenue or cost of sales.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative ("G&A") expenses decreased by $349,149 to $970,769 for the year ended December 31, 2012 compared to $1,319,918 for the year ended December 31, 2012. G&A expenses decreased due to a decrease in marketing services, salaries, and non cash stock compensation.

RESEARCH AND DEVELOPMENT

Research and development ("R&D") costs decreased by $49,177 to $108,565 for the year ended December 31, 2013 compared to $157,742 for the year ended December 31, 2012. This decrease in R&D costs was the result of a decrease in outside consulting fees due to a change in focus of our technology.

NET LOSS

Net loss increased by $1,771,148 to $3,814,926 for the year ended December 31, 2013, compared to $2,042,778 for the year ended December 31, 2012. The increase in net loss was primarily due to an increase in non cash amortization of debt discount, loss on change in derivative liability and the loss on settlement of debt associated with debt financing, with an overall decrease in operating cost. Currently, operating costs exceed revenue because sales are not yet significant. We cannot assure when or if revenue will commence or exceed operating costs.

Liquidity and Capital Resources

We had $10,422 in cash at December 31, 2013, as compared to $33,637 in cash at December 31, 2012.

During the year ended December 31, 2013, we used $690,894 of cash for operating activities, as compared to $663,364 for the prior year ended December 31, 2012. The increase of $27,530 in cash used in operating activities was a result of an increase in net loss due to non-cash stock compensation costs, amortization of debt discount, and loss on change in derivative, with an overall net change in prepaid expenses, deposits, accounts payable, and accrued expenses.

Cash used in investing activities for the current year ended December 31, 2013, was $27,321, as compared to no cash used of for the prior year ended December 31, 2012 to purchase equipment and expenditures for patents.

Cash provided by financing activities during the year ended December 31, 2013 was $695,000 as compared to $697,001 for the prior year ended December 31, 2012. Our capital needs have primarily been met from the proceeds of equity financing and shareholder loans.

We will have additional capital requirements during 2014 in order to complete research and development of working prototypes of our three-dimensional (“3-D”) solar cells. We also expect that most of the capital required to support this research and development will be supplied by cash flow from operations. However, it is possible that we will require additional capital in order to fabricate and market arrays of these 3-D solar cells. Although we cannot quantify these anticipated costs with specificity, we anticipate that we will secure a manufacturing partner to assist us with capitalization and execution of the development of a manufacturing prototype, a pilot manufacturing run, and finally, to help us commercialize the product. We cannot assure that marketing and research and development costs in 2014 will not exceed or vary from those costs expected by management. If we have additional costs beyond what we expect to be covered by our cash flow from operations and from a manufacturing partner, we intend to meet those unanticipated cash requirements through the sale of shares of our common stock. We cannot assure that we will be able to raise additional capital or obtain additional financing for our business.

We cannot assure that we will have sufficient capital to finance our growth and business operations or that such capital will be available on terms that are favorable to us or at all.

Going Concern Qualification

While we are currently operating close to cash flow breakeven and anticipate being profitable in 2014, we have incurred significant losses from operations in our past years. Our auditors have included a “Going Concern Qualification” in their report for the year ended December 31, 2013. In addition, we have limited working capital. The foregoing raises substantial doubt about our ability to continue as a going concern. Management’s plans may include seeking additional capital. We cannot guarantee that additional capital will be available when and to the extent required, or that if available, it will be on terms acceptable to us. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The “Going Concern Qualification” may make it substantially more difficult to raise capital.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA OF SOLAR3D, INC.

SOLAR3D, INC.

(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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Report of Independent Registered Public Accounting Firm

Balance Sheets as of December 31, 2013 and 2012

Statements of Operations for the years ended December 31, 2013 and 2012

Statements of Changes in Stockholders' Deficit for the years ended December 31, 2013 and 2012

Statements of Cash Flows for the years ended December 31, 2013 and 2012

Notes to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Solar3D, Inc.
Santa Barbara, California

We have audited the accompanying balance sheets of Solar3D, Inc. as of December 31, 2013 and 2012, and the related statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Solar3D, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company does not generate significant revenue, it has negative cash flows from operations, and its total liabilities exceed its total assets. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ HJ Associates & Consultants, LLP
HJ Associates & Consultants, LLP
Salt Lake City, Utah
March 26, 2014

SOLAR3D, INC.
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	December 31, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash	$ 10,422	$ 33,637
Prepaid expense	4,862	3,708
TOTAL CURRENT ASSETS	15,284	37,345
PROPERTY & EQUIPMENT, at cost		
Machinery & equipment	13,080	13,080
Computer equipment	61,955	57,795
Furniture & fixture	4,670	4,670
	79,705	75,545
Less accumulated depreciation	(72,971)	(71,124)
NET PROPERTY AND EQUIPMENT	6,734	4,421
OTHER ASSETS		
Security deposit	2,000	
Patents	23,161	-
TOTAL OTHER ASSETS	25,161	-
TOTAL ASSETS	$ 47,179	$ 41,766
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 73,791	$ 67,580
Accrued expenses	43,060	43,060
Accrued interest payable	39,890	2,790
Derivative liability	2,822,430	696,564
Convertible promissory note payable, net of discount $204,020 and $236,017, respectively	515,397	123,400
TOTAL CURRENT LIABILITIES	3,494,568	933,394
SHAREHOLDERS' DEFICIT		
Preferred stock, $.001 par value; 5,000,000 authorized shares;	-	-
Common stock, $.001 par value;1,000,000,000 authorized shares; 213,290,259 and 141,155,412 shares issued and outstanding, respectively	213,289	141,155
Additional paid in capital	12,286,429	11,099,398
Accumulated Deficit	(15,947,107)	(12,132,181)
TOTAL SHAREHOLDERS' DEFICIT	(3,447,389)	(891,628)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 47,179	$ 41,766

The accompanying notes are an integral part of these consolidated financial statements.

SOLAR3D, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Years Ended December 31, 2013	Years Ended December 31, 2012
REVENUE	$ -	$ -
COST OF SERVICES	-	-
GROSS PROFIT	-	-
OPERATING EXPENSES		
General and administrative expenses	970,769	1,319,918
Research and development	108,565	157,742
Impairment loss	-	-
Depreciation and amortization expense	1,847	1,610
TOTAL OPERATING EXPENSES	1,081,181	1,479,270
LOSS FROM OPERATIONS	(1,081,181)	(1,479,270)
OTHER INCOME/(EXPENSES)		
Penalties	-	(112)
Gain/(loss) on change in derivative liability	(2,068,886)	(423,914)
Gain/(Loss) on settlement of debt	60,908	(30,750)
Interest expense	(725,767)	(108,732)
TOTAL OTHER INCOME/(EXPENSES)	(2,733,745)	(563,508)
NET LOSS	$ (3,814,926)	$ (2,042,778)
BASIC AND DILUTED LOSS PER SHARE	$ (0.02)	$ (0.02)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING BASIC AND DILUTED	168,603,843	128,117,443

The accompanying notes are an integral part of these consolidated financial statements.

SOLAR3D, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Preferred stock		Common stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance at December 31, 2011	-	$ -	118,283,724	$ 118,283	$ 9,974,861	$ (10,089,403)	$ 3,741
Issuance of common stock for cash and subscription payable (price per share between $0.015 and $0.05)	-	-	15,876,906	15,877	334,623	-	350,500
Issuance of common stock at fair value for accounts payable & services	-	-	3,479,630	3,480	169,455	-	172,935
Issuance of common stock through a cashless exercise of warrants	-	-	3,515,152	3,515	(3,515)	-	-
Debt discount on promissory notes	-	-	-	-	59,388	-	59,388
Stock compensation cost	-	-	-	-	564,586	-	564,586
Net loss for the year ended December 31, 2012	-	-	-	-	-	(2,042,778)	(2,042,778)
Balance at December 31, 2012	-	$ -	141,155,412	141,155	11,099,398	(12,132,181)	(891,628)
Issuance of common stock at prices ranging from $0.01 - $0.02 per share for cash	-	-	5,722,479	5,723	36,777	-	42,500
Issuance of common stock for conversion of promissory notes, plus accrued interest	-	-	42,382,705	42,382	788,875	-	831,257
Issuance of common stock for cashless exercise of warrants	-	-	24,029,663	24,029	(24,029)	-	-
Stock compensation cost	-	-	-	-	385,408	-	385,408
Net loss for the year ended December 31, 2013	-	-	-	-	-	(3,814,926)	(3,814,926)
Balance at December 31, 2013	-	$ -	213,290,259	$ 213,289	$ 12,286,429	$ (15,947,107)	$ (3,447,389)

The accompanying notes are an integral part of these consolidated financial statements.

SOLAR3D, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Years Ended December 31, 2013	December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,814,926)	$ (2,042,778)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,847	1,610
Stock Compensation Cost	385,408	564,586
(Gain)/loss on change in derivative liability	2,068,886	423,914
Amortization of debt discount and OID recognized as interest	672,155	96,021
(Gain)/loss on settlement of debt	(60,908)	30,750
Changes in Assets and Liabilities		
(Increase) Decrease in:		
Prepaid expenses	(1,154)	21,292
Deposits and other assets	(2,000)	2,975
Increase (Decrease) in:		
Accounts payable	6,211	192,416
Accrued expenses	53,587	45,850
NET CASH USED IN OPERATING ACTIVITIES	(690,894)	(663,364)
NET CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of property and equipment	(4,160)	-
Expenditures for intangible assets	(23,161)	-
NET CASH USED IN INVESTING ACTIVITIES	(27,321)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of bank overdraft	-	(12,916)
Proceeds from convertible promissory note	652,500	359,417
Proceeds from issuance of common stock and subscription payable	42,500	350,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	695,000	697,001
NET INCREASE IN CASH	(23,215)	33,637
CASH, BEGINNING OF PERIOD	33,637	-
CASH, END OF PERIOD	$ 10,422	$ 33,637
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ -	$ 4
Income taxes	$ -	$ -

SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS
During the year ended December 31, 2013, the Company issued 24,029,663 shares of common stock for 36,978,106 purchase warrants through a cashless exercise.

Also, the Company issued 42,382,705 shares upon conversion of convertible notes in the amount of $307,083 in principal, plus $16,488 in interest with a gain on
settlement of $60,908. During the year ended December 31, 2012, the Company issued 3,515,152 shares of common stock for 5,333,332 purchase warrants through a cashless exercise.

The accompanying notes are an integral part of these consolidated financial statements.

SOLAR3D, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2013 and 2012

1. ORGANIZATION AND LINE OF BUSINESS

Organization
Solar3D, Inc. (the "Company") was incorporated in the state of Delaware on January 30, 2002. The Company, based in Santa Barbara, California, began operations on January 30, 2002. We were originally formed in January 2002 as MachineTalker, Inc. in order to pursue the development of new wireless process control technology. In September 2010, we shifted our engineering and research focus to developing a new means for generating solar-produced electrical power, which we plan to patent and perfect for use in the manufacture of highly efficient solar cells. In July 2010, we changed our company name to Solar3D, Inc. in order to better reflect our new business plan.

Line of Business
The Company has exited the development stage due to the acquisition of Solar United Network, Inc. The Company is developing and marketing a new three-dimensional version of solar cell technology in order to maximize the conversion of sunlight into electricity. Conventional solar cells reflect a significant amount of incident sunlight losing much of the solar energy that could have been utilized to produce additional electrical power. Inspired by light management techniques used in fiber optic devices, Solar3D is designing a new type of solar cell, one that utilizes a three-dimensional design to trap sunlight inside the photovoltaic structure where it is reflected multiple times until much more of the energy is absorbed into the solar cell material. We have applied for patent protection on what we believe to be a breakthrough design for the next generation in solar cell technology with increased efficiency and resulting in a lower cost per watt of electricity produced.

Going Concern
The accompanying financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. The Company does not generate significant revenue, and has negative cash flows from operations, which raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, an additional cash infusion. Management believes the existing shareholders and potential prospective new investors will provide the additional cash needed to meet the Company's obligations as they become due, and will allow the development of its core of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Solar3D, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Development Stage Activities and Operations
The Company acquired Solar United Networks, Inc. an operating subsidiary. Planned operations have started. The Company will have significant revenues, thereby eliminating the development stage as of December 31, 2013.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements. Significant estimates made in preparing these financial statements include the estimate of useful lives of property and equipment, the deferred tax valuation allowance, and the fair value of stock options. Actual results could differ from those estimates.

Cash and Cash Equivalent
The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

SOLAR3D, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, and are depreciated using the straight line method over its estimated useful lives:

Machinery & equipment	5 Years
Furniture & fixtures	5-7 Years
Computer equipment	5 Years

Depreciation expense as of December 31, 2013 and 2012 was $1,874 and $1,610 respectively.

Revenue Recognition

We recognize revenue upon delivery, provided that evidence of an arrangement exists, title, and risk of loss have passed to the customer, fees are fixed or determinable, and collection of the related receivable is reasonably assured. We record revenue net of estimated product returns, which is based upon our return policy, sales agreements, management estimates of potential future product returns related to current period revenue, current economic trends, changes in customer composition and historical experience. Generally, we extend credit to our customers and do not require collateral. We perform ongoing credit evaluations of our customers and historic credit losses have been within our expectations. We do not ship a product until we have a purchase agreement signed by the customer with a payment arrangement. This is a critical policy, because we want our accounting to show only sales which are “final” with a payment arrangement. We do not make consignment sales, nor inventory sales subject to a “buy back” or return arrangement from customers. Accordingly, original equipment manufacturers do not presently have a right to return unsold products to us.

Fair Value of Financial Instruments

Disclosures about fair value of financial instruments, requires disclosure of the fair value information, whether or not recognized in the balance sheet, where it is practicable to estimate that value. As of December 31, 2013, the amounts reported for cash, accrued interest and other expenses, and notes payable approximate the fair value because of their short maturities.

We adopted ASC Topic 820 (originally issued as SFAS 157, “Fair Value Measurements”) for financial instruments measured as fair value on a recurring basis. ASC Topic 820 defines fair value, established a framework for measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 established a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

SOLAR3D, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

We measure certain financial instruments at fair value on a recurring basis. Assets and liabilities measured at fair value on a recurring basis are as follows at December 31, 2013:

	Total	(Level 1)	(Level 2)	(Level 3)
Assets	$ -	$ -	$ -	$ -
Total assets measured at fair value	$ -	$ -	$ -	$ -
Liabilities				
Derivative liability	2,822,430	-	-	2,822,430
Convertible promissory note	515,397	-	-	515,397
Total liabilities measured at fair value	$ 3,337,827	$ -	$ -	$ 3,337,827

Advertising
The Company expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2013 and 2012 were $265 and $37,766, respectively.

Research and Development Costs
Research and development costs are expensed as incurred. These costs consist primarily of consulting fees, salaries and direct payroll related costs. The costs for the years ended December 31, 2013 and 2012 were $108,565 and $157,742, respectively.

Stock-Based Compensation
Share based payments apply to transactions in which an entity exchanges its equity instruments for goods or services, and also applies to liabilities an entity may incur for goods or services that are to follow a fair value of those equity instruments. We will be required to follow a fair value approach using an option-pricing model, such as the Black-Scholes option valuation model, at the date of a stock option grant. The deferred compensation calculated under the fair value method would then be amortized over the respective vesting period of the stock option. The adoption of share based compensation has no material impact on our results of operations.

Loss per Share Calculations
Loss per Share dictates the calculation of basic earnings per share and diluted earnings per share are computed by dividing income available to common shareholders by the weighted-average number of common shares available. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. No shares for employee options or warrants were used in the calculation of the loss per share as they were all anti-dilutive. The Company's diluted loss per share is the same as the basic loss per share for the years ended December 31, 2013 and 2012, as the inclusion of any potential shares would have had an anti-dilutive effect due to the Company generating a loss. The Company has excluded 3,000,000 and 37,798,106 warrants for the years ended December 31, 2013 and 2012, respectively.

	For the years ended December 31, ,	
	2013	2012
(Loss) to common shareholders (Numerator)	$ (3,814,926)	$ (2,042,778)
Basic and diluted weighted average number of common shares outstanding (Denominator)	168,603,843	128,117,443
Basic and diluted loss per common shares	$ (0.02)	$ (0.02)

SOLAR3D, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. The measurement of deferred tax assets and liabilities is based on provisions of applicable tax law. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance based on the amount of tax benefits that, based on available evidence, is not expected to be realized.

Recently Issued Accounting Pronouncements

Management reviewed accounting pronouncements issued during the year ended December 31, 2013, and no pronouncements were adopted during the year.

3. INCOME TAXES

The Company files income tax returns in the U.S. federal jurisdiction and the state of California. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011.

Deferred income taxes have been provided by temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. To the extent allowed by GAAP, we provide valuation allowances against the deferred tax assets for amounts when the realization is uncertain. Included in the balances at December 31, 2013 and 2012, are no tax positions for which the ultimate deductibility is highly certain, but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The Company's policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the periods ended December 31, 2013 and 2012, the Company did not recognize interest and penalties.

4. DEFERRED TAX BENEFIT

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income from continuing operations for the year ended December 31, 2013 and 2012 due to the following:

	2013	2012
Book Income	$ (1,526,000)	$ (817,100)
Other	600	400
Depreciation	(200)	600
Stock Compensation Expense	154,200	225,800
Loss on Derivative	827,600	169,600
Amortization of Debt Discount	268,900	38,400
Stock for Services	-	69,200
Gain/Loss on Settlement of Debt	(24,400)	12,300
Related Party Accrual	-	17,200
R&D Credit	4,000	5,400
Valuation Allowance	295,300	278,200
Income tax expense	$ -	$ -

SOLAR3D, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2013 and 2012

4. DEFERRED TAX BENEFIT (Continued)

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible differences and operating loss and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the difference between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax liabilities consist of the following components as of December 31, 2013 and 2012:

	2013	2012
Deferred tax assets:		
NOL carryover	$ 2,732,500	$ 2,437,400
R&D	163,600	153,700
Contributions	-	400
Related party accruals	17,200	17,200
Deferred tax liabilities:		
Depreciation	(1,500)	(1,300)
Less valuation allowance	(2,911,800)	(2,607,400)
Net deferred tax asset	$ -	$ -

At December 31, 2013, the Company had net operating loss carry-forwards of approximately $6,831,200 that may be offset against future taxable income from the year 2014 through 2034. No tax benefit has been reported in the December 2013 financial statements, since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry-forwards for federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry-forwards may be limited as to use in future years.

5. CAPITAL STOCK

On March 29, 2013, the Company increased its number of authorized shares of common stock from 500,000,000, par value $0.001 per share to 1,000,000,000, par value $0.001 per share, and authorized 5,000,000 shares of preferred stock, par value $0.001 per share.

During the year ended December 31, 2013, the Company issued 3,125,000 shares of common stock at prices per share ranging from $0.01 to $0.02 for cash in the amount of $42,500; issued 42,382,795 shares of common stock at fair values of prices between $0.004 and $0.039 for the conversion of promissory notes in the principal amount of $307,083, plus accrued interest of $16,488, with a gain on conversion of $60,908. Also, an investor exercised 34,978,106 common stock purchase warrants for 24,029,663 shares of common stock through a cashless exercise at fair value. Also, the Company issued 2,597,479 for a price adjustment for the shares issued for cash.

SOLAR3D, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2013 and 2012

5. CAPITAL STOCK (Continued)

During the year ended December 31, 2012, the Company issued 5,533,334 shares of common stock, with 10,666,666 shares of common stock purchase warrants at a price of $0.015 per share for cash of $83,000; issued 2,825,000 shares of common stock at a price of $0.020 per share for cash of $56,500; issued 3,180,000 shares of common stock, with 6,360,000 shares of common stock purchase warrants at a price of $0.025 per share for cash of $79,500; issued 2,150,000 shares of common stock at a price of $0.025 per share for cash of $53,750; issued 3,479,630 shares of common stock for services at a fair value of $172,935, recognizing a loss of $30,750 on settlement of debt; issued 300,000 shares of common stock at a price of $0.03 per share for cash of $9,000; issued 428,572 shares of common stock with 857,144 shares of common stock purchase warrants at a price of $0.035 per share for cash of $15,000; issued 25,000 shares of common stock at a price of $0.05 per share for cash of $1,250; issued 800,000 shares of common stock with 1,600,000 shares of common stock purchase warrants at a price of $0.05 per share for cash of $40,000; issued 135,000 shares of common stock at a price of $0.05 for a subscription payable of $6,750; issued 500,000 shares of common stock at a price of $0.025 for a subscription payable of $12,500; issued 750,000 shares of common stock for accounts payable at fair value of $30,000.

6. STOCK OPTIONS AND WARRANTS

As of December 31, 2013, the Board of Directors of the Company granted non-qualified stock options for 23,000,000 shares of common stock to its employees, directors and consultants, as agreements may provide. Notwithstanding any other provisions of the option agreements, each option expires on the date specified in the option agreements, which date shall not be later than the fifth (5th) anniversary from the grant date of the options. The stock options vest at various times, and are exercisable for a period of seven years from the date of grant at exercise prices ranging from $0.01 to $0.05 per share, the market value of the Company's common stock on the date of grant. The Company determined the fair market value of these options by using the Black Scholes option valuation model with the following significant assumptions:

	2013
Risk free interest rate	1.01% - 2.38%
Stock volatility factor	93.6% - 229%
Weighted average expected option life	7 years
Expected dividend yield	None

A summary of the Company's stock option activity and related information follows:

	12/31/2013		12/31/2012	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding, beginning of period	23,000,000	$ 0.04	15,000,000	$ 0.05
Granted	2,000,000	0.02	8,000,000	0.01
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	25,000,000	$ 0.04	23,000,000	$ 0.04
Exercisable at the end of period	19,750,003	$ 0.04	13,944,445	$ 0.04
Weighted average fair value of options granted during the period		$ 0.02		$ 0.03

The stock-based compensation expense recognized in the statement of operations during the years ended December 31, 2013 and 2012, is $385,408 and $564,586 respectively.

SOLAR3D, INC.
(A Development Stage Company)
Notes to Financial Statements
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6. STOCK OPTIONS AND WARRANTS (Continued)

Warrants

A summary of the Company's warrant activity and related information follows:

	12/31/2013		12/31/2012	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding, beginning of period	37,978,106	$ 0.04	14,353,340	$ 0.06
Granted	-	-	29,078,098	0.023
Exercised	(34,978,106)	-	(5,333,332)	0.015
Expired	-	-	(120,000)	0.12
Outstanding, end of period	3,000,000	$ 0.04	37,978,106	$ 0.04
Exercisable at the end of period	3,000,000	$ 0.075	37,978,106	$ 0.04
Weighted average fair value of options granted during the period		$ 0.00		$ 0.00

At December 31, 2013, the weighted average remaining contractual life of warrants outstanding:

Exercisable Prices	Warrants Outstanding	Warrants Exercisable	Weighted Average Remaining Contractual Life (years)
$ 0.075	1,000,000	1,000,000	2.47
$ 0.015	2,000,000	2,000,000	3.72
	3,000,000	3,000,000	

The majority of the warrants that were issued through equity financing, had a cashless exercise option to purchase 37,978,106 shares of common stock, and as of December 31, 2013 the warrants were exercised for 24,029,663 shares of common stock.

7. CONVERTIBLE PROMISSORY NOTES

As of December 31, 2013, the Company had the following securities purchase agreements:

On September 19, 2012 and November 23, 2012, the Company entered into two securities purchase agreements each providing for the sale of an 8% unsecured Convertible Notes ("the Notes") in the principal amounts of $42,500, and $32,500 for an aggregate total of $75,000. The notes matured on June 21, 2013, and August 15, 2013, respectively. After one hundred and eighty days (180) the holder converted both notes for an aggregate principal sum of $75,000, plus accrued interest of $3,000 on various dates during the year ended December 31, 2013, into 9,875,627 shares of common stock. The notes were measured at fair value using the Black-Scholes pricing model, and the Company recognized a gain on conversion of $2,490. The Company recorded debt discount of $62,446 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the remaining debt discount was amortized, and recorded as interest expense in the amount of $43,835, resulting in a net remaining debt discount of $0 at December 31, 2013.

SOLAR3D, INC.
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7. CONVERTIBLE PROMISSORY NOTES (Continued)

On October 24, 2012, the Company entered into a securities purchase agreement, providing for the sale of a 10% convertible note in the aggregate principal amount of $335,000, with an original issue discount of $35,000. Advances will be paid in amounts at the lender's discretion. Upon execution of the securities purchase agreement, the Company received an advance of $50,000, with an original issued discount of $5,833. The note matures one (1) year from the effective date of each advance. If the advances are repaid within 90 days, the interest rate will be zero percent (0%), otherwise a one time interest rate of five percent (5%) will be applied to the principal sums outstanding. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price of the lesser of $0.035 per share or seventy percent (70%) of the lowest trading price of the previous 25 trading days prior to conversion. During the year ended December 31, 2013, the Company received additional advances of $125,000, with original issue discounts of $14,584, receiving an aggregate total of $175,000. During the year ended December 31, 2013, the investor received 17,189,559 shares of common stock upon conversion of principal in the amount of $125,000, plus accrued interest and original issued discount of $21,563 and recognized a gain of $44,657. As of December 31, 2013, the aggregate principal sum outstanding was $50,000, plus the original issued discount and accrued interest of $8,625 for a total of $58,625. The Company recorded debt discount of $138,845 related to the conversion feature of the note, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $110,304, resulting in a remaining net debt discount of $28,541 at December 31, 2013.

On November 13, 2012, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of up to $100,000. Upon execution of the note, the Company received an initial advance of $20,000. The advance amounts are at the lender's discretion. The Company received additional advances for a sum of $80,000 on various dates for an aggregate total of $100,000. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of $0.01 per share or fifty percent (50%) of the lowest trading price in the previous 25 trading days. The note matures one (1) year from the effective date of each advance with respect to each advance. During the year ended December 31, 2013, the investor received 5,115,849 shares of common stock upon conversion of principal in the amount of $35,000, plus accrued interest of $3,625 and recognized a gain of $368.The Company recorded debt discount of $100,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $98,767, resulting in a remaining net debt discount of $1,233 at December 31, 2013.

On November 29, 2012, the Company entered into a securities purchase agreement providing for the sale of a 10% unsecured convertible note in the principal aggregate amount of up to $80,000, at which time an initial advance of $12,500 was received by the Company. The holder converted the principal amount of the note of $12,500, plus accrued interest of $625 on May 31, 2013, into 3,088,235 shares of common stock. The note was measured at fair value using the Black-Scholes pricing model, and the Company recognized a gain on conversion of $293. The Company recorded debt discount of $12,500 related to the conversion feature of the note, along with derivative liabilities at inception. As of December 31, 2013, the remaining debt discount was amortized, and recorded as interest expense in the amount of $12,500, resulting in a remaining net debt discount of $0 at December 31, 2013.

On November 29, 2012, the Company entered into a securities purchase agreements providing for the sale of a 10% unsecured convertible note in the principal aggregate amount of up to $80,000, at which time an initial advance of $12,500 was received by the Company. The holder converted the principal amount of the note of $12,500, plus accrued interest of $959 on September 5, 2013, into 3,166,801 shares of common stock. The fair value of the note has been determined by using the Black-Scholes pricing model, and recognized a gain on conversion of $1,645. The Company recorded debt discount of $12,500 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized and recorded as interest expense in the amount of $12,500, resulting in a remaining net debt discount of $0 at December 31, 2013.

SOLAR3D, INC.
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

7. CONVERTIBLE PROMISSORY NOTES (Continued)

On December 26, 2012, the Company exchanged certain demand promissory notes in the aggregate amount of $114,500 plus accrued interest of $4,084 for a convertible promissory note in the aggregate principal amount of $118,584, convertible into shares of common stock of the Company at a price equal to the lesser of (a) $0.0326 per share or (b) 50% of the lowest trade price of common stock recorded on any trade day after the effective date. The note matured on July 25, 2013, and was converted on February 13, 2014. The Company recorded the remaining debt discount from the previous promissory notes of $59,196 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $59,196, resulting in a remaining net debt discount of $0 at December 31, 2013

On February 19, 2013, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of up to $100,000. Upon execution of the note, the Company received an initial advance of $15,000. The advance amounts are at the lenders discretion. The Company received additional advances for the sum of $85,000 for a total aggregate principal amount of $100,000 outstanding as of December 31, 2013. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of $0.032 per share or fifty percent (50%) of the lowest trading price of the previous 25 trading days. The note matures six (6) months from the effective date of each advance with respect to each advance. On March 6, 2014, the note was converted in full. The Company recorded debt discount of $100,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $100,000, resulting in a remaining net debt discount of $0 at December 31, 2013.

On March 1, 2013, the Company entered into a securities purchase agreement providing for the sale of a 5% convertible promissory note in the aggregate principal amount of $8,000, for consideration of $8,000. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of $0.02 per share or the lowest closing price after the effective date. The note matures two (2) years from the effective date of the advance. The Company recorded debt discount of $7,626 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $3,186, resulting in a remaining net debt discount of $4,440 at December 31, 2013.

On May 1, 2013, the Company entered into a securities purchase agreement providing for the sale of an 8% convertible promissory note in the aggregate principal amount of $32,500, for consideration of $32,500. The note was converted during the month of November 2013 and 3,946,634 shares of the Company's common stock were issued upon conversion of $32,500 in principal, plus $1,300 in accrued interest. The fair value of the note has been determined by using the Black-Scholes pricing model, and the Company recognized a gain on conversion of $11,455.The Company recorded debt discount of $32,500 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $32,500, resulting in a remaining net debt discount of $0 at December 31, 2013.

On May 30, 2013, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of $100,000. Upon execution of the note, the Company received an initial advance of $4,000. The advance amounts received are at the lender's discretion. The Company received additional advances for the sum of $73,000 for a total aggregate principal amount of $77,000 as of December 31, 2013. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of $0.13 per share or fifty percent (50%) of the lowest trading price after the effective date. The note matures six (6) months from the effective date of each advance with respect to each advance. The Company recorded debt discount of $77,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $64,528, resulting in a remaining net debt discount of $12,472 at December 31, 2013.

SOLAR3D, INC.
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7. CONVERTIBLE PROMISSORY NOTES (Continued)

On August 1, 2013, the Company entered into a securities purchase agreement providing for the sale of an 8% convertible promissory note in the aggregate principal amount of $42,500, for consideration of $42,500. The note is convertible into shares of common stock of the Company at a price equal to 58% times the average of the lowest three trading prices for the common stock during the ten days prior to the conversion. The note matures on April 29, 2014. The Company recorded debt discount of $42,500 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $23,837, resulting in a remaining net debt discount of $18,663 at December 31, 2013.

On August 28, 2013, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of up to $100,000. Upon execution of the note, the Company received an initial advance of $20,000. The advance amounts received are at the lender's discretion. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of a) $0.013 per share, b) fifty percent (50%) of the lowest trading price after the effective date, or c) the lowest conversion price offered by the Company with respect to any financing occurring before or after the date of the note. The note matures six (6) months from the effective date of each advance with respect to each advance. The Company recorded debt discount of $20,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $13,889, resulting in a remaining net debt discount of $6,111 at December 31, 2013.

On August 30, 2013, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of up to $100,000. Upon execution of the note, the Company received an initial advance of $20,000. The advance amounts received are at the lender's discretion. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of a) $0.013 per share, b) fifty percent (50%) of the lowest trading price after the effective date, or c) the lowest conversion price offered by the Company with respect to any financing occurring before or after the date of the note. The note matures six (6) months from the effective date of each advance with respect to each advance. The Company recorded debt discount of $20,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $13,667, resulting in a remaining net debt discount of $6,333 at December 31, 2013.

On September 9, 2013, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of up to $100,000. Upon execution of the note, the Company received an initial advance of $20,000. The advance amounts received are at the lender's discretion. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of a) $0.013 per share, b) fifty percent (50%) of the lowest trading price after the effective date, or c) the lowest conversion price offered by the Company with respect to any financing occurring before or after the date of the note. The note matures six (6) months from the effective date of each advance with respect to each advance. The Company recorded debt discount of $20,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $12,556, resulting in a remaining net debt discount of $7,444 at December 31, 2013.

SOLAR3D, INC.
BALANCE SHEETS
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7. CONVERTIBLE PROMISSORY NOTES (Continued)

On September 19, 2013, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of up to $100,000. Upon execution of the note, the Company received an initial advance of $20,000. The advance amounts received are at the lender's discretion. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of a) $0.013 per share, b) fifty percent (50%) of the lowest trading price after the effective date, or c) the lowest conversion price offered by the Company with respect to any financing occurring before or after the date of the note. The note matures six (6) months from the effective date of each advance with respect to each advance. The Company recorded debt discount of $20,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $11,444, resulting in a remaining net debt discount of $8,556 at December 31, 2013.

On September 24, 2013, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of up to $100,000. Upon execution of the note, the Company received an initial advance of $67,000. The advance amounts received are at the lender's discretion. On November 21, 2013, the Company received an additional advance in the amount of $14,000 for an aggregate total of $81,000. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of a) $0.013 per share, b) fifty percent (50%) of the lowest trading price after the effective date, or c) the lowest conversion price offered by the Company with respect to any financing occurring before or after the date of the note. The note matures six (6) months from the effective date of each advance with respect to each advance. The Company recorded debt discount of $81,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $42,856, resulting in a remaining net debt discount of $38,144 at December 31, 2013.

On October 8, 2013, the Company entered into a securities purchase agreement providing for the sale of an 8% convertible promissory note in the aggregate principal amount of $32,500, for consideration of $32,500. The note is convertible into shares of common stock of the Company at a price equal to 58% times the average of the lowest three trading prices for the common stock during the ten day period ending on the latest complete trading day prior to the conversion. The note matures on July 10, 2014. The Company recorded debt discount of $32,500 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $9,251, resulting in a remaining net debt discount of $23,249 at December 31, 2013.

On November 19, 2013, the Company entered into a securities purchase agreement providing for the sale of a 10% convertible promissory note in the principal amount of up to $100,000. Upon execution of the note, the Company received an initial advance of $44,000. The advance amounts received are at the lender's discretion. On December 19, 2013, the Company received an additional advance in the amount of $15,000 for an aggregate total of $59,000. The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price equal to the lesser of $0.013 per share, or fifty percent (50%) of the lowest trading price after the effective date. The note matures six (6) months from the effective date of each advance with respect to each advance. The Company recorded debt discount of $59,000 related to the conversion feature of the notes, along with derivative liabilities at inception. As of December 31, 2013, the debt discount was amortized, and recorded as interest expense in the amount of $10,778, resulting in a remaining net debt discount of $48,222 at December 31, 2013.

SOLAR3D, INC.
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7. CONVERTIBLE PROMISSORY NOTES (Continued)

ASC Topic 815 provides guidance applicable to convertible debt issued by the Company in instances where the number into which the debt can be converted is not fixed. For example, when a convertible debt converts at a discount to market based on the stock price on the date of conversion, ASC Topic 815 requires that the embedded conversion option of the convertible debt be bifurcated from the host contract and recorded at their fair value. In accounting for derivatives under accounting standards, the Company recorded a liability of $561,049 representing the estimated present value of the conversion feature considering the historic volatility of the Company's stock, and a discount of $272,650 representing the imputed interest associated with the embedded derivative. The discount is amortized over the life of the convertible debt, which resulted in the recognition of $96,021 in interest expense for the year ended December 31, 2012, and the derivative liability is adjusted periodically according to stock price fluctuations. At the time of conversion, any remaining derivative liability will be charged to additional paid-in capital.

For purpose of determining the fair market value of the derivative liability, the Company used Black Scholes option valuation model. The significant assumptions used in the Black Scholes valuation of the derivative are as follows:

Stock price on the valuation dates	$ 0.010	-	$0.029
Conversion price for the debt	$ 0.004	-	$0.039
Years to Maturity	6 months	-	2 years
Risk free rate	.02%	-	34%
Expected volatility	30.45%	-	272.98%

The value of the derivative liability at December 31, 2013 was $2,822,430.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events according to the requirements of ASC TOPIC 855, and has reported the following events;

On January 7, 2014, the Company issued 3,542,795 shares of common stock upon conversion of a convertible note in the amount of $32,000 in principal, plus accrued interest of $3,428 for a total conversion of $35,428.

On January 13, 2014, the Company received an additional $25,000 in consideration on a 10% convertible note.

On January 21, 2014, the Company issued 1,604,406 shares of common stock upon conversion of a convertible note in the amount of $25,000 in principal, plus accrued interest and original issue discount of $4,313 for a total conversion of $29,413.

On January 23, 2014, the Company issued 3,687,863 shares of common stock upon conversion of a convertible note in the amount of $33,000 in principal, plus accrued interest of $3,879 for a total conversion of $36,879.

On January 29, 2014, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") providing for the sale by the Company of an unsecured Convertible Note ("the Note") in the principal amount of $100,000, of which the Company received $90,000 in consideration upon execution of the note. The Note matures nine (9) months from the effective date and may be extended by the lender for twelve (12) months from the effective date. The note may be converted into shares of the Company's common stock at a conversion price of $0.05 per share or fifty percent (50%) of the lowest trading price of common stock recorded on any trade day after the effective date. The note bears interest at the rate of 10% per year.

On January 31, 2014, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") providing for the sale by the Company of an unsecured Convertible Note ("the Note") in the principal amount of $750,000, of which the Company received $750,000 in consideration upon execution of the note. The Note matures in nine (9) months from the effective date, and may be extended by the lender for twelve (12) months from the effective date. The note may be converted into shares of the Company's common stock at a conversion price of $0.05 per share or fifty percent (50%) of the lowest trading price of common stock recorded on any trade day after the effective date. The note bears interest at the rate of 10% per year.

SOLAR3D, INC.
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8. SUBSEQUENT EVENTS (Continued)

On January 31, 2014, the Company entered into two (3) Securities Purchase Agreements (the "Purchase Agreement") providing for the sale by the Company of restricted Convertible Notes (“the Note”) in the principal amount of $1,750,00. The Notes mature nine (9) months from the effective date. The notes may be converted into shares of the Company’s common stock at a conversion price of $0.02 per share until March 30, 2015, and thereafter the conversion price shall be the greater of a) the initial conversion price or b) fifty percent (50%) of the average closing price of common stock for ten (10) consecutive trading days following the submission of a notice to convert in writing. The note bears interest at the rate of 4% per year. On February 23, 2014, a note was converted for 26,250,000 shares of common stock.

On February 3, 2014, the Company issued 301,205 shares of common stock upon partial conversion of a convertible note for principal in the amount of $15,000.

Between February 3, 2014 and March 6, 2014, the Company issued an aggregate total of 4,000,000 shares of common stock upon conversion of vested restricted stock options.

On February 5, 2014, the Company issued 335,570 shares of common stock upon conversion of a convertible note for principal in the amount of $20,000.

On February 11, 2014, the Company issued 185,111 shares of common stock upon conversion of a convertible note for principal in the amount of $7,500, plus interest of $1,700.

On February 11, 2014, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") providing for the sale by the Company of an unsecured Convertible Note (“the Note”) in the principal amount of $100,000, of which the Company received $20,000 in consideration upon execution of the note. On February 26, 2014 and March 13, 2014, the Company received additional advances of $20,000 and $30,000, respectively, for an aggregate sum of $60,000. The Note matures nine (9) months from the effective date. The note may be converted into shares of the Company’s common stock at a conversion price of $0.05 per share or fifty percent (50%) of the lowest trading price of common stock recorded on any trade day after the effective date. The note bears interest at the rate of 10% per year.

On February 13, 2014, the Company issued 227,979 shares of common stock through a cashless exercise for stock options given to a board of director for services.

On February 21, 2014, the Company issued 8,518,345 shares of common stock upon conversion of a convertible note in the amount of $118,584 in principal, plus accrued interest of $13,450 for an aggregate total converted of $132,034.

On February 26, 2014, the Company issued 1,615,384 shares of common stock upon conversion of a convertible note in the amount of $20,000 in principal, plus accrued interest of $1,000 for an aggregate total converted of $21,000.

On March 6, 2014, the Company issued 5,924,454 shares of common stock upon conversion of a convertible note in the amount of $84,000 in principal, plus accrued interest of $7,829 for an aggregate total converted of $91,829.

On March 13, 2014, the Company issued 2,968,937 shares of common stock upon conversion of a convertible note in the amount of $20,000 in principal, plus accrued interest of $1,079 for an aggregate total converted of $21,079.

On March 10, 2014, the Company issued 2,957,361 shares of common stock upon conversion of a convertible note in the amount of $20,000 in principal, plus accrued interest of $1,000.

SOLAR3D, INC.
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8. SUBSEQUENT EVENTS (Continued)

Business Combination

During the month of January 2014, Solar3D, Inc. (SLTD) acquired 100% of the total issued and outstanding stock of Solar United Network, Inc. (SUN) in a transaction accounted for under ASC 805, for cash in the amount of $1,044,500, and convertible promissory notes for $1,750,000. SUN provides solar photovoltaic installation and consulting services to residential, commercial and agricultural properties. The acquisition is designed to enhance our services for solar technology.

SUN is now wholly-owned subsidiary of SLTD.

Under the purchase method of accounting, the transactions were valued for accounting purposes at $2,794,500, which was the fair value of the Company. The assets and liabilities of SUN were recorded at their respective fair values as of the date of acquisition. The following table summarizes these values.

		Purchase Price Allocation
		Year Ended 12/31/2013
Assets acquired		
Current Assets		
Cash	$	386,237
Contract Receivables		1,058,312
Costs and Estimated Earnings in Excess of Billings		73,312
Advances to Employees		500
Total Current Assets		1,518,361
Tangible Assets subject to depreciation		
Machinery and Equipment, net of depreciation		7,617
Other Assets		
Security Deposit		5,000
Loan to Shareholder		47,426
Goodwill		2,318,283
Total Other Assets		2,370,709
Total assets acquired		**3,896,687**
Liabilites assumed		
Current liabilites		
Accounts Payable	$	533,739
Billings in Excess of Costs and Estimated Earnings		478,740
Payroll Liabilities		60,447
Other Liabilities		25,261
Stockholders' Payable		4,000
Total liabilities acquired		**1,102,187**
Net assets acquired	**$**	**2,794,500**

SOLAR3D, INC.
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8. SUBSEQUENT EVENTS (Continued)

The following is a condensed pro forma statement of operations for the year ended December 31, 2013 showing the combined results of operations of the Company including SUN as though the Company had acquired the common stock on January 1, 2013.

PRO FORMA CONSOLIDATED BALANCE SHEET

	Year Ended December 31, 2013		Pro Forma Adjustments (Unaudited)	Pro Forma (Unaudited)
	SLTD	SUN		
Total Assets	$ 47,179	$ 1,578,404	$ 2,318,283	$ 3,943,866
Total Liabilities	$ 3,494,568	$ 1,102,187	$ -	$ 4,596,755
Total Stockholders' Equity	$ (3,447,389)	$ 476,217	$ 2,318,283	$ (652,889)

PRO FORMA CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31, 2013		Pro Forma Adjustments (Unaudited)	Pro Forma (Unaudited)
	SLTD	SUN		
Sales	$ -	$ 8,552,975	$ -	$ 8,552,975
Net Income/(Loss) from continued operations	$ (3,814,926)	$ 685,968	$ -	$ (3,128,958)
Net loss per share	$ 0.02	$ 0.00	$ 0.00	$ 0.02

	Year Ended December 31, 2012		Pro Forma Adjustments (Unaudited)	Pro Forma (Unaudited)
	SLTD	SUN		
Sales	$ -	$ 4,112,042	$ -	$ 4,112,042
Net Income/(Loss) from continued operations	$ (2,042,778)	$ 205,492	$ -	$ (1,837,286)
Net loss per share	$ 0.02	$ 0.00	$ 0.00	$ 0.01

All transactions from January 31, 2014 through December 31, 2014 will be consolidated during the year ended December 31, 2014.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our consolidated financial statements included in this annual report have been prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weaknesses:

As of December 31, 2013, we did not maintain effective controls over the control environment. Specifically, the board of directors does not have an independent member and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-B. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

Because of this material weakness, management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2013, based on the criteria established in "Internal Control-Integrated Framework" issued by the COSO.

No Attestation Report by Independent Registered Accountant

The effectiveness of our internal control over financial reporting as of December 31, 2013 has not been audited by our independent registered public accounting firm by virtue of our exemption from such requirement as a smaller reporting company.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting through the date of this report or during the quarter ended December 31, 2013, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Corrective Action

Management plans to seek a candidate who would qualify as a financial expert to join our Board of Directors as an independent director to become the member of our audit committee. Improvements in our disclosure controls and procedures and in our internal control over financial reporting depends on our ability to add additional financial personnel and independent directors to provide more internal checks and balances, and to provide qualified independence for our audit committee. We believe we will be able to commence achieving these goals once our sales and cash flow grow and our financial condition improves.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The following table lists our executive officers and directors as of December 31, 2013:

Name	Age	Position
James B. Nelson(1)	61	Chief Executive Officer, President, interim Chief Financial Officer, and Director
Mark J. Richardson(2)	60	Director
Abe Emard(3)	36	Chief Executive Officer of SUNworks and Director of Solar3D
Emil Beitpolous	35	President of SUNworks
Mikhail Podnebesnyy	35	Vice President of SUNworks

(1) Member of audit committee. Mr. Nelson is not an independent director and he may not qualify as a financial expert for the purposes of satisfying the requirements of the Securities and Exchange Commission that audit committees be comprised of independent directors, at least one of whom is a financial expert. Management believes that our small size and limited resources has so far hindered us from attracting a fourth director who can serve on the audit committee as an independent financial expert. Nevertheless, we will continue to seek such a candidate.

(2) Mr. Richardson resigned as a director of Solar3D effective February 19, 2014.

(3) Mr. Emard was appointed as a director of Solar 3D, effective February 11, 2014.

James B. Nelson has been a director and chief executive officer of Solar3D since October 2010 and the president, and interim chief financial officer of Solar3D since August 2012. Mr. Nelson is also a director of SUNworks, a position he has held since February 1, 2014. Mr. James Nelson began his executive career 30 years ago at Bain and Company, a business strategy consulting firm, where he managed a team of consultants on four continents solving CEO-level programs for global companies. Prior to joining Solar3D, he spent 20 years working in the private equity industry as both a capital partner and operating CEO to portfolio companies. Mr. Nelson was a general partner at Peterson Partners (2007-2009) and at Millennial Capital Partners (1991-2010--previously known as Invest West Capital). In addition to his responsibilities in acquisition and divestiture, Mr. Nelson worked as an executive of a number of portfolio companies. He served as chief executive officer of Euro-Tek Store Fixture, LLC, chairman of the board of American Retail Interiors, chairman of the board and chief executive officer of Panelview Inc. and chairman of the board of Critical Power Exchange, as well as sitting on numerous boards both in and out of the private equity funds' portfolios. Prior to his years in private equity, Mr. Nelson served as Vice President of Marketing at Banana Republic/The Gap, where he managed company-wide marketing, as well as the initial international expansion of Banana Republic. He was also general manager for Banana Republic's highly profitable catalog division. He also served as Vice President of Marketing and Corporate Development at Saga Corporation, a multi-billion dollar food service company. Mr. Nelson received his MBA from Brigham Young University, where he graduated summa cum laude and was named the Outstanding Master of Business Administration Graduate.

Mr. Nelson's qualifications:

- Leadership experience – Chief executive officer since October 2010 and president since August 2012, and previously general partner at Peterson Partners (2007-2009) and at Millennial Capital Partners (1991-2010--previously known as Invest West Capital). He has also served as the chief executive officer of Euro-Tek Store Fixture, LLC and Panelview Inc.
- Industry experience - Mr. Nelson has worked in the solar industry since October 2010.
- ·Education experience - Mr. Nelson received his MBA from Brigham Young University, where he graduated summa cum laude and was named the Outstanding Master of Business Administration Graduate.

Mark J. Richardson has been a director of Solar3D since October 2008. Mr. Richardson has been a securities lawyer since he graduated from the University of Michigan Law School in 1978. He practiced as an associate and partner in large law firms until 1993, when he established his own practice under the name Richardson & Associates. He has been the principal securities counsel on a variety of equity and debt placements for corporations, partnerships, and real estate companies. His practice includes public and private offerings, venture capital placements, debt restructuring, compliance with federal and state securities laws, representation of publicly traded companies, Nadsaq filings, corporate law, partnerships, joint ventures, mergers, asset acquisitions, and stock purchase agreements. As a partner in a major international law firm in the 1980's, Mr. Richardson participated in the leveraged buyout and recapitalization of a well known producer of animated programming for children, financed by Prudential Insurance and Bear Stearns, Inc. He was also instrumental in restructuring the public debentures of a real estate company without resorting to a bankruptcy proceeding. From 1986 to 1993 Mr. Richardson was a contributing author to State Limited Partnerships Laws – California Practice Guide, Prentice Hall Law and Business. Prior to receiving his juris doctor degree cum laude from the University of Michigan Law School in 1978, Mr. Richardson received a bachelor of science degree summa cum laude in Resource Economics from the University of Michigan School of Natural Resources in 1975, where he earned the Bankstrom Prize for academic excellence and achieved Phi Beta Kappa honors. Mr. Richardson is an active member of the Los Angeles County and California State Bar Associations, including the Section on Corporations, Business and Finance and the Section on Real Estate. Richardson & Associates is outside corporate legal counsel for Solar3D and certain of our affiliates.

Mr. Richardson's qualifications:

- Leadership experience – Established his own law practice under the name Richardson & Associates in 1993.
- Industry experience - Mr. Richardson's practice includes public and private offerings, venture capital placements, debt restructuring, compliance with federal and state securities laws, representation of publicly traded companies, Nasdaq filings, corporate law, partnerships, joint ventures, mergers, asset acquisitions, and stock purchase agreements.
- Education experience - Mr. Richardson received his juris doctor degree cum laude from the University of Michigan Law School in 1978 and a bachelor of science degree summa cum laude in Resource Economics from the University of Michigan School of Natural Resources in 1975, where he earned the Bankstrom Prize for academic excellence and achieved Phi Beta Kappa honors.

Abe Emard has been a director of Solar3D since February 2014 and the chief executive officer of SUNworks since he co-founded the company in February 2011. From 2000 until co-founding SUN, Mr. Emard worked for Emard Electric, Inc. as its project manager, vice president and business development officer. Mr. Emard holds a construction management degree from the University of California at Davis extension program and a Journeyman State Certified License. He is a certified installer for Canadian Solar, Sharp, AE Solaron, and PV Powered.

Mr. Emard's qualifications:

- Leadership experience – Co-founded SUNworks in February 2011.
- Industry experience – Mr. Emard was the project manager, vice president and business development officer of Emard Electric, Inc. for over ten years.
- Education experience – Mr. Emard holds a construction management degree from the University of California at Davis extension program and a Journeyman State Certified License.

Emil Beitpolous has been the president of SUNworks since February 2011. From October 2009 until joining SUNworks, Mr. Beitpolous worked for Emard Electric, Inc. as its general superintendent where he was responsible for all solar field crews of up to 25 employees, project management of all commercial projects, recruitment of all field employees of the company's solar division, project budgeting and forecasting, and strategy for all field operations. From 2007 to September 2009, he was the solar superintendent of Rayco Electric, Inc. where he was responsible for all aspects of photovoltaic installation and performing quality inspections on system drawing and installed systems. He received his WECA IEC Journeyman Training Certification in 2009 and a California State License Board General B License in 2004.

Mr. Beitpolous' qualifications:

- Leadership experience – President of SUNworks since February 2011.
- Industry experience – Mr. Beitpolous was the general superintendent of Emard Electric, Inc. and the solar superintendent of Rayco Electric, Inc.
- Education experience – Mr. Beitpolous received his WECA IEC Journeyman Training Certification in 2009 and a California State License Board General B License in 2004.

Mikhail Podnebesnyy, has been the vice president of SUNworks since February 2011. From 2001 until joining SUNworks, Mr. Podnesbesnyy worked for Emard Electric, Inc. in various capacities, including photovoltaic design from 2009 to 2011, pre-fabrication manager from 2007 to 2009, job foreman from 2002 to 2007, and journeyman electrician from 2001 to 2002. He is a certified journeyman electrician and has received WECA certified photovoltaic training, and various module manufacturer, inverter, and racking training.

Mr. Podnebesnvy's qualifications:

- Leadership experience – Vice president of SUNworks since February 2011.
- Industry experience - Mr. Podnesbesnyy worked for Emard Electric, Inc. in various capacities for ten years.
- Education experience – Mr. Podnebesnvy is a certified journeyman electrician and has received WECA certified photovoltaic training, and various module manufacturer, inverter, and racking training.

No officer or director is required to make any specific amount or percentage of his business time available to us. Each of our officers intends to devote such amount of his or her time to our affairs as is required or deemed appropriate by us.

Limitation of Liability and Indemnification of Officers and Directors

Under Delaware General Corporation Law and our articles of incorporation, our directors will have no personal liability to us or our stockholders for monetary damages incurred as the result of the breach or alleged breach by a director of his "duty of care." This provision does not apply to the directors' (i) acts or omissions that involve intentional misconduct or a knowing and culpable violation of law, (ii) acts or omissions that a director believes to be contrary to the best interests of the corporation or our shareholders or that involve the absence of good faith on the part of the director, (iii) approval of any transaction from which a director derives an improper personal benefit, (iv) acts or omissions that show a reckless disregard for the director's duty to the corporation or our shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of serious injury to the corporation or our shareholders, (v) acts or omissions that constituted an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation or our shareholders, or (vi) approval of an unlawful dividend, distribution, stock repurchase or redemption. This provision would generally absolve directors of personal liability for negligence in the performance of duties, including gross negligence.

The effect of this provision in our articles of incorporation is to eliminate the rights of Solar3D and our stockholders (through stockholder's derivative suits on behalf of Solar3D) to recover monetary damages against a director for breach of his fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior) except in the situations described in clauses (i) through (vi) above. This provision does not limit nor eliminate the rights of Solar3D or any stockholder to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's duty of care. In addition, our Articles of Incorporation provide that if Delaware law is amended to authorize the future elimination or limitation of the liability of a director, then the liability of the directors will be eliminated or limited to the fullest extent permitted by the law, as amended. Delaware General Corporation Law grants corporations the right to indemnify their directors, officers, employees and agents in accordance with applicable law. Our bylaws provide for indemnification of such persons to the full extent allowable under applicable law. These provisions will not alter the liability of the directors under federal securities laws.

We intend to enter into agreements to indemnify our directors and officers, in addition to the indemnification provided for in our bylaws. These agreements, among other things, indemnify our directors and officers for certain expenses (including attorneys' fees), judgments, fines, and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Solar3D, arising out of such person's services as a director or officer of Solar3D, any subsidiary of Solar3D or any other company or enterprise to which the person provides services at the request of Solar3D. We believe that these provisions and agreements are necessary to attract and retain qualified directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling Solar3D pursuant to the foregoing provisions, Solar3D has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Board Committees

Our board of directors has appointed an audit committee. As of March 10, 2014, the sole member of the audit committee is James B. Nelson, who may not be considered to be independent as defined in Rule 4200 of Nasdaq's listing standards. The board of directors has adopted a written charter of the audit committee. The audit committee is authorized by the board of directors to review, with our independent accountants, our annual financial statements prior to publication, and to review the work of, and approve non-audit services performed by, such independent accountants. The audit committee will make annual recommendations to the board for the appointment of independent public accountants for the ensuing year. The audit committee will also review the effectiveness of the financial and accounting functions and our organization, operations and management. The audit committee was formed on February 8, 2005. The audit committee held one meeting during fiscal year ended December 31, 2013.

Our board of directors does not have a compensation committee so all decisions with respect to management compensation are made by the whole board. Our board of directors does not have a nominating committee. Therefore, the selection of persons or election to the board of directors was neither independently made nor negotiated at arm's length.

Report of the Audit Committee

Our audit committee has reviewed and discussed our audited financial statements for the fiscal year ended December 31, 2013 with senior management. The audit committee has also discussed with HJ Associates & Consultants, LLP, Certified Public Accountants, our independent auditors, the matters required to be discussed by the statement on Auditing Standards No. 61 (Communication with Audit Committees) and received the written disclosures and the letter from HJ required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees). The audit committee has discussed with HJ the independence of HJ as our auditors. Finally, in considering whether the independent auditors provision of non-audit services to us is compatible with the auditors' independence for HJ, our audit committee has recommended to the board of directors that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for filing with the United States Securities and Exchange Commission. Our audit committee did not submit a formal report regarding its findings.

AUDIT COMMITTEE

James B. Nelson

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the United States Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate this report in future filings with the Securities and Exchange Commission, in whole or in part, the foregoing report shall not be deemed to be incorporated by reference into any such filing.

Code of Conduct

We have adopted a code of conduct that applies to all of our directors, officers and employees. The text of the code of conduct has been posted on Solar3D's internet website and can be viewed at www.Solar3D.com. Any waiver of the provisions of the code of conduct for executive officers and directors may be made only by the audit committee and, in the case of a waiver for members of the audit committee, by the board of directors. Any such waivers will be promptly disclosed to our shareholders.

Compliance with Section 16(A) of Exchange Act

Section 16(a) of the Exchange Act requires our officers and directors, and certain persons who own more than 10% of a registered class of our equity securities (collectively, "Reporting Persons"), to file reports of ownership and changes in ownership ("Section 16 Reports") with the Securities and Exchange Commission. Reporting Persons are required by the SEC to furnish us with copies of all Section 16 Reports they file.

Based solely on our review of the copies of such Section 16 Reports received by us, or written representations received from certain Reporting Persons, all Section 16(a) filing requirements applicable to our Reporting Persons during and with respect to the fiscal year ended December 31, 2013 have been complied with on a timely basis.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of compensation for our executive officers identified in the Summary Compensation Table ("Named Executive Officers"), and executive officers that we may hire in the future. As more fully described below, our board of directors makes all decisions for the total direct compensation of our executive officers, including the Named Executive Officers. We do not have a compensation committee, so all decisions with respect to management compensation are made by the whole board.

Compensation Program Objectives and Rewards

Our compensation philosophy is based on the premise of attracting, retaining, and motivating exceptional leaders, setting high goals, working toward the common objectives of meeting the expectations of customers and stockholders, and rewarding outstanding performance. Following this philosophy, in determining executive compensation, we consider all relevant factors, such as the competition for talent, our desire to link pay with performance in the future, the use of equity to align executive interests with those of our stockholders, individual contributions, teamwork and performance, and each executive's total compensation package. We strive to accomplish these objectives by compensating all executives with total compensation packages consisting of a combination of competitive base salary and incentive compensation.

While we have only hired one additional executive since inception because our business has not grown sufficiently to justify additional hires, we expect to grow and hire in the future. One of our Named Executive Officers has been with us for many years and his compensation has basically been static, based primarily on the level at which we can afford to retain him and his responsibilities and individual contributions. To date, we have not applied a formal compensation program to determine the compensation of the Named Executives Officers. In the future, as we and our management team expand, our board of directors expects to add independent members, form a compensation committee comprised of independent directors, and apply the compensation philosophy and policies described in this section of the Form 10-K.

The primary purpose of the compensation and benefits described below is to attract, retain, and motivate highly talented individuals when we do hire, who will engage in the behaviors necessary to enable us to succeed in our mission while upholding our values in a highly competitive marketplace. Different elements are designed to engender different behaviors, and the actual incentive amounts which may be awarded to each Named Executive Officer are subject to the annual review of the board of directors. The following is a brief description of the key elements of our planned executive compensation structure.

- Base salary and benefits are designed to attract and retain employees over time.
- Incentive compensation awards are designed to focus employees on the business objectives for a particular year.
- Equity incentive awards, such as stock options and non-vested stock, focus executives' efforts on the behaviors within the recipients' control that they believe are designed to ensure our long-term success as reflected in increases to our stock prices over a period of several years, growth in our profitability and other elements.
- Severance and change in control plans are designed to facilitate a company's ability to attract and retain executives as we compete for talented employees in a marketplace where such protections are commonly offered. We currently have not given separation benefits to any of our Name Executive Officers.

Benchmarking

We have not yet adopted benchmarking but may do so in the future. When making compensation decisions, our board of directors may compare each element of compensation paid to our Named Executive Officers against a report showing comparable compensation metrics from a group that includes both publicly-traded and privately-held companies. Our board believes that while such peer group benchmarks are a point of reference for measurement, they are not necessarily a determining factor in setting executive compensation as each executive officer's compensation relative to the benchmark varies based on scope of responsibility and time in the position. We have not yet formally established our peer group for this purpose.

The Elements of Solar3D's Compensation Program

Base Salary

Executive officer base salaries are based on job responsibilities and individual contribution. The board reviews the base salaries of our executive officers, including our Named Executive Officers, considering factors such as corporate progress toward achieving objectives (without reference to any specific performance-related targets) and individual performance experience and expertise. None of our Named Executive Officers have employment agreements with us. Additional factors reviewed by the board of directors in determining appropriate base salary levels and raises include subjective factors related to corporate and individual performance. For the year ended December 31, 2012, all executive officer base salary decisions were approved by the board of directors.

Our board of directors determines base salaries for the Named Executive Officers at the beginning of each fiscal year, and the board proposes new base salary amounts, if appropriate, based on its evaluation of individual performance and expected future contributions. We do not have a 401(k) Plan, but if we adopt one in the future, base salary would be the only element of compensation that would be used in determining the amount of contributions permitted under the 401(k) Plan.

Incentive Compensation Awards

The Named Executives have not been paid bonuses and our board of directors has not yet established a formal compensation policy for the determination of bonuses. If our revenue grows and bonuses become affordable and justifiable, we expect to use the following parameters in justifying and quantifying bonuses for our Named Executive Officers and other officers of Solar3D: (1) the growth in our revenue, (2) the growth in our earnings before interest, taxes, depreciation and amortization, as adjusted ("EBITDA"), and (3) our stock price. The board has not adopted specific performance goals and target bonus amounts for any of our fiscal years, but may do so in the future.

Equity Incentive Awards

Our board has not yet adopted a management equity incentive plan and no stock options or other equity incentive awards have yet been made to any of our Named Executives or other officers or employees of Solar3D, except for the one-time grant of 15,000,000 stock options in 2010, the one-time grant of 5,000,000 stock options in November 2012, and the one-time grant of 20,000,000 restricted shares in September 2013 to James B. Nelson, our chief executive officer, president, and interim chief financial officer. In the future we plan to adopt a formal management equity incentive plan pursuant to which we plan to grant stock options and make restricted stock awards to members of management, which would not be assignable during the executive's life, except for certain gifts to family members or trusts that benefit family members. These equity incentive awards, we believe, would motivate our employees to work to improve our business and stock price performance, thereby further linking the interests of our senior management and our stockholders. The board will consider several factors in determining whether awards are granted to an executive officer, including those previously described, as well as the executive's position, his or her performance and responsibilities, and the amount of options or other awards, if any, currently held by the officer and their vesting schedule. Our policy will prohibit backdating options or granting them retroactively.

Benefits and Prerequisites

At this stage of our business we have limited benefits and no prerequisites for our employees other than health insurance and vacation benefits that are generally comparable to those offered by other small private and public companies or as may be required by applicable state employment laws. We do not have a 401(k) Plan or any other retirement plan for our Named Executive Officers. We may adopt these plans and confer other fringe benefits for our executive officers in the future if our business grows sufficiently to enable us to afford them.

Separation and Change in Control Arrangements

We do not have any employment agreements with our Named Executive Officers or any other executive officer or employee of Solar3D. None of them are eligible for specific benefits or payments if their employment or engagement terminates in a separation or if there is a change of control.

Executive Officer Compensation

The following table sets forth the total compensation paid in all forms to the executive officers and directors of Solar3D during the periods indicated:

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards(2)	Non-Equity Incentive Plan Compensation	Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total
James B. Nelson, Chief Executive Officer, President, and interim Chief Financial Officer	2013	$270,000	$13,500	0	$351,650(3)	0	0	0	$635,150
	2012	$270,000	0	0	$554,614(3)	0	0	0	$824,614
Abe Emard, Chief Executive Officer of SUNworks	2013	$97,000	0	0	0	0	0	$1,700	$98,700
	2012	$75,000	0	0	0	0	0	0	$75,000
Emil Beitpolous, President of SUNworks	2013	$97,000	0	0	0	0	0	$1,700	$98,700
	2012	$75,000	0	0	0	0	0	0	$75,000
Mikhail Podnebesnyy ,Vice President of SUNworks	2013	$97,000	0	0	0	0	0	$1,700	$98,700
	2012	$75,000	0	0	0	0	0	0	$75,000
Officers as a Group	2013	$562,000	$13,500	$250,000(3)	0	0	0	$5,100	$829,600
	2012	$495,000	0	0	$554,614(4)	0	0	0	$1,049,600

(1) The amount reflected in this column is the compensation cost recognized by the Company during fiscal years 2012 and 2013 under Statement of Financial Accounting Standard No. 123R (*Share-Based Payment*) for grants made in 2013 and 2012. The fair value of each restricted stock grant is estimated on the date of grant using the closing price of our common stock on the date of the grant as reported on the OTC-QB Market.

(2) The amount reflected in this column is the compensation cost recognized by the Company during fiscal years 2012 and 2013 under Statement of Financial Accounting Standard No. 123R (*Share-Based Payment*) for grants made in 2013 and 2012. The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model.

(3) On July 22, 2010, Mr. Nelson was granted nonqualified stock options to purchase 15,000,000 shares of our common stock at an exercise price of $0.05 per share exercisable until July 22, 2017 in consideration for his services to us. These stock options vest 1/36th per month, commencing on August 21, 2010, on a monthly basis for as long as Mr. Nelson is an employee or consultant of Solar3D. On November 1, 2012, Mr. Nelson was granted nonqualified stock options to purchase 5,000,000 shares of our common at an exercise price of $0.01 per share exercisable on a cash or cashless basis until November 1, 2019 for his services to us. These stock options vest according to the following schedule: 1,388,889 on the date of grant, 138,889 on the first day of each month thereafter commencing on December 1, 2012 until December 1, 2014, and then 138,886 on January 1, 2015; provided Mr. Nelson is an employee or consultant of Solar3D.

Employment Agreements

We have not entered into any employment agreements with our executive officers to date, except for employment agreements at will with the three executive officers of Solar United Networks, Inc., the Company's wholly owned subsidiary. Each of these employment agreements provides for a base annual salary of $100,000 with the potential for periodic bonuses and equity incentive awards at the discretion of the Company's board of directors. We may enter into employment agreements with other executive officers in the future.

Outstanding Equity Awards

The following table sets forth information with respect to unexercised stock options, stock that has not vested, and equity incentive plan awards held by our executive officers at December 31, 2013.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards				Stock Awards	
Name and Principal Position	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares of Stock that Have not Vested	Market Value of Shares of Stock that Have not Vested
James B. Nelson, Chief Executive Officer, President, and interim Chief Financial Officer	15,000,000(1) 3,194,446(2)	0 1,805,554	$0.05 $0.01	7/22/17 11/1/19	20,000,000(3)	$570,000(4)

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(1) On July 22, 2010, Mr. Nelson was granted nonqualified stock options to purchase 15,000,000 shares of our common stock at an exercise price of $0.05 per share exercisable until July 22, 2017 in consideration for his services to us. These stock options vest 1/36th per month, commencing on August 21, 2010, on a monthly basis for as long as Mr. Nelson is an employee or consultant of Solar3D.

(2) On November 1, 2012, Mr. Nelson was granted nonqualified stock options to purchase 5,000,000 shares of our common at an exercise price of $0.01 per share exercisable on a cash or cashless basis until November 1, 2019 for his services to us. These stock options vest according to the following schedule: 1,388,889 on the date of grant, 138,889 on the first day of each month thereafter commencing on December 1, 2012 until December 1, 2014, and then 138,886 on January 1, 2015; provided Mr. Nelson is an employee or consultant of Solar3D.

(3) On September 23, 2013, Mr. Nelson was granted 20,000,000 restricted shares of our common stock. These shares vest according to a schedule of performance goals which is described below under "Restricted Stock." As of December 31, 2013, none of the restricted stock in this award had yet vested, although 4,000,000 of the shares became eligible for vesting. By March 2, 2014, 4,000,000 of these shares had fully vested and been issued.

(4) Based on the last sale price of the Company's common stock as quoted on the OTC-QB Market at the closing on December 31, 2013, which was $0.0285 per share.

Restricted Stock

During the fiscal year ended December 31, 2013, we granted 20,000,000 restricted shares of our common stock to James B. Nelson, our chief executive officer, president, and interim chief financial officer. These shares vest according to the following schedule of performance goals:

Restricted Shares	Company Performance Goals
4,000,000	The Company's Market Capitalization exceeds $10,000,000. Market Capitalization shall mean the total number of shares of issued and outstanding common stock, multiplied by the closing trade price of the Company's stock on the date of determination.
6,000,000	The Company's consolidated gross revenue, calculated in accordance with generally accepted accounting principles, consistently applied, equals or exceeds $10,000,000 for the trailing twelve-month period.
10,000,000	The Company's consolidated net profit, calculated in accordance with generally accepted accounting principles, consistently applied, equals or exceeds $2,000,000 for the trailing twelve-month period.

After a particular performance goal has been met, the restricted shares associated with that particular performance goal become eligible for vesting (the "Eligible Restricted Shares"). The Eligible Restricted Shares vest on a monthly basis, based on the following formula:

$$\text{Monthly Number of Vested Shares} = \frac{5\% \times \text{Prior Monthly Trade Value}}{\text{Fair Market Value of the Company's Shares}}$$

For the purposes of this Agreement, the Monthly Trade Value of the Company's Shares shall mean the aggregate sum of the Daily Trade Value in a calendar month. The Daily Trade Value is defined as the closing trade price of the Company's Shares multiplied by the daily trade volume. For example, if the closing trade price was $1.00 and the daily trade volume on that day was 500,000 shares, then the Daily Trade Value for that day would be $500,000. If the Company's common stock is no longer publicly traded, then the Board of Directors in good faith shall determine the Monthly Number of Vested Shares. If the Prior Monthly Trade Value is less than $50,000, then zero Eligible Restricted Shares shall vest for that month. The monthly vested Shares, if any, shall be issued to the Grantee within five (5) business days after the last day of each month. In January 2014, 4,000,000 of these shares vested and were issued to Mr. Nelson.

Option Exercises and Stock Vested

None of our executive officers exercised any stock options or acquired stock through vesting of an equity award during the fiscal year ended December 31, 2013.

Director Compensation

The following table sets forth certain information regarding the compensation paid to our directors during the fiscal year ended December 31, 2013:

Director Compensation

Name	Fees earned or cash paid	Stock Awards	Option Awards	All other compensation	Total
Mark J. Richardson	0	0	$3,838(1)	0	$3,838

(1) On September 23, 2013, Mr. Richardson received nonqualified stock options to purchase up to 2,000,000 shares of our common stock at an exercise price of $0.018 per share exercisable on a cash or cashless basis until September 23, 2020 in consideration for his services to us. These stock options vest according to the following schedule: 55,556 on the date of grant and 55,556 on the first day of each month thereafter commencing on October 1, 2013 and ending on August 1, 2016, and 55,540 on September 1, 2016. The amount reflected is the compensation cost recognized by the Company during fiscal 2013 under Statement of Financial Accounting Standard No. 123R (*Share-Based Payment*) for this grant. The fair value of the grant is estimated on the date of grant using the Black-Scholes option-pricing model.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the names of our executive officers and directors and all persons known by us to beneficially own 5% or more of the issued and outstanding common stock of Solar3D at March 10, 2014. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or become exercisable within 60 days of March 10, 2014 are deemed outstanding even if they have not actually been exercised. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. The percentage ownership of each beneficial owner is based on 269,483,371 outstanding shares of common stock. Except as otherwise listed below, the address of each person is c/o Solar3D, Inc., 26 West Mission Street, Suite 8, Santa Barbara, California 93101. Except as indicated, each person listed below has sole voting and investment power with respect to the shares set forth opposite such person's name as of March 10, 2014.

Name, Title, and Address of Stockholder	Number of Shares Beneficially Owned (1)	Percentage Ownership
James B. Nelson, Chief Executive Officer, President, interim Chief Financial Officer, and Director 5521 Aldama Road Las Vegas, NV 89122	19,544,530(2)	6.9.%
Abe Emard, Director and Chief Executive Officer of SUNworks 1358 Blue Oaks Blvd. Roseville, CA 95678	26,250,000	9.7%
Emil Beitpolous, President of SUNworks 1358 Blue Oaks Blvd. Roseville, CA 95678	21,875,000(3)	7.5%
Mikhail Podnebesnyy, Vice President of SUNworks 1358 Blue Oaks Blvd. Roseville, CA 95678	21,875,000(3)	7.5%
All Current Executive Officers as a Group (Four Persons)	89,544,530	24.9%
Roland F. Bryan, Former President and Chief Financial Officer	15,722,495(4)	5.8%
Cumorah Capital	26,695,950	9.9%
Pearl Innovations, LLC	23,565,950	8.7%

(1) Except as pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. The total number of the Company's issued and outstanding shares does not include unexercised warrants and stock options, and is calculated as of March 10, 2014.

(2) Includes shares which may be purchased pursuant to stock options that are exercisable within 60 days of March 10, 2014.

(3) Reflects shares which may be issued to the stockholder upon the conversion of the principal amount due to the stockholder pursuant to a convertible promissory note issued to the stockholder on January 31, 2014. Does not include the conversion of interest accrued on the convertible promissory note. The conversion price is $0.02 per share until March 31, 2015, and thereafter the greater of $0.02 per share or 50% of the average closing price of the Company's common stock quoted over the ten (10) trading days immediately preceding the conversion notice.

(4) Includes 940,000 shares owned by the Bryan Family Trust. Mr. Bryan holds an option to purchase 216,000 shares from two existing shareholders at $2.50 per share, after accounting for reverse stock splits. Mr. Bryan retired from the Company in August 2012.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

As of March 27, 2013, our sole member of the audit committee is James B. Nelson, who may not be considered to be independent as defined in Rule 4200 of the National Association of Securities Dealers' listing standards.

On January 31, 2014, the Company closed the acquisition of 100% of the issued and outstanding common stock of Solar United Networks, Inc. ("SUNworks") from the three current executive officers of SUNworks and one other shareholder, in consideration for cash and convertible promissory notes. Three of the sellers of the common stock of SUNworks also received employment agreements with us. The terms and conditions of the acquisition and employment, and copies of the related material agreements, are included in Reports on Form 8-K filed by us with the Securities and Exchange Commission on November 1, 2013 and February 3, 2014.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

HJ Associates & Consultants, LLP, Certified Public Accountants is our principal auditing accountant firm. HJ has provided other non-audit services to us. The audit committee approved the engagement of HJ before HJ rendered audit and non-audit services to us.

Each year the independent auditor's retention to audit our financial statements, including the associated fee, is approved by the Board before the filing of the previous year's Annual Report on Form 10-K.

HJ Fees

	2013	2012
Audit Fees(1)	$ 80,000	$ 34,900
Audit Related Fees	-0-	- 0 -
Tax Fees(2)	750	790
All Other Fees	-0-	- 0 -
	$ 80,750	$ 35,690

(1) Audit fees consist of fees for the audit of our financial statements and review of the financial statements included in our quarterly reports, as well as the acquisition audit for Solar United Network, Inc.

(2) Tax fees consist of fees for the preparation of original federal and state income tax returns and fees for miscellaneous tax consulting services.

Pre-Approval Policies and Procedures of Audit and Non-Audit Services of Independent Registered Public Accounting Firm

The audit committee's policy is to pre-approve, typically at the beginning of our fiscal year, all audit and non-audit services, other than de minimis non-audit services, to be provided by an independent registered public accounting firm. These services may include, among others, audit services, audit-related services, tax services and other services and such services are generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the full board of directors regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. As part of the board's review, the board will evaluate other known potential engagements of the independent auditor, including the scope of work proposed to be performed and the proposed fees, and approve or reject each service, taking into account whether the services are permissible under applicable law and the possible impact of each non-audit service on the independent auditor's independence from management. At audit committee meetings throughout the year, the auditor and management may present subsequent services for approval. Typically, these would be services such as due diligence for an acquisition, that would not have been known at the beginning of the year.

The audit committee has considered the provision of non-audit services provided by our independent registered public accounting firm to be compatible with maintaining their independence. The audit committee will continue to approve all audit and permissible non-audit services provided by our independent registered public accounting firm.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation (1)
3.2	Amendments to Certificate of Incorporation (1)
3.3	Amendment to Certificate of Incorporation (7)
3.4	Amendment to Certificate of Incorporation (8)
3.5	Bylaws (1)
4.1	Specimen Certificate for Common Stock (1)
4.2	2002 Stock Option Plan (1)
4.3	Form of Incentive Stock Option Agreement (1)
4.4	Form of Non Qualified Stock Option Agreement (1)
4.5	Form of Lock-Up Agreement entered into by us with Wings Fund, Inc., Roland F. Bryan, Mark J. Richardson, and Chris Outwater, dated as of May 2, 2009 (6)
10.1	Lease Agreement by and between MachineTalker, Inc. and SecureCoin, Inc., dated August 20, 2003 (1)
10.2	Agreement No. CA-00062 by and between MachineTalker, Inc. and Kellogg, Brown & Root Services, Inc., dated December 20, 2004 (2)
10.3	Agreement by and between MachineTalker, Inc. and Science Applications International Corporation, dated July 1, 2004 (1)
10.4	Acquisition Agreement for Wideband Detection Technologies, Inc. dated July 20, 2007 (4)
10.5	Acquisition Agreement for Micro Wireless Technologies, Inc. dated December 28, 2007 (5)
10.6	Stock Purchase Agreement with Wings Fund, Inc., a Nevada corporation, and Pearl Innovations, LLC, a Nevada limited liability company, dated as of May 5, 2009 (6)
10.7	Nonstatutory Stock Option Agreement with James B. Nelson, dated July 22, 2010 (9)
10.8	Assignment of Intangible Assets and Assumption of Liabilities by and between Solar3D, Inc., a Delaware corporation and Wideband Detection Technologies, Inc., a Florida corporation, dated as of June 28, 2011 (10)
10.9	Patent Assignment by and between Solar3D, Inc., a Delaware corporation, as assignor and Wideband Detection Technologies, Inc., a Florida corporation, as assignee (10)
10.10	Stock Purchase Agreement by and between Solar3D, Inc., a Delaware corporation, as seller, and Roland F. Bryan, as buyer, dated as of June 30, 2011 (10)
10.11	Restricted Stock Grant Agreement, dated September 23, 2013, by and between Solar3D, Inc., a Delaware corporation, as Grantor, and James B. Nelson, as Grantee (11)
10.12	Stock Purchase Agreement by and among Solar United Network, Inc., Emil Beitpolous, Abe Emard, Richard Emard, Mikhail Podnesbesnyy, and Solar3D, Inc., dated October 31, 2013 (12)
10.13	Addendum to Stock Purchase Agreement by and among Solar United Network, Inc., Emil Beitpolous, Abe Emard, Richard Emard, Mikhail Podnesbesnyy, and Solar3D, Inc., dated January 31, 2014 (13)
14.1	Code of Conduct (3)
31.1	Section 302 Certification of Principal Executive Officer
31.2	Section 302 Certification of Principal Accounting Officer
32.1	Section 906 Certification of Principal Executive Officer
32.2	Section 906 Certification of Principal Accounting Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to the Form SB-2 Registration Statement filed with the Securities and Exchange Commission dated August 1, 2005.

(2) Incorporated by reference to Amendment No. 4 to the Form SB-2 Registration Statement filed with the Securities and Exchange Commission dated November 2, 2005.

(3) Incorporated by reference to the Form 10-KSB filed with the Securities and Exchange Commission, dated April 14, 2007.

(4) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated July 20, 2007.

(5) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated January 3, 2008.

(6) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated May 13, 2009.

(7) Incorporated by reference to the Form 10K filed with the Securities and Exchange Commission, dated July 15, 2009.

(8) Incorporated by reference from the Definitive Information Statement on Schedule 14Cfiled by the Company with the Securities and Exchange Commission, dated August 30, 2010.

(9) Incorporated by reference from the Report on Form 8-Kfiled by the Company with the Securities and Exchange Commission, dated August 5, 2010.

(10) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated June 30, 2011.

(11) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated September 26, 2013.

(12) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated November 6, 2013.

(13) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated January 31, 2014.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOLAR3D, INC

Dated: March 26, 2014

By: */s/James B. Nelson*
James B. Nelson, Chief Executive Officer, President, and interim Chief Financial Officer (Principal Executive Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: March 26, 2014

/s/ James B. Nelson
James B. Nelson, Director and Chief Executive Officer,
President, and interim Chief Financial Officer
(Principal Executive Officer and Principal Accounting Officer)

Dated: March 26, 2014

/s/Abe Emard
Abe Emard, Director

EXHIBIT 31.1
SECTION 302 CERTIFICATION

I, James B. Nelson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Solar3D, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on Solar3D's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (of persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: March 26, 2014

By: /s/ James B. Nelson
James B. Nelson, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2
SECTION 302 CERTIFICATION

I, James B. Nelson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Solar3D, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on Solar3D's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (of persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: March 26, 2014

By: /s/ James B. Nelson
James B. Nelson, Chief Financial Officer
(Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Solar3D, Inc. (the "Company") on Form 10-K for the period ending December 31, 2013 (the "Report") I, James B. Nelson, Chief Executive Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 26, 2014

By: /s/ James B. Nelson
James B. Nelson, Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 32.2
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Solar3D, Inc. (the "Company") on Form 10-K for the period ending December 31, 2013 (the "Report") I, James B. Nelson, interim Chief Financial Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 26, 2014

By: /s/ James B. Nelson
James B. Nelson, interim Chief Financial Officer
(Principal Accounting Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.