CoroWare, Inc,
Form 10-K
August 24, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10- K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

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

FOR THE TRANSITION PERIOD FROM ________________ TO _________________

COMMISSION FILE NUMBER: 000-33231

COROWARE, INC.
(EXACT NAME OF THE COMPANY AS SPECIFIED IN ITS CHARTER)

Delaware (State or Other Jurisdiction of Incorporation)	95-4868120 (I.R.S. Employer Identification No.)

601 108 th Avenue Northeast, Suite 1900
Bellevue, WA 98004

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(800) 641-2676
(ISSUER REGISTRANT TELEPHONE NUMBER)

SECURITIES REGISTERED UNDER SECTION 12(B) OF THE ACT: NONE

SECURITIES REGISTERED UNDER SECTION 12(G) OF THE ACT:

COMMON STOCK, PAR VALUE $0.0001
(TITLE OF CLASS)

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) the Act. Yes o

No þ

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. o Yes þ No

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

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this form, and will not be contained, to the best of the 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. o Yes þ 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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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

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

The aggregate market value of the of the registrant’s common stock held by non-affiliates of the registrant, computed by reference to price at which the common equity was sold, or the average bid and asked price of such common stock as of June 30, 2015, was $0.0001. For purposes of this computation, the registrant has excluded the market value of all shares of its common stock reported as being beneficially owned by executive officers and directors and holders of more than 10% of the common stock on a fully diluted basis of the registrant; such exclusion shall not, however, be deemed to constitute an admission that any such person is an “affiliate” of the registrant.

Number of shares of common stock ($0.0001 par value) outstanding as of August 21, 2015: 8,414,278,152 shares.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In this annual report, references to “CoroWare,” “the Company,” “we,” “us,” and “our” refer to CoroWare, Inc.

This Annual Report on Form 10-K contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this Annual Report on Form 10-K. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risks Related to Our Business" below, as well as those discussed elsewhere in this Annual Report on Form 10-K. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K.

CoroWare undertakes no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report on Form 10-K, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout this Annual Report, which are designed to advise interested parties of the risk factors that may affect our business, financial condition, results of operations and prospects.

PART I

ITEM 1. BUSINESS

Overview

CoroWare, Inc is a public holding company whose principal subsidiary, CoroWare Technologies, Inc. ("CTI"), has expertise in information technology consulting, mobile robotics, and affordable collaboration. Through our subsidiary, CoroWare delivers custom engineering services, hardware and software products, and subscription services that benefit customers in North America, Europe, Australia, Asia and the Middle East. Our customers span multiple industry sectors and comprise universities, large enterprises and small businesses, software and hardware product development companies, and non-profit organizations.

Employees

As of December 31, 2014, we had thirty (30) employees composed of one (1) full-time Officer and CEO, two (2) full-time finance administration persons, twenty one (21) full-time engineers, and six (6) part-time engineers. Our employees are not represented by a union. We consider relations with our employees to be positive and productive.

COROWARE TECHNOLOGIES, INC.

CTI is a software professional services company with a strong focus on information technology integration and robotics integration, business automation solutions, and unmanned systems solutions to its customers in North America and Europe.

CTI's expertise includes the deployment and integration of computing platforms and applications, as well as the development of unmanned vehicle software and solutions for customers in the research, commercial, and homeland security market segments. CTI shall continue to offer its high value software systems development and integration services that complement the growing trend in outsourced software development services in Asia, Latin America, and Eastern Europe.

CoroWare Technologies comprises three separately managed lines of business:

Business Consulting Services: R&D engineering services; business process workflow; software architecture, design and development; content management; console, PC and online game production; marketing coordination and management.

Robotics and Automation: Custom engineering such as visualization, simulation and software development; and mobile robot platforms.

Enhanced Collaboration: Collaboration and conferencing subscription services.

The Company's revenues are principally derived from standing contracts that include Microsoft and other customers whose product development groups require custom software development and consulting companies. Existing contract revenues vary month by month based on the demands of the clients. The Company's collaboration effort is in the early stages of growth and will require additional working capital to compete effectively against new entrants in this rapidly growing market.

Business Consulting Services

CoroWare's Business Consulting Services (BCS) group offers R&D Engineering, Business Process Management, Marketing Coordination, and Game Production consulting services that help our customers deliver high quality products, solutions and services.

CoroWare's consulting staff members uses their experience to develop product specifications, project plans, marketing plans, workflow checklists, and perform their work with the objective of helping enterprise customers - such as Microsoft - deliver their solutions and products efficiently, affordably and on schedule.

Robotics and Automation (R&A)

CoroWare is a mobile robotics solutions integrator in the research community and have expertise in robotics simulation and software development. Our CoroBot and Explorer product lines are being used by over 50 corporate and academic researchers today.

Custom Engineering

We offer custom engineering expertise to customers who are looking for product realization, robotics simulation, systems architecture and design, and robotic applications development services. We believe CTI is uniquely positioned with its knowledge of robotics simulation; Player-Stage and Robotic Operating System (ROS) running on Ubuntu Linux systems; embedded systems software development; and hardware and software integration services to help customers deliver innovative product and solutions.

Solutions and Products

In May 2007, we began shipping the CoroBot Classic, an affordable and flexible mobile robot that was designed to minimize the complexity of robotic development. Combining a powerful PC-class platform with a robust, object-oriented software development system empowers researchers and robotics application developers to rapidly deploy and develop robotic solutions. Some university customers are deploying CoroBot Classics for use in various lab activities, including the development of swarm robotics applications designed to leverage groups of robots to complete complex tasks.

In June 2009, we began shipping the CoroBot Explorer. With more powerful motors, larger payload capacity, articulated suspension and enclosed electronics it is suitable for indoor or outdoor usage.

In 2010 and early 2012, we announced new features for the CoroBot Explorer II platform and support for Robot Operating System, which we believe will improve our sales into the research and education market segments.

In mid-2014, we reorganized our robotics division and moved the facility to Austin, Texas, to take better advantage of strategic partnerships with the University of Texas in Austin, Texas A&M in College Station, and TechShop in Round Rock.

In late 2014, we announced the CoroBot Spark platform, which also includes support for Robot Operating System, and which we believe will further improve our sales into the research and education market segments.

Enterprise Collaboration Solutions (ECS)

As CoroWare began selling the Vidyo product line, many customers expressed a desire to mitigate capital expenditures and purchase cloud-based communication services instead. In response to this customer demand, CoroWare announced its CoroCall Business Class HD Video Conferencing subscription service in 2009, and subsequently upgraded to support improved audio and video conferencing capabilities which are superior to many of our competitors today.

In 2014, we maintained a presence in the area of tele-health with a focus on providing HIPAA compliant video conferencing, particularly for mental tele-health facilities.

Regulation

Our services and products are not uniquely subject to governmental or industry regulations.

Research & Development

Our research and development activities have primarily been focused on the development of software components, mobile robot platforms such as the CoroBot Explorer and CoroBot Spark. We intend to continue developing hardware and software products that we believe will potentially grow CoroWare's mobile robotics products, solutions and services.

Research and development expenses from continuing operations for the years ended December 31, 2014 and 2013 were $106,842 and $23,415, respectively.

Products

CoroBot Classic:

CoroBot Classic was created to minimize the complexity of robot development. By combining a powerful PC-class platform with a robust, object-oriented software development system, the CoroBot Classic empowers users to rapidly deploy and develop robotic solutions. The CoroBot Classic also assists the hardware developer with additional physical mounting space, ports, sensors and communication devices.

CoroBot Explorer:

Our CoroBot Explorer mobile robot was created to expand on the capabilities of the CoroBot Classic and deliver a rugged indoor/outdoor platform that can withstand environmental elements such as dirt, dust, leaf debris, sand, gravel and shallow puddles. Extra ports and surface mounting space make Explorer a robust and expandable research robot.

CoroBot Junior:

Our CoroBot Junior mobile robot is an affordable smart UGV that includes a water resistant chassis with an integrated PC-class CPU, on-board infrared sensors, an HD 1080p camera, and a wireless controller for teleoperation. The CoroBot Junior is available with two chassis options: 3 wheeled (2 drive motor) chassis and 4 wheel (4 drive motor) chassis.

CoroBot Pro:

Our CoroBot Pro mobile robot is the most powerful member of the CoroBot family of smart unmanned ground vehicles (Smart UGV) and robotics development platforms for researchers and educators. The CoroBot Pro expands CoroWare’s affordable and flexible robotics product line by offering a more powerful Intel i7 processor and supporting a wider range of sensor options, including the Point Grey Bumblebee® stereo vision camera, Microsoft Kinect sensor, and a wide variety of high definition webcams.

CoroBot Spark:

CoroBot Spark is an open and state-of-the-art mobile robotics platform that is based on the Raspberry Pi™ 2 Model B embedded computer and the CoroBot Pi Hat™ embedded controller card, and will support the development of mobile applications that run on both Linux and Windows 10 operating systems. The CoroBot Spark platform will include open and cross-platform application programming interfaces (APIs) that support the development of mobile robot applications.

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ITEM 1A. RISK FACTORS

As a smaller reporting company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are not required to provide the information required by this item.

ITEM 1B. UNRESOLVED STAFF COMMENTS

As a smaller reporting company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are not required to provide the information required by this item.

ITEM 2. PROPERTIES

Corporate Headquarters

On August 1, 2011, the Company entered into a lease agreement on corporate offices located at 1410 Market Street, Kirkland, WA which terminated on December 23, 2013. Under this lease, the Company was obligated to pay an average monthly rent of $4,088 in 2012 and $4,233 in 2013. Since the termination of this lease, the Company has entered into a monthly lease agreement for it's corporate headquarters at 601 108th Avenue NE, Suite 1900, Bellevue, WA 89004, at an average cost of $1,700 per month.

Robotics Division

On January 1, 2013, the Company entered into a lease agreement on corporate offices located at 8701 Mallard Creed Rd., Charlotte, NC which terminated on December 31, 2013. Under this lease, the Company was obligated to pay monthly rent of $2,000 in 2013. As of August 14, 2013, the Company terminated this lease with no further obligations in order to sign a new lease at 1064 Van Buren Avenue, Indian Trail, NC. This lease continues through August 31, 2014 at a monthly cost of $1,247 per month but was terminated in February of 2014. The Company signed a new lease at 4616 Potters Road, Matthews, NC 28104, commencing on March 15, 2014 and terminating on March 15, 2015, at an average monthly cost of $1,300.

ITEM 3. LEGAL PROCEEDINGS

CoroWare is not currently a party to, nor is any of our property currently the subject of, any pending legal proceeding that will have a material adverse effect on our business. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Prices of Common Stock

Beginning in February 2002, CoroWare's common stock was eligible for listing in the OTC Bulletin Board. Our trading symbol was "SRMW" until such time as our acquisition of Hy-Tech Technology Group, Inc. on January 31, 2003, when our symbol became "HYTT". In November 2006, our name was changed to Innova Robotics & Automation, Inc., and the trading symbol was changed to INRA. In April 2008, we became CoroWare, Inc. and our trading symbol was changed to CROE. In April 2009, in conjunction with a 1-for-300 reverse stock split, our trading symbol was changed to COWI. In January 2012, we revised the par value of our Common Stock from $0.001 to $0.0001. In July 2013, we effected a reverse split of 1-for-200. In January 2014, we effected a reverse split of 1-for-200.

Our common stock is quoted on the OTCQB exchange under the symbol "COWI". Accordingly, there can be no assurance as to the liquidity of any markets that may develop for our common stock, the ability of holders of our common stock to sell our common stock, or the prices at which holders may be able to sell our common stock.

The following table sets forth the quarterly high and low sales prices as reported during the last two fiscal years ended December 31, 2014, and December 31, 2013.

COMMON STOCK

Year Ended December 31, 2014	High	Low
First Quarter	$ 0.0065	$ 0.0007
Second Quarter	$ 0.0012	$ 0.0001
Third Quarter	$ 0.0001	$ 0.0001
Fourth Quarter	$ 0.0001	$ 0.0001

Year Ended December 31, 2013	High	Low
First Quarter	$ 0.84	$ 0.02
Second Quarter	$ 0.04	$ 0.02
Third Quarter	$ 0.02	$ 0.02
Fourth Quarter	$ 0.02	$ 0.02

These quotations represent interdealer prices, without retail markup, markdown, or commission, and may not reflect actual transactions. As of August 15, 2015, there were approximately 226 record holders of the Company's common stock. This reflects a reverse 200 for 1 reverse split of the stock on July 6, 2013, and on January 3, 2014.

Dividend Policy

The Company has never declared or paid any cash dividends on its common stock. The Company anticipates that any earnings will be retained for development and expansion of its business and does not anticipate paying any cash dividends in the foreseeable future. Additionally, as of December 31, 2014 and 2013 the Company has issued and has outstanding shares of Series B Preferred Stock which are entitled, prior to the declaration of any dividends on common stock, to earn a 5 percent dividend, payable in either cash or common stock of the Company. The Board of Directors has sole discretion to declare dividends based on the Company's financial condition, results of operations, capital requirements, contractual obligations and other relevant factors. At December 31, 2014 and 2013, there were cumulative undeclared dividends to Preferred Series B shareholders of $15,969 and $71,852, respectively, the obligation for which is contingent on declaration by the board of directors. At December 31, 2014 and 2013, there were accrued unpaid dividends of $15,969 and $15,969, respectively. These balances have been recorded as part of accounts payable and accrued expenses.

Securities Authorized for Issuance under Equity Compensation Plans

The following tables set forth the information as of December 31, 2014, with respect to compensation plans under which our equity securities are authorized for issuance:

EQUITY COMPENSATION PLAN INFORMATION

DECEMBER 31, 2014

Plan Category	Number of shares to be issued upon exercise of outstanding options and warrants (a)		Weighted average exercise price of outstanding options and warrants (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:				
2003 Stock Option Plan	-		n/a	-
2004 Stock Option Plan	-		n/a	-
2005 Stock Option Plan	38,164	$	3.60	38,164
Equity Stock Compensation plan not approved by security holders:				
2006 Employee Compensation Plan	n/a		n/a	-
2008 Amended Incentive Stock Plan	n/a		n/a	2,890
2008 SIP – SEC File #333-151258	n/a		n/a	-
2009 Incentive Stock Plan	n/a		n/a	374,900
Total	38,164			415,954

Stock Plans

As of December 31, 2014, CoroWare had four stock compensation plans which provided for the issuance of 505,503,333 shares to employees of CoroWare or our subsidiaries as follows:

Plan Description	Authorized Shares	Remaining Shares
2006 Employee Compensation Plan	3,333	-
2008 Incentive Stock Plan	200,000,000	-
2009 Incentive Stock Plan	500,000	-
2010 Incentive Stock Plan (333-165768)	5,000,000	-
2012 Incentive Stock Plan (333-171325)	200,000,000	-
2012 Incentive Stock Plan (333-183512)	50,000,000	-
2013 Incentive Stock Plan (333-186247)	50,000,000	1

Total	505,503,333	1

Stock Options

As of December 31, 2014, we had one active Stock Option Plan known as the 2005 Stock Option Plan. The Plan was approved by our stockholders on November 3, 2006 and authorized the issuance of 66,667 shares of common stock. The Board of Directors on December 31, 2007, cancelled options for 26,367 shares previously granted to current employees prior to that date which were exercisable at various prices and issued 26,367 options to these employees at the closing price as of December 31, 2007, or $3.00. The number of options issued and outstanding under the 2005 plan on December 31, 2014, is 38,164.

The following table summarizes stock option activity:

	Total Options	Weighted Average Price
Outstanding, December 31, 2013	38,164	$ 3.60
Granted	-	-
Cancelled	-	-
Forfeited	-	-
Exercised	-	-
Outstanding, December 31, 2014	38,164	$ 3.60
Exercisable at December 31, 2014	38,164	$ 3.60

ITEM 6. SELECTED FINANCIAL DATA.

As a smaller reporting company, as defined in Rule 12-b-2 of the Exchange Act, we are not required to provide the information required by this item.

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

Cautionary and Forward Looking Statements

This section and other parts of this Form 10-K contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also be identified by words such as “anticipates,” “expects,” “believes,” “plans,” “predicts,” a similar terms. Forward-looking statements are not guarantees of future performance and CoroWare’s actual results may differ significantly from the results discussed in the forward-looking statements. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8 of this Form 10-K. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

There is no assurance that we will be profitable, we may not be able to successfully develop, manage or market our products and services, we may not be able to attract or retain qualified executives and technology personnel, our products and services may become obsolete, government regulation may hinder our business, additional dilution in outstanding stock ownership may be incurred due to the issuance of more shares, warrants and stock options, or the exercise of warrants and stock options, and other risks inherent in the our businesses.

We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Readers should carefully review the factors described in other documents we file from time to time with the Securities and Exchange Commission, including the Quarterly Reports on Form 10-Q and Annual Report on Form 10-K filed by us in 2014 and any Current Reports on Form 8-K filed by us.

CRITICAL ACCOUNTING POLICIES

General

The consolidated financial statements and notes included in our quarterly and annual financial statements contain information that is pertinent to this management's discussion and analysis. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of our assets and liabilities, and affect the disclosure of any contingent assets and liabilities. We believe these accounting policies involve judgment due to the sensitivity of the methods, assumptions, and estimates necessary in determining the related asset and liability amounts. The significant accounting policies are described in the notes to our financial statements and notes included elsewhere in this Form 10-K.

Revenue Recognition

We derive our software system integration services revenue from short-duration, time and material contracts. Generally, such contracts provide for an hourly-rate and a stipulated maximum fee. Revenue is recorded only on executed arrangements as time is incurred on the project and as materials, which are insignificant to the total contract value, are expended. Revenue is not recognized in cases where customer acceptance of the work product is necessary, unless sufficient work has been performed to ascertain that the performance specifications are being met and the customer acknowledges that such performance specifications are being met. We periodically review contractual performance and estimate future performance requirements. Losses on contracts are recorded when estimable. No contractual losses were identified during the periods presented.

We recognize revenue for our software and software professional services when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability is probable. Product sales are recognized by us generally at the time product is shipped. Shipping and handling costs are included in cost of goods sold.

We account for arrangements that contain multiple elements in accordance with FASB ASC 605-25, Revenue Recognition, Multiple Element Arrangements. When elements such as hardware, software and consulting services are contained in a single arrangement, or in related arrangements with the same customer, we allocate revenue to each element based on its relative fair value, provided that such element meets the criteria for treatment as a separate unit of accounting. The price charged when the element is sold separately generally determines fair value. In the absence of fair value for a delivered element, we allocate revenue first to the fair value of the underlying elements and allocate the residual revenue to the delivered elements. In the absence of fair value for an undelivered element, the arrangement is accounted for as a single unit of accounting, resulting in a delay of revenue recognition for the delivered elements until the undelivered elements are fulfilled. We limit the amount of revenue recognition for delivered elements to the amount that is not contingent on future delivery of products or services or subject to customer-specified return or refund privileges.

We recognize revenue from the sale of manufacturer's maintenance and extended warranty contracts in accordance with FASB ASC 605-45, Revenue Recognition, Principal Agent Considerations net of its costs of purchasing the related contracts.

Our ECS revenue is comprised subscription service revenues are generated through the sale of CoroCall™, a managed video conferencing service and CoroCall Communications, a managed telephone service. Our contracts provide for usage pricing or when paid for pre-paid service. We recognize this revenue in the period that the services or minutes are used and prepaid.

Share-based payment

Stock based compensation expense is recorded in accordance with FASB ASC 718, Compensation – Stock Compensation, for stock and stock options awarded in return for services rendered. The expense is measured at the grant-date fair value of the award and recognized as compensation expense on a straight line basis over the service period, which is the vesting period. We estimate forfeitures that we expect will occur and record expense based upon the number of awards expected to vest.

There were no options issued during the years ending December 31, 2014, and 2013.

Derivative Financial Instruments

Derivative financial instruments, as defined in ASC 815, Derivatives and Hedging, consist of financial instruments or other contracts that contain a notional amount and one or more underlying variables (e.g. interest rate, security price or other variable), require no initial net investment and permit net settlement. The caption Derivative Liability consists of (i) the fair values associated with derivative features embedded in various convertible note financings and (ii) the fair values of the detachable warrants that were issued in connection with those financing arrangements.

We generally do not use derivative financial instruments to hedge exposures to cash-flow, market or foreign-currency risks. However, we have entered into certain other financial instruments and contracts, such as debt financing arrangements and freestanding warrants with features that are either (i) not afforded equity classification, (ii) embody risks not clearly and closely related to host contracts, or (iii) may be net-cash settled by the counterparty. As required by ASC 815, these instruments are required to be carried as derivative liabilities, at fair value, in our financial statements.

We estimate fair values of derivative financial instruments using various techniques (and combinations thereof) that are considered to be consistent with the objective of measuring fair values. In selecting the appropriate technique, we consider, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. For less complex derivative instruments, such as free-standing warrants, we generally use the Black-Scholes-Merton option valuation technique because it embodies all of the requisite assumptions (including trading volatility, estimated terms and risk free rates) necessary to value these instruments. For complex derivative instruments, such as embedded conversion options, we generally use the Flexible Monte Carlo valuation technique because it embodies all of the requisite assumptions (including credit risk, interest-rate risk and exercise/conversion behaviors) that are necessary to value these more complex instruments. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques are highly volatile and sensitive to changes in the trading market price of our common stock, which has a high-historical volatility. Since derivative financial instruments are initially and subsequently carried at fair values, our income will reflect the volatility in these estimate and assumption changes.

PLAN OF OPERATION

CoroWare is well positioned for managed growth in Fiscal Year 2015 through continued growth of our CoroWare Business Solutions and Robotics & Automation business units, and rapid growth of our Enterprise Collaboration Solutions business unit.

The Business Consulting Services (BCS) business unit anticipates growing its revenues by delivering consulting services to its long-term clients – including Microsoft – such as R&D engineering; business process workflow; software architecture, design and development; content management; marketing coordination and management; and game production for console, PC and online games..

The Robotics & Automation (R&A) business unit expects to achieve its revenue objectives by offering affordable mobile robotics platforms, products and custom solutions to researchers in the university, commercial and homeland security market segments. As well, the Robotics & Automation group is well positioned to pursue custom engineering opportunities with clients who are developing innovative software services, solutions and products that leverage our expertise in simulation, visualization, mobile robotics, and product realization.

The Enterprise Collaboration Solutions (ECS) business unit maintains a combination of services and products. Collaboration service revenues are generated through the sale of CoroCall™, a managed business class HD video conferencing service that small, medium and large sized businesses –particularly those in the area of tele-health – are considering as an alternative to purchasing and operating videoconferencing equipment and infrastructure.

During the next twelve months, we expect to purchase certain equipment to support software development, testing and continued deployment of CoroWare technologies. Additionally, we expect to purchase office equipment, computer equipment and laboratory development and testing equipment to support our planned personnel increase.

We are internally developing an investor relations program that will help the company communicate more effectively and actively with CoroWare shareholders, and generate greater awareness of CoroWare and our services, solutions and products.

Recent Financing Transactions

As of December 31, 2014 and 2013 the Company had an aggregate total of $274,582 and $247,582, respectively, in notes payable. These notes bear interest at rates ranging from five percent per annum to 21 percent per annum. As of December 31, 2014 all notes payable were in default. Accrued interest on notes payable totaled $461,160 and $424,635 at December 31, 2014 and 2013, respectively.

Notes payable consist of the following at December 31, 2014 and 2013:

		December 31, 2014	December 31, 2013
Notes payable – merger	8(a)	$ 50,000	$ 50,000
Notes payable – shareholders	8(b)	109,500	107,500
Note payable – third parties	8(c)	45,000	45,000
Notes payable – YA Global Investments (aka Yorkville Advisors)	8(d)	37,500	37,500
Other notes payable	8(e)	32,582	32,582
Total		$ 274,582	$ 272,582

(a) Notes payable - Merger:

In February 2003, the Company issued $230,000 of notes payable which matured in June 2003. The notes earn interest at 8% per annum unless they are in default, in which case they earn default interest at a rate of 15%; the notes are currently in default. Additionally, the notes had warrants attached to purchase 11,500 shares of common stock at $15.00 per share and were exercisable through February 12, 2005. None of these warrants were exercised prior to their expiration. During the fourth quarter of 2010, one of these notes with an outstanding balance of $75,000 was sold to a third party by the original investor. The terms of the note were changed such that the note became a convertible debenture. During 2011, two additional merger notes with an aggregate total of $55,000 were sold to third parties by the original investors and simultaneously converted to convertible debentures.

(b) Notes payable - Shareholders:

During 2011 and 2010, the Company entered into various unsecured notes with shareholders with aggregate totals of between $5,000 and $30,000. The notes bear interest at rates between -0- percent and 18 percent and matured at various dates through June 2011. During 2011, $74,200 of these notes were sold to third parties and simultaneously re-stated as convertible debentures. During the year ended December 31, 2014, the $2,000 was added to one of the notes in connection with services performed. These instruments are currently in default.

(c) Notes payable – Third Parties:

During June 2007, the Company entered a short-term note with a creditor that bears interest at 18% and matured in March 2008. This instrument is currently in default.

(d) Notes payable – Yorkville:

During August 2008, the Company entered into two (2) short-term notes with Yorkville that bear interest at 18% and matured in December 2008. This transaction was recorded as an inducement expense of $3,750 during the year ended December 31, 2008. These instruments are currently in default.

(e) Other notes payable

Other notes payable consist of four notes due to third parties. The notes bear interest at rates ranging from 5 percent to 21 percent and matured through December 31, 2011. Each of these notes is currently in default.

As of December 31, 2014 and 2013 the Company had an aggregate total of $186,134 and $175,016, respectively, in notes payable-related parties. These notes bear interest at rates ranging from zero percent per annum to 18 percent per annum. As of December 31, 2014 all notes payable to related parties were in default. Accrued interest on related party notes payable totaled $163,603 and $130,099 at December 31, 2014 and 2013, respectively.

On April 17, 2002, the Company borrowed $989,100 under a note agreement with the Small Business Administration. The note bears interest at 4% and is secured by the equipment and machinery assets of the Company. The balance outstanding at December 31, 2014 and 2013 was $979,950 and $980,950, respectively. The note calls for monthly installments of principal and interest of $4,813 beginning September 17, 2002 and continuing until April 17, 2032.

The Company and the Small Business Administration reached an agreement in November 2010 whereby the Small Business Administration would accept $500 per month for 12 months with payment reverting back to $4,813 in November 2011. The Company only made four payments under the modification agreement. The Company continues to carry the loan as a current term liability as current payments are not being made, resulting in the note being in default. Accrued interest and penalties on the note totaled $418,913 and $227,860 as of December 31, 2014 and 2013, respectively.

The following table reconciles the activity of the Company's convertible notes payable for the year ended December 31, 2014:

		Gross Convertible Notes Payable	Discounts on Convertible Notes Payable	Net Convertible Notes Payable
Balance as of December 31, 2013		$ 2,945,161	$ (100,635)	$ 2,844,526
Additions from new convertible notes issued for cash	(1)	170,500	(170,500)	-
Assignment of accrued interest and other debt to convertible notes	(2)	373,542	(110,143)	263,399
Conversion of principal on convertible notes to common stock	(3)	(900,316)	-	(900,316)
Accretion of debt discount to interest expense		-	362,453	362,453
Balance as of December 31, 2014	(4)	$ 2,588,887	$ (18,825)	$ 2,570,062

(1) During the year ended December 31, 2014, the Company issued a total of 6 separate convertible notes totaling $170,500 face value and ranging in size from $5,000 to $60,000. The notes were issued with beneficial conversion features and were convertible in to shares of the Company's common stock at variable prices. Conversion prices were at a discount to the Company's market price, typically a 40% to 50% discount to the lowest closing market

price for either 3, 10, 20, or 30 days prior to any notice of conversion. The Company determined that the beneficial conversion features should be accounted for as a derivative liability and the conversion features were valued at the market value on the date of issuance as described below in derivative liabilities. A debt discount was recorded up to the face value of the debt on the date of issuance. Any excess of fair value of the derivatives over the face value of the notes issued was recorded to interest expense. The notes were issued with stated interest rates of between -0-% and 12% annual interest rates and may have included stated minimum interest amounts. All convertible notes issued for cash were issued with conversion features valued in excess of the face value of the notes. A total of $185,121 of additional interest expense was recorded as a result of the excess fair value over the face value of the notes.

(2) During the year ended December 31, 2014, the Company $373,542 of accrued interest and other debt payable into convertible notes payable at terms consistent with those described above for notes issued for cash described above. Typically, these other notes payable were either purchased by one of several investors in the company who purchased notes from third parties or the accrued interest was converted into convertible notes. The notes had the embedded conversion features with fair values in excess of the face value and for those notes, the combined excess fair value, charged to interest expense, was $179,764.

(3) During the year ended December 31, 2014, the Company converted $900,316 of convertible notes and $571,534 of accrued interest into 8,127,192,772 shares of the Company's common stock.

The following table reconciles the activity of the Company's convertible notes payable for the year ended December 31, 2013:

		Gross Convertible Notes Payable	Discounts on Convertible Notes Payable	Net Convertible Notes Payable
Balance as of December 31, 2012		$ 2,411,206	$ (96,628)	$ 2,314,578
Additions from new convertible notes issued for cash	(4)	488,393	(488,393)	-
Cash payments on convertible notes	(5)	(115,739)	-	(115,739)
Assignment of accrued interest and other debt to convertible notes	(6)	397,525	-	397,525
Conversion of principal on convertible notes to common stock	(7)	(236,244)	-	(236,224)
Accretion of debt discounts to interest expense		-	484,386	484,386
Balance as of December 31, 2013		$ 2,945,161	$ (100,635)	$ 2,844,526

(4) During the year ended December 31, 2013, the Company issued a total of 12 separate convertible notes totaling $488,393 face value and ranging in size from $3,000 to $140,000. The notes were issued with beneficial conversion features and were convertible in to shares of the Company's common stock at variable prices. Conversion prices were at a discount to the Company's market price, typically a 15% to 60% discount to the lowest closing market price for either 10, 20, or 30 days prior to any notice of conversion. The Company determined that the beneficial conversion features should be accounted for as a derivative liability and the conversion features were valued at the market value on the date of issuance as described below in derivative liabilities. A debt discount was recorded up to the face value of the debt on the date of issuance. Any excess of fair value of the derivatives over the face value of the notes issued was recorded to interest expense. The notes were issued with stated interest rates of between 8% and 14% annual interest rates and may have included stated minimum interest amounts. All convertible notes issued for cash were issued with conversion features valued in excess of the face value of the notes. A total of $1,015,491 of additional interest expense was recorded as a result of the excess fair value over the face value of the notes.

(5) During the year ended December 31, 2013, the Company made cash payments of $115,739 on two convertible notes.

(6) During the year ended December 31, 2013, the Company exchanged $397,525 of accrued interest and other debt payable into convertible notes payable at terms consistent with those described above for notes issued for cash described above. Typically, these other notes payable were either purchased by one of several investors in the

company who purchased notes from third parties or the accrued interest was converted into convertible notes. The notes had the embedded conversion features with fair values in excess of the face value and for those notes, the combined excess fair value, charged to interest expense, was $1,018,117.

(7) During the year ended December 31, 2013, the Company converted $236,224 of convertible notes and $20,695 of accrued interest into 4,098,220,260 shares of the Company’s common stock.

The following is summary of principal balances of convertible debt holders as of the fiscal year ended December 31, 2014 and 2013, respectively:

	December 31, 2014	December 31, 2013
AGS Capital Group	$ 91,905	$ 157,687
Asher Enterprises	-	102,795
Barclay Lyons	10,750	10,750
Blackbridge Capital	29,485	52,042
Burgess, Tim	50,000	50,000
Burrington Capital	25,000	-
Cariou, Raphael	7,000	31,383
Collins, Thomas	39,170	39,170
Dakota Capital	200,000	-
IBC Funds	5,550	-
Kelburgh LTD	13,000	13,000
LG Capital	56,000	-
Liben, Barry	75,000	-
Magna Group	8,500	-
Panache Capital	32,685	32,685
Premier IT Solutions	21,962	21,962
Ratzker, David	-	64,184
Redwood Management	123,935	169,647
Ridge Point Capital	-	63,715
Robert, Jared	20,000	-
Sobeck, Michael	-	30,500
Tangiers Investment Group	181,000	62,891
Westmount International Holdings	537,317	517,317
YA Global Investments (aka Yorkville Advisors)	995,628	1,365,433
Zoom Marketing	65,000	140,000
Total convertible notes	$ 2,588,887	$ 2,945,161
Less: debt discounts	(18,825)	(100,635)
Total convertible notes, net	$ 2,570,062	$ 2,844,526

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RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014 COMPARED TO YEAR ENDED DECEMBER 31, 2013:

During the year ended December 31, 2014 (the "2014 Period"), revenues were $1,943,729 compared to revenues of $1,067,229 during the year ended December 31, 2013 (the "2013 Period"). Revenues in the 2014 Period were higher compared to the 2013 Period as the Company reorganized its business management and sales teams in 2013 in order to grow sales in 2014.

Cost of goods sold was $1,480,228 and $761,413 for the 2014 Period and the 2013 Period, respectively. Cost of goods sold primarily represents labor and labor-related costs in addition to overhead costs. The increased cost of goods sold was principally due increased sales. The Company began to reorganize its product development and business management teams at the end of the 2013 Period in order to improve sales and product quality in the following fiscal year

Gross Profits increased to $463,501 during the 2014 Period compared to $305,816 during the 2013 Period. Gross profits increased during the 2014 Period as a result of Gross revenues increased. The Gross profit percentage in the 2014 Period was 24% compared to 29% in the 2013 Period. The decrease in Gross profit percentage relates to higher cost of sales due to increased labor and expansion.

Operating expenses were $2,961,347 for the 2014 Period compared to $1,787,803 for the 2013 Period. General and administrative expenses amounted to $2,842,427 during the 2014 Period compared to $1,761,388 for the 2013 period, and represented mostly labor and related compensation costs, legal and professional fees, outside services, travel expenses, rental expense and related office expenses. Research and developments costs totaled $106,842 for the 2014 Period compared to $23,415 during the 2013 Period. Depreciation and amortization costs were $12,078 for the 2014 period compared to $3,000 for the 2013 Period.

Loss from operations was $2,497,846 for the 2014 Period compared to $1,481,987 for the 2013 period. Loss from operations was lower in the 2014 Period due primarily to a significant decrease in general and administrative expenses and, a modest decrease in sales revenues throughout the 2014 Period.

Other expense totalled $5,895,981 during the 2014 period compared to other expenses of $1,144,189 in the 2013 period. Other income (expense) is comprised primarily of gain/loss on derivative and amortization of debt discount and deferred finance costs. The loss on derivative for the 2014 period was $3,942,562 compared to a gain of $5,174,412 for the 2013 period. The embedded conversion features associated with our convertible debentures are valued based on the number of shares that are indexed to that liability. Keeping the number of shares constant, the liability associated with the embedded conversion features increases as our share price increases and, likewise, decreases when our share price decreases. Derivative income (expense) displays the inverse relationship. Interest expense for the 2014 period was $956,806 compared to $6,318,601 for the 2013 period. The Company also recognized a $990,282 loss on extinguishment of debt during the 2014 period. The decrease in interest expense is principally a result of a decrease in the amount of debt discount that was amortized and derivative valuations in excess of debt discount amounts. The debt discount is being amortized using the effective interest method. Under this method, the amount of amortization decreases exponentially as the underlying carrying value of the amortized debt decreases.

Net loss for the 2014 Period was $8,394,5532 compared to net loss of $2,653,431 for the 2013 Period.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2014 (the "2014 Period") we used $73,354, net cash from operating activities compared to $5 5,144 for the year ended December 31, 2013 (the "2013 Period").

During the year ended December 31, 2014 (the "2014 Period") we used $16,963 net cash from investing activities compared to $367 for the year ended December 31, 2013 (the "2013 Period") for purchases of property and equipment.

In the 2014 period, the Company generated $117,996 in cash from financing activities. This primarily reflects borrowings on convertible debentures. The Company's financing activities generated $552,757 of cash during the 2013 period.

At December 31, 2014, we had current assets of $99,161, current liabilities of $16,921,363, negative working capital of $16,822,202 and an accumulated deficit of $50,098,710. At December 31, 2013, we had current assets of $24,710, current liabilities of $14,764,716, negative working capital of $14,740,006 and an accumulated deficit of $41,704,178.

We presently do not have any available credit, bank financing or other external sources of liquidity. We will need to obtain additional capital in order to expand operations and become profitable. In order to obtain capital, we may need to sell additional shares of our common stock or borrow funds from private lenders. There can be no assurance that we will be successful in obtaining additional funding. We will still need additional capital in order to continue operations until we are able to achieve positive operating cash flow. Additional capital is being sought, but we cannot guarantee that we will be able to obtain such investments. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. However, even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

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.

CONTRACTUAL OBLIGATIONS

The following table sets forth the contractual obligations of the Company as of December 31, 2014:

	Payments due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Convertible debt	$ 2,570,062	$ 2,570,062	$ -	$ -	$ -
Notes payable	274,582	274,582	-	-	-
Notes payable, related parties	186,134	186,134	-	-	-
Small Business Administration loan	979,950	-	979,950	-	-
	$ 4,010,728	$ 3,030,778	$ 979,950	$	$

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this item.

ITEM 8. FINANCIAL STATEMENTS

All financial information required by this Item is attached hereto at the end of this report beginning on page F-1 and is hereby incorporated by reference.

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

None.

ITEM 9A-(T). CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this annual report on Form 10-K, management performed, with the participation of our Chief Executive Officer and our Chief Financial Officer, an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on the evaluation and the identification of the material weaknesses in internal control over financial reporting described below our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2014, our disclosure controls and procedures were not effective in ensuring that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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) and 15d-15(f) promulgated under the Exchange Act.) Internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive officer and principal financial officer and effected by an entity's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the entity's assets that could have a material effect on its consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the Company's management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in the Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Based upon this assessment, as of December 31, 2014 the Company's management concluded that there are material weaknesses affecting our internal control over financial reporting and have concluded that our internal control over financial reporting was not effective as of the end of the period covered by this report.

The matters involving internal controls and procedures that our management considers to be material weaknesses under COSO and Commission rules are: (1) lack of a functioning audit committee and lack of independent directors on our board of directors, resulting in potentially ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; (3) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements; and (4) ineffective controls over period end financial disclosure and reporting processes. The aforementioned potential material weaknesses were identified by our Chief Financial Officer in connection with the preparation of our financial statements as of December 31, 2014, who communicated the matters to our management and board of directors.

Management believes that the material weaknesses set forth in items (2), (3) and (4) above did not have an effect on our financial results. However, the lack of a functioning audit committee and lack of a majority of independent directors on our board of directors, resulting in potentially ineffective oversight in the establishment and monitoring of required internal controls and procedures, can impact our financial statements.

Attestation Report of Independent Registered Public Accounting Firm

This annual report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to an exemption for non-accelerated filers set forth in Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Management's Remediation Initiatives

Although we are unable to meet the standards under COSO because of the limited resources available to a company of our size, we are committed to improving our financial organization. As funds become available, we will undertake to: (1) create a position to segregate duties consistent with control objectives, (2) increase our personnel resources and technical accounting expertise within the accounting function (3) appoint one or more outside directors to our board of directors who shall be appointed to a Company audit committee resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures; and (4) prepare and implement sufficient written policies and checklists which will set forth procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements.

We will continue to monitor and evaluate the effectiveness of our disclosure controls and procedures and our internal control over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow. However, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks.

The implementation of these and other initiatives will be largely contingent on our ability to expand our board of directors and create audit and compensation committees. As we build an independent board-majority, comprised of a number of financial professionals, we anticipate the planning and implementation of internal controls to be expedited and improved.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Auditor's Attestation

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Our directors, principal executive officers and significant employees as of December 31, 2014 are as specified on the following table:

Name	Age	Position
Lloyd Spencer	58	Chief Executive Officer, Interim Chief Financial Officer, Director, Treasurer, Secretary

The principal occupations for each of our current executive officers and directors are as follows:

LLOYD T. SPENCER became our Chief Executive Office on January 28, 2008, interim Chief Financial Officer on November 17, 2008, and a member of the board of directors and Vice President since September 20, 2007. Beginning in May 2006, Mr. Spencer has served as President and CEO of our subsidiary, CoroWare Technologies, Inc. Beginning in October 2004, Mr. Spencer was co-founder and President of CoroWare, Inc., a Washington State private company that was acquired by Innova Holdings, Inc., which is now known as CoroWare, Inc. From June 2002 to September 2004, Mr. Spencer was Vice President of Sales at Planet Technologies, a systems integration company based in Germantown, MD. From November 1996 to August 2001, Mr. Spencer was Solutions Unit Manager and Group Product Manager at Microsoft in Redmond, Washington. Prior to Microsoft, Mr. Spencer served as Assistant Vice-President and Business Unit Manager at Newbridge Networks; and Product Line Manager at Sun Microsystems. He is an active contributor to the robotics community in the Seattle area through his participation in the Seattle Robotics Society. He is also instrumental in initiating and fostering 4H robotics clubs and programs in Washington State. Mr. Spencer received his Bachelor's degree from Cornell University in 1980 with a major in Biology and Animal Science and with an emphasis in Immunogenetics.

On February 14, 2014, Ms. Shanna Gerrard resigned as Corporate Secretary of CoroWare, Inc. (the "Company"), effective immediately. There was no disagreement between the Company and Ms. Gerrard which led to her resignation.

On February 14, 2014, Mr. Lloyd Spencer, Chairman of the Board of Directors, was appointed as Interim Corporate Secretary. Mr. Spencer continues to serve as President and Chief Executive Officer.

Our director will serve until the next annual meeting of stockholders. Our executive officers are appointed by our Board of Directors and serve at the discretion of the Board of Directors.

Section 16(a) of the Securities and Exchange Act of 1934

Section 16 (a) of the Securities and Exchange Act of 1934 requires the Company's officers and directors and persons who beneficially own more than 10% of the Company's common stock (collectively, "Reporting Persons") to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. We believe that all Reporting Persons complied with all applicable reporting requirements, except for the late filings of Form 3 (Initial Statement of Beneficial Ownership of Securities), and 4 (Statement of Changes of Beneficial Ownership of Securities) filings of Lloyd Spencer and Shanna Gerrard.

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CODE OF ETHICS DISCLOSURE COMPLIANCE

CoroWare has adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and other employees performing similar functions. The Code of Ethics was revised and updated in 2007 and approved by the board on December 6, 2007. The Code of Ethics is in the investor section of our website at www.coroware.com.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the cash compensation (including cash bonuses) paid or accrued and equity awards granted by CoroWare for years ended December 31, 2014 and 2013 to our Chief Executive Officer and our two most highly compensated officers other than the Chief Executive Officer at December 31, 2014 whose total compensation exceeded $100,000.

Name & Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All other Compensation	Totals
Lloyd Spencer (1)	2014	$ 50,312	$ -	$ 85,000	$ -	$ -	$ -	$ -	$ 135,312
	2013	$ 34,858							$ 34,858
David Hyams (2)	2014	$ 89,664		$ 20,00					$ 109,664
	2013	$ 49,883		$ 3,417					$ 49,883

Notes:

(1) Lloyd Spencer has served as CEO since January 28, 2008, and interim CFO since November 17, 2008. Prior to that, he was Vice President of Business Development and Director. Mr. Spencer is President of our subsidiary, CoroWare Technologies, Inc. with an annual salary of $150,000. On May 16, 2006, Mr. Spencer entered into an employment agreement which granted him 1,667 stock options to purchase restricted shares of CoroWare's common stock at $54 which were cancelled on December 31, 2007, and converted into restricted common stock one-for-one and issued in lieu thereof by action of the Board of Directors. Mr. Spencer was granted 1,667 options to purchase restricted shares of CoroWare common stock at $12 on May 16, 2006. These options have a ten year term and vest ratably over three years. On December 31, 2007 the options were re-priced from $12 to $3. In February 2008, these options were converted to 1,667 shares of CoroWare common stock. On September 12, 2007, Mr. Spencer was granted options to purchase restricted shares of the CoroWare common stock at $12 per share. On December 31, 2007, the options were re-priced from $12 to $3. As of December 31, 2010, all 5,000 of these options have vested.

(2)

David Hyams is Chief Technology Officer with a salary of $150,000. On May 16, 2006, Mr. Hyams entered into an employment agreement which granted him 1,667 stock options to purchase restricted shares of CoroWare's common stock at $54 which were cancelled on December 31, 2007, and converted into restricted common stock one-for-one and issued in lieu thereof by action of the Board of Directors. Mr. Hyams was granted 1,667 options to purchase restricted shares of CoroWare common stock at $12 on May 16, 2006. These options have a ten year term and vest ratably over three years. On December 31, 2007 the options were re-priced from $12 to $3. In February 2008, these options were converted to 1,667 shares of CoroWare common stock. On September 12, 2007, Mr. Hyams was granted options to purchase restricted shares of the CoroWare common stock at $12 per share. On December 31, 2007, the options were re-priced from $12 to $3. As of December 31, 2010, all 5,000 of these options have vested. In 2012, Mr. Hyams agreed to a modification of his employment contract which changed his salary to an hourly rate resulting in gross income of $126,000 per year of which a portion is paid in cash as noted in the table above and a portion is deferred.

Stock Option Plans

CoroWare's 2005 Stock Option Plan was ratified by the Stockholders of the Corporation at a Special Meeting of the Stockholders on November 3, 2006. The plan is presently administered by our board of directors, which selects the eligible persons to whom options shall be granted, determines the number of common shares subject to each option, the exercise price therefore and the periods during which options are exercisable, interprets the provisions of the plan and, subject to certain limitations, may amend the plan. Each option granted under the plan shall be evidenced by a written agreement between the company and the optionee. Options may be granted to employees (including officers) and directors and certain consultants and advisors. Options granted under the plan are not transferable, except by will and the laws of descent and distribution.

Name	Number of Shares Underlying Options	% of Total Options Granted to Employees	Exercise Price		Expiration Date
Lloyd Spencer (See Note 1)	25	14.2%	$	600.00	9/12/2017
David Hyams (see Note2)	25	14.2%	$	600.00	9/12/2017

Notes:

(1) Lloyd Spencer has served as CEO since January 28, 2008 and interim CFO since November 17, 2008. Prior to that, he was Vice President of Business Development and Director. Mr. Spencer is President of our subsidiary, CoroWare Technologies, Inc. with an annual salary of $150,000. On May 16, 2006, Mr. Spencer entered into an employment agreement which granted him 1,667 stock options to purchase restricted shares of CoroWare, Inc.'s common stock at $54 which were cancelled on December 31, 2007 and converted into restricted common stock one-for-one and issued in lieu thereof by action of the Board of Directors. Mr. Spencer was granted 1,667 options to purchase restricted shares of our. common stock at $12 on May 16, 2006. These options have a ten year term and vest ratably over three years. On December 31, 2007 the options were re-priced from $12 to $3. In February 2008, these options were converted to 1,667 shares of our common stock. On September 12, 2007, Mr. Spencer was granted options to purchase restricted shares of our common stock at $12 per share. On December 31, 2007, the options were re-priced from $12 to $3. As of December 31, 2012, all 5,000 of these options have vested.

(2) Mr. Hyams entered into an employment agreement and was granted 1,667 options to purchase restricted shares of the Company's common stock at a purchase price of $54, expiring in ten years, and vesting ratably over three years. The Board of Directors voted to re-price these options to $12 at September 12, 2007, and again to $3 at December 31, 2007. On February 4, 2008. these options were converted into 1,667 share of the Company's common stock as per a directive from our board of directors. On September 12, 2007, Mr. Hyams was grated 5,000 options to purchase restricted shares of CoroWare common stock at $12 per share. On December 31, 2007 the options were re-priced $3. At December 31, 2012, all 5,000 of those options are vested.

Except as described above no other equity awards were made in 2014 and 2013 to any of the Executive Officers.

Outstanding Equity Awards at Year End

The following table sets forth information for the named executive officers regarding the number of options and stock awards, as well as the exercise prices and expiration dates thereof, as of December 31, 2014.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Lloyd Spencer	5,000	-	-	$ 3	9/2017	-	-	-	-
David Hyams	5,000	-	-	$ 3	9/2017	-	-	-	-

(1) These awards rest ratably over three years from the date of grant and are exercisable for ten years.

Director's Compensation

CoroWare, Inc. has not paid and does not presently propose to pay cash compensation to any director for acting in such capacity. No restricted shares were awarded for 2014 or 2013 services. For 2014 and 2013 services, each director was awarded 4,500,000 restricted shares of our common stock. In addition, the chairman was awarded 2,250,000 shares. No director has received his shares for 2014, nor for 2013 services. A liability has been established for $9,374 for the remaining board fees that have yet to be paid.

The directors received the following common stock issuances for their service in 2014 and 2013:

Director	Restricted Common Stock Issued in 2014 for services	Value	Restricted Common Stock Issued in 2013 for services	Value

Martin Nielson	-	$	-	-	$	-
John Kroon	-		-	-		-
Lloyd Spencer	-		-	-		-
Total	-	$	-	-	$	-

Employment Agreements with Executive Officers

Currently, there is an employment agreement with Lloyd Spencer, CEO and interim CFO of CoroWare, Inc., and President and CEO of CoroWare Technologies, Inc. We entered into a five year employment agreement with Mr. Spencer on May 16, 2006. Under the terms of this agreement, Mr. Spencer is to serve as the President of CoroWare and to provide services as needed. His salary is $150,000 per annum. During 2012, Mr. Spencer reduced his annual salary to $59,541, of which $40,000 was deferred. During 2012, an additional $17,650 was deferred. An annual bonus may be awarded at the discretion of the board of directors. At the inception of the agreement, Mr. Spencer was awarded 16,667 stock options to purchase CoroWare, Inc. common stock at $5.40 per share. These options vest annually over three years and terminate on the tenth anniversary of the date of grant.

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

The following table sets forth certain information regarding the beneficial ownership of our common stock as of August 21, 2015, by each person or entity known by us to be the beneficial owner of more than 5% of any class of our voting securities, each of our directors and named executive officers, and all of our directors and executive officers as a group. Beneficial ownership has been determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended. Generally, a person is deemed to be the beneficial owner of a security if he has the right to acquire voting or investment power within 60 days.

Percentage ownership in the following table is based on 13,149,707,329 shares of common stock outstanding and 100,000 shares of Series D Convertible Preferred Stock outstanding as of August 21, 2015. A person is deemed to be the beneficial owner of securities that can be acquired by that person within 60 days from April 11, 2014 upon the exercise of options, warrants or convertible securities, or other rights. Each beneficial owner's percentage ownership is determined by dividing the number of shares beneficially owned by that person by the base number of outstanding shares, increased to reflect the shares underlying options, warrants, convertible securities, or other rights included in that person's holdings, but not those underlying shares held by any other person.

Name and Address of Beneficial Owner	Amount and Nature of Common Stock Beneficial Ownership	Percent of Class
Lloyd Spencer 18529 NE 184 th Street Woodinville, WA 98072	60,606,335	< 1%
Directors and Officers as a Group (1 person)	60,606,335	< 1%

Name of Series D Stockholder	Number of Shares of Common Stock Held	Number of Shares of Series D Preferred held(1)	Number of Votes held by such Series D Stockholder	Number of Votes	Percentage of the Voting Equity
Lloyd Spencer	60,606,335	60,000	x 100,000	6,060,606,335	46.0%
Shanna Gerrard	25	20,000	x 100,000	2,000,000,025	15.0%
Jared Robert	86,501	20,000	x 100,000	2,000,086,501	15.0%

(1) Each share of Series D Convertible Preferred Stock (“Series D Preferred”) has the equivalent of one hundred thousand (100,000) votes of common stock. Currently, there are 3 holders of Series D Preferred Stock, namely Lloyd Spencer (60,000 shares), Shanna Gerrard (20,000 shares) and Jared Robert (20,000 shares) (together, the “Series D Stockholders”), collectively holding 100,000 shares of Series D Preferred, resulting in the Series D Stockholders holding in the aggregate a majority of the total voting power of all issued and outstanding voting shares of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

No director, executive officer or nominee for election as a director of our company, and no owner of five percent or more of our outstanding shares or any member of their immediate family has entered into or proposed any transaction in which the amount involved exceeds $60,000 except as set forth below.

As of December 31, 2014 and 2013 the Company had an aggregate total of $186,134 and $175,016, respectively, in notes payable. These notes bear interest at rates ranging from zero percent per annum to 18 percent per annum. As of December 31, 2014 all notes payable to related parties were in default. Accrued interest on related party notes payable totaled $163,603 and $130,099 at December 31, 2014 and 2013, respectively.

During the year ended December 31, 2014, the Company issued 185,000 shares of Series E preferred stock to the Company's Chief Executive Officer in settlement of $100,000 of deferred salaries and $85,000 of current compensation.

During the year ended December 31, 2014, the Company issued 80,000 shares of Series F preferred stock to Company directors in settlement of $80,000 of accrued compensation.

During the year ended December 31, 2014, the Company issued 25,000 shares of Series G preferred stock to to the Company's Chief Executive Officer in settlement of $25,000 of deferred salary.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

(1) Audit Fees

The aggregate fees billed for professional services rendered by Sadler, Gibb & Associates, LLC for the audit of the Registrant's annual consolidated financial statements and review of the interim financial information included in the Registrant's Forms 10-Q or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for fiscal years 2014 and 2013, were $50,000 and $50,500, respectively.

(2) Tax Fees

The aggregate fees billed for professional services rendered for the preparation of the Registrant's tax returns, including tax planning for fiscal years 2014 and 2013 were $-0, respectively.

(3) All Other Fees

No other fees were paid to Sadler, Gibb & Associates for fiscal years 2014 and 2013.

(4) Audit Committee Policies and Procedures

The Registrant does not have an audit committee. The Board of Directors of the Registrant approved all of the services rendered to the Registrant by Sadler, Gibb & Associates for fiscal years 2014 and 2013.

(5) Audit Work Attributed to Persons Other than Sadler, Gibb & Associates, LLC

Not applicable.

PART IV

ITEM 15. EXHIBITS

Exhibit	Description
2.4	Agreement and Plan of Merger among the Company, RWT Acquisition, Inc and Robotic Workspace Technologies, Inc. dated July 21, 2004. (5)
3.1	Articles of Incorporation (2)
3.1.1	Amendment to Articles of Incorporation as of January 3, 2013
3.2	Bylaws (2)
4.1	Certificate of Designation of Series D Convertible Preferred Stock dated November 10, 2012 ( )
4.2	Certificate of Designation of Series E Convertible Preferred Stock dated March 9, 2012 ( )
10.17	Registration Rights Agreement with Cornell Capital Partners, LP dated June 14, 2005 (10)
10.18	Escrow Agreement with Cornell Capital Partners, LP and David Gonzalez, Esq. dated June 14, 2005 (10)
10.19	Promissory Note for $300,000 issued to Cornell Capital Partners, LP dated June 14, 2005 (10)
10.21	Securities Purchase Agreement with Cornell Capital Partners, LP dated October 7, 2005 (11)
10.22	Registration Rights with Cornell Capital Partners, LP dated October 7, 2005 (11)
10.23	Convertible Debenture issued to Cornell Capital Partners, LP dated October 7, 2005 (11)
10.24	Security Agreement with Cornell Capital Partners, LP dated October 7, 2005 (11)
10.25	Escrow Agreement with David Gonzalez and Cornell Capital Partners, LP dated October 7, 2005 (11)

10.28	Stock Option Plan adopted on April 12, 2005 and amended on April 12, 2006 (14)
10.29	Amended and Restated Stock Option Plan amended on July 24, 2006 (15)
10.30	Convertible Debenture dated July 21, 2006 (16)
10.31	Form of $0.05 Warrant (16)
10.32	Form of $0.10 Warrant (16)
10.33	Form of $0.025 Warrant (16)
10.34	Form of $0.065 Warrant (16)
10.35	Form of $0.075 Warrant (16)
10.36	Securities Purchase Agreement dated July 21, 2006 between the Company and Cornell (16)
10.37	Investor Registration Rights Agreement dated July 21, 2006 between the Company and Cornell (16)
10.38	Security Agreement dated July 21, 2006 by and between the Company and Cornell (16)
10.39	Subsidiary Security Agreement dated July 21, 2006 by and between CoroWare Technologies, Inc. and Cornell (16)
10.41	Asset Purchase Agreement by and among Innova Holdings, Inc., CoroWare Technologies Inc. and CoroWare, Inc. dated May 12, 2006. (18)
10.42	Form of Executive Employment Agreement. (18)

10.44	Conversion Agreement dated as of October 19, 2007, by and between Innova Robotics and Automation, Inc. and Jerry Horne (22)
10.45	Securities Purchase Agreement, dated October 25 t , 2007 (22)
10.46	Secured Convertible Debenture, dated October 25 th , 2007 (22)
10.47	Redemption Warrant, dated October 25 th , 2007 (22)
10.48	Registration Rights Agreement, dated October 25 th , 2007 (22)
10.49	Security Agreement, dated October 25 th , 2007 (22)
10.50	Robotic Workspace Technologies, Inc. Patent and Trademark Agreement, dated October 25 th , 2007 (22)
10.51	Form of Series C Convertible Preferred Stock Subscription Agreement, dated October 13, 2007 (22)
10.52	Form of Warrant, dated October 13, 2007 (22)
10.53	Certificate of Designation (22)
10.54	Employment Termination and Retirement Agreement, dated December 18, 2007 (21)
10.55	Consulting Agreement, dated December 18, 2007 (21)
10.56	Securities Purchase Agreement, dated March 20 th , 2008 (23)
10.57	Secured Convertible Debenture, dated March 20 th , 2008 (23)
10.58	Warrant, dated March 20 th , 2008 (23)
10.59	Registration Rights Agreement, dated March 20 th , 2008 (23)
10.60	Security Agreement, dated November 2 nd , 2007 (23)
10.61	Patent and Trademark Security Agreement, dated October 29 th , 2007 (23)
10.62	Amendment Agreement, dated March 20 th , 2008 (23)
10.63	Amendment to Articles of Incorporation dated April 23, 2008

10.64	2008 Incentive Stock Plan
10.65	Amended 2008 Incentive Stock Plan
10.66	Amendment to Articles of Incorporation dated January 23, 2009
10.67	Joint Venture Agreement
14.1	Code of Ethics
21.1	List of Subsidiaries *
31	Rule 13(a) -14(a)/15d-14(a) Certification of Principal Executive Officer and Principal Financial Officer*
32	Section 1350 Certification of Chief Executive Officer and Principal Financial Officer*

* Filed herewith

(1) Incorporated by reference to the Form 8-K filed on February 4, 2003.

(2) Incorporated by reference to the Form SB-2 filed on August 7, 2001.

(3) Incorporated by reference to the Form 10-KSB filed on April 24, 2003.

(4) Incorporated by reference to the Form 8-K filed on May 13, 2003.

(5) Incorporated by reference to the Form 8-K filed on August 8, 2004.

(6) Incorporated by reference to the Form 14C filed on June 30, 2004.

(7) Incorporated by reference to the Form 8-K filed on September 28, 2004.

(8) Incorporated by reference to the Form 8-K filed on January 11, 2005.

(9) Incorporated by reference to the Form 10-KSB filed on April 19, 2005.

(10) Incorporated by reference to the Form 8-K filed on June 16, 2005.

(11) Incorporated by reference to the Form 8-K filed on October 19, 2006.

(12) Incorporated by reference to the Form 8-K filed on July 6, 2005.

(13) Incorporated by reference to the Form 8-K filed on January 27, 2006.

(14) Incorporated by reference to the Form 10-KSB filed on April 19, 2006.

(15) Incorporated by reference to Amendment 1 to the Schedule 14A filed on July 31, 2006.

(16) Incorporated by reference to the Form 8-K filed on July 25, 2006.

(17) Incorporated by reference to the Form 8-K filed on June 22, 2006.

(18) Incorporated by reference to the Form 8-K filed on May 22, 2006.

(19) Incorporated by reference to the Form 8-K filed on May 3, 2006.

(20) Incorporated by reference to the Registration Statement on Form SB-2 filed on November 9, 2007.

(21) Incorporated by reference to the Form 8-K filed on December 26, 2007.

(22) Incorporated by reference to the Registration Statement on Form S-1 filed on February 13, 2008

(23) Incorporated by reference to the Form 8-K filed on March 26, 2008.

(24) Incorporated by reference to the Form 10-KSB filed April 15, 2008

(25) Incorporated by reference to the Form 8-K filed on May 14, 2008.

(26) Incorporated by reference to the Form 10-Q filed on May 20, 2008.

(27) Incorporated by reference to the Form S-8 filed on May 29, 2008.

(28) Incorporated by reference to the Form S-8 filed on July 30, 2008.

(29) Incorporated by reference to the Form 10-Q filed on August 19, 2008.

(30) Incorporated by reference to the Form 8-K filed on November 19, 2008.

(31) Incorporated by reference to the Form 10-Q filed on November 19, 2008.

(32) Incorporated by reference to the Form 8-K filed on March 18, 2009.

(33) Incorporated by reference to the Form 8-K filed on April 7, 2009.

(34) Incorporated by reference to the Form 5 filed on May 12, 2009.

(35) Incorporated by reference to the Form 10-K filed on May 18, 2009.

(36) Incorporated by reference to the Form 10Q filed on May 20, 2009.

(37) Incorporated by reference to the Form 8-K filed on August 7, 2009.

(38) Incorporated by reference to the Form 10Q filed on August 19, 2009.

(39) Incorporated by reference to the Form 8-K filed on August 28, 2009.

(40) Incorporated by reference to the Form 8-K filed on October 22, 2009.

(41) Incorporated by reference to the Form 10Q filed on November 23, 2009.

(42) Incorporated by reference to the Form S-8 filed on December 16, 2009.

(43) Incorporated by reference to the Form 8-K filed on January 10, 2010.

(44) Incorporated by reference to the Form S-8 filed on March 29, 2010.

(45) Incorporated by reference to the Form 10K filed on May 12, 2010.

(46) Incorporated by reference to the Form 10Q filed on May 24, 2010.

(47) Incorporated by reference to the Form 10Q filed on August 23, 2010.

(48) Incorporated by reference to the Form 8K filed on September 17, 2010.

(49) Incorporated by reference to the Form 10Q filed on November 22, 2010.

(50) Incorporated by reference to the Form SC 13G filed on December 2, 2010.

(51) Incorporated by reference to the Form S-8 filed on December 21, 2010.

(52) Incorporated by reference to the Form 10K/A filed on January 5, 2012.

(53) Incorporated by reference to the Form S-8 POS filed on February 22, 2012.

(54) Incorporated by reference to the Form 8K filed on March 16, 2012.

(55) Incorporated by reference to the Form NT 10-K filed on March 30, 2012.

(56) Incorporated by reference to the Form 8K filed on April 14, 2012.

(57) Incorporated by reference to the Form 10K filed on April 15, 2012.

(58) Incorporated by reference to the Form NT 10-Q filed on May 16, 2012.

(59) Incorporated by reference to the Form 10-Q filed on June 6, 2012.

(60) Incorporated by reference to the Form Pre 14C filed on June 24, 2012.

(61) Incorporated by reference to the Form Def 14A filed on July 29, 2012.

(62) Incorporated by reference to the Form NT 10-Q filed on August 15, 2012.

(63) Incorporated by reference to the Form Defr 14A filed on August 18, 2012.

(64) Incorporated by reference to the Form 10-Q filed on August 19, 2012.

(65) Incorporated by reference to the Form 10-Q/A filed on September 22, 2012.

(66) Incorporated by reference to the Form 8K filed on September 23, 2012.

(67) Incorporated by reference to the Form 3 filed on October 3, 2012.

(68) Incorporated by reference to the Form 4 filed on October 3, 2012.

(69) Incorporated by reference to the Form 8K filed on November 9, 2012.

(70) Incorporated by reference to the Form 8KA filed on November 14, 2012.

(71) Incorporated by reference to the Form NT 10-Q filed on November 14, 2012.

(72) Incorporated by reference to the Form 8K filed on November 16, 2012.

(73) Incorporated by reference to the Form Pre 14C filed on November 16, 2012.

(74) Incorporated by reference to the Form 10-Q filed on November 21, 2012.

(78) Incorporated by reference to the Form 8K/A filed December 12, 2012.

(79) Incorporated by reference to the Form 8K/A filed on December 12, 2012.

(80) Incorporated by reference to the Form Pre 14C filed on December 12, 2012.

(81) Incorporated by reference to the Form Def 14C filed on December 12, 2012

(82) Incorporated by reference to the Form 8K/A filed on December 13, 2012.

(83) Incorporated by reference to the Form S-8 filed on March 7, 2012.

(84) Incorporated by reference to the Form 8-K filed on March 7, 2012.

(85) Incorporated by reference to the Form NT-10K filed on March 30, 2012.

(86) Incorporated by reference to the Form 10K filed on April 16, 2012.

(87) Incorporated by reference to the Form 10-K/A filed on April 18, 2012.

(88) Incorporated by reference to the Form 10-K/A filed on April 25, 2012.

(89) Incorporated by reference to the Form Pre 14C filed on May 4, 2012.

(90) Incorporated by reference to the Form 10-Q filed on May 21, 2012.

(91) Incorporated by reference to the Form Pre 14C filed on June 11, 2012.

(92) Incorporated by reference to the Form Def 14C filed on June 15, 2012.

(93) Incorporated by reference to the Form 8-K filed on July 11, 2012.

(94) Incorporated by reference to the Form NT 10-Q filed on August 14, 2012.

(95) Incorporated by reference to the Form 10-Q filed on August 20, 2012.

(96) Incorporated by reference to the Form S-8 filed on August 23, 2012.

(97) Incorporated by reference to the Form 3 filed on October 1, 2012.

(98) Incorporated by reference to the Form 8-K filed on October 3, 2012.

(99) Incorporated by reference to the Form S-8 filed on October 30, 2012.

(100) Incorporated by reference to the Form NT 10-Q filed on November 13, 2012.

(101) Incorporated by reference to the Form 10-Q filed on November 19, 2012.

(102) Incorporated by reference to the Form S-8 filed on January 28, 2013.

(103) Incorporated by reference to the Form 10-Q/A filed on January 31, 2013.

(104) Incorporated by reference to the Form 10-Q/A filed on January 31, 2013.

(105) Incorporated by reference to the Form 10-K/A filed on January 31, 2013.

(106) Incorporated by reference to the Form Pre 14C filed on February 28, 2013.

(107) Incorporated by reference to the Form 5 filed on March 5, 2013.

(108) Incorporated by reference to the Form 4 filed on March 5, 2013.

(109) Incorporated by reference to the Form Def 14C filed on March 25, 2013.

(110) Incorporated by reference to the Form 8-K filed on April 15, 2013.

(111) Incorporated by reference to the Form 10K/A filed on May 23, 2013.

(112) Incorporated by reference to the Form 10-Q filed on June 4, 2013.

(113) Incorporated by reference to the Form 10-Q/As filed on June 18, 2013.

(114) Incorporated by reference to the Form 10-Q/A filed on June 19, 2013.

(115) Incorporated by reference to the Form 10-Q filed on August 19, 2013.

(116) Incorporated by reference to the Form 8-K/A filed on August 20, 2013.

(117) Incorporated by reference to the Form 8-K filed on August 22, 2013.

(118) Incorporated by reference to the Form 8-K/A filed on August 28, 2013.

(119) Incorporated by reference to the Form 8-K filed on October 10, 2013.

(120) Incorporated by reference to the Form 10-Q filed on November 19, 2013.

(121) Incorporated by reference to the Form Def 14C filed on November 25, 2013.

(122) Incorporated by reference to the Form 8-K filed on December 13, 2013.

(123) Incorporated by reference to the Form 8-K/A filed on December 24, 2013.

(124) Incorporated by reference to the Form 10-Q/A filed on January 9, 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.

Dated: August 24, 2015

COROWARE, INC.

By: /s/ Lloyd T. Spencer
Lloyd T. Spencer
Chief Executive Officer and
Interim Chief Financial Officer
(Principal Executive Officer and
Principal
Accounting and Financial Officer)

In accordance with the Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Lloyd T. Spencer Lloyd T. Spencer	Chief Executive Officer and Interim Chief Financial Officer, Chairman of the Board of Directors (Principal Executive Officer and Principal Accounting and Financial Officer),	August 24, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
CoroWare, Inc.

We have audited the accompanying consolidated balance sheets of CoroWare, Inc. ("the Company") as of December 31, 2014 and 2013 (as restated) and the related consolidated statements of operations, stockholders' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of CoroWare, Inc. as of December 31, 2014 and 2013 (as restated), and the results of their operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company had accumulated losses for the period from inception through December 31, 2014 which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Sadler, Gibb & Associates, LLC

Salt Lake City, UT
August 24, 2015