

RENEWABLE ENERGY & POWER, INC.

FORM 10-Q (Quarterly Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarterly Period Ended December 31, 2015

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 000-55237

RENEWABLE ENERGY AND POWER, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

46-1294868

(I.R.S. Employer
Identification No.)

3395 Cheyenne Ave. #111
N. Las Vegas, NV .

(Address of principal executive offices)

89032

(Zip Code)

Telephone: (702) 685-9524

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark 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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The number of outstanding shares of the registrant's common stock was 80,221,720 as of March 18, 2016.

**RENEWABLE ENERGY AND POWER, INC. FORM 10-Q
FOR THE QUARTER ENDED DECEMBER 31, 2015**

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this Quarterly Report are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance, and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "can have," "likely," and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected costs, expenditures, cash flows, and financial results, our plans and objectives for future operations, growth or initiatives, strategies, plans to repurchase shares of our common stock, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. For the discussion of these risks and other risks and uncertainties that could cause actual results to differ materially from those contained in our forward-looking statements, please refer to "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2015 ("Annual Report"), filed with the Securities and Exchange Commission ("SEC") on February 16, 2016, and "Part II - Item 1A. Risk Factors" of this Quarterly Report. The forward-looking statements included in this Quarterly Report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as otherwise required by law.

- *changes in or new government regulations or increased enforcement of the same,*
- *unavailability of desirable acquisitions, inability to complete them or inability to integrate them,*
- *increased costs, including from increased raw material or energy prices,*
- *changes in general worldwide economic or political conditions,*
- *adverse publicity or negative consumer perception regarding solar investments,*
- *issues with obtaining raw materials of adequate quality or quantity,*
- *litigation and claims, including product liability, intellectual property and other types,*
- *disruptions from or following acquisitions, including the loss of customers,*
- *increased competition,*
- *slow or negative growth in the solar power industry,*
- *the loss of key personnel or the inability to manage our operations efficiently,*
- *problems with information management systems, manufacturing efficiencies and operations,*
- *insurance coverage issues,*
- *the volatility of the stock market generally and of our stock specifically,*
- *increases in the cost of borrowings or unavailability of additional debt or equity capital, or both, or fluctuations in foreign currencies and*
- *interruption of business or negative impact on sales and earnings due to acts of God, acts of war, terrorism, bio-terrorism, civil unrest and other factors outside of our control.*

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

**Renewable Energy and Power, Inc.
Condensed Balance Sheets
December 31, 2015 and September 30, 2015**

	<u>December 31, 2015</u>	<u>September 30, 2015</u>
	<u>(Unaudited)</u>	
<u>Assets</u>		
Current Assets:		
Cash	\$ -	\$ 60
Accounts receivable from others	8,564	10,064
Accounts receivable from MDI (Note 4)	182,883	1,554,400
Inventories	70,047	250,047
Total current assets	261,494	1,814,571
Property and equipment, net of accumulated depreciation of \$144,623 and \$131,021, respectively	305,877	319,479
Intangibles, net of accumulated amortization of \$174,262 and \$162,637, respectively	117,748	129,373
Other assets (security deposit)	5,000	5,000
	\$ 690,119	\$ 2,268,423
<u>Liabilities and Shareholders' Equity</u>		
Current Liabilities:		
Bank overdraft	\$ 311	\$ -
Accounts payable to others	46,158	46,819
Accounts payable to MDI (Note 4)	-	1,429,046
Accrued interest payable to others	1,529	-
Accrued interest payable to MDI (Note 4)	61,804	58,333
Payable to shareholder (Note 5)	74,110	74,110
Consulting fees payable to officers and shareholder	173,006	176,006
Short-term loan payable to officer (Note 5)	33,506	25,901
Convertible notes payable, less discount and loan origination fees totaling \$65,905 at December 31, 2015	29,845	-
Convertible notes payable to MDI less discount of \$96,590 at December 31, 2015 (Note 4)	13,195	-
Total current liabilities	433,464	1,810,215
Convertible note payable to MDI (Note 4)	-	250,000
Total liabilities	433,464	2,060,215
Commitments and Contingencies (Note 4)		
Shareholders' Equity:		
Common stock, 200,000,000 shares authorized, par value \$.001 per share, 80,221,720 and 74,521,720 shares issued and outstanding	80,222	74,522
Additional paid-in capital	1,025,947	798,530
Accumulated deficit	(849,514)	(664,844)
Total shareholders' equity	256,655	208,208
	\$ 690,119	\$ 2,268,423

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

Renewable Energy and Power, Inc.
Condensed Statements of Operations
For the Three Months Ended December 31, 2015 and 2014
(Unaudited)

	For the Three Months Ended December 31,	
	2015	2014
Revenues (Note 4)	\$ 170,000	\$ 125,001
Cost of revenues	150,705	90,235
Gross profit	19,295	34,766
Operating expenses:		
General and administrative	107,958	13,172
Amortization	11,625	13,601
Depreciation	13,602	11,625
Consultants	26,408	16,000
	159,593	54,398
Loss from operations	(140,298)	(19,632)
Interest expense	(44,372)	(5,000)
Loss before federal income taxes	(184,670)	(24,632)
Federal income taxes	-	-
Net loss	\$ (184,670)	\$ (24,632)
Loss per share, basic and dilutive	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding	77,878,242	74,521,720

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

Renewable Energy and Power, Inc.
Condensed Statements of Cash Flows
For the Three Months Ended December 31, 2015 and 2014
(Unaudited)

	2015	2014
Cash flows from operating activities:		
Net loss	\$ (184,670)	\$ (24,632)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	25,227	25,226
Amortization of debt discount	39,372	-
Issuance of common stock for services	35,000	-
Changes in operating assets and liabilities:		
Accounts receivable from MDI	(237,884)	(125,001)
Accounts receivable from others	1,500	-
Inventories	180,000	87,296
Account payable to others	(661)	1,070
Accounts payable to MDI	45,140	17,666
Accrued interest payable to MDI	3,471	5,000
Accrued interest payable to others	1,529	-
Consulting fees payable to officers	(3,000)	13,000
Net cash used in operating activities	(94,976)	(375)
Cash flows from investing activities	-	-
Cash flows from financing activities:		
Bank overdraft	311	-
Proceeds from short-term loan payable to officer	7,605	-
Proceeds from issuance of convertible debt	87,000	-
Net cash provided by financing activities	94,916	-
Net decrease in cash	(60)	(375)
Cash at beginning of period	60	462
Cash at end of period	\$ -	\$ 87

Supplemental Cash Flow Disclosures

Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

Supplemental Disclosures of Non-Cash Investing and Financing Activities

Payment of convertible note payable to MDI through netting of accounts receivable and accounts payable	\$ 135,215	\$ -
Conversion of convertible note payable to common stock	\$ 5,000	-

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

Renewable Energy and Power, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 1 – Nature of Business

Renewable Energy and Power (the Company or REAP) was incorporated on October 15, 2012, under the laws of the State of Nevada, for the purpose of conducting all legal business.

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), as amended for interim financial information.

These financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's 2014 Annual Report on Form 10-K. The accompanying unaudited financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods, but are not necessarily indicative of the results for any subsequent quarter or the entire year ending September 30, 2016.

Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The interim results for the three months ended December 31, 2015 are not necessarily indicative of results for the full fiscal year.

The Company is engaged in the business of new and retrofit applications for LED lighting and innovative solar electrical generation. The LED products will lower the use of electrical power, lower maintenance costs for users and extend the useful life of lighting fixtures.

The solar process will greatly increase the conversion of heat to electricity, and is patterned after technology that has been used in space exploration for many years.

Management knows of no material adjustments needed in these financial statements to conform to Generally Accepted Accounting Principles.

Note 2 – Going Concern

These financial statements for the three months ended December 31, 2015 were prepared assuming the Company will continue as a going concern. During the three months ended December 31, 2015, the Company has incurred a loss of \$184,670 and has an accumulated deficit of \$849,514. The Company will need to generate significant revenue in order to achieve profitability and may never become profitable.

The Company has begun principal operations and, as is common with a start-up company, the Company has had recurring losses during its early stage. The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company does not have significant cash or other material assets, nor does it have an established source of revenue sufficient to cover its operating costs and to allow it to continue as a going concern. In the interim, shareholders of the Company have committed to meeting its minimal operating expenses.

Renewable Energy and Power, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 3 – Summary of Significant Accounting Policies

Basis of presentation

The Company reports revenues and expenses using the accrual method of accounting for financial and tax reporting purposes. These financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles.

Management estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Company recognizes revenue from sales at the time the products are shipped, the price is determinable, the customers are invoiced and payment is reasonably assured. Invoices are due on a net 30 day basis. Shipping and handling costs are billed to customers and netted against shipping and handling expenses incurred by the Company, which are included in cost of revenues. All of the Company's sales are to Multichip Display, Inc. (MDI), a shareholder of the Company. See Note 4.

Accounts receivable

The Company grants credit, generally without collateral. The Company performs periodic credit evaluations of its customers' financial condition and believes that its customer acceptance, billing and collection policies are adequate to minimize potential credit risk. The Company has not incurred any credit losses to date. The Company provides an allowance for doubtful accounts that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for bad debt is \$0 at December 31, 2014 and 2015. Normal accounts receivable past due more than 30 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. See Note 4.

Inventories

Inventories are carried at the lower of cost (first-in, first-out, FIFO) or market (net realizable value) and include primarily Silicon wafers and displays with drivers. The inventories were purchased from two related parties during the period ended September 30, 2013. At September 30, 2015 and 2014, inventories consisted of parts and supplies. See Notes 4 and 5.

Research and Development Costs

During the three months ended December 31, 2015 and 2014, research and development costs totaled \$16,153 and \$0.

Renewable Energy and Power, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 4 – Related Party Transactions with Multichip Display, Inc. (MDI)

MDI is owned by a minority shareholder (2,000,000 shares or 2.7%) of the Company. In addition, MDI became a minority shareholder (4,330,000 shares or 5.7%) through debt conversion (see below). The total direct and indirect ownership of REAP by MDI is 8.6% at December 31, 2014 and 2015.

The Company has an exclusive contract to manufacture products under contract from MDI. MDI will be the sales agent for certain government and private company contracts; REAP manufactures products based on bid prices as agreed between the parties. The Company has also agreed to purchase parts from MDI. As part of the agreement, MDI has agreed to support the operations of the Company through December 31, 2015. MDI is both a significant customer and significant vendor of the Company. For the three months ending December 31, 2014 and 2015, all of the Company's sales resulted from transactions with MDI. The Company had the following related party transactions through December 31, 2015 for the time periods shown in the tables below.

	Three Months Ending December 31,	
	2015	2014
Sales to MDI	\$ 170,000	\$ 125,001
Inventory purchases from MDI*	150,705	2,939
Rent expense paid to MDI	-	7,500
Interest expense to MDI	3,471	5,000
Receivable from MDI	115,000	1,055,901
Accounts payable to MDI	112,118	1,036,497
Accrued interest payable to MDI	61,804	58,333
Convertible note payable to MDI, net of discount of \$96,590	13,195	250,000

* Includes borrowings to pay for direct labor.

The agreement with MDI includes an offset clause for accounts receivable from MDI and accounts payable to MDI. On November 11, 2015, the Company and MDI agreed to offset the receivable from MDI of \$1,609,401, the accounts payable to MDI of \$1,474,186 and \$135,215 of the convertible note payable to MDI balance. The Company issued a new 8% Convertible Promissory Note for the remaining convertible note payable balance of \$109,785. This note matures on December 31, 2016 and is convertible at the common stock par value of \$0.001 per share.

Renewable Energy and Power, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 5 – Related Party Transactions with Initial Shareholder Group

Consulting fees payable to officers and shareholder

During the three months ended December 31, 2015 and 2014, the Company incurred \$26,408 and \$16,000, respectively, of consulting fees which are payable to two officers and to one shareholder of the Company. Total consulting fees payable to these officers and shareholder as of December 31, 2015 and September 30, 2015 were \$173,006 and \$176,006 respectively.

Payable to shareholder

Payable to shareholder totaled \$74,110 at December 31, 2015 and September 30, 2015.

Short-term loan payable to officer

As of December 31, 2015 and September 30, 2015, officer advances to the Company totaled \$33,506 and \$25,901, respectively.

Note 6 – Share Capital

The Company is authorized to issue 200,000,000 shares of common stock with a par value of \$.001 and no preferred stock.

Note 7 – Income Taxes

The difference between the expected income tax expense (benefit) and the actual tax expense (benefit) computed by using the Federal statutory rate of 34% is as follows:

	For the Three Months Ended December 31,	
	2015	2014
Expected income tax benefit at statutory rate of 34%	\$ 62,800	\$ 36,900
Change in valuation allowance	(62,800)	(36,900)
Income tax expense (benefit)	<u>\$ 0</u>	<u>\$ 0</u>

Renewable Energy and Power, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Deferred tax assets and liabilities are provided for significant income and expense items recognized in different years for tax and financial reporting purposes. Temporary differences, which give rise to a net deferred tax asset, are as follows:

	December 31, 2015	September 30, 2015
Deferred tax assets:		
Tax benefit of net operating loss carry-forward	\$ 256,000	\$ 190,600
Book and tax difference for amortization of intangibles	33,600	35,200
Less: valuation allowance	(288,600)	(225,800)
Net deferred tax asset	<u>\$ 0</u>	<u>\$ 0</u>

The Company had a federal net operating tax loss carry-forward of approximately \$525,000 as of December 31, 2015. The tax loss carry-forwards are available to offset future taxable income with the federal carry-forwards beginning to expire in 2033.

At December 31, 2015 the deferred tax valuation allowance increased by \$62,800 from September 30, 2015. The realization of the tax benefits is subject to the sufficiency of taxable income in future years. The deferred tax assets represent the amounts expected to be realized before expiration. The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. As of December 31, 2015 and September 30, 2015, the Company established valuation allowances equal to the full amount of the net deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

During the three months ended December 31, 2015 and 2014, no amounts have been recognized for uncertain tax positions and no amounts have been recognized related to interest or penalties related to uncertain tax positions. The Company has determined that it is not reasonably likely for the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company is currently subject to a three year statute of limitations by major tax jurisdictions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following management discussion and analysis of financial condition and results of operations should be read in connection with the accompanying unaudited condensed financial statements and related notes thereto included elsewhere in this Report and the audited consolidated financial statements and notes thereto included in the Company's Form 10-K for the fiscal year ended September 30, 2015.

Cautionary Notice Regarding Forward Looking Statements

Readers are cautioned that the following discussion contains certain forward-looking statements and should be read in conjunction with the "Special Note Regarding Forward-Looking Statements" appearing at the beginning of this Annual Report.

The information contained in Item 7 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this report. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

We desire to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. This filing contains a number of forward-looking statements, which reflect management's current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this filing other than statements of historical fact, including statements addressing operating performance, events, or developments which management expects or anticipates will or may occur in the future, including statements related to distributor channels, volume growth, revenues, profitability, new products, adequacy of funds from operations, statements expressing general optimism about future operating results, and non-historical information, are forward looking statements. In particular, the words "believe," "expect," "intend," "anticipate," "estimate," "may," variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements, and their absence does not mean that the statement is not forward-looking. These forward-looking statements are subject to certain risks and uncertainties, including those discussed below. Our actual results, performance or achievements could differ materially from historical results as well as those expressed in, anticipated, or implied by these forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect any future events or circumstances.

Readers should not place undue reliance on these forward-looking statements, which are based on management's current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions (including those described below), and apply only as of the date of this filing. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward looking statements. Factors which could cause or contribute to such differences include, but are not limited to, the risks to be discussed in our Annual Report on form 10-K and in the press releases and other communications to shareholders issued by us from time to time which attempt to advise interested parties of the risks and factors which may affect our business. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

We were incorporated in Nevada in October 15, 2012 and maintain our principal executive offices at 3395 W. Cheyenne Ave, North Las Vegas, NV 89032. For convenience in this report, the terms "Company," "Renewable," "REAP," "we" and "us" may be used to refer to Renewable Energy and Power, Inc. except where indicated otherwise. Our telephone number is (702) 685-9524.

Company Overview

Mission Statement of Renewable Energy and Power Inc.: Provide investors with products expanding markets.

Renewable Energy and Power Inc. plans to provide renewable energy that is competitive with fossil fuels by employing proprietary new technologies, and combining them with existing solar and wind power generation and LED lighting. At this time, all solar and wind power energy products are in development and none have been delivered to a customer.

Renewable Energy and Power is a combination of two synergistic:

1. Solar Hybrid (Sol-Hy) (All products in development at this time)
2. LED Lites USA (All products sold through MDI)

These two divisions operating together within REAP create a synergistic effect for providing green energy. Both companies will function in international markets that are in vigorous growth stages of development, with long-term prospects in both the USA and international markets such as Germany, Spain and possibly South America. Within the USA, solar components are driven by federal and state legislation with tax incentives which vary by state and time.

Solar Hybrid (Sol-Hy)

The primary technology of Solar Hybrid, trade name Sol-Hy, is in solar energy concentration and conversion to electricity. A proprietary holographic lens structure, optical light guide, multi-junction semiconductor, and licensing of patented interconnect technology enables Sol-Hy to offer more efficient collection of solar energy than most existing conventional technologies. These patented processes increase solar cell interconnect reliability, providing higher electrical efficiency and significant production cost savings while conserving expensive semiconductor materials. The Company has licensed a number of patents for this process, and will file proprietary patents on developing technology as well as trademarks, trade names and copyrights.

Sol-Hy's competitive advantages in this field include:

- A product in development in multi-junction solar panel that uses a technology developed for space satellites which outputs twice the power in the same amount of space as multi-crystalline silicon solar panel competitors. The core technology has been proven for years in space satellites and is now ready for wide-spread general power generation. REAP is actively developing a solar panel utilizing this technology and expects to be in limited production by 4th quarter 2016.
- Solar cell efficiencies vary from 6% for amorphous silicon-based solar cells to 44.0% with multiple-junction production cells and 44.4% with multiple dies assembled into a hybrid package.[11][12] Solar cell energy conversion efficiencies for commercially available multi-crystalline Si solar cells are around 15%.

[11]-"Solar Junction Breaks Concentrated Solar World Record with 43.5% Efficiency". Cnet.com.

[12]- Green, M.A. (2003). Third Generation Photovoltaics. Springer-Verlag. ISBN3-540-26562-7.

- The foundational intellectual property is protected and will continue to be built upon to maintain a competitive edge. REAP has licensed the patents listed below to enable it to produce multi-junction solar cell products and feels that the purchased and licensed technologies are important in providing a secure basis for this development effort.
- U.S. Patent Number 7,215,025
- U.S. Patent Number 7,205,635
- U.S. Patent Number 7,205,181
- U.S. Patent Number 6,982,475
- U.S. Patent Number 6,753,208

The key to Solar Hybrid's success will be the performance and reliability of its panels. All of our products and their components will be rigorously tested to stringent industry standards. Our products are being designed to meet or exceed reliability and life-cycle viability for industry approval under the Energy Star criteria; however these products have not been tested or approved by the authorized agencies at this time. Certification by Underwriter Labs (UL) and other certification organizations are in process and the corporate ground work for ISO 9001:2008 and ISO 14001:2004 certifications are underway. These certification guarantees and underwriting will allow worldwide product distribution and installation once completed. Time for initial completion of UL and ISO is currently set for fourth quarter of 2016.

LED Lites USA

LED Lites USA is in the business of producing and marketing LED (Light Emitting Diode) light fixtures and components for both the residential and commercial markets. LED lighting is a green technology that consumes far less energy and requires much less maintenance than competing lighting technologies, making it highly competitive for both retrofit and new lighting systems.

Federal and State Legislation and Federal and State Tax Benefits are driving the LED lighting market not just in the United States but all over the world.

Federal Legislation includes the Energy Independence and Security Act of 2007 passed December 2007, confirmed July 15, 2011, requiring phasing out low efficiency incandescent lighting starting in the year 2012 in favor of CFL (Compact Fluorescent Light) bulbs and other high Lumen per Watt technologies. But CFL is at best an interim solution, far less efficient and more toxic (using mercury) than LED lighting which can be expected to be the lighting of choice as costs come down with the expansion of the market.

The Federal Energy Policy Act of 2005 offers tax incentives to energy-efficient commercial buildings. Any building that can cut its lighting power density by 25-50 percent is eligible to receive a tax reduction of 60 cents per square foot. By converting to LED bulbs, companies can reduce their electricity consumption for lighting by 60 percent. Not only do LED users see immediate reductions in their energy bills, they also receive government endorsed tax incentives for making their buildings more energy efficient.

LED Lites USA has its background in power supply technology and thermal management having been a spin-off of Multichip Display, Inc. in late 2012. For more than 20 years, Multichip Display and its predecessor Multichip Assembly have engineered and manufactured power supplies and electronic circuits for demanding military and commercial applications. These power supplies use multi-output switchers, linear and ferro-resonant topologies for the aerospace, defense, telecom, networking and industrial markets, in both custom and standard (VME, PCI, etc.) form factors.

LED Lites USA will both leverage the technology of suppliers and develop technologies and intellectual properties of its own. Hundreds of millions of dollars have already been invested by component suppliers, for example in the LED chips themselves. Although, LED Lites USA has the flexibility to use several different suppliers of LED chips, they have developed special pricing contracts with primary suppliers. Flexibility of design will protect us from becoming someone else's captive customer with high pricing.

Our design approach gives LED Lites USA a platform for the Sun Harvesting, Motion Detection and light level selection options. Sun Harvesting provides energy savings through the sensing of ambient light conditions to reduce power on fixtures located near windows or other well illuminated areas while maintaining full light intensity on other fixtures in the same room. Motion Detection adjusts the light intensity to Light Level Selected intensity (reduced levels) when no motion is detected in the room.

LED Lites USA will use its core skills in thermal management, system packaging and manufacturing to develop and advance technology for two key purposes:

- To develop product solutions that maintain a leadership position over its competitors based upon superior cost-benefit to its customers, as well as greater product functionality.
- To drive down unit cost while maintaining the key domestic work-force through the advancement of manufacturing and assembly technology and processes.

Federal Legislation

The new energy bill (passed December 2007, confirmed July 15, 2011) began phasing out sales of incandescent lighting in 2012.

Tax Incentives

The Federal Energy Policy Act of 2005 offers tax incentives to energy-efficient commercial buildings. Any building that can cut its lighting power density by 25-50 percent is eligible to receive a tax reduction of 60 cents per square foot. By converting to LED bulbs, companies can reduce their electricity consumption for lighting by 60 percent. Not only do LED users see immediate reductions in their energy bills, they also receive government endorsed tax incentives for making their buildings more energy efficient.

"LED lighting is 70-80% more efficient than traditional lighting and can create some very dramatic lighting effects," states Roger Hale, energy consultant and owner of Commercial LED Lighting in Florida, "but the real asset of LED technology is the length of time these lights last." "Conservatively, we estimate that LED lights will last for at least 12 to 15 years, giving them a clear advantage over halogen and compact fluorescent lighting, (CFL)".

Business Strategy

The immediate business strategy is to pursue contracts with customers with lighting needs for outdoor newly installed and retrofit of existing facilities. We are in negotiations with a highway billboard company to replace the existing lighting on the billboards with LED lights. We are in design stage of this process. We will continue to manufacture and deliver lighting products for MDI Industries, while the above negotiations are continuing. The solar component of our business is not presently operating awaiting funding.

Products

We presently produce lighting products under subcontract for MDI Industries, Inc. These products are for the aeronautical industry, commercial, and industrial applications. We have access to a full line of lighting from both domestic and foreign sources to supply lighting for new installations and/or to retrofit existing lighting installations.

Marketing and Sales

We employ commissioned salesmen to sell our products to various business groups, including the outdoor advertising industry, parking lot lights and lighting of sales and inventory areas for car dealers.

When funding to begin operations in the solar power area is available, we will employ the sales force needed to pursue customers in this area.

Manufacturing

Our manufacturing process generally consists of the following operations: (i) designing customer specific lighting products and specifying the parts, (ii) sourcing parts for products, (iii) warehousing these parts, (iv) assembling these parts into the products according to the specifications of the customer involved, (v) testing the products to insure that the specifications of the customer are met, (vi) shipping the products to the customer location, and (vii) arranging and overseeing the installation of the products at the customer's facility.

The assembly process entails the use of various mechanical and electronic tools that are housed in our facility in North Las Vegas. We employ, as contractors, skilled and experienced engineers and technicians.

Management Information and Communication Systems

We use customized computer software systems, as well as commercially-packaged software, for handling order entry and invoicing, manufacturing, inventory management, shipping, warehouse operations, customer service inquiries, accounting operations and management information. We believe that these systems have improved operating efficiencies and customer service.

Materials and Suppliers

We employ a purchasing staff that works with marketing, product development, formulations and quality control personnel to source raw materials for products as well as other items purchased by us. Raw materials are sourced principally from the United States, Europe and China. Raw materials used by us are available from a variety of suppliers. We seek to mitigate the risk of a shortage of parts and materials through our relationships with our principal suppliers, including identification of alternative suppliers for the same, or similar, parts and materials where available.

Government Regulation

At this time there are no government regulations other than SEC, IRS and Nevada State corporate compliance rules that apply to the Company's operations. The Company believes it is in compliance with all of these agencies rules and regulations.

Competition

We are engaged in industries with a high degree of competition. There are many Lighting companies pursuing the same customers. We have a history of excellent products with our present customer, MDI Industries, Inc. and have a management team with years of experience in our chosen areas of operation. We intend to compete based on price, performance, and quality of the products offered to customers.

Intellectual Property

We have exclusives licenses for six patents covering for the solar manufacturing activity when the funding to begin this activity is achieved. As we derive additional products they will be patented and trademarked as necessary.

Employees

At December 31, 2015, we employed approximately 5 full-time and approximately 5 part-time employees. None of our employees is represented by a collective bargaining unit. We believe that we have good relationships with our employees.

RESULTS OF OPERATIONS

For the three months ended December 31, 2015 compared to the three months ended December 30, 2014:

Revenues

Revenues at December 31, 2015 totaled \$170,000 as compared to \$125,001 at December 31, 2014 from MDI, a related party.

Gross Profit

Gross profit decreased by \$15,471 to \$19,295 for the three months ended December 31, 2015 from \$34,766 for the three months ended December 31, 2014. This decrease in gross profit was primarily attributable to lower profit margins. A significant portion of this lower profit margin was due to a large price increase on the PB/MPS material and labor kits provided by REAP's vendor. As a percentage of net sales, gross profit was 11.4% for the three months ended December 31, 2015 and 27.8% for the three months ended December 31, 2014.

General and Administrative Expenses

General and administrative expenses increased by \$94,786 to \$107,958 for the three months ended December 31, 2015 from \$13,172 for the three months ended December 31, 2014. As a percentage of net sales, general and administrative operating expense is 63.5% for the fiscal quarter as compared to 10.5 % for the three months ended December 31, 2014. The increase in general and administrative expenses is due to several factors, i.e.: (i) payment to an outside firm to provide advertising and promotional services, (ii) a rent increase and the payment of back rent, (iii) payment of professional accounting services, (iv) consulting fees for a joint R & D venture with UCLA, and (v) a loan discount charge.

Amortization of Intangible Assets

Amortization of intangible assets was \$11,625 for the three months ended December 31, 2015 and \$13,601 for the three months ended December 31, 2014. For each period, amortization expense was primarily related to intangible assets recorded in connection with the purchase of assets.

Depreciation of Property and Equipment

Depreciation of property and equipment totaled \$11,625 and \$13,602 for the three months ended December 31, 2015 and 2014, respectively.

Consultants

Consultants incurred from services provided by the officers of the Company and others totaled \$26,408 and \$16,000 for the three months ended December 31, 2015 and 2014, respectively. The increase in the expense was related to the need for consultants to facilitate the joint R & D venture with UCLA on solar cell design and solar panel efficiency.

Interest Expense

Interest expense was \$44,372 and \$5,000 for the three months ended December 31, 2015 and 2014, respectively, and primarily consisted of interest expense on indebtedness under our convertible note payable to MDI and others as well as the amortization of the discount on the convertible notes payable that totaled \$39,372 and \$0 for the three months ended December 31, 2015 and 2014, respectively.

Liquidity and Capital Resources

As of December 31, 2015, we had cash a bank overdraft of \$311. Net cash used in operating activities was \$94,976 and \$375 for the three months ended December 31, 2015 and 2014, respectively.

Our cash reserves will not be sufficient to meet our operational needs and we need to raise additional capital to pay for our operational expenses and provide for capital expenditures above the basic operational expenses, which are estimated at \$20,000 per month. If we are not able to raise additional working capital, we may have to cease operations altogether.

Our future depends upon our relationship with MDI as well as MDI's future relies upon us. MDI Corporation is a minority owned government contractor, which previously assembled all of the products that were being sold by MDI. The owner of MDI no longer wished to be engaged in the assembly and manufacture of the products, but to become only a sales organization. Renewable purchased the equipment, inventory and business knowledge to begin business as a separate entity. Not only is MDI the sole customer of Renewable, but Renewable is the sole assembly and manufacture provider for MDI. As part of the agreement, MDI has agreed to support the operations of the Company through November 1, 2016.

Summary

Our existing sources of liquidity will not provide cash to fund operations and make the required payments on our debt service for the next twelve months. Our ability to continue as a going concern is dependent entirely on raising funds through the sale of equity or debt. We will continue our attempt to raise additional capital. Some of the possibilities available to us are through private equity transactions, to develop a credit facility with a lender or the exercise of options and warrants. However, such additional capital may not be available to us at acceptable terms or at all. In the event that we are unable to obtain additional capital, we would be forced to cease operations altogether.

Off Balance Sheet Arrangements

During the three months ended December 31, 2015, we did not engage in any off balance sheet arrangements as defined in item 303(a)(4) of the SEC's Regulation S-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE.

Quantitative and Qualitative Disclosures

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Under the supervision of, and the participation of, our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation and taking into account that certain material weaknesses existed as of September 30, 2015, our Chief Executive Officer and Chief Financial Officer have each concluded that our disclosure controls and procedures were not effective. As a result of this conclusion, the financial statements for the period covered by this Quarterly Report on Form 10-Q were prepared with particular attention to the material weaknesses. Notwithstanding the material weaknesses in internal controls that continue to exist as of December 31, 2015, we have concluded that the financial statements included in this Quarterly Report on Form 10-Q present fairly, the financial position, results of operations and cash flows of the Company as required for interim financial statements.

Due to the small number of employees dealing with general administrative and financial matters and the expenses associated with increases to remediate the disclosure controls and procedures that have been identified, the Company continued to operate without changes to its internal controls over financial reporting for the period covered by this Quarterly Report on Form 10-Q while continuing to seek the expertise it needs to remediate the material weaknesses at an appropriate cost benefit basis.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

In addition to the other information set forth in this Quarterly Report, careful consideration should be given to the following risk factors as well as the risk factors set forth in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2015, any of which could materially affect our business, operations, financial position, stock price, or future results. The risks described herein and in our Annual Report on Form 10-K for the fiscal year ended September 30, 2015 are important to an understanding of the statements made in this Quarterly Report, in our other filings with the SEC and in any other discussion of our business. These risk factors, which contain forward-looking information, should be read in conjunction with Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, and the unaudited consolidated financial statements and related notes included in this Quarterly Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

No sales of unregistered equity securities were made during the period.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit	Description
31.1**	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

** Filed herewith electronically

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 18, 2016

RENEWABLE ENERGY AND POWER, INC.

By: /s/ Donald MacIntyre
Donald MacIntyre
Chief Executive Officer

By: /s/ Bruce parsons
Bruce Parsons
Chief Financial Officer

CERTIFICATION

I, Donald MacIntyre, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Renewable Energy and Power, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, and evaluated the effectiveness of our internal control over financial reporting, and printed in this report our conclusions about the effectiveness of our internal control over financial reporting as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: March 18, 2016

By: /s/ Donald MacIntyre

Donald MacIntyre
Chief Executive Officer
Renewable Energy and Power, Inc.

CERTIFICATION

I, Bruce Parsons, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Renewable Energy and Power, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, and evaluated the effectiveness of our internal control over financial reporting, and printed in this report our conclusions about the effectiveness of our internal control over financial reporting as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: March 18, 2016

By: /s/ Bruce Parsons

Bruce Parsons
Chief Financial Officer
Renewable Energy and Power, Inc.

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

In connection with the quarterly report of Renewable Energy and Power, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald MacIntyre, the Chief Executive Officer of the Company, hereby certifies, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 18, 2016

By: /s/ Donald MacIntyre

Donald MacIntyre
Chief Executive Officer

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

In connection with the quarterly report of Renewable Energy and Power, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bruce Parsons, the Chief Financial Officer of the Company, hereby certifies, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 18, 2016

By: /s/ Bruce Parsons
Bruce Parsons
Chief Financial Officer