PERVASIP CORP
Form 10-K
May 01, 2015

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended: **November 30, 2014**

¨ 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: 000-04465

PERVASIP CORP.
(Exact name of registrant as specified in its charter)

New York	13-2511270
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

430 North Street

White Plains, NY 10605
(Address of Principal Executive Offices)

(914) 750-9339
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: **None**

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

Common Stock, par value $0.00001 per share

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

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

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 ý

Indicate by checkmark 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

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

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 definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act:

Large accelerated filer	Non-accelerated filer
Accelerated filer	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 ý

The aggregate market value of registrant’s voting and non-voting common equity held by non-affiliates (as defined by Rule 12b-2 of the Exchange Act) computed by reference to the average bid and asked price of such common equity on May 31, 2014, was $784,235.

As of April 24, 2015, the registrant has one class of common equity, and the number of shares outstanding of such common equity was 4,324,059,321.

Documents Incorporated By Reference: None.

TABLE OF CONTENTS

Special Note Regarding Forward-Looking Statements

Included in this Form 10-K are “forward-looking” statements, as well as historical information. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the expectations reflected in these forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in forward-looking statements as a result of certain factors, including matters described in the section titled “Risk Factors.” Forward-looking statements include those that use forward-looking terminology, such as the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “project,” “plan,” “will,” “shall, similar expressions, including when used in the negative. Although we believe that the expectations reflected in these forward-looking statements are reasonable and achievable, these statements involve risks and uncertainties and we cannot assure you that actual results will be consistent with these forward-looking statements. Important factors that could cause our actual results, performance or achievements to differ from these forward-looking statements include the following:

The availability of additional funds to successfully pursue our business plan;
The cooperation of our lenders;
The cooperation of industry service partners that have signed agreements with us;
Our ability to market our services to current and new customers and generate customer demand for our products and services in the geographical areas in which we operate;
The impact of changes in federal and state laws impacting the industries in which we operate;
Our ability to comply with provisions of our financing agreements;
The highly competitive nature of cloud-based products;
The acceptance of cloud-based technologies by mainstream consumers;
Our ability to retain key personnel;
Our ability to maintain adequate customer care and manage our churn rate;
The impact of adverse tax or regulatory rulings or actions affecting our operations, including the imposition of taxes, fees and penalties;
Our ability to maintain, attract and integrate internal management, technical information and management information systems;
Our ability to manage rapid growth while maintaining adequate controls and procedures;
The availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost;
The decrease in prices to consumers brought about by intense competition in cloud-based products; and
General economic conditions.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause our actual results to be materially different from any future results expressed or implied by us in those statements.

These risk factors should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. All written and oral forward-looking statements made in connection with this Report that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given these uncertainties, we caution investors not to unduly rely on our forward-looking statements. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Further, the statements about our intentions contained in this document are statements of our intentions as of the date of this document and are based upon, among other things, the existing regulatory environment, industry conditions, market conditions and prices, the economy in general and our assumptions as of such date. We may change our intentions, at any time and without notice, based upon any changes in such factors, in our assumptions or otherwise.

PART I

In this Annual Report on Form 10-K, we will refer to Pervasip Corp., a New York corporation, as “our company,” “we,” “us” and “our.”

Item 1. Business.

Overview

We develop and deliver cloud-based technologies to emerging markets. We have operated over the past 10 years as a provider of video and voice over Internet Protocol, or VoIP, telephony services. The nature of our technology is cloud-based computing, and therefore our target market is not limited to our physical presence in the United States. In particular, we have transformed our VoIP service to a downloadable digital product, which coupled with a fully-automated back office, allows us to sell our voice, video and messaging services instantly to a large variety of mobile devices around the world.

We built a cloud-based VoIP business, and sold most of this business on September 30, 2014, to Vaxstar LLC, (“Vaxstar”) a company whose chief executive officer was our former chief information officer and member of our board of directors until September 15, 2014. This transaction allowed us to continue to own the technology that we had developed, while transferring the bulk of our fixed operating costs to another entity. Vaxstar simultaneously sold the business to Valuesetters, Inc. (“Valuesetters”) and Valuesetters signed a licensing agreement with us that allows us to operate as a cloud-based VoIP service provider on a variable cost basis. A percentage of each sales dollar that we earn is used to pay Valuesetters for all our operating costs, including technical support, billing, customer services and termination fees to carriers.

In March 2015, we completed an acquisition of a cloud-based indoor agricultural company, Canalytix LLC (“Canalytix”). We are in the final stages of negotiating to purchase additional companies that we believe will be complementary to the Canalytix acquisition, with a view towards consolidating a meaningful asset base and presence in emerging agricultural markets, both in Denver and elsewhere.

Development of Business

We were incorporated in the State of New York in 1964 under the name Sirco Products Co. Inc. and developed a line of high-quality handbags, totes, luggage and sport bags. In 1998 we began reselling telephone services and in 1999, we divested our handbag and luggage operations, and focused entirely on telephone operations.

In 2000, we began developing telecom software products and in 2004 we started to build our own IP telephone network. In December 2007, we changed our name to Pervasip Corp. The word Pervasip is a contraction of the phrase "Pervasive IP" and our intention is to be known as a pervasive Internet Protocol ("IP") company with cloud-based technology that gives us a ubiquitous global presence.

Our initial IP telephone efforts focused on providing wholesale digital voice services to other carriers. As a wholesaler, we enabled broadband service providers to sell a voice product to their existing customers before a retail VoIP company approached the broadband service provider's customer with its voice product. Our wholesale customers had a geographical reach that was limited to the area that their broadband served. We began selling directly to individual consumers, who used our voice services over a fixed broadband connection. With the rapid advances in mobile devices and inexpensive mobile data plans, we took our cloud-based technology and made it available to an addressable market of billions of consumers by creating a mobile application for mobile Android and Apple devices.

We plan to continue to pursue cloud-based businesses, with low fixed overhead, in emerging growth markets. Consequently, we purchased Canalytix, which provides advanced analytics through an integrated cloud-based platform that allows users to monitor and control greenhouse facilities through the cloud, including real-time data on energy usage, HVAC systems, lighting and costs. Canalytix is positioning its offering to meet the specific needs of indoor grow facilities, and the company has allied itself with a Denver-based distributer of hydroponic equipment to integrate and provide the Canalytix technology to existing clients.

Available Information

We maintain a corporate website with the address http://www.pervasip.com. Additional information about our indoor agricultural products is available at www.canalytix.com and www.noveda.com. We have not incorporated by reference into this Report on Form 10-K the information on any of our websites and you should not consider any of such information to be a part of this document. Our website addresses are included in this document for reference only.

We make available free of charge through our corporate website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports through a link to the EDGAR database as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the U.S. Securities and Exchange Commission (the “SEC”). You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1.800.SEC.0330. In addition, the SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including all of our filings.

Industry Background

Cloud-based applications and technologies are evolving at a rapid pace and we believe that this trend will continue to grow and develop over the next several years. Working in the cloud can vastly benefit all types of businesses. Cloud computing is extremely cost efficient to use, maintain and upgrade. Our cloud-based applications offer services at cheaper rates than many of our competitors, and we can offer our applications on a one-time payment or a pay-as-you-go options. We can automatically update and improve our software without interrupting services to our customers and without the costs of shipping a physical product. Our applications are easy to access and provide significant amounts of data to our customers.

An important benefit that a cloud-based company offers its customers, is the ability to use existing infrastructure, as a shared service, so that the customer can avoid the cost and installation time associated with capital expenditures. Because multiple users share cloud-based resources, and because companies like ours can dynamically reallocate resources based upon demand, cloud-based providers can sell services at a low cost and allow their customers to focus on business operations instead of building business infrastructure.

Business Strategy

Our objective is to provide reliable, scalable and profitable worldwide cloud-based services with unmatched quality by utilizing our software technologies to deliver innovative mobile offerings at competitive prices. We intend to bring the best possible cloud-based products and services, at an affordable price, to businesses and residential consumers and enhance the ways in which these customers connect, communicate and collaborate with each other on a worldwide basis. We want to be known for our high quality of service, robust features and ability to deliver any new product to a business customer or a web store without delay.

Specific strategies to accomplish this objective include:

Mobile VoIP – Mobility has become central to our growth plan. Consequently, our IP technology includes a mobile content platform that has the ability to deliver high-quality voice, messaging and video communication, across wireless data networks. We are offering our mobile VoIP product, as a downloadable application, on several web sites, including the Google Play and iTunes application stores. We primarily market it as a second line on a consumer’s mobile device, although customers can also use an Internet tablet and our mobile VoIP as their only telephone line. We believe that as consumers adopt mobile VoIP and transition away from the circuit-switched networks now in use, consumers will find that having a second and third phone line on their mobile devices will be helpful to distinguish between business and personal calls. Also, a second or third phone line becomes very useful to people who do not want to give out their permanent mobile phone number to someone they have recently met. Our mobile VoIP application comes with its own voice mail account so the customer can have a second phone line with a professional voice mail message or a personal voice mail greeting, depending on the preferences of the customer.

Canalytix – We plan to develop and market energy and resource technologies and products, and we are currently focused on doing so for indoor plant growth clients in the Colorado and other qualified markets. Canalytix holds exclusive distribution rights to technology developed by Noveda Technologies, Inc., in hydroponic and other indoor plant growth applications. Noveda is an innovative leader in real-time, web-based energy and water monitoring. Noveda's patented software as a service (SaaS) solutions help reduce energy and water usage, optimize performance of renewable energy systems, and reduce the carbon footprint for customers across commercial, retail, industrial, government, education, and utility sectors. Noveda also offers real-time collaboration tools that leverage social media to educate and empower stakeholder communities and make the smart grid a reality today.

Competition

The cloud-based technologies industry is highly competitive and the market for enhanced Internet and cloud-based communications services is new and rapidly evolving. We believe the primary competitive factors that will determine our success in the Internet and cloud-based communications market are:

Quality of service;
Responsive customer care services;
Pricing levels and policies;
Quality of data service, provided by wireless telephone companies, over which our applications run;
Bundled service offerings;
Innovative features;
Ease of use;
Accurate billing;
Brand recognition; and
Quality of mobile devices or other customer premises equipment supported by us and used by our customer.

Future competition could come from a variety of companies in both the Internet and telecommunications industries. This competition includes major companies that have been in operation for many years and have greater resources and larger subscriber bases than we have, as well as companies operating in the growing market of discount telecommunications services, including calling cards and prepaid cards.

We anticipate that competition also will come from several traditional communications companies, including industry leaders, such as Verizon Communications Inc., AT&T Inc., and Deutsche Telekom AG, as well as established broadband services providers, such as Comcast Corporation and Cablevision Inc. These companies provide cloud-based applications and IP communications services in both the United States and internationally. All of these competitors are significantly larger than we are and have:

substantially greater financial, technical and marketing resources;
stronger name recognition and customer loyalty;
well-established relationships with many of our target customers;
larger networks; and
large existing user bases to cross sell new services.

These and other competitors may be able to bundle services and products that are not offered by us together with enhanced Internet and IP communications services, which could place us at a significant competitive disadvantage. Many of our competitors enjoy economies of scale that can result in a lower cost structure for transmission and related costs, which could cause significant pricing pressures within the industry.

Major Customer

In fiscal 2014 and 2013, we had one customer that accounted for 27% and 36% of our revenues, respectively. We also had a customer that accounted for 24% of our revenues in fiscal 2014. These two customers were part of the assets we sold on September 30, 2014. At November 30, 2013, one customer, Global Connect LLC, constituted 48% of our accounts receivable.

Government Regulation

The Federal Communications Commission ("FCC") has jurisdiction over all U.S. telecommunications common carriers to the extent they provide interstate or international communications services, including the use of local networks to originate or terminate such services. The FCC also has jurisdiction over certain issues relating to interconnection between providers of local exchange service and the provision of service via fixed wireless spectrum. Beginning on September 30, 2014, we are a wholesale customer of an interconnected VoIP carrier, and the bulk of the FCC regulations apply to Valuesetters, from which we purchase our interconnection services.

The use of the Internet and private IP networks to provide voice communication services is a relatively recent market development. Although the provision of such services is currently permitted by United States law and largely unregulated within the United States, several foreign governments have adopted laws and/or regulations that could restrict or prohibit the provision of voice communication services over the Internet or private IP networks. More aggressive regulation of the Internet in general, and Internet telephony providers and services specifically, may materially and adversely affect our business.

Other action by the FCC has expanded the possibility that digital voice services may also subject to state regulation, which will likely lead to higher costs and reduce some of the competitive advantage digital voice services hold over traditional telecommunications services.

Some state and local regulatory authorities believe they retain jurisdiction to regulate the provision of, and impose taxes, fees and surcharges on, intrastate Internet and VoIP telephony services, and have attempted to impose such taxes, fees and surcharges, such as a fee for providing E-911 service. Rulings by the state commissions on the regulatory considerations affecting Internet and IP services could affect our operations and revenues, and we cannot predict the extent to which state commissions will be permitted to regulate the cloud-based communications services for phone lines that are in addition to a consumer's primary wireless line.

In addition, it is possible that we will be required to collect and remit taxes, fees and surcharges in other states and local jurisdictions for virtual data products, based upon a billing address or phone number of a VoIP customer and such authorities may take the position that we should have collected such taxes, fees and surcharges even though we did not. If so, they may seek to collect those past taxes, fees and surcharges from us and impose fines, penalties or interest charges on us. Our payment of these past taxes, fees and surcharges, as well as penalties and interest charges, could have a material adverse effect on us.

The regulatory treatment of Internet and Internet-based services outside of the United States varies widely from country to country. A number of countries may prohibit cloud-based applications, such as IP telephony, while other countries expressly permit but regulate Internet and IP telephony. Some countries evaluate proposed cloud-based service on a case-by-case basis to determine whether any regulation is necessary. Finally, in many countries neither Internet nor IP telephony have been addressed by legislation or regulatory action as of the date of this filing. Although we strive to comply with applicable international IP telephony regulations, we cannot be certain that we are in compliance with all of the relevant regulations at any given point in time.

As we make our services available in foreign countries, and as we facilitate sales by network partners to end-users located in foreign countries, such countries may claim that we are required to qualify to do business in the particular foreign country. Such countries may also claim that we are subject to regulation, including requirements to obtain authorization for the provision of Internet communication services, or for the operation of communications networks. It is also possible that such countries may claim that we are prohibited in all cases from providing our services or conducting our business in those countries. Failure to qualify as a foreign corporation in certain jurisdictions, or to comply with foreign laws and regulations, may adversely affect our business. In addition, we cannot predict how a regulatory or policy change of a particular country might affect the provision of our services.

Our network partners may also currently be, or in the future may become, subject to requirements to qualify to do business in a particular foreign country, comply with regulations or cease providing services or conducting their business as conducted in that country. We cannot be certain that our network partners either are currently in compliance with any such requirements, will be able to comply with any such requirements, and/or will continue in compliance with any such requirements.

Employees

As of April 24, 2015 we had 2 full-time and 3 part-time employees. We are not subject to any collective bargaining agreement and we believe our relationship with our employees is good. We plan to operate with a small number of employees until our revenues increase further or until we are able to attract additional financing that has money earmarked for sales and marketing expense.

Item 1A. Risk Factors

You should carefully consider the risks below, as well as all of the other information contained in this Annual Report on Form 10-K and our financial statements and the related notes included elsewhere in this Annual Report on Form 10-K, in evaluating our company and our business. Any of these risks could materially adversely affect our business, financial condition and results of operations and the trading price of our common stock.

We have a history of losses and we are uncertain as to our future profitability.

We have a history of significant, recurring losses from operations, and we may continue to incur significant losses for the foreseeable future. We reported net operating losses of $850,576 in fiscal 2014 and $1,240,476 in fiscal 2013. As of November 30, 2014, our accumulated deficit was $51,764,832. Our revenues may not grow or even continue at their current level. Going forward, we will need to increase our revenues and/or lower our current cost structure to reach profitability. If our revenues do not increase and/or if we are unable to reduce our expenses, we will not be able to reach profitability. We cannot assure you that we will be able to reach profitability on a quarterly or annual basis in the future. These factors raise substantial doubt about our ability to continue as a going concern.

We need additional capital to continue our operations.

We sustained significant operating losses in the past 10 years as we have built our cloud-based technology and business. It has used all our cash and forced us to raise capital to pay our bills. As of November 30, 2014, we had negative working capital of approximately $9.4 million and negative stockholders' equity of approximately $9.4 million. We believe it is probable that we will continue to experience losses and increased negative working capital and negative stockholders' equity in the near future, and that we will not be able to achieve positive cash flow before we require additional capital.

If we are unable to pay our trade creditors, we may be unable to carry on or business.

Our accounts payable and accrued expenses totaled $1,966,224 at November 30, 2014. Among the creditors to whom we owe money are enterprises that provide important support for our business operations. If we continue to be unable to pay those creditors on a current basis, they may become unwilling to provide services to us. Given our poor record of paying our creditors, replacement vendors could demand deposits, which we might be unable to pay. Some combination of these events, if they occurred, could cause a termination of our business operations.

We sold our major customers, and retained only ten small customers in exchange for shares in a publicly traded company.

In 2014, two customers accounted for more than half our annual gross revenues, and in order to eliminate fixed overhead costs, we sold these customers and a large portion of our VoIP business on September 30, 2014 in exchange for 40 million shares of Valuesetters. (USOTC:VSTR). In order to rebuild our revenues and achieve our current business strategy, we need to raise additional funds through the sale of the VSTR stock, or through the sales of debt or equity. No assurance can be given that such funds will be available or, if available, will be on commercially reasonable terms satisfactory to us. There can be no assurance that we will be able to obtain financing if and when it is needed on terms we deem acceptable. If we are unable to obtain financing on reasonable terms, we could be forced to delay or scale back our plans for expansion. In addition, such inability to obtain financing on reasonable terms could have a material adverse effect on our business, operating results, or financial condition.

Intense competition could reduce our market share and decrease our revenue.

Cloud-based technologies are a highly competitive field. We face intense competition from other Internet-based companies.

Most of our current and potential competitors, particularly incumbent telephone and cable companies, have longer operating histories, significantly greater resources and name recognition, and a larger base of customers than we have. As a result, these competitors may have greater credibility with our existing and potential customers. They also may be able to adopt more aggressive pricing policies and devote greater resources to the development, promotion and sale of their products than we can to ours. Our competitors may also offer bundled service arrangements offering a more complete product despite the technical merits or advantages of our products. Competition could decrease our prices, reduce our sales, lower our gross profits or decrease our market share.

We also compete against established alternative, well-capitalized Internet companies that have recently launched or plan to launch cloud-enabled services. Some of these service providers may choose to sacrifice revenue in order to gain market share by offering their services at lower prices or for free. In order to compete with such service providers, we may have to significantly reduce our prices, which would affect our profitability.

We also are subject to the risk that new technologies may be developed that are able to deliver competing services at lower prices, better or more conveniently. Future competition from new technologies could have a material adverse effect on our growth and operating results.

Given the significant price competition in the markets for our products, we are at a significant disadvantage compared to many of our competitors, especially those with substantially greater resources who may be better able to withstand an extended period of downward pricing pressure. The adverse impact of a shortfall in our revenues may be magnified by our inability to adjust spending to compensate for such shortfall. Announcements of new products and technologies by our competitors or us could cause customers to defer purchases of our existing products, which also could have a material adverse effect on our business, financial condition or operating results.

We face a risk of failure of computer and communications systems used in our business.

Our business depends on the efficient and uninterrupted operation of our computer and communications systems as well as those that connect to our network. Although we have designed our network to reduce the possibility of disruptions or other outages, our systems and those that connect to our network are subject to damage or interruption from natural disasters, power loss, communications failure, hardware or software malfunction, network failures, physical or electronic break-ins, sabotage, computer viruses, intentional acts of terrorism or vandalism and other events that may be or may not be beyond our control. Any system interruptions that cause our services to be unavailable, including significant or lengthy Internet failures or difficulties for users in communicating through our network or portal, could damage our reputation and result in a loss of users.

Our computer systems and operations may be vulnerable to security breaches.

We believe that the safety of our network and the secure transmission of confidential information over the Internet are essential to our operations and maintaining user confidence in our services. Although we have developed systems and processes that are designed to protect our network, the consumer information stored on our network, unauthorized use of our network and other security breaches, our computer infrastructure is potentially vulnerable to physical or electronic computer viruses, abuse of use, break-ins and similar disruptive problems and security breaches that could cause loss (both economic and otherwise), interruptions, delays or loss of services to our users. We rely on licensed encryption and authentication technology to effect secure transmission of confidential information, including credit card numbers. It is possible that advances in computer capabilities or new technologies could result in a compromise or breach of the technology we use to protect user transaction data. A party that is able to circumvent our security systems could misappropriate proprietary information, cause interruptions in our operations or utilize our network without authorization. Security breaches also could damage our reputation and expose us to a risk of loss, litigation and possible liability. While we have experienced isolated instances of unauthorized use of our network, and have responded to such events by taking steps to increase our network security, we cannot guarantee you that our security measures will prevent security breaches.

Operating internationally exposes us to additional and unpredictable risks.

We operate in many international markets, including the Middle East. There are certain risks inherent in doing business on an international basis, including:

- political and economic instability, including the risk of social unrest, war, civil war and armed conflict in the countries in which we operate;
- uncertainty regarding the ability of our resellers to resell our service in compliance with all laws, rules and regulations in such markets and actions by foreign governments or foreign telecommunications companies to limit access to our services;
- fluctuations in exchange rates;
- potentially adverse tax consequences;
- potentially weaker protection of intellectual property rights; and
- uncertain market acceptance and difficulties in marketing efforts due to language and cultural differences.

Third parties might infringe upon our technology.

We cannot assure you that the steps we have taken to protect our property rights will prevent misappropriation of our technology. To protect our rights to our intellectual property, we rely on a combination of trade secrets, confidentiality agreements and other contractual arrangements with our employees, affiliates, strategic partners and others. We may be unable to detect inappropriate use of our technology. Further, much of the code we wrote is open-source code and others may seek to use our code for their own purposes and alter our code to their advantage. Failure to adequately protect our intellectual property could materially harm our brand, devalue our proprietary content and affect our ability to compete effectively. Further, defending any technology rights could result in significant financial expenses and managerial resources.

Third parties may claim that our services infringe upon their intellectual property rights.

In the past, third parties have asserted, and may again assert in the future, claims that we have violated a patent or infringed a copyright, trademark or other proprietary right belonging to them and subject us to expensive and disruptive litigation.   In addition, we incorporate licensed third-party technology in some of our products and services. In these license agreements, the licensors have agreed to indemnify us with respect to any claim by a third party that the licensed software infringes any patent or other proprietary right so long as we have not made changes to the licensed software. We cannot assure you that these provisions will be adequate to protect us from infringement claims. Any infringement claims and lawsuits, even if not meritorious, could be expensive and time consuming to defend; divert management's attention and resources; require us to redesign our products, if feasible; require us to pay royalties or enter into licensing agreements in order to obtain the right to use necessary technologies; and/or may materially disrupt the conduct of our business.

Flaws in our technology and systems or our failure to adapt our systems to any new Internet Protocol could cause delays or interruptions of service, which could damage our reputation, cause us to lose customers, and limit our growth.

Although we have designed our service network to reduce the possibility of disruptions or other outages, our service may be disrupted by problems with our technology and systems, such as malfunctions in our mobile application that we provide to customers, software or facilities and overloading of our network. Customers may experience periodic delays of service caused by the industry transition to this new Internet Protocol. Interruptions have caused and may in the future cause us to lose customers and offer substantial customer credits, which could adversely affect our revenue and profitability. Network interruptions have also impaired our ability at times to sign-up new customers and the ability of customers to manage their accounts. If service interruptions or other outages adversely affect the perceived reliability of our telephony service or customer service, we may have difficulty attracting and retaining customers and our brand reputation and growth may suffer.

In addition, we utilize Internet-based or “cloud” computing services in connection with our business operations. Any disruption to the Internet or to our third-party Web hosting or cloud computing providers, including technological or business-related disruptions, could adversely impact the experience of our customers and have adverse effects on our operations. In addition, fires, floods, earthquakes, power losses, telecommunications failures, and similar "Acts of God" could damage these systems and hardware or cause them to fail completely. We do not maintain entirely redundant systems, thus such an event could result in downtime for our operations and could adversely affect our business.

Our services are subject to regulation, and future legislative, regulatory or judicial actions could adversely affect our business and expose us to liability.

We seek to comply with all applicable regulatory requirements. We could, however, be subject to regulatory enforcement action if a regulator does not believe that we are complying with applicable regulations.

The regulatory framework for cloud-based service is still evolving and it is possible that we could be subject to additional regulatory obligations and/or existing regulatory obligations could be modified or expanded. The effects of future regulatory developments are uncertain. Future legislative, judicial or other regulatory actions could have a negative effect on our business. If we become subject to the rules and regulations applicable to telecommunications providers in individual states, we may incur significant litigation and compliance costs, and we may have to restructure our service offerings, exit certain markets, or raise the price of our services, any of which could cause our services to be less attractive to customers. In addition, future regulatory developments could increase our cost of doing business and limit our growth.

We could be liable for breaches of security on our web site, fraudulent activities of our users, or the failure of third party vendors to deliver credit card transaction processing services.

A fundamental requirement for operating an Internet-based, worldwide communications service, and electronically billing our customers, is the secure transmission of confidential information and media over public networks. Although we have developed systems and processes that are designed to protect consumer information and prevent fraudulent credit card transactions and other security breaches, failure to mitigate such fraud or breaches may adversely affect our operating results. The law relating to the liability of providers of online payment services is currently unsettled and states may enact their own rules with which we may not comply. We rely on third party providers to process and guarantee payments made by our subscribers, and we may be unable to prevent our customers from fraudulently receiving goods and services. Our liability risk will increase if a larger fraction of our transactions involve fraudulent or disputed credit card transactions. Any costs we incur as a result of fraudulent or disputed transactions could harm our business. In addition, the functionality of our current billing system relies on certain third party vendors delivering services. If these vendors are unable or unwilling to provide services, we will not be able to charge for our services in a timely or scalable fashion, which could significantly decrease our revenue and have a material adverse effect on our business, financial condition and operating results.

We have experienced losses due to subscriber fraud and theft of service.

Subscribers have, in the past, obtained access to our service without paying for monthly service and international toll calls by unlawfully using our authorization codes or by submitting fraudulent credit card information. To date, such losses from unauthorized credit card transactions and theft of service have not been significant. We have implemented anti-fraud procedures in order to control losses relating to these practices, but these procedures may not be adequate to effectively limit all of our exposure in the future from fraud. If our procedures are not effective, consumer fraud and theft of service could significantly decrease our revenue and have a material adverse effect on our business, financial condition and operating results.

Vulnerabilities to security breaches, cyber intrusions and other malicious acts could adversely impact our business.

Critical to our provision of service is the storage, processing, and transmission of confidential and sensitive data. We store, process and transmit a wide variety of confidential and sensitive information including credit card, bank account and other financial information, proprietary, trade secret or other data that may be protected by intellectual property laws, customers' and employees' personally identifiable information, as well as other sensitive information. We, along with others in the industry, will be subject to cyber threats and security breaches, either by third parties or employees, given the nature of the information we store, process and transmit. Our continued ability to securely store, process and transmit data is essential to our business.

We are aware of the risks associated with cyber threats and we have implemented a number of measures to protect ourselves from cyber attacks. Specifically, we have redundant servers such that if we suffer equipment or software failures in one set of servers, we have the ability to provide continuity of service. We actively monitor our network for cyber threats and implement protective measures periodically. We conduct vulnerability assessments and penetration testing and engage in remedial action based on such assessments. Depending on the evolving nature of cyber threats and the measures we may have to implement to continue to maintain the security of our networks and data, our profitability may be adversely be impacted or we may have to increase the retail price of our services that may make our offerings less competitive with other communications providers.

But, like all other companies in the marketplace, there is no guarantee that we will not be adversely impacted by cyber attacks. If third parties obtain unauthorized access to our secure network, or if our network is penetrated, our service could be disrupted, sensitive information could be lost, stolen or disclosed that could have variety of negative impacts including legal liability in form of class action lawsuits, investigations by federal and state law enforcement agencies, could expose us to fines or penalties, and could harm our business reputation where any of these eventualities could have a material negative impact on our business.

The storage, processing, and use of personal information and related data subjects us to evolving governmental laws and regulation, commercial standards, contractual obligations, and other legal obligations related to consumer and data privacy, which may have a material impact on our costs, use of our products and services, or expose us to increased liability.

Federal, state, local and foreign laws and regulations, commercial obligations and industry standards, each provide for obligations and restrictions with respect to data privacy and security, as well as the collection, storage, retention, protection, use, processing, transmission, sharing, disclosure and protection of personal information and other customer data. The evolving nature of these obligations and restrictions dictates that differing interpretations, inconsistency or conflicts among countries or rules, and general uncertainty impact the application to our business.

These obligations and restrictions may limit our ability to collect, store, process, use, transmit and share data with our customers, and to allow our customers to collect, store, retain, protect, use, process, transmit, share and disclose data with others through our products and services. Compliance with, and other burdens imposed by, such obligations and restrictions could increase the cost of our operations and impact our ability to market our products and services through effective segmentation.

Failure to comply with obligations and restrictions related to applicable data protection laws, regulations, standards, and codes of conduct, as well as our own posted privacy policies and contractual commitments could subject us to lawsuits, fines, criminal penalties, statutory damages, consent decrees, injunctions, adverse publicity, loss of user confidence in our services, and loss of users, which could materially harm our business. Additionally, third-party contractors may have access to customer data. If these or other third-party vendors violate obligations and restrictions related to applicable data protection laws or our policies, such violations may also put our customers' information at risk and could in turn have a material and adverse effect on our business

Natural disasters, war, terrorist attacks or malicious conduct could adversely impact our operations that could degrade or impede our ability to offer services.

As a provider of cloud-based services, our services rely on uninterrupted connection to the Internet through data centers and networks. Any interruption or disruption to our network, or the third parties on which we rely, could adversely impact our ability to provide service. Our network could be disrupted by circumstances outside of our control including natural disasters, acts of war, terrorist attacks or other malicious acts including, but not limited to, cyberattacks. Should any of these events occur and interfere with our ability to operate our network even for a limited period of time, we could incur significant expenses, lose substantial amounts of revenue, suffer damage to our reputation, and lose customers. Any of these events could have a material adverse impact on our business.

We rely on third party network service providers to originate and terminate substantially all of our public switched telephone network calls.

We leverage the infrastructure of third party network service providers to provide telephone numbers, call termination and origination services on the public switch telephone network "PSTN," and local number portability for our customers rather than deploying our own network. This decision has resulted in lower capital and operating costs for our business in the short term but has reduced our operating flexibility and ability to make timely service changes. If any of these network service providers cease operations or otherwise terminate the services that we depend on, the delay in switching our technology to another network service provider, if available, and qualifying this new service could have a material adverse effect on our business, financial condition or operating results.

While we believe that relations with our current service providers are good, and we have contracts in place, there can be no assurance that these service providers will be able or willing to supply cost-effective services to us in the future or that we will be successful in signing up alternative or additional providers. Although we could replace our current providers, if necessary, our ability to provide service to our subscribers could be impacted during this timeframe, and this could have an adverse effect on our business, financial condition or results of operations. The loss of access to, or requirement to change, the telephone numbers we provide to our customers also could have a material adverse effect on our business, financial condition or operating results.

Due to our reliance on these service providers, when problems occur in a network, it may be difficult to identify the source of the problem. The occurrence of hardware and software errors, whether caused by our service or another vendor's products, may result in the delay or loss of market acceptance of our products and any necessary revisions may force us to incur significant expenses. The occurrence of some of these types of problems may seriously harm our business, financial condition or operating results.

We may face difficulties related to entry into joint ventures or the future acquisition or integration of additional businesses, which could harm our growth or operating results.

As we execute on our growth initiatives, we may elect to enter into joint venture arrangements or acquire additional businesses or assets. These activities require substantial management time and resources. We cannot predict or guarantee that we will be able to identify suitable acquisition candidates or consummate any acquisition or joint venture arrangement. In addition, acquisitions of existing businesses involve substantial risks, including the risk that we may not be able to integrate the operations, personnel, services, or technologies, the potential disruption of our ongoing businesses, the diversion of management attention, the maximization of financial and strategic opportunities, the difficulty in developing or maintaining controls and procedures, and the dilution to our existing stockholders from the issuance of additional shares of common stock. As a result of these and other risks, we may not produce anticipated revenue, profitability, or synergies.

Acquisitions may require us to issue equity securities, use our cash resources, incur debt or contingent liabilities, amortize intangibles, or write-off acquisition-related expenses. If we are unable to successfully integrate any acquired businesses or assets we may not receive the intended benefits of such acquisition. In addition, we cannot predict market reactions to any acquisitions we may make or to any failure to announce any future acquisitions.

Further, while we conduct due diligence in connection with acquisition and joint venture opportunities, there may be risks or liabilities that such due diligence efforts fail to discover, are not disclosed to us, or that we inadequately assess. The discovery of material liabilities associated with acquisitions or joint venture opportunities, economic risks faced by joint venture partners, or any failure of joint venture partners to perform their obligations could adversely affect our business, results of operations, and financial condition.

Our ability to provide our VoIP application service and manage related customer accounts is dependent upon third-party facilities, equipment and systems, the failure of which could cause delays of or interruptions to our service, damage our reputation, cause us to lose customers, limit our growth, and affect our financial condition.

Our success depends on our ability to provide quality and reliable cloud-based applications, which is in part dependent upon the proper functioning of facilities and equipment owned and operated by third parties and is, therefore, beyond our control. Unlike services that are run entirely on in-house infrastructure, our cloud-based services require our customers to have an operative broadband Internet connection and an electrical power supply, which are provided by the customer's Internet service provider and electric utility company, respectively, and not by us. Alternatively, our wireless customers require a mobile device and a wireless Internet connection. The quality of some broadband Internet connections may be too poor for customers to use our services properly. In addition, if there is any interruption to a customer's broadband Internet service, battery charge or electrical power supply, that customer will be unable to utilize our services.

We are dependent on a small number of individuals, and if we lose key personnel upon whom we are dependent, our business will be adversely affected.

Many of the key responsibilities of our business have been assigned to a small number of individuals, some of whom are not employees. Our future success depends to a considerable degree on the vision, skills, experience, and effort of these individuals.

The development and marketing of our services will continue to place a significant strain on our limited personnel, management, and other resources. Our future success depends upon the continued services of key individuals who have critical industry experience and relationships that we rely on to implement our business plan. None of our key individuals are bound by employment agreements or contracts for any specific term. The loss of the services of any of our key individuals could delay the development and introduction of, and negatively impact our ability to sell our services and seriously harm our business, financial condition or operating results.

The debt agreements governing our financing contain restrictions that may limit our flexibility in operating our business.

We have entered into a Securities Purchase Agreement with our principal creditor, which limits our ability to issue common stock, preferred stock and debt. The agreement contains customary representations and warranties and affirmative covenants that limit our ability and/or the ability of certain of our subsidiaries to engage in specified types of transactions. These covenants and other restrictions may under certain circumstances limit, but not necessarily preclude, our and certain of our subsidiaries’ ability to, among other things:

> consolidate or merge;
> create liens;
> incur additional indebtedness;

> dispose of assets;
> consummate acquisitions;
> make investments; or
> pay dividends and other distributions.

These covenants may prevent us from taking actions that we consider to be in the Company's best interests, but that our principal creditor does not perceive to be in its interest.

If we require additional capital, we may not be able to obtain additional financing on favorable terms or at all.

We need to pursue additional financing to pay expenses, fund growth and pay our debt. We may seek additional funding through public or private equity or debt financing. Any such financings may be upon terms that are potentially dilutive to existing stockholders. We may not be able to obtain such additional financing as needed on acceptable terms, or at all, which may require us to reduce our operating costs and other expenditures, including reductions of personnel and services to our subscribers.

The market price of our common stock has been and will continue to be volatile, due to the outstanding convertible debentures.

Several third-party investors currently hold convertible debentures that allow them to convert into shares of our common stock as a form of debt payment at conversion prices that are formula based that approximate a 30% to 60% discount to the trading price of our common stock. At November 30, 2014, the balance of the convertible debentures outstanding payable to convertible debenture holders amounted to $2,572,980. Due to the fact that our debts substantially exceed our assets, the existence of the convertible debentures exerts a downward pressure on our stock price. In particular, when our primary lender converts the debt into shares of our common stock and resells those shares into the market, the result is often a reduction in the market price of our common stock. Until we are able to replace the convertible debentures with debt or equity financing that does not exert a continuing pressure on the market price of our common stock, the market price will continue to be volatile, and investors in our stock will bear a significant risk of reductions in the market value of our common stock.

Our Series E preferred shareholder has voting control of our common stock and has the ability to exercise control over all matters submitted to a stockholder vote.

Our Chief Executive Officer currently owns all of our Series E Preferred Stock. The holders of the Series E Preferred Stock hold at least 51% of the voting power at any meeting of our shareholders or if shareholder consents are collected. Chief Executive Officer, therefore, is able to control the outcome of any matter submitted to the shareholders for approval, which would include the election of directors, recapitalizations, mergers or other significant corporate transactions.

Our common stock is quoted on the OTC Pink Market, which may increase the volatility of our stock and make it harder to sell shares of our stock.

Our common stock is quoted on the OTC Pink, which is maintained by OTC Markets. There is a greater chance of market volatility for securities that trade on the OTC Pink (as opposed to a national exchange or quotation system), as a result of which stockholders may experience wide fluctuations and a depressed price in the market price of our securities. Thus, stockholders may be required to either sell our securities at a market price which is lower than their purchase price or to hold our securities for a longer period of time than they planned. Because our common stock falls under the definition of “penny stock,” trading in our common stock may be limited because broker-dealers are required to provide their customers with disclosure documents prior to allowing them to participate in transactions involving our common stock. These rules impose additional sales practice requirements on broker-dealers that sell low-priced securities to persons other than established customers and institutional accredited investors; and require the delivery of a disclosure schedule explaining the nature and risks of the penny stock market. As a result, the ability or willingness of broker-dealers to sell or make a market in our common stock might decline, and stockholders could find it more difficult to sell their stock.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

The following table sets forth pertinent facts concerning our office leases as of April 24, 2015

Location	Use	Approximate Square Feet	Annual Rent
430 North Street White Plains, NY 10605	Office	650	$8,700

The lease for our office space in White Plains, NY is $725 per month and is renewable annually. We maintain one employee at this location. In addition to office space we rent a server room and storage space at this facility.

Item 3. Legal Proceedings.

We are currently not involved in any litigation that we believe could have a materially adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company's or our company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

(a) Market Information

Our common stock is currently quoted on the OTC Pink marketplace under the symbol PVSP. Until May 1, 2014, it was listed for quotation on the OTCQB. The high and low quoted closing price for each quarterly period of our last two fiscal years are listed below:

The following table sets forth the high and low trade information for our common stock for each quarter during the past two fiscal years. The prices reflect inter-dealer quotations, do not include retail mark-ups, markdowns or commissions and do not necessarily reflect actual transactions.

Quarter ended	High Price	Low Price
1st Quarter 2013	$0.0094	$0.0017
2nd Quarter 2013	$0.0075	$0.0017
3rd Quarter 2013	$0.0049	$0.0019
4th Quarter 2013	$0.0039	$0.0019
1st Quarter 2014	$0.0024	$0.0008
2nd Quarter 2014	$0.0016	$0.0006
3rd Quarter 2014	$0.0008	$0.0002
4th Quarter 2014	$0.0003	$0.0001

Recent Issuances of Unregistered Securities

None

(b) Holders

As of April 24, 2015, a total of 4,324,059,321 shares of the Company's common stock were outstanding, held by approximately 329 shareholders of record.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Worldwide Stock Transfer, LLC with its business address at One University Plaza, Suite 505, Hackensack, NJ 07601.

(c) Dividends

We have not declared or paid any dividends on our common stock and intend to retain any future earnings to fund the development and growth of our business. Therefore, we do not anticipate paying dividends on our common stock for the foreseeable future. Our secured term loans with our primary lender prohibit us from paying dividends to stockholders.

(d) Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of November 30, 2014, with respect to shares of our common stock that are issuable under equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available to future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:			
1996 Restricted Stock Plan(1)	-		40,000
2007 Equity Incentive Plan (2)	-		152,500
2010 Equity Incentive Plan (2)	-	-	24,650,253
Subtotal	-		24,842,753
Equity compensation plans not approved by security holders:			
Employee stock options	10,000,000	$ .005	-
2004 Equity Incentive Plan (2)	-	-	19,000
2009 Equity Incentive Plan (2)	-	-	171,000
2011 Equity Incentive Plan (2)	7,800,000	.013	12,200,000
Subtotal	17,800,000		12,390,000
Total	17,800,000		37,232,753

(1) Our Restricted Stock Plan provides for the issuance of restricted share grants to officers and non-officer employees.

(2) Our 2004, 2007, 2009, 2010 and 2011 Equity Incentive Plans allow for the granting of share options to members of our board of directors, officers, non-officer employees and consultants.

Item 6. Selected Financial Data.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

THE FOLLOWING DISCUSSION OF OUR PLAN OF OPERATION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND RELATED NOTES TO THE FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS ANNUAL REPORT. THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT RELATE TO FUTURE EVENTS OR OUR FUTURE FINANCIAL PERFORMANCE. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS.

Overview

We develop and deliver cloud-based technologies to emerging markets. We have historically focused on providing cloud-based video and voice over Internet Protocol, or VoIP, telephony services that connect people through broadband devices worldwide. We began our Internet communications services by selling VoIP over a fixed broadband connection. Over the past two years we leveraged our technology to offer services and applications for mobile devices, such as smart phones and tablets. In 2011 we introduced mobile applications that allow free calling and messaging between users who have the application, as well as low-cost calling from anywhere in the world to anywhere in the world. Our mobile applications work over 3G, 4G and WiFi and can be downloaded in any country.

We implemented a significant strategic shift to mobile VoIP while transforming the cost structure of our core business to drive improvements in our gross profit percentage. We sold our fixed overhead and a copy of our source code on September 30, 2014 to Valuesetters, and we became a wholesale customer of Valuesetters so that we could continue marketing our cloud-based VoIP product without incurring the fixed overhead costs assumed by Valuesetters.

We are currently focused on executing our plan to leverage our cloud-based technologies and experience to diversify and increase revenue and margins. Our strategy is to find and develop industrial applications for our VoIP and other technologies which deliver production and other data, as well as advanced analytics based on that data, in real-time to operators and other decision-makers, in both fixed and mobile applications. In March 2015, we acquired 90% of Canalytix LLC ("Canalytix"), a provider of advanced analytics through an integrated cloud-based platform that allows users to monitor and control greenhouse facilities through the cloud, including real-time data on energy usage, HVAC systems, lighting and costs. We have additionally targeted several additional technologies and acquisitions which are strategic to the Canalytix transaction, and with a view towards consolidating a meaningful revenue and asset base in emerging agricultural markets, with an initial focus on hydroponic, greenhouse and other indoor grow facility applications.

We have made significant financial progress by reducing our debt and providing an improved financial foundation for the future. In fiscal 2015 we signed agreements with debt holders that will allow us to make minimal payments, which may reduce our debt by more than 5.4 million, or approximately 73% of our balances at November 30, 2014.

Plan of Operation

We are focused on services to mobile and other connected devices. We believe that we can capitalize on favorable trends in the mobile Internet market, including the worldwide proliferation of low cost 3G and 4G services and low or no-cost WiFi broadband, and the accelerating rate of smart phone and tablet adoption. We offer a high quality communications application, as well as low-cost international calling to any phone number

Revenues

Revenues consist of communication services revenue and customer equipment revenue.

Telephony services revenue. The majority of our operating revenues are telephony services revenues. We offered several bundled plans, unlimited plans and basic plans for wholesale and retail customers. The wholesale plans do not change much from customer to customer as the plan we offer to a cable operator is typically the same plan we offer to a WiFi carrier, Internet service providers or satellite broadband carrier. Each of our unlimited plans offers unlimited domestic calling, subject to certain restrictions, and each of our basic plans offers a limited number of calling minutes per month. Under our basic plans, we charge on a per-minute basis when the number of calling minutes included in the plan is exceeded for a particular month. For all of our United States plans, we charge on a per-minute basis for international calls to destinations other than Canada. These per-minute fees are not included in our monthly subscription fees. Any plan we offer to our wholesale customers is also available to an individual end-user at a higher price that approximates the retail-selling price that most of our wholesale customers charge. We also have products that are on a per-minute usage basis, such as toll-free telephone numbers to businesses and international cell phone termination.

We derive most of our telephony services revenue from usage fees and monthly subscription fees we charge our customers under our service plans. We also offer a fax service over broadband, virtual phone numbers, toll free numbers and other services, for each of which we may charge an additional monthly fee. We automatically charge service fees monthly in advance to the credit cards of all of our retail customers.

We charge retail customers a fee for activating service. Further, since we do not charge a retail customer for the cost of an analog telephone adapter ("ATA"), we generally charge a disconnect fee to customers who do not return their ATA to us upon termination of service, if the length of time between activation and termination is less than one year. Disconnect fees are recorded as revenue and are recognized at the time the customer terminates service. These revenues were nominal in fiscal 2014 and 2013.

Customer equipment revenue. Customer equipment revenue consists of revenue from sales of customer equipment to our wholesalers or directly to customers. In addition, customer equipment revenue includes the fees we charge our customers for shipping any equipment to them. In January 2011, we began selling video phones to retail customers, and these phones are considered customer equipment. Unlike the ATA, we charged the customer for the videophone. Frequently, a customer purchased a videophone from a third-party and used our video VoIP service. In these instances, we had no equipment revenue.

Cost of Revenues

Direct cost of telephony services. Direct cost of telephony services primarily consists of fees we pay to third parties on an ongoing basis in order to provide our services. These fees include:

Access charges we pay to other telephone companies to terminate digital voice calls on the PSTN. When our subscriber calls another subscriber, we do not pay an access charge, as the call routes through our network without touching the PSTN.

The cost of leasing interconnections to route calls over the Internet and transfer calls between the Internet and the PSTN of various long distance carriers.

The cost of leasing from other telephone companies the telephone numbers we provide to our customers. We lease these telephone numbers on a monthly basis.

The cost of co-locating our connection point equipment in third-party facilities owned by other telephone companies.

The cost of providing local number portability, which allows customers to move their existing telephone numbers from another provider to our service. Only regulated telecommunications providers have access to the centralized number databases that facilitate this process. Because we are not a regulated telecommunications provider, we must pay other telecommunications providers to process our local number portability requests.

Taxes we pay on our purchases of telecommunications services from our suppliers.

Direct cost of customer equipment and shipping. Direct cost of equipment sold primarily consists of costs we incur when a customer first subscribes to our service. These costs include:

The cost of the equipment we provide to customers who subscribe to our service through our direct sales channel, in each case in excess of activation fees.

The cost of shipping and handling for customer equipment, together with the installation manual, we ship to customers.

Results of Operations

Our revenues for fiscal 2014 decreased by $424,021, or 46.3%, to $491,319 as compared to $915,340 reported for fiscal 2013. The decrease in revenues was mainly due to the loss of wholesale business during the year, which we consider less desirable than our mobile VoIP product. Furthermore, we sold all our wholesale customers on September 30, 2014 to another company that now provides customer service and technical support to our remaining and new customers. Given the large addressable market for mobile apps and the advantages that our app offers consumers for low-cost calling, and free text messaging, voice and video calls to other app users, our sales representatives and our advertising are only focused on the growth of our mobile app product.

Our gross profit for fiscal 2014 decreased by $288,254 to $204,291 from a gross profit of $492,545 reported in fiscal 2013, and our gross profit percentage was 41.6% in fiscal 2014 as compared to 53.8% in fiscal 2013. In conjunction with our reduction in revenue, we lost some of our higher margin customers to competitive carriers.

Selling, general and administrative expenses decreased by $678,154, or 39.1%, to $1,054,867 for fiscal 2014 from $1,733,021 reported in the prior year fiscal period. The decrease is attributable to general overhead reductions, primarily in salaries and consulting fees, as we attempt to limit our expenses whenever feasible.

As a result of the reduction in our selling, general and administrative expenses, our loss from operations for fiscal year 2014 was $389,900 less than our loss from operations in fiscal 2013. However, this was offset by a reduction in non-operating income and expenses of $1,292,355 to $391,778 in fiscal 2014 from $1,684,133 in fiscal 2013. These changes are:

Interest expense decreased by $1,335,600 to $1,838,375 for the year ended November 30, 2014 as compared to $3,173,975 for the prior fiscal year. The decrease in interest expense was primarily due to a reduction in the amortization of debt discount from $2,266,629 in fiscal 2013 to $1,199,625 in fiscal 2014. Lower debt amounts in fiscal 2014 also contributed to the decrease in interest expense in fiscal 2014.

There were no debt settlement agreements in fiscal 2014 as compared to a troubled debt restructuring gain in fiscal 2013 of $2,714,461. The gains in fiscal 2013 were the result of one-time transactions negotiated with a lender.

For the year ended November 30, 2014, we recorded a gain on the sale of a subsidiary of $640,621. No such gain was reported in the prior fiscal period.

For the year ended November 30, 2014, we recorded a gain on the settlement of liabilities of $213,961 as compared to a gain of $1,493,939 in the prior fiscal period. Each instance of a liability settlement is contingent upon the terms that we can negotiate for a particular transaction. Furthermore, the number of liability settlement transactions in fiscal 2013 was significantly larger than the number of transactions in fiscal 2014.

For the year ended November 30, 2014, we had a non-cash gain on derivative liabilities of $1,337,886, as compared to a gain of $434,902 in fiscal 2013. Increase in the gain in 2014 is due to the lower market value of embedded derivatives in our debt instruments, at the end of the fiscal year, in comparison with the market value when the debt originated.

Our net result for the year fiscal 2014 was a net loss of $458,798 as compared to net income of $443,657 recorded in fiscal 2013. Over the past two fiscal years our net results were impacted by 1) the gain we realized when creditors wrote down our debt, 2) an unrealized gain on the change in market value of derivative liabilities and 3) the sale of a subsidiary.

Liquidity and Capital Resources

At November 30, 2014, we had cash and cash equivalents of $1,832 and negative working capital of $9,407,911 as compared to cash and cash equivalents of $17,242 and negative working capital of $9,287,511 at November 30, 2013.

Net cash used in operating activities aggregated $265,005 and $804,972 in fiscal 2014 and 2013, respectively. In fiscal 2013 our operations consumed cash, despite our net income recorded for the year, because net income was the result of gains realized on restructuring of debt: $2,714,461 in fiscal 2013. At the same time, however, in both fiscal years we offset the cash cost of our operations and interest expense by allowing our accounts payable and accrued expenses to increase: by $837,061 in fiscal 2014 and by $1,136,244 in fiscal 2013. Our ability to continue financing our operations by withholding payment from our creditors will depend on the future cooperation of our creditors, and is not assured.

We financed the cash used in operating activities by obtaining net cash provided by financing activities: $249,595 and $860,383 in fiscal 2014 and 2013, respectively. The source of cash from financing activities in fiscal 2014 was net proceeds from short-term borrowings of $417,575. Uses of cash consisted of payments of debt of $167,980. The principal sources of cash from financing activities in fiscal 2013 were net proceeds from short term-borrowings of $884,500 and proceeds from the sale of stock warrants of $68,000. The principal use of cash consisted of debt repayments of $92,117.

In fiscal 2014 and 2013, there were no expenditures for capital assets.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of our company as a going concern. However, we have sustained net losses from operations during the last several years, and we have very limited liquidity. Our operating losses have been funded through the issuance of equity securities and borrowings. Management anticipates that we will be dependent, for the near future, on our ability to obtain additional capital to fund our operating expenses and anticipated growth. The report of our independent registered public accounting firm expresses doubt about our ability to continue as a going concern. Our operating losses have been funded through the issuance of equity securities and borrowings.

In fiscal 2015, we signed agreements to significantly improve our balance sheet with transactions to settle our debt. Our debt payable to Laurus, of $2,226,186 at November 30, 2014, will be considered paid in full for a payment of $95,000. We have sent them $25,000 of the $95,000, and plan to send the remainder in the second quarter. Our payable to the Pension Benefit Guaranty Corporation of $2,001,984 at November 30, 2014 will be considered paid in full for payments totaling $100,000. We have not made any payments towards this settlement agreement. Our debt payable to Factor Fund, of $1,935,190 at November 30, 2014, will be considered paid in full upon a combination of payments or debt conversions totaling $500,000. We believe we can eliminate the Factor Fund debt before November 30, 2015. We are working to settle our remaining liabilities and to raise cash to support our operating loss, and we continually consider a variety of possible sources. In the current economic environment, the procurement of outside funding is extremely difficult and there can be no assurance that such financing will be available, or, if available, that such financing will be at a price that will be acceptable to us. If we are unable to generate sufficient revenues or raise additional capital, our operations will terminate.

New Accounting Standards

There were no recent accounting pronouncements that have had a material effect on the Company’s financial position or results of operations.

Critical Accounting Policies and Estimates

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. The most significant estimates relate to the allowance for doubtful accounts receivable, income tax valuation allowance, and the derivative liabilities. On a continual basis, management reviews its estimates, utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Revenue Recognition

Revenues from voice, data and other telecommunications-related services are recognized in the period in which subscribers use the related services. Services billed in advanced, such as line fees, bundled monthly plans or prepaid calling cards, are deferred until they are earned. Services billed in arrears, such as international usage and wholesale usage, are accrued for in the month the usage occurred. Equipment sales are recognized when the equipment is shipped.

Costs of Services

Costs of telephony services consist primarily of direct costs that we pay to third parties in order to provide telephone services. These costs include access and interconnection charges that we pay to other telephone companies to terminate domestic and international phone calls on the public switched telephone network. In addition, these costs include the cost to lease phone numbers, to co-locate in other telephone companies' facilities, to provide enhanced emergency dialing capabilities to transmit 911 calls, and to provide local number portability. These costs also include taxes that the Company pays on telecommunications services from our suppliers or are imposed by government agencies. These costs do not include indirect costs such as depreciation and amortization, payroll, and facilities costs.

Share-based Payments

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of employee stock option awards at the date of grant, which requires the input of highly subjective assumptions, including expected volatility and expected life. Changes in these inputs and assumptions can materially affect the measure of estimated fair value of share-based compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. When estimating fair value, some of the assumptions will be based on, or determined from, external data and other assumptions may be derived from historical experience with stock-based payment arrangements. The appropriate weight to place on historical experience is a matter of judgment, based on relevant facts and circumstances.

The Company estimates volatility by considering the historical stock volatility. The Company has opted to use the simplified method for estimating expected term, which is generally equal to the midpoint between the vesting period and the contractual term.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. A valuation allowance has been established to eliminate the Company's deferred tax assets as it is more likely than not that any of the deferred tax assets will be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the tax authorities. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in income tax expense. The Company has determined that it had no significant uncertain tax positions requiring recognition or disclosure.

We continually evaluate our accounting policies and the estimates we use to prepare our consolidated financial statements. In general, the estimates are based on historical experience, on information from third party professionals and on various other sources and assumptions that are believed to be reasonable under the facts and circumstances at the time such estimates are made. Management considers an accounting estimate to be critical if:

it requires assumptions to be made that were uncertain at the time the estimate was made; and
changes in the estimate, or the use of different estimating methods, could have a material impact on our consolidated results of operations or financial condition.

Actual results could differ from those estimates. Significant accounting policies are described in Note 1 to our consolidated financial statements, which are included in this Report. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

Item 8. Financial Statements and Supplementary Data.

Our Consolidated Financial Statements required by this Item are included herein, commencing on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer / Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in SEC Rule 13a-15(e)) as of November 30, 2014. That evaluation revealed the three material weaknesses identified below (under *(b) Management's Assessment of Internal Control over Financial Reporting*). Based on that evaluation, the Company's Chief Executive Officer / Chief Financial Officer concluded that, as of November 30, 2014, such controls and procedures were not effective.

(b) Management's Assessment of Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13a-15(f). A system of internal control over financial reporting is a process designed 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.

Under the supervision and with the participation of management, including the PEO, the Company’s management has evaluated the effectiveness of its internal control over financial reporting as of November 30, 2014 based on the criteria established in a report entitled “Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission” and the interpretive guidance issued by the Commission in Release No. 34-55929. Based on this evaluation, the Company’s management has evaluated and concluded that the Company’s internal control over financial reporting was ineffective as of November 30, 2014, and identified the following material weaknesses:

There is a lack of accounting personnel with the requisite knowledge of Generally Accepted Accounting Principles in the US (“GAAP”), telecom taxation requirements and the financial reporting requirements of the SEC;

There are insufficient written policies and procedures to insure the correct application of accounting and financial reporting with respect to the current requirements of GAAP and SEC disclosure requirements; and

There is a lack of segregation of duties, in that we only had one person performing all accounting-related duties.

The Company will continue its assessment on a quarterly basis. We plan to hire personnel and resources to address these material weaknesses. We believe these issues can be solved with hiring in-house accounting support and plan to do so as soon as we have funds available for this purpose.

This annual report does not include an attestation report of the Company’s independent registered public accounting firm regarding internal control over financial reporting. The Company’s registered public accounting firm was not required to issue an attestation on its internal controls over financial reporting pursuant to the rules of the SEC. The Company will continue to evaluate the effectiveness of internal controls and procedures on an on-going basis.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act) during the quarter ended November 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

On March 19, 2015 the Company filed Articles of Amendment to its Certificate of Incorporation. The Amendment designated 800,000 shares of Series H preferred stock from the Company's previously authorized preferred stock with a par value per share of $0.00001. Shares of Series H Preferred Stock have conversion rights into shares of Common Stock. The number of shares of Common Stock to which a holder of Series H Preferred Stock shall be entitled upon a Conversion shall equal the product obtained by (a) multiplying the number of fully-diluted Common Shares by four (4), then (b) multiplying the result by a fraction, the numerator of which will be the number of shares of Series H Preferred Stock being converted and the denominator of which will be the number of authorized shares of Series H Preferred Stock.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

The following table and biographical summaries set forth information, including principal occupation and business experience, about our directors and executive officers as of April 15, 2015. There is no familial relationship between or among the nominees, directors or executive officers of the Company.

Name	Age	Position
Paul H. Riss	59	Chief Executive Officer, Chief Financial Officer, Secretary and Chairman

Our Amended and Restated Certificate of Incorporation provides that a director shall hold office until the annual meeting for the year in which his or her term expires except in the case of elections to fill vacancies or newly created directorships. While each director is typically elected for a one-year term, we did not have an annual stockholders meeting for the election of directors in 2014. The Company's officers serve at the discretion of the Company's board of directors, until their death, or until they resign or have been removed from office.

There are no agreements or understandings for any director or officer to resign at the request of another person and none of the directors or officers is acting on behalf of or will act at the direction of any other person. The activities of each director and officer are material to the operation of the Company. No other person's activities are material to the operation of the Company.

Paul H. Riss, age 59, Chief Executive Officer, Chief Financial Officer, Treasurer and Chairman

Paul H. Riss has served as a director since 1995; Chairman of our board of directors since March 2005; our Chief Executive Officer since August 1999 and our Chief Financial Officer and Treasurer since November 1996. He has served on the board of four telecom companies and has more than 30 years of entrepreneurial business and management experience including the engineering of his own leveraged buyout in 1987 and the audit of numerous public companies at Ernst & Young. He is a CPA in New York State and earned an MBA with distinction from the

Stern School of Business at New York University and a magna cum laude BA with distinction from Carleton College. We believe Mr. Riss's qualifications to serve as a director include his tenure as our Chief Executive Officer and as a member of our Board, and his more than 15 years of service to us with extensive experience in financings, contract negotiations, acquisitions, budgeting, external reporting and accounting.

Board Meetings and Committees; Management Matters

Our amended certificate of incorporation provides that the number of members of our board of directors shall be not less than one and not more than five. Because of the resignation of our three independent directors in 2014, who served on the board without any cash compensation, and the resignation on September 15, 2014 of our Chief Information Officer, who also served as a board member, there is currently one director on the Board. At each annual meeting of stockholders, directors are elected to hold office for a term of one year and until their respective successors are elected and qualified.

Our board of directors took actions by unanimous consent on 7 occasions during the fiscal year ended November 30, 2014. No formal meetings were held. No fees are paid to directors for attendance at meetings or for agreeing to a unanimous consent or the board of directors.

Compensation Committee

We formerly had a compensation committee of two independent board members. Currently, there is no compensation committee. The compensation committee did not meet during the fiscal year ended November 30, 2014.

Nominating Committee

Our board of directors does not have a nominating committee. Our entire board of directors is responsible for this function. Due to the relatively small size of our company and the resulting efficiency of a board of directors that is also limited in size, our board of directors has determined that it is not necessary or appropriate at this time to establish a separate nominating committee. Our board of directors intends to review periodically whether such a nominating committee should be established. We are looking for an independent director to fill at least one of the vacant seats on our board.

Our board of directors uses a variety of methods for identifying and evaluating nominees for director. It regularly assesses the appropriate size of the board of directors, and whether any vacancies exist or are expected due to retirement or otherwise. If vacancies exist, are anticipated or otherwise arise, our board of directors considers various potential candidates for director. Candidates may come to their attention through current members of our board of directors, shareholders or other persons. These candidates are evaluated at regular or special meetings of our board of directors, and may be considered at any point during the year.

Qualifications for consideration as a director nominee may vary according to the particular areas of expertise that may be desired in order to complement the qualifications that already exist among our board of directors. Among the factors that our directors consider when evaluating proposed nominees are their independence, financial literacy, business experience, character, judgment and strategic vision. Other considerations would be their knowledge of issues affecting our business, their leadership experience and their time available for meetings and consultation on company matters. Our directors seek a diverse group of candidates who possess the background skills and expertise to make a significant contribution to our board of directors, our company and our shareholders.

Audit Committee

We had an audit committee that, during the fiscal year ended November 30, 2013, met on four occasions with representatives of our independent registered public accounting firm. The audit committee did not meet in fiscal 2014. Each audit committee member was an independent director as defined by the rules of the National Association of Securities Dealers. A written charter approved by our board of directors and attached as Annex A to our 2007 proxy statement, which was filed with the SEC on May 15, 2007, governs the audit committee. All of the members of the audit committee resigned from the board of directors in 2014.

In searching for new members of our board of directors, we seek a person that qualifies as an "audit committee financial expert," as defined under the rules of the Commission adopted pursuant to the Sarbanes-Oxley Act of 2002.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act of 1934, requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities (“10% Shareholders”), to file with the Commission initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and 10% Shareholders are required by Commission regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of such reports received by us, we believe that for the fiscal year ended November 30, 2014, all Section 16(a) filing requirements applicable to our officers, directors and 10% shareholders were complied with.

Code of Ethics

We have adopted a code of business conduct and ethics for our directors, officers and employees, including our chief executive officer and chief financial officer. In addition, we have adopted a supplemental code of ethics for our financial executives and all employees in our accounting department. The text of our codes is posted on our Internet website at www.pervasip.com.

Item 11. Executive Compensation.

Summary Compensation Table

The following table sets forth, for the fiscal years indicated, all compensation awarded to, earned by or paid to Mr. Paul H. Riss, our Chairman, Chief Executive Officer and Chief Financial Officer, and Mr. Mark Richards, our former Chief Information Officer (collectively, the "Named Executives"). We have no other executive officers.

Fiscal 2014 Summary Compensation Table

Name and Principal Position	Year	**Salary ($) (1)**	**Bonus ($)**	**Stock Awards ($)(2)**	**Option Awards ($)(3)**	**Non-equity Incentive Plan Compensation ($)**	**Change in Pension Value and Non-Qualified Deferred Comp Earnings ($)**	All Other Compensation ($)	**Total ($)**
Paul H. Riss, Chairman, Chief Executive Officer and Chief Financial Officer	2014	$ 131,250	0	$ 0	0	$ 0	0	$ 0	131,250
	2013	175,000	$ 0	0	$9,190	0	$ 0	0	$184,190
	2012	175,000	0	0	9,190	0	0	0	184,190
Mark Richards Chief Information Officer	2014	135,000	0	0	0	0	0	0	135,000
	2013	180,000	0	0	0	0	0	0	180,000
	2012	180,000	0	0	61,330	0	0	0	241,330

(1) Amounts in this column include unpaid salary to Mr. Riss and Mr. Richards of $365,650 and $77,250, respectively, at November 30, 2014. Actual cash payments for salary for 2014, 2013 and 2012 amounted to $100, $30,000, and $85,500 for Mr. Riss and $68,750, $169,000 and $180,000 for Mr. Richards.

(2) Amounts in this column reflect the expense recognized for financial reporting purposes for the indicated fiscal year, in accordance with FASB authoritative guidance, with respect to awards of restricted shares of common stock, which may include awards made during earlier years as well as the indicated year.

(3) Amounts in this column reflect the expense recognized for financial reporting purposes for the indicated fiscal year, in accordance with FASB authoritative guidance, with respect to awards of options to purchase common stock, which may include awards made during earlier years as well as the indicated year.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth certain information with respect to stock options outstanding as of November 30, 2014, for each of the named executive officers. The Named Executives did not exercise any options in Fiscal 2014.

Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards (1): Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price	Option Expiration Date
Paul H. Riss	4,000,000		-	$ 0.01	11/21/2016

Stock Option Grants

There were no stock option grants or exercises in fiscal 2014 for Named Executives.

Board of Directors Compensation

We do not currently compensate directors in cash for service on our board of directors. We maintain a Non-Employee Director Stock Option Plan (the “Director Option Plan”). Under the Director Option Plan, each non-employee director is granted a non-statutory option to purchase 1,000 shares of our common stock on the date on which he or she is elected, re-elected or appointed to our board of directors. Options granted pursuant to the Director Option Plan will vest in full on the one-year anniversary of the grant date, provided the non-employee director is still our director at that time. The exercise price granted under the Director Option Plan is 100% of the fair market value per share of the common stock on the date of the grant as reported on the OTC Marketplace.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

As of April 24, 2015 there were 4,324,059,321 shares of our common stock issued and outstanding. Each share of common stock entitles the holder thereof to one vote with respect to each item to be voted on by holders of the shares of common stock. We have 10 shares of Series E Preferred stock outstanding, held by our Chief Executive Officer, as detailed in the chart below. The Series E Preferred stock controls at least 51% of the Company's voting power, because it has voting rights equal to 4 times the value of the total number of shares of common stock issued and outstanding at the time of voting, including votes attributable to other shareholders who hold preferred stock.

The following table sets forth information with respect to the beneficial ownership of shares of our common stock as of April 24, 2015, by:

- Each person whom we know beneficially owns more than 5% of any class of equity security;
- each of our directors individually;
- each of our named executive officers individually; and
- all of our current directors and executive officers as a group

Unless otherwise indicated, to our knowledge, all persons listed below have sole voting and investment power with respect to their shares of common stock. Each person listed below disclaims beneficial ownership of their shares, except to the extent of their pecuniary interests therein. Shares of common stock that an individual or group has the right to acquire within 60 days of April 24, 2015, pursuant to the exercise of options or restricted stock are deemed to be outstanding for the purpose of computing the percentage ownership of such person or group, but are not deemed outstanding for the purpose of calculating the percentage owned by any other person listed.

Name and Address	Number of Shares of Common Stock Beneficially Owned	Percent of Shares of Common Stock Beneficially Owned	Number of Shares of Series D Preferred Stock Beneficially Owned (5)	Percent of Shares of Series D Preferred Stock Beneficially Owned	Number of Shares of Series E, F and G Preferred Stock Beneficially Owned (6)	Percent of Shares of Series E, F and G Preferred Stock Beneficially Owned	Number of Shares of Series H Preferred Stock Beneficially Owned (7)	Percent of Shares of Series H Preferred Stock Beneficially Owned
Flux Carbon Corporation 5950 Shiloh Rd, East, Suite N Alpharetta, GA 30005	1,000,000,000	23.13%					100,000	100.00%
EXO Opportunity Fund LLC PO Box 1453 Wayne, NJ 07474	431,973,526(1)	9.99%						
Five Nine Group LLC 2821 North Ocean Blvd., Suite 604 Fort Lauderdale, FL 33308	431,973,526(2)	9.99%						

Flux Carbon Starter Fund, LLC 411 Hackensack Ave Hackensack, NJ 07601	431,973,526(3)	9.99%						
Paul H. Riss 430 North Street White Plains, New York 10605	54,882,533(4)	1.26%	48	94.12%	20,000,010	100.00%		
All directors and executive officers as a group (one individual)	54,882,533	1.26%	48	94.12%	20,000,010	100.00%		

(1) Includes 51,973,526 shares of common stock subject to a convertible debenture that is presently exercisable or exercisable within 60 days after April 24, 2015.

(2) Includes 261,973,526 shares of common stock subject to a convertible debenture that is presently exercisable or exercisable within 60 days after April 24, 2015.

(3) Includes 61,973,526 shares of common stock subject to a convertible debenture that is presently exercisable or exercisable within 60 days after April 24, 2015.

(4) Includes 33,850,000 shares of common stock subject to warrants and options that are presently exercisable or exercisable within 60 days after April 24, 2015.

(5) Each one share of Series D Preferred has voting rights equal to 1% of the total number of shares of common stock issued and outstanding at the time of voting.

(6) Each one share of Series E Preferred has voting rights equal to 4 times the value of the total number of shares of

common stock issued and outstanding at the time of voting, including votes attributable to other shareholders who hold preferred stock. Mr. Paul Riss owns 10 shares, or 100% of Series E Preferred Stock, which currently gives him more than 51% of the Company's total voting power. The Series F Preferred has voting rights equal to 100 million common shares. The Series G Preferred has voting rights equal to 10 million common shares

(7) 100,000 shares of Series H Preferred Stock are equivalent to 10% of the Company's total voting power.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Certain Relationships and Related Transactions

We paid fees to a software consulting firm (“Consultant”) of $126,500 in fiscal 2014 and $191,500 in fiscal 2013. We owed the Consultant $0 and $18,570 at November 30, 2014 and 2013. All such work performed by the Consultant is the property of the Company. Our Chief Information Officer has performed work for the Consultant, including disbursement services, in which funds that were remitted by the Company to a company controlled by the officer were subsequently distributed for the Consultant to appropriate vendors. For services rendered to the Consultant, our Chief Information Officer was paid $ 6,000 in fiscal 2014 and $11,500 in fiscal 2013.

At November 30, 2014 and 2013, the total amount due to our Chief Executive Officer, including loans, unpaid salary, interest and expenses amounted to $1,194,021 and $938,211, respectively.

At November 30, 2013, unpaid salary owed to our Chief Information officer amounted to $39,947.

During the fiscal 2013, we sold to our chief executive officer a warrant to purchase 25,333,333 shares of common stock of the Company and to our chief information officer a warrant to purchase 20,000,000 shares of common stock. The Company received, in the aggregate, cash payments totaling $68,000. The warrants have a ten-year life and exercise price of $0.005.

On September 30, 2014, a wholly-owned subsidiary of the Company entered into a contract of sale to transfer certain assets and liabilities, including a copy of internally developed mobile content delivery software to Vaxstar LLC (the “Buyer”). The Buyer simultaneously assigned the contract of sale to Valuesetters, Inc. (the “Assignee”). The Buyer agreed to pay the Company 40,000,000 shares of common stock, par value $0.001, of the Assignee. Although we had negotiated the details of the transaction with the Buyer before our Chief Investment Officer resigned from our Company, our former Chief Information Officer signed the purchase agreement as the Buyer’s Chief Executive Officer. We calculated a gain from the contract of sale amounting to $779,645, and recorded this gain as an addition to paid-in capital because of the related-party nature of the transaction.

Director Independence

Our common stock is currently quoted on the OTC Pink market and is not listed on the Nasdaq Stock Market or any other national securities exchange. Accordingly, we are not currently subject to the Nasdaq continued listing requirements or the requirements of any other national securities exchange. Nevertheless, in determining whether a director or nominee for director should be considered “independent” the board utilizes the definition of independence set forth in Rule 4200(a)(15) of the Nasdaq Marketplace Rules. Pursuant to that definition, we do not have an independent member of our Board of Directors.

Item 14. Principal Accounting Fees and Services.

On February 4, 2015, the Company's Board of Directors dismissed GBH CPAs, PC from its position as the principal independent accountant for Pervasip Corp. and engaged Rosenberg Rich Baker Berman & Company in that position. Rosenberg Rich Baker Berman & Company then performed an audit of our financial statements for both the year ended November 30, 2014 and the year ended November 30, 2013.

The following table presents fees for professional audit services rendered by GBH CPAs, PC for the audit of our annual financial statements for the years ended November 30, 2014 and 2013, and fees billed for audit services and other services rendered by GBH CPAs, PC during the past two fiscal years.

	Rosenberg Rich Baker Berman & Company	GBH CPAs, PC
Audit fees	$ 60,000	$119,342
Audit related fees		
Tax fees		
All other fees		
Total	$ 60,000	$119,342

29

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent auditor. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor.

Prior to engagement of the independent auditor for the next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of four categories of services to the Audit Committee for approval.

1. ***Audit*** services include audit work performed in the preparation of financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters and reviews of our financial statements included in our Quarterly Reports on Form 10-Q.

2. ***Audit-Related*** services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

3. ***Tax*** services include all services performed by the independent auditor's tax personnel except those services specifically related to the audit of the financial statements, and includes fees in the areas of tax compliance, tax planning, and tax advice.

4. ***Other*** services are those associated with services not captured in the other categories. We generally do not request such services from the independent auditor.

Prior to engagement, the Audit Committee pre-approves these services by category of service. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

With the resignation in 2014 of the members of the Audit Committee, the responsibilities of the Audit Committee described above have been assumed by the Board of Directors.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Exhibit No.	Document
3.1	Certificate of Incorporation, as amended, incorporated by reference to our Registration Statement on Form S-1 filed with the SEC on August 27, 1969 under Registration Number 2-34436.
3.2	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to our definitive proxy statement filed with the SEC in connection with our Annual Meeting of Shareholders held in May 1984.
3.3	Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(b) to our Annual Report on Form 10-K for the year ended November 30, 1988.
3.4	Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(e) to our Annual Report on Form 10-K for the year ended November 30, 1994, as amended.
3.5	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3 to our Quarterly Report on Form 10-Q for the quarter ended August 30, 1995.
3.6	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3(f) to our Annual Report on Form 10-K for the year ended November 30, 1998.
3.7	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.2 to our Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.
3.8	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3(1) to our Current Report on Form 8-K dated November 16, 1999.
3.9	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3(1) to our Current Report on Form 8-K dated December 28, 2007.
3.10	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated January 23, 2012.
3.11	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated August 21, 2012.
3.12	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated January 18, 2013.

3.13	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated August 30, 2013.
3.14	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated December 13, 2013.
3.15	Certificate of Amendment of the Certificate of Incorporation dated April 14, 2014, incorporated by reference to Exhibit 3.15 to our Annual Report on Form 10-K for the year ended November 30, 2013.
3.16	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated March 19, 2015.
3.17	By-laws, amended and restated as of December 1996, incorporated by reference to Exhibit 3(e) to our Annual Report on Form 10-K for the year ended November 30, 1996.

Exhibit No.	Document
4.1	Secured Term Note, dated as of September 28, 2007, issued in favor of Calliope Capital Corporation (as filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the SEC on October 4, 2007).
4.2	Secured Term Note, dated as of September 28, 2007, issued in favor of Valens Offshore SPV II, Corp. (as filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, as filed with the SEC on October 4, 2007).
4.3	Third Amended and Restated Secured Term Note, dated as of September 28, 2007, issued in favor of Laurus Master Fund, Ltd. (as filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, as filed with the SEC on October 4, 2007).

4.4	Amended and Restated Secured Term Note, dated as of September 28, 2007, issued in favor of Laurus Master Fund, Ltd. (as filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, as filed with the SEC on October 4, 2007).
4.5	Secured Term Note, dated as of May 28, 2008, issued in favor of Valens Offshore SPV II, Corp. (as filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the SEC on May 28, 2008).
4.6	Amended and Restated Secured Term Note, dated as of May 28, 2008, issued in favor of Valens Offshore SPV I, Corp. (as filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, as filed with the SEC on May 28, 2008).
4.7	Amended and Restated Secured Term Note, dated as of May 28, 2008, issued in favor of Valens Offshore SPV II, Corp(as filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, as filed with the SEC on May 28, 2008).
4.8	Fourth Amended and Restated Secured Term Note, dated as of May 28, 2008, issued in favor of Valens Offshore SPV I, Ltd. (as filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, as filed with the SEC on May 28, 2008).
4.9	Second Amended and Restated Secured Term Note, dated as of May 28, 2008, issued in favor of Valens Offshore SPV I, Ltd. (as filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, as filed with the SEC on May 28, 2008).
4.10	Secured Term Note, dated as of October 15, 2008, issued in favor of Valens Offshore SPV I, Corp. (as filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the SEC on October 15, 2008).
4.11	Second Amended and Restated Secured Term Note, dated as of December 12, 2008, issued in favor of Valens Offshore SPV I, Corp. (as filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the SEC on December 12, 2008).
4.12	Secured Term Note, dated February 18, 2009, issued in favor of Valens Offshore SPV I, Corp. (as filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the SEC on February 18, 2009).

4.13	Secured Term Note, dated February 18, 2009, issued in favor of Valens Offshore SPV I, Corp. (as filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the SEC on February 18, 2009).
4.14	$50,000 Demand Note, dated November 5, 2009, issued in favor of Valens U.S. SPV I, LLC (as filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on November 12, 2009)
4.15	2% Secured Amended & Restated Convertible Debenture, dated May 31, 2006, issued in favor of 112359 Factor Fund, LLC (as filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, as filed with the SEC on March 6, 2013)
4.16	6% Secured Amended & Restated Convertible Debenture, dated November 30, 2005, issued in favor of 112359 Factor Fund, LLC (as filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the SEC on March 6, 2013)
4.17	6% Secured Convertible Debenture, dated June 19, 2013, issued in favor of 112359 Factor Fund, LLC (as filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on July 22, 2013)

Exhibit No.	Document
10.2	Non-Employee Director Stock Option Plan, dated March 30, 2001, incorporated by reference to Exhibit 10(c) to our Annual Report on Form 10-KSB for the year ended November 30, 2003
10.3	2004 Equity Incentive Plan, incorporated by reference to Annex A to our Proxy Statement dated April 12, 2005.
10.4	Subsidiary Guaranty, dated as of February 8, 2005, executed by Line One, Inc., AVI Holding Corp. and TelcoSoftware.com Corp., incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated February 8, 2005.
10.5	Securities Purchase Agreement, dated as of November 30, 2005, our Company and Laurus Master Fund, Ltd., incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated November 30, 2005.
10.6	Reaffirmation and Ratification Agreement, dated as of November 30, 2005, executed by our Company, Line One, Inc., AVI Holding Corp. and TelcoSoftware.com Corp. incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated November 30, 2005.
10.7	Securities Purchase Agreement, dated as of May 31, 2006, between our Company and Laurus Master Fund, Ltd., incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated May31, 2006.
10.8	Reaffirmation and Ratification Agreement, dated as of May 31, 2006, executed by our Company, Line One, Inc., AVI Holding Corp. and TelcoSoftware.com Corp. incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated May 31, 2006.
10.9	Stock Purchase Agreement dated as of December 14, 2006 by and among our Company, CYBD Acquisition, Inc. and Cyber Digital, Inc., with respect to the capital stock of New Rochelle Telephone Corp., incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated December 14, 2006.
10.10	Stock Purchase Agreement dated as of December 14, 2006 by and among our Company, CYBD Acquisition II, Inc. and Cyber Digital, Inc., with respect to the capital stock of Telecarrier Services, Inc., incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated December 14, 2006.
10.11	2007 Equity Incentive Plan, incorporated by reference to Annex B to our Proxy Statement dated May 15, 2007.
10.12	Securities Purchase Agreement dated as of September 28, 2007, among our Company, LV Administrative Services, Inc., Calliope Capital Corporation and Valens Offshore SPV II, Corp., incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated October 4, 2007.

10.13	Reaffirmation and Ratification Agreement, dated as of September 28, 2007, executed among our Company, Line One, Inc. AVI Holding Corp. and TelcoSoftware.com Corp., incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K dated October 4, 2007.
10.14	Subsidiary Guarantee dated as of September 28, 2007 by AVI Holding Corp., Telcosoftware.com Corp. and Line One, Inc., incorporated by reference to Exhibit 10.9 to our Current Report on Form 8-K dated October 4,

	2007.
10.15	Master Security Agreement dated as of September 28, 2007 among our Company, Line One, Inc., AVI Holding Corp., TelcoSoftware.com Corp. and LV Administrative Services Inc., as agent, incorporated by reference to Exhibit 10.11 to our Current Report on Form 8-K dated October 4, 2007.
10.16	Stock Pledge Agreement dated as of September 28, 2007 among LV Administrative Services Inc., as agent, our Company., Line One, Inc., AVI Holding Corp. and TelcoSoftware.com Corp., incorporated by reference to Exhibit 10.12 to our Current Report on Form 8-K dated October 4, 2007.
10.17	Amendment to September 28, 2007 Securities Purchase Agreement dated May 28, 2008, executed among Pervasip Corp., LV Administrative Services, Inc., as agent, Valens Offshore SPV I, Ltd. and Valens Offshore SPV II, Corp., incorporated by reference to Exhibit 10.13 to our Current Report on Form 8-K dated May 28, 2008.

Exhibit No.	Document
10.18	Securities Purchase Agreement dated as of May 28, 2008, among Pervasip Corp., LV Administrative Services, Inc. and the Purchasers listed therein, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated May 28, 2008.
10.19	Reaffirmation and Ratification Agreement, dated as of May 28, 2008, executed among Pervasip Corp., Line One, Inc., AVI Holding Corp., TelcoSoftware.com Corp. and Valens Offshore SPVI, Ltd., incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K dated May 28, 2008, incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K dated May 28, 2008.
10.20	Subsidiary Guarantee dated as of May 28, 2008 by AVI Holding Corp., Telcosoftware.com Corp. and Line One, Inc., incorporated by reference to Exhibit 10.10 to our Current Report on Form 8-K dated May 28, 2008.
10.21	Master Security Agreement dated as of May 28, 2008 among Pervasip Corp., Line One, Inc., AVI Holding Corp., TelcoSoftware.com Corp. and LV Administrative Services Inc., as agent, incorporated by reference to Exhibit 10.12 to our Current Report on Form 8-K dated May 28, 2008.
10.22	Stock Pledge Agreement dated as of May 28, 2008 among LV Administrative Services Inc., as agent, Pervasip Corp., Line One, Inc., AVI Holding Corp. and TelcoSoftware.com Corp., incorporated by reference to Exhibit 10.13 to our Current Report on Form 8-K dated May 28, 2008.
10.23	Letter Agreement dated as of October 15, 2008, among Pervasip Corp., LV Administrative Services, Inc. and Valens Offshore SPV I, Ltd., incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated October 15, 2008.
10.24	Letter Agreement dated as of December 12, 2008, among Pervasip Corp., LV Administrative Services, Inc. and Valens Offshore SPV I, Ltd., incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated December 12, 2008.
10.25	Letter Agreement dated as of February 18, 2009 among Pervasip Corp., LV Administrative Services, Inc. and Valens Offshore SPV I, Ltd., incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated February 18, 2009.
10.26	2009 Equity Incentive Plan, incorporated by reference to Annex A to our Proxy Statement dated April 9, 2009.
10.27	Securities Purchase Agreement by and between Pervasip Corp. and 112359 Factor Fund, LLC, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated March 6, 2013.
10.28	Securities Purchase Agreement by and between Pervasip Corp. and 112359 Factor Fund, LLC, incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q dated July 22, 2013.
10.29	Settlement and Release Agreement by and between Pervasip Corp. and the Pension Benefit Guarantee Corporation, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated January 9, 2015.
10.30	

	Settlement and Release Agreement by and between Pervasip Corp. and the Pension Benefit Guarantee Corporation, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated January 9, 2015.
10.31	Amended Distribution Agreement by and between Noveda Technologies, Inc. and Canalytix LLC.*
10.32	Securities Purchase Agreement by and between Pervasip Corp. and Flux Carbon Corporation, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated March 19, 2014.
31.1	Certification by the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
31.2	Certification by the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* filed herewith

SIGNATURES

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

	PERVASIP CORP.	
Date: April 30, 2015	By:	/s/ Paul H. Riss
	Name:	Paul H. Riss Chief Executive Officer (Principal Executive Officer)
	Title:	Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer)

Pursuant to the requirements of the Securities 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/ Paul H. Riss Paul H. Riss	Chief Executive Officer (Principal Executive Officer), Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer), Chairman of the Board	April 30, 2015

PERVASIP CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

AS OF AND FOR THE

YEARS ENDED NOVEMBER 30, 2014 AND 2013

PERVASIP CORP. AND SUBSIDIARIES

AS OF AND FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and

Stockholders of Pervasip Corp.

We have audited the accompanying balance sheets of Pervasip Corp. as of November 30, 2014 and 2013, and the related statements of operations, stockholders' equity (deficit), and cash flows for each of the years in the two year period ended November 30, 2014. Pervasip's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pervasip Corp. as of November 30, 2014 and 2013, and the results of its operations and its cash flows for each of the years in the two year period ended November 30, 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully discussed in Note 2 to the financial statements, the Company has sustained recurring substantial losses from its continuing operations, and has negative working capital and a significant stockholders' deficit as of November 30, 2014. In addition, the Company is unable to meet its obligations as they become due and sustain its operations. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Rosenberg Rich Baker Berman & Company

Somerset, New Jersey

April 30, 2015

PERVASIP CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF NOVEMBER 30, 2014 AND 2013

	2014	2013 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$1,832	$17,242
Accounts receivable, net of allowance of $2,018 in 2013	—	67,919
Restricted securities	1,040,000	—
Prepaid expenses and other current assets	3,337	26,123
Total current assets	1,045,169	111,284
Other assets	7,119	90,108
Total assets	$1,052,288	$201,392
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current portion of long-term debt, net of discounts of $189,270 and $1,002,902, respectively	$4,631,122	$3,766,468
Accounts payable and other current liabilities	1,966,224	2,387,237
Accounts payable and other current liabilities - related party	410,333	343,401
Due to Pension Benefit Guaranty Corporation	2,001,984	1,904,544
Related party debt	804,078	634,756
Derivative liabilities	639,339	362,389
Total current liabilities	10,453,080	9,398,795
Long-term debt less current portion	—	13,660
Derivative liabilities	—	1,442,781
Total liabilities	10,453,080	10,855,236
Stockholders' deficit:		
	—	—

Preferred stock, $0.00001 par value, $0.001 par value prior to April 14, 2014; 21,000,010 shares authorized, 51 shares issued and outstanding in 2014 and 2013		
Common stock, $0.00001 par value, $0.001 par value prior to April 14, 2014; 8,978,999,990 shares authorized, 1,194,549,997 and 799,549,997 shares issued and outstanding in 2014 and 2013	11,945	799,550
Capital in excess of par value	41,750,912	39,851,457
Accumulated other comprehensive income	601,183	1,183
Accumulated deficit	(51,764,832)	(51,306,034)
Total stockholders' deficit	(9,400,792)	(10,653,844)
Total liabilities and stockholders' deficit	$1,052,288	$201,392

See accompanying notes to consolidated financial statements.

PERVASIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

	2014	2013 (Restated)
Revenues	$491,319	$915,340
Cost and expenses:		
Costs of services	287,028	422,795
Selling, general and administrative	1,054,867	1,733,021
Total costs and expenses	1,341,895	2,155,816
Loss from operations	(850,576)	(1,240,476)
Other income (expense):		
Interest expense	(1,838,375)	(3,173,975)
Amortization of deferred finance costs	(83,714)	(30,085)
Other, net	121,399	108,403
Gain on troubled debt restructuring	—	2,714,461
Gain on sale of subsidiary	640,621	—
Gain on settlement of liabilities	213,961	1,493,939
Gain on change in value of derivative liabilities	1,337,886	571,390
Total other income	391,778	1,684,133
Net income (loss)	$(458,798)	$443,657
Basic earnings per share	$0.00	$0.00
Diluted earnings per share	$0.00	$0.00
Weighted average number of shares outstanding:		
Basic	980,488,901	633,006,599
Diluted	980,488,901	1,830,668,266

See accompanying notes to consolidated financial statements.

PERVASIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

	2014	2013
Net income (loss)	$(458,798)	$443,657