TPT Global Tech, Inc. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

As of

June 30, 2017

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TPT Global Tech, Inc.

CONSOLIDATED BALANCE SHEET

ASSETS

		As of June 30, 2017
CURRENT ASSETS		
Cash	$	80,693
Accounts Receivable		119,974
Other		8,984
Total Current Assets	$	209,651
NON-CURRENT ASSETS		
Fixed Assets, net	$	2,901,813
Goodwill and Intangibles, net		2,301,875
Deposits and Other Assets		58,049
Total Non-Current Assets	$	5,261,737
TOTAL ASSETS	$	5,471,388

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$	1,882,964
Debt		3,662,984
Other Liabilities and Deferred Amounts		442,241
Equipment Leases		651,834
Total Current Liabilities	$	6,640,023
NON-CURRENT LIABILITIES		
Long Term Portion of Debt	$	-
Total Non-Current Liabilities	$	-
Total Liabilities	$	6,640,023
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred Stock, $.001 Par Value 100,000,000 Shares Authorized,1,000,000 Shares Designated as Series A and 2,588,693 Designated as Series BIssued and Outstanding as of June 30, 2017	$	3,589
Common Stock, $.001 Par Value, 1,000,000,000 Shares Authorized, 136,953,904 Shares Issued and Outstanding as of June 30, 2017		136,954
Subscriptions Payable		
Additional Paid-In Capital		7,5009,[illegible]
Accumulated Deficit		(11,001,131)
Total Stockholders' Equity		(1,168,635)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	5,471,388

See notes to consolidated financial statements.

TPT Global Tech, Inc.
CONSOLIDATED STATEMENT OF OPERATIONS

	For the six months ended June 30, 2017
REVENUES	$ 1,305,538
Cost of Sales	978,737
Gross Profit	326,801
Selling, General and Administrative	1,181,100
Depreciation expense	87,746
Amortization expense	363,378
Interest Expense	77,670
	1,709,894
Net Loss Before Income taxes	(1,383,093)
Income Taxes	---
NET LOSS	$ (1,383,093)
Basic and diluted earnings (loss) per common share	$(.01)
Weighted average number of common shares outstanding:	
Basic and diluted	136,953,904

See notes to consolidated financial statements.

TPT Global Tech, Inc.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
For the six months endedJune 30, 2017

	Preferred Stock		Common Stock		Subscription	Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Payable	Paid-in Capital	Deficit	Shareholders' Equity (Deficit)
Balance: January 1, 2017	3,588,693	$3,589	136,953,904	$136,954	$ 7,500	$ 9,684,453	$(9,618,038)	$ 214,458
Net Loss					—	—	$ (1,383,093)	$ (1,383,093)
Balance: June 30, 2017	3,588,693	$3,589	136,953,904	$ 136,954	$ 7,500	$ 9,684,453	$(11,001,131)	$ (1,168,635)

See notes to consolidated financial statements.

TPT Global Tech, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months endedJune 30, 2017
Cash flows from operating activities:	
Net Loss	$ (1,383,093)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation Expense	87,746
Amortization Expense	363,378
Stock Based Compensation	164,694
Changes in operating assets and liabilities:	
Increase in Accounts Receivable	(35,118)
Decrease in Other Current Assets	16,539
Increase in Accounts Payable and Accrued Expenses	388,530
Increase in Deferred Amounts	150,771
Decrease in Other Liabilities	(4,110)
	$1,132,430
Net cash used in operating activities	$ (250,663)
Cash flows from investing activities:	
Increase in Deposits and Other Assets	--
Purchase of Fixed Assets	--
Net cash used in investing activities	$ --
Cash flows from financing activities:	
Increase in Debt	$ 277,086
Decrease in Debt	(39,016)
Other	---
Net cash provided by financing activities	$ 238,070
Net decrease in Cash	$ (12,593)
Cash -beginning of period	$ 93,286
Cash -end of period	$ 80,693

Supplemental Cash Flow Information:

Approximate Cash used for:

Interest expense	$40,000
Taxes	---

See notes to consolidated financial statements.

TPTG Global Tech, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company was originally incorporated in1988in the state of Florida. TPT Global, Inc., a Nevada corporation formed in June 2014, merged with Ally Pharma US, Inc., a Florida corporation, ("Ally Pharma", formerly known as Gold Royalty Corporation) in a "reverse merger" wherein Ally Pharma issued 110,000,000 shares of Common Stock, or 80% ownership, to the owners of TPT Global, Inc. and Ally Pharma agreed to change its name to TPT Global Tech, Inc. (jointly referred to as "the Company" or "TPTG"). In 2014 the Company acquired all the assets of K Telecom and Wireless LLC ("K Telecom") and Global Telecom International LLC ("Global Telecom"). Effective January 31, 2015, TPTGcompleted its acquisition of 100% of the outstanding stock of Copperhead Digital Holdings, Inc. ("Copperhead Digital") and Subsidiaries, TruCom, LLC ("TruCom"), Nevada Utilities, Inc.("Nevada Utilities") and CityNet Arizona, LLC ("CityNet").In October 2015, the Company acquired the assets of Port2Port Inc. ("Port2Port") and Digithrive Inc. ("Digithrive"). Effective September 30, 2016, the company acquired 100% ownership in San Diego Media Inc. ("SDM"). In December 2016, TPTGacquired the Lion Phone technology. See Note 2.

We generate revenues primarily through operating as a Competitive Local Exchange Carrier (CLEC) in Arizona, as a distributor of cell phones and telecommunications equipment and as provider of ecommerce and cloud solutions in the western United States.

Principles of Consolidation

Our accompanying consolidated financial statements include the accounts of K Telecom andGlobal Telecom, Copperhead Digital and SDM since September 30, 2016. All intercompany accounts and transactions have been eliminated in consolidation (see Note 2).

Revenue Recognition

We primarily recognize revenue when the following four basic criteria have been met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the fee is fixed or determinable and (4) collection is reasonably assured.

Revenue generated from product sales, cell phones and telecommunications equipment, is recognizedas revenue upon transfer of the title and risk of loss of the products to third-party customers, less a reserve for estimated product returns and other incentive arrangements including rebates.

Revenue generated from sales of telecommunications services are recognized as the transaction with the customer is considered closed and begins receiving and accepts the services that were the result of the transaction.

For products that include installation, if the installation meets the criteria to be considered a separate element, product revenue is recognized upon delivery, and installation revenue is recognized when the installation is complete. For sales that include customer-specified acceptance criteria, revenue is recognized after the acceptance criteria have been met. Certain of our products require specialized installation. Revenue for these products is deferred until installation is completed. Revenue from services is deferred and recognized over the contractual period, or as services are rendered and accepted by the customer. Some of our sales transactions qualify as multiple-element arrangements which require us to identify separate units of accounting within the arrangement and allocate the transaction consideration across these separate accounting units. For arrangements that include non-software elements, the transaction's consideration is allocated to each unit of accounting based on its relative selling price. When applying the relative selling price method, the selling price of each deliverable is determined based upon the following hierarchy of evidence: vendor-specific objective evidence, which is generally based upon historical prices in stand-alone transactions; third-party evidence, which is generally based on market data on sales of similar products and services, if available; and management's best estimate of selling price. Management's best estimate of selling price is generally based upon the following considerations: stand-alone sales prices, established price lists, costs to produce and profit margins for similar products.

For cloud based solutions, we use the relative fair value method to allocate transaction consideration to each unit of accounting, whereby the evidence used in the determination of fair value estimates are based solely on vendor specific objective evidence. To the extent that vendor specific objective evidence does not exist for delivered elements of the transaction, we apply the residual method.

Share-based Compensation

The Company is required to measure and recognize compensation expense for all share-based payment awards (including stock options) made to employees and directors based on estimated fair value. Compensation expense for equity-classified awards is measured at the grant date based on the fair value of the award and is recognized as an expense in earnings over the requisite service period.

The Company records compensation expense related to non-employees that are awarded stock in conjunction with selling goods or services, and recognizes compensation expenses over the vesting period of such awards.

Income Taxes

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. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in our income tax provision in the period of enactment.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversal of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations, including taxable income in carryback periods. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce our income tax provision.

We account for uncertain tax positions using a “more-likely-than-not” recognition threshold. We evaluate uncertain tax positions on a quarterly basis and consider various factors, including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position.

During November 2015, the FASB issued Accounting Standards Update No. 2015-17, ASU 2015-17, Balance Sheet Classification of Deferred Taxes, which simplifies the presentation of deferred income taxes. ASU 2015-17 requires that deferred tax assets and liabilities be classified as non-current in a statement of financial position. We adopted ASU 2015-17 effective December 31, 2015.

It is our policy to record costs associated with interest and penalties related to tax in the selling, general and administrative line of the consolidated statements of operations.

Cash and Cash Equivalents

The company considers all investments with a maturity date of three months or less when purchased to be cash equivalents. There are no cash equivalents as of June 30, 2017.

Accounts Receivable

We establish an allowance for potential uncollectible accounts receivable. All accounts receivable 60 days past due are considered uncollectible unless there are circumstances that support collectability. Those circumstances are documented. As of June 30, 2017, the allowance for uncollectible accounts receivable was zero.

Property and Equipment

Property and equipment are stated at cost or fair value if acquired as part of a business combination. Depreciation is computed by the straight-line method and is charged to operations over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred. The carrying amount of accumulated depreciation of assets sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss in s included in results of operations. The estimated useful lives of property and equipment are telecommunications network- 20 years, telecommunications equipment - 7 to 10 years and computers and office equipment - 3 years.

Goodwill and Intangible Assets

Goodwill relates to amounts that arose in connection with our various business combinations and represents the difference between the purchase price and the fair value of the identifiable tangible and intangible net assets when accounted for using the acquisition method of accounting. Goodwill is not amortized, but is subject to periodic review for impairment.

We test goodwill and other intangible assets with indefinite lives at the reporting unit level for impairment on an annual basis and between annual tests, if events and circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying value. Events that would indicate potential impairment and trigger an interim impairment assessment include, but are not limited to, current economic and market conditions, including a decline in market capitalization, a significant adverse change in legal factors, business climate or operational performance of the business and an adverse action or assessment by a regulator.

In performing the annual goodwill impairment test, we utilize the two-step approach. The first step, or Step 1, requires a comparison of the carrying value of each reporting unit to its estimated fair value. To estimate the fair value of our reporting units for Step 1, we use a combination of the income approach, the market comparable approach and the market transaction approach. The income approach is based on a discounted cash flow analysis, or DCF approach, and calculates the fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value, using a risk-adjusted discount rate. Assumptions used in the DCF approach require the exercise of significant judgment, including judgment about appropriate discount rates and terminal values, growth rates and the amount and timing of expected future cash flows. The forecasted cash flows are based on our most recent operating activities and assumed growth rates. We believe our assumptions are consistent with the plans and estimates used to manage the underlying businesses. The discount rates, which are intended to reflect the risks inherent in future cash flow projections, used in the DCF approach are based on estimates of the weighted-average cost of capital, or WACC, of market participants relative to each respective reporting unit. The market approaches consider comparable and transactional market data based on multiples of revenue or earnings before interest, taxes, depreciation and amortization, or EBITDA, based on trading multiples of selected guidelines companies and deal multiples of selected target companies.

If the carrying value of a reporting unit exceeds its estimated fair value, we are required to perform the second step, or Step 2, of the annual goodwill impairment test to measure the amount of impairment loss, if any. Step 2 of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill to its carrying value. The implied fair value of goodwill is calculated as the difference between the fair value of the reporting unit and the estimated fair value of its assets and liabilities. To the extent this amount is below the carrying value of goodwill, an impairment charge is recorded to write down the carrying value to its implied value. Based on our impairment testing, we do not consider an impairment charge to goodwill necessary as of June 30., 2017.

Impairment charges related to goodwill, if any, have no impact on our cash balances.

Impairment of Other Long-lived Tangible and Intangible Assets

Our intangible assets consist primarily of customer relationships and developed technology. The majority of our intangible assets were recorded in connection with our various business combinations. Our intangible assets are recorded at fair value at the time of their acquisition. We amortize intangible assets over their estimated useful lives.

The estimated useful lives of the individual categories of intangible assets were based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with finite lives is recognized over the shorter of the respective lives of the agreement or the period of time the intangible assets are expected to contribute to future cash flows. We amortize our finite-lived intangible assets based on patterns on which the respective economic benefits are expected to be realized. We amortize the majority of our intangible assets on a straight-line basis from three to nine years, as this methodology most closely approximates the pattern of economic benefits for these assets.

We evaluate long-lived tangible and intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If indicators of impairment are present with respect to long-lived tangible and intangible assets used in operations and undiscounted future cash flows are not expected to be sufficient to recover the assets' carrying amount, additional analysis is performed as appropriate and the carrying value of the long-lived assets is reduced to the estimated fair value, if this is lower, and an impairment loss is charged to expense in the period the impairment is identified. Factors we generally consider important which could trigger an impairment review on the carrying value of other long-lived tangible and intangible assets include the following:
(1) significant underperformance relative to expected historical or projected future operating results, (2) significant changes in the manner of our use of acquired assets or the strategy for our overall business, (3) underutilization of our tangible assets, (4) discontinuance of

product lines by ourselves or our customers, (5) significant negative industry or economic trends, (6) significant decline in our stock price for a sustained period, (7) significant decline in our market capitalization relative to net book value and (8) goodwill impairment identified during an impairment review.

Business Acquisitions

Our business acquisitions have historically been made at prices above the fair value of the assets acquired and liabilities assumed, resulting in goodwill or some identifiable intangible. Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management, but are inherently uncertain.

We generally employ the income method to estimate the fair value of intangible assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants, and include the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product life cycles, economic barriers to entry, a brand's relative market position and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

Net assets acquired are recorded at their fair value and are subject to adjustment upon finalization of the fair value analysis.

Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260, "Earning per Share"". ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of thee income statement. Basic EPS is computed by dividing net income (loss) available to common shareholder (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

Concentration of Credit Risk, Off-Balance Sheet Risks and Other Risks and Uncertainties

Financial instruments that potentially subject us to concentration of credit risk primarily consist of cash and cash equivalents and accounts receivable. We invest our excess cash primarily in high quality securities and limit the amount of our credit exposure to any one financial institution. We do not require collateral or other securities to support customer receivables; however, we perform on-going credit evaluations of our customers and maintain allowances for potential credit losses.

At June 30, 2017, no individual customer's accounts receivable balance was more than 10% of our aggregate accounts receivable. During 2017, one customer represented, at times, approximately 20 to 30% of monthly revenue. This customer terminated service with the Company during 2017.

Financial Instruments and Fair Value of Financial Instruments

Our primary financial instruments at June 30, 2017 consisted of cash equivalents, accounts receivable, accounts payable and debt. We apply fair value measurement accounting to either record or disclose the value of our financial assets and liabilities in our financial statements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value.

Described below are the three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Research and Development

Our research and development programs focus on telecommunications products and services. Research and development costs are expensed as incurred. Any payments received from external parties to fund our research and development activities reduce the recorded research and development expenses.

Use of Estimates

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

Recently Adopted Accounting Pronouncements

In March 2017, the FASB issued ASU No. 2017-07, Compensation — Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit
Cost, or ASU 2017-07. ASU 2017-07 improves the presentation of net periodic pension cost and net periodic postretirement benefit cost by requiring that an employer that offers to its employees defined benefit pension or other postretirement benefit plans report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. ASU 2017-07 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted within the first interim period. The amendments should be applied using a retrospective transition method for the presentation of the service cost component and other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. We are currently evaluating the impact of the adoption of ASU 2017-07 on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles — Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment, or ASU 2017-04. ASU 2017-04 removes the requirement to perform a hypothetical purchase price allocation to measure goodwill impairment. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and should be applied prospectively with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2017-04 on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, or ASU 2017-01. ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, and should be applied prospectively with early adoption permitted under certain scenarios. We are currently evaluating the impact of the adoption of ASU 2017-01 on our consolidated financial statements.

In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606: Revenue from Contracts with Customers, or ASU 2016-20. ASU 2016-20 clarifies specific aspects of previously issued guidance in ASU 2014-09, Revenue from Contracts with Customers (discussed below). ASU 2016-20 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2016-20 on our consolidated financial statements.

In December 2016, the FASB issued ASU No. 2016-19, Technical Corrections and Improvements, or ASU 2016-19. ASU 2016-19 provides simplification and minor improvements to Topics on insurance and troubled debt restructuring that result in editorial changes to the Accounting Standards Codification, or ASC. Most of the amendments in this ASU 2016-19 do not require transition guidance and are effective immediately. Early adoption is permitted for the amendments that require transition guidance. We do not expect the adoption of ASU 2016-19 to have a significant impact on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, or ASU 2016-18. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The amendments should be applied using a retrospective transition method to each period presented. We are currently evaluating the impact of the adoption of ASU 2016-18 on our consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, or ASU 2016-16. ASU 2016-16 requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs and eliminates the exception for an intra-entity transfer of an asset other than inventory. ASU 2016-16 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2016-16 on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, or ASU 2016-15. ASU 2016-15 provides cash flow statement classification guidance for: (1) debt prepayment or debt extinguishment costs; (2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (3) contingent consideration payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (6) distributions received from equity method investees; (7) beneficial interests in securitization transactions; and (8) separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2016-15 on our consolidated financial statements.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, or ASU 2016-12. ASU 2016-12: (1) clarifies the objective of the collectability criterion for applying Accounting Standards Codification, or ASC, paragraph 606-10-25-7; (2) permits an entity to exclude amounts collected from customers for all sales (and other similar) taxes from the transaction price; (3) specifies that the measurement date for non-cash consideration is contract inception; (4) provides a practical expedient that permits an entity to reflect the aggregate effect of all modifications that occur before the beginning of the earliest period presented when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations; (5) clarifies that a completed contract for purposes of transition is a contract for which all (or substantially all) of the revenue was recognized under legacy GAAP before the date of initial application, and (6) clarifies that an entity that retrospectively applies the guidance in Topic 606 to each prior reporting period is not required to disclose the effect of the accounting change for the period of adoption. ASU 2016-12 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are currently evaluating the impact of the adoption of ASU 2016-12 on our consolidated financial statements.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, or ASU 2016-10. ASU 2016-10 adds further guidance on identifying performance obligations and also to improve the operability and understandability of the licensing implementation guidance. ASU 2016-10 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2016-10 on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation — Stock Compensation (Topic 718): Improvements to Employee share-Based Payment Accounting*, or ASU 2016-09. ASU 2016-09 simplifies several aspects of the accounting for share-based payment award transactions including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, with early adoption permitted. We do not expect the adoption of ASU 2016-09 to have a significant impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, *Investments — Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*, or ASU 2016-07. ASU 2016-07 eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. ASU 2016-07 requires that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. ASU 2016-07 also requires that an entity that has an available-forsale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. ASU 2016-07 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, and should be applied prospectively with early adoption permitted. We do not expect the adoption of ASU 2016-07 to have a significant impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, or ASU 2016-02. ASU 2016-02 requires lessees to recognize for all leases (with the exception of short-term leases) at the commencement date, a lease liability which is a lessee's obligation to make lease payments arising from a lease measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and should be applied with a modified retrospective transition approach, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2016-02 on our consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, or ASU 2015-11. ASU 2015-11 requires an entity to measure in-scope inventory at the lower of cost and net realizable value. ASU 2015-11 is effective for fiscal years beginning after December 15, 2016, and for interim periods within those fiscal years. A reporting entity should apply ASU 2015-11 prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. We do not expect the adoption of ASU 2015-11 to have a significant impact on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, or ASU 2014-09, as a new Topic, Accounting Standards Codification Topic 606. ASU 2014-09 sets forth a new revenue recognition standard that provides for a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB finalized a one-year delay in the effective date of this standard, which will now be effective for us on January 1, 2018; however, early adoption is permitted any time after the original effective date, which for us is January 1, 2017. We have not yet selected a transition method and are currently evaluating the impact of ASU 2014-09 on our consolidated financial statements.

We believe that there were no other accounting standards recently issued that had or are expected to have a material impact on our consolidated financial statements.

Recently Adopted Standards

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, or ASU 2015-16. ASU 2015-16 requires that an acquirer recognize adjustments to estimated amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. ASU 2015-16 is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. Effective January 1, 2016, we adopted ASU 2015-16. The adoption did not have a significant impact on our consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965) — I. Fully Benefit-Responsive Investment Contracts, II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient*, or ASU 2015-12. ASU 2015-12 amendments are in 3 parts. Among other things: Part I amendments designate contract value as the only required measure for fully benefit-responsive investment contracts; Part II amendments eliminate the requirement that plans disclose: (a) individual investments that represent five percent or more of net assets available for benefits; and (b) the net appreciation or depreciation for investments by general type requirements for both participant-directed investments and nonparticipant-directed investments; Part III amendments provide a practical expedient to permit plans to measure investments and investment-related accounts (e.g., a liability for a pending trade with a broker) as of a month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with month-end. ASU 2015-12 Parts I and II are effective on a retrospective basis, and Part III is effective on a prospective basis, for fiscal years beginning after December 15, 2015. We adopted ASU 2015-12 effective January 1, 2016. The adoption did not have a significant impact on our consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest — Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, or ASU 2015-03. ASU 2015-03 is intended to simplify the presentation of debt issuance costs. It requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. Early adoption is permitted. In August 2015, the FASB issued ASU

No. 2015-15, *Interest — Imputation of Interest (Subtopic 835-30) — Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting)*, or ASU 2015-15. ASU 2015-15 adds the authoritative guidance on presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements to ASU 2015-03. Effective January 1, 2016, we adopted ASU 2015-03 and ASU 2015-15. The adoption did not have a significant impact on our consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements — Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, or ASU 2014-15. ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for fiscal years ending after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted. Effective December 31, 2016, we adopted ASU 2014-15. The adoption of ASU 2014-15 did not have a significant impact on our consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, *Compensation — Stock Compensation (Topic 718) — Accounting for Share-Based Payments When the Terms of an Award Provide That aPerformance Target Could Be Achieved after the Requisite Service Period*, or ASU 2014-12. ASU 2014-12 requires that a performance target which affects vesting and which could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. Effective January 1, 2016, we adopted ASU 2014-12. The adoption of ASU 2014-12 did not have a significant impact on our consolidated financial statements.

NOTE 2 – ACQUISITIONS

(a) Goodwin Global Acquisition of Customer Base

In July 2016, the Company entered into an Acquisition and Purchase Agreement to purchase the assets of Goodwin Global Communications LLC in July 2016 for $22,500 in cash, net of 2,500 in liabilities assumed, payable in cash increments through January 2017, and up to 200,000 shares of restricted common shares of the Company given by an officer of the Company in satisfaction of shares owing. The actual number of shares given will be at least 50,000 and may increase, in defined increments, up to 200,000 depending on the monthly revenue generation from the assets. As part of the acquisition, the Company will pay a 25% commission on the gross profit from the assets. As of June 30, 2017, there were no additional shares given and no commissions paid.

The company evaluated this acquisition in accordance with ASC 805-10-55-4 to discern whether the assets and operations of the assets purchased met the definition of a business. The company concluded there were a sufficient number of key processes that developed the inputs into outputs. Accordingly, the Company accounted for this transaction as the acquisition of a business.

The transaction was accounted for in accordance with purchase accounting of a business. The consideration transferred, assets acquired and share consideration recognized is as follows:

Consideration Given:		
Cash	$	$22,500
Capital contribution by officerin satisfaction of shares owing		40,400
Total consideration value	$	$62,900
Consideration received:		
Intangibles-customer base	$	$62,900

In December 2016, after performing an impairment test, the Company impaired the customer base and amortized any remaining balance in the statement of operations for 2016.

(b) San Diego Media Acquisition

Effective September 30, 2016, the Company acquired 100% of the outstanding stock of SDM for 750,000 shares of restricted Common Stock of the Company contributed by an officer, assumption of debt of approximately $163,259, a convertible promissory note of $250,000 and a commitment to fund $450,000 of working capital, some of which will be used to pay-off assumed liabilities.

The company evaluated this acquisition in accordance with ASC 805-10-55-4 to discern whether the assets and operations of the assets purchased met the definition of a business. The company concluded there were a sufficient number of key processes that developed the inputs into outputs. Accordingly, the Company accounted for this transaction as the acquisition of a business.

The transaction was accounted for in accordance with purchase accounting of a business. The consideration transferred, assets acquired and share consideration recognized is as follows:

Consideration given:		
Capital contribution by officer in satisfaction of shares owing	$	438,750
Convertible note		250,000
Liabilities assumed		163,259
Total consideration given	$	852,009
Consideration received:		
Intangibles-customer base	$	751,918
Assets-current and long-term		100,091
Total consideration received	$	852,009

(c) Lion Phone Technology Acquisition

In December 2016, TPTG acquired the Lion Phone Technology from four former interest holders. The Lion Phone technology agreement allows for the technology and intellectual property and technology of the Lion Phone to be acquired for 2,100,000 shares of restricted Common Stock of the Company contributed by an officer, $350,000 in cash and a commitment for TPTG to infuse $500,000 into the Lion Phone technology as working capital. The sellers will also have a right to a royalty of $5.00 for each phone sold. As of June 30, 2017, no sales have taken place and no royalties have been paid.

The Company evaluated this acquisition in accordance with ASC 805-10-55-4 to discern whether the assets and operations of the assets purchased met the definition of a business. The company concluded there were not a sufficient number of key processes that developed the inputs into outputs. Accordingly, the Company accounted for this transaction as an asset acquisition as follows.

Consideration given:		
Cash payable	$	$350,000
Capital contribution by officer in satisfaction of shares owing		560,000
Total consideration given	$	$910,000
Consideration received:		
Intangibles-developed technology	$	910,000

(d) Digithrive Acquisition of Assets

Effective September 30, 2015, TPTG acquired the assets of Digithrive, a web technology company for 250,000 shares of Series B Preferred Stock of the Company. All shares issued are restrictive shares and are convertible into common shares according to the Certificate of Designation of the Series B Preferred Shares. The shares were valued at $.648 per share or $162,000.The Company evaluated this acquisition in accordance with ASC 805-10-55-4 to discern whether the assets and operations of the assets purchased met the definition of a business. The Company concluded there was not sufficient number of key processes that developed the inputs into outputs. Accordingly, the Company accounted for this transaction as a technology expense and is recorded in general and administrative expense in the statement of operations for 2015.

(e) Port2Port Acquisition of Assets

Effective September 30, 2015, TPTG acquired the assets of Port2Port, a wholesale telecommunications carrier for 200,000 shares of Series B Preferred Stock of the Company, $10,000 in cash and the agreement to spend $50,000 in working capital into expanding the assets wholesale network base. An additional 200,000 shares of Series B Preferred Stock were issued to a former employee of Port2Port as incentive to work the assets for the Company. These shares were expensed in professional expenses in the statement of operations for 2015 of $129,600. All shares issued are restrictive shares and are convertible into common shares according to the Certificate of Designation of the Series B Preferred Shares.

The Company evaluated this acquisition in accordance with ASC 805-10-55-4 to discern whether the assets and operations of the assets purchased met the definition of a business. The Company concluded there were a sufficient number of key processes that developed the inputs into outputs. Accordingly, the Company accounted for this transaction as the acquisition of a business.

The transaction was accounted for in accordance with purchase accounting of a business. The consideration transferred, assets acquired and share consideration recognized is as follows:

Consideration given:		
Cash	$	10,000
Series B share value		129,600
Liabilities assumed		4,001
Total consideration value	$	143,601
Consideration received:		
Intangible-customer base	$	139,753
Assets-current and long-term		3,848
Total consideration received	$	143,601

(f) Copperhead Digital Acquisition

Effective January 31, 2015, TPTG completed its acquisition of 100% of the outstanding stock of Copperhead Digital and Subsidiaries, TruCom, Nevada Utilities and CityNet. TPTG issued 1,538,693 of Series B Preferred Stock and a capital contribution from an officer of the Company including 679,310 shares of Common Sock, assumed all assets and liabilities of CDH. The stock was valued based on a third-party valuation specialist and resulted in the Series B Preferred Shares valued at $.648 per share and the Common Shares being valued at $.011 per share. All shares are restricted shares.

The company evaluated this acquisition in accordance with ASC 805-10-55-4 to discern whether the assets and operations of CDH met the definition of a business. The Company concluded there were a sufficient number of key processes that developed the inputs into outputs. Accordingly, the Company accounted for this transaction as the acquisition of a business.

The transaction was accounted for in accordance with purchase accounting of a business. The consideration transferred, assets acquired, liabilities assumed and share consideration recognized is as follows:

Consideration given:		
Series B Preferred Stock value	$	997,073
Capital contribution by officer in satisfaction of shares owing		7,472
Current liabilities, net of financing arrangements		1,221,020
Financing arrangements		2,717,790
Property and equipment and vehicle leases		520,029
Total consideration given	$	5,463,384
Consideration received:		
Goodwill	$	70,995
Intangibles-developed technology		600,000
Intangibles-customer base		1,100,000
Current assets		476,538
Property and equipment		3,164,000

Other assets		51,851
Total consideration received	$	5,463,384

(g) Share Exchange Agreement and Reverse Merger

In August 2014, TPTG Global, Inc. merged with Ally Pharma in a "reverse merger" wherein Alley Pharma issued 110,000,000 shares of Common Stock, or 80% ownership, to the owners of TPT Global, Inc. and Alley Pharma agreed to change its name to TPT Global Tech, Inc. The transaction is accounted for as a non-monetary transaction (specifically referred to as a reverse recapitalization) wherein the operations of the accounting Acquirer are re-casted in terms of the accounting Acquiree (legal acquirer, TPTG fka Ally Pharma) common stock. 110,000,000 shares of common stock were issued equaling 80% of the post-merger shares outstanding.

(h) K Telecom and Global Telecommunications Acquisitions

Concurrent with the merger with Alley Pharma, TPTG acquired the assets of KTel and GTel, from CJ Singh for 400,000 shares of Series B Preferred Stock of the Company. All shares issued are restrictive shares and are convertible into common shares according to the Certificate of Designation of the Series B Preferred Shares. The Company recorded a subscription payable of $259,200 as of December 31, 2014 and then issued the shares in 2015.

The company evaluated this acquisition in accordance with ASC 805-10-55-4 to discern whether the assets and operations of the assets purchased met the definition of a business. The company concluded there were a sufficient number of key processes that developed the inputs into outputs. Accordingly, the Company accounted for this transaction as the acquisition of a business.

The transaction was accounted for in accordance with purchase accounting of a business. The consideration transferred, assets acquired and share consideration recognized is as follows:

Consideration Given:		
Series B Preferred Share value	$	259,200
Subscription payable	$	259,200
Consideration received:		
Intangibles-customer base	$	259,200
Current assets		7,947
Less gain bargain purchase		(7,947)
Total consideration received	$	259,200

Pro Forma Information

The following unaudited supplemental pro forma information assumes the 2016 and 2015 acquisitions referred to abovehad been completed as of January 1, 2015 and is not indicative of the results of operations that would have been achieved had the transactions been consummated on such date or of results that might be achieved in the future.

		2016	2015
Revenues	$	3,292,000	4,072,000
Gross profit	$	1,261,000	1,944,000
Net loss	$	(4,371,000)	(4,809,000)

NOTE 3 – GOING CONCERN

Cash flows generated from operating activities were not enough to support all working capital requirements for the six months endedJune 30, 2017. Financing activities described below, have helped with working capital and other capital requirements. We incurred

$1,383,093 in losses, and we used 250,663in cash for operations for the six months endedJune 30, 2017. Cash flows from financing activities were $238,070 for the same period.

During the six months ended June 30, 2017, shareholders extended loans to the Company in the amount of approximately $250,000 under the same terms and conditions of existing debt from shareholders which is secured by assets of the company. See Note 5. In addition, the Company entered into a short-term cash arrangement for $70,500 for which the terms require in a weekly payment of $3,682, equal to a 15% interest rate, until completely paid back with interest.

In June 2016, the Company entered into a Factoring Agreementwith a company controlled by one of its shareholders. The Factoring Agreement is such that the Company will pay a discount of 2% per each 30-day period for each advance received against accounts receivable or future billings. The Company was advanced funds under the Factoring Agreement for which $127,284, including accrued interest, remained outstanding as of June 30, 2017. See Note 5.

In 2016, shareholders extended cash to TPTG of $134,200 through the Line of Credit and related party working capital advances. See Note 5.

In conjunction with the acquisition of Copperhead Digital, some of the previous controlling shareholders of Copperhead Digital agreed to certain financing arrangements as part of the acquisition which amounted to $796,377 in convertible debt being contributed to the Company. See Note 5. In 2015,these financing arrangements were exchanged for Common Stock.

In order for us to continue as a going concern, we hope to obtain additional debt or equity financing,and look for companies with operations that we can acquire. There can be no assurance that we will be able to secure additional debt or equity financing, that we will be able to acquire cash flow positive operations, or that, if we are successful in any of those actions, those actions will produce adequate cash flow to enable us to meet all our future obligations. Most of our existing financing arrangements are short-term. If we are unable to obtain additional debt or equity financing, we may be required to significantly reduce or cease operations.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation as of June 30thare as follows:

		2017
Property and equipment	$	3,297,943
Accumulated depreciation		(396,130)
Property and equipment, net	$	2,901,813

Depreciation expense was $87,746 for the six months ended June 30, 2017.

NOTE 5 – FINANCING ARRANGEMENTS

Financing arrangements as of June 30th are as follows:

		2017
Business Loans and Advances (1)	$	88,710
Line of Credit, secured by assets (2)		2,597,790
Shareholder loans (3)		849,200
Factoring Agreements (4)		127,284
Debt	$	3,662,984

(1) The Business Loans and Advances are amounts advanced to the Company of which most do not bear interest and are being paid to the lenders as cash is available. Other amounts included herein, are amounts under credit card financing lines of credit and are being used for working capital purposes.The Company did enter into a short-term cash

arrangement for $70,500 for which the terms require in a weekly payment of $3,682, equal to a 15% interest rate, until completely paid back with interest.

(2) TheLine of Credit originated with a bank and secured by the personal assets of certain shareholders. During 2016, the Line of Credit was assigned to the shareholders and the secured personal assets were used to pay off the bank. The Line of Credit bares a variable interest rate based on the 1 Month LIBOR plus 2.0% for amounts up to and including $1,250,000 or plus 3.5% for amounts above $1,250,000, is payable monthly, and is secured by the assets of the Company. The Company has an agreement, entered into with the acquisition of Copperhead Digital, with the applicable shareholders whereby the Company will raise funds through debt or equity, and pay off the Line of Credit. 1,000,000 shares of Common Stock of the Company have been reserved to accomplish raising the funds. Prior to the Line of Credit being assigned to certain shareholders, it was increased by $100,000 and funded to the Company in 2016 to allow for additional operating funds. Subsequent to December 31, 2016, other shareholders extended approximately $250,000 of working capital at the same terms as the outstanding line of credit balance.

(3) $34,200 represents funds given to TTG or subsidiaries as working capital. There are no written terms of repayment or interest that is being accrued to these amounts and they will only be paid back, according to management, if cash flows support it. $350,000 represents cash due to the prior owners of the technology acquired from the owner of the Lion Phone. $250,000 represents a note payable to the former principals of SDM which is in the form of a convertible promissory note, due September 30, 2018 and convertible at any time into restricted Common Shares at $1.00 per share. See Note 2.

(4) The Factoring Agreement was established in June 2016 with a company that is controlled by a shareholder. The Factoring Agreement is such that the Company pays a discount of 2% per each 30-day period for each advance received against accounts receivable or future billings. The Company was advanced funds from the Factoring Agreement for which $127,284 remained unpaid as of June 30, 2017.

NOTE 6 - INCOME TAXES

Temporary differences between the financial statement and tax basis of our assets result primarily from differing depreciation, provision for doubtful accounts, net operating loss carry forwards and the recognition of certain expenses for financial statement purposes and not for tax purposes. These differences were not material for the six months ended June 30, 2017 and primarily resulted from the net operating loss in the current period. Copperhead Digital has approximately $8,000,000 of net operating loss carry forwards, which expire in varying amounts, if unused. Because of the change in ownership of more than 50% of Copperhead Digital in accordance with Section 382 of the IRS Code, these net operating loss carry forwards may be significantly limited to use in future periods.

The federal and state tax returns for the Company have not been filed for the years ended December 31, 2016 and 2015.

NOTE 7 - STOCKHOLDERS' EQUITY

Preferred Stock

As of June 30, 2017, we had authorized 100,000,000 shares of Preferred Stock, of which certain shares had been designated as Series A Preferred Stock and Series B Preferred Stock.

Series A Preferred Stock

As of June 30, 2017, there were 1,000,000 shares of Preferred Stock designated as Series A Preferred Stock.

The Series A Preferred Stock has a par value of $.001, is senior to any other class or series of outstanding Preferred Stock or Common Stock and does not bear dividends. The Series A Preferred Stock has a liquidation preference immediately after any Senior Securities, as defined, and of an amount equal to $100 per share. Holders of the Series A Preferred Stock shall, collectively have the right to convert all of their Series A Preferred Stock when conversion is elected into that number of shares of Common Stock of the Company, determined by the following formula: 60% of the issued and outstanding Common Shares as computed immediately after the transaction for conversion. The Series A Preferred Stock, collectively, shall have the right to vote as if converted prior to the vote to an amount of shares equal to 60% of the outstanding Common Stock of the Company.

In January 2015, the Board of Directors authorized the issuance of 1,000,000 shares of Series A Preferred Stock to Stephen Thomas, Chairman, CEO and President of the Company, valued at $3,117,000 for compensation expense.

Series B Preferred Stock

As of June 30, 2017, there were 3,000,000 shares of Preferred Stock designated as Series B Preferred Stock.

The Series B Preferred Stock has a par value of $.001, is senior to any other class or series of outstanding Preferred Stock, except the Series A Preferred Stock, or Common Stock and does not bear dividends. The Series B Preferred Stock has a liquidation preference immediately after any Senior Securities, as defined and currently the Series A Preferred Stock, and of an amount equal to $2.00 per share. Holders of the Series B Preferred Stock have a right to convert all or any part of the Series B Preferred Shares at the conversion price of $2.00 per share. The Series B Preferred Stock holders have a right to vote on any matter with holders of Common Stock and shall have a number of votes equal to that number of Common Shares on a one to one basis.

Issuances Related to Acquisitions

In 2015, 1,538,693 of Series B Preferred Stock valued at $997,073 were issued in conjunction with the acquisition of Copperhead Digital. See Note 2(f) for details of the acquisition and other consideration given.

In October 2015, the Company acquired the assets of Port2Port, a wholesale telecommunications company, for 200,000 shares, as amended, of the Company's Series B Preferred Stock valued at $129,600.An additional 200,000 shares of Series B Preferred Stock valued at $129,600 were issued to a former employee of Port2Port as incentive to work the assets for the Company. See Note 2(e) for details of the acquisition and other consideration given.

Also in October 2015, the Company acquired the assets of Digithrive Inc., a California company, for 250,000 shares of the Company's Series B Preferred Stock valued at $162,000. See Note 2(d) for details of the acquisition.

In 2014 the Company acquired all the assets of K Telecom and Global Telecom for 400,000 shares of Series B Preferred Stock valued at $259,200. The Company recorded a subscription payable as of December 31, 2014 and then issued the shares in 2015. See Note 2(h) for details of the acquisition and other consideration given.

Common Stock and Capital Contributions

As of June 30, 2017, we had authorized 1,000,000,000 shares of Common Stock.

Capital Contributions Related to Acquisitions

In July 2016, the Company acquired the customer base of Goodwin Global for 50,000 shares of Common Stock from a capital contribution of an officer of the Company valued at $40,400. See Note 2(a) for details of the acquisition and other consideration given.

Effective September 30, 2016, the Company acquired 100% of the outstanding stock of SDM for 750,000 shares of Common Stock as a capital contribution from an officer of the Company valued at $438,750. See Note 2(b) for details of the acquisition and other consideration.

In December 2016, the Company acquired the Lion Phone technology for 2,100,000 shares of Common Stock as a contribution of capital from an officer of the Company valued at $560,000. See Note 2(c) for details of the acquisition and other consideration given.

In2015 the company acquired 100% of the outstanding stock of Copperhead Digital and TruCom, a subsidiary. In conjunction with this acquisition, the Companyused 679,310 shares of Common Stock from a capital contribution from an officer of the Company as partial consideration. See Note 2(f) for details of the acquisition and other consideration given.

Capital Contributions Related to Expenses and Liabilities

In December 2016, a subsidiary's landlord agreed to terminate a facility lease for 150,000 shares of Common Stock valued at $43,350 from a capital contribution of an officer of the Company. Subsequent to the agreement, the landlord requested more shares against the Company's agreement. As such, $40,404 remains in liabilities payable to the landlord and the $43,350 was expensed as rent expense in 2016.

Also in December 2016, several telecommunications agents for a subsidiary agreed to settle liabilities of $134,720 for 365,000 shares of restrictedCommon Stock of the Company valued at $105,485 from a capital contribution of an officer of the Company. A gain on settlement of $29,235 was recognized.

In December 2016, the Company used for compensation expense9,175,000 restricted shares of Common Stock of the Company valued at $2,379,725 received from a capital contribution from an officer of the Company.

Capital Contributions Related to Debt Conversions

In conjunction with the acquisition of Copperhead Digital, the former shareholders of Copperhead Digital agreed to bring accounts payable current for which they would receive promissory notes. As such, they funded a total of $220,000 of Commercial Promissory Notes. The Commercial Promissory Notes did not bear interest, except under default which then would be at the lessor of 12% per annum or the maximum allowable rate under applicable law. Due dates were from December 16, 2016 to January 28, 2017. The Commercial Promissory Notes were convertible at $0.50 per share and were unsecured. In October 2015, all Commercial Promissory Notes were exchanged for a contribution of capital from an officer of the Company, including 440,000 Common Shares.

Previously Convertible Promissory Notes of $250,000 were due to a shareholder, were due three years from the date of issuance, between March 16, 2018 and April 28, 2018, bear interest at 8% per annum, except under default which then would be at the lessor of 12% per annum or the maximum allowable rate under applicable law, and were convertible at $0.50 per share. The Convertible Promissory Notes were unsecured. In October 2015, all Convertible Promissory Notes were exchanged for a contribution of capital from an officer of the Company, including 500,000 Common Shares.

In July and August 2015, the Company through a private offering issued Unsecured Commercial Promissory Notes to the former shareholders of Copperhead Digital for $326,377. The Unsecured Commercial Promissory Notes were due as the holder designated in writing, did not bear an interest rate, except under default which then would be at the lessor of 12% per annum or the maximum allowable rate under applicable law. The Unsecured Commercial Promissory Notes were convertible at $0.20 to $0.25 per share. In October 2015, all Unsecured Commercial Promissory Notes were exchanged for a contribution of capital from an officer of the Company, including 1,496,899 Common Shares.

Capital Contributions related to stock subscriptions

During 2015, 600,000 shares of Common Stock were provided to an investor for $53,000, which stock was contributed by an officer of the Company as a capital contribution.

Cash from Subscriptions

In January 2016, 200,000 shares of Common Stock were issued for $6,000. In 2017, the Company committed to issue another 50,000 shares to a certain shareholder for which a subscription was received in 2014 for $7,500. This balance is recorded as a subscriptionpayableas of June 30, 2017.

Stock Options and Warrants

Wedo not have any warrants outstanding as of June 30, 2017.

During 2017, shareholders extended loans to the Company in the amount of approximately $250,000 under the same terms and conditions of existing debt from shareholders which is secured by assets of the company. Terms of the loans included issuing options to purchase approximately 41,000 shares of common stock of the Company at prices ranging from $0.046 to $0.265 per share. See Note 5.

Common Stock Reservations

The Company has reserved 1,000,000 shares of Common Stock of the Company for the purpose of raising funds to be used to pay off debt described in Note 5.

We have reserved 2,000,000 shares of Common Stock of the Company to grant to certain employee and consultants as consideration for services rendered and that will be rendered to the Company.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Lease Obligations

Future minimum lease payments are as follows:

Delinquent(1)201720182019 Total
Telecom Equipment Finance(2)$542,347$542,347
New Equipment Lease (3)44,42444,42437,020125,868
VehiclesLeases12,51812,518
Total$542,347$56,942$44,424$37,020$680,733

(1) In December 2016, a subsidiary's landlord agreed to terminate a facility lease for 150,000 shares of Common Stock. See Note 7.

(2) The Telecom Equipment Lease is with an entity owned and controlled by shareholders of the Company and is in default. The Company is in the process of negotiating revised lease terms.

(3) The New Equipment Lease requires payments of $3,702 per month for 36 months beginning in November 2016. The lease is currently in default for nonpayment.

Other Commitments and Contingencies

There are other debt, accounts payable or accrued liabilities that the Company assumed in conjunction with the acquisitions during 2015 and 2016. All of these have been accounted for on the books and records of the Company as of June 30, 2017. See Note 2.

The Company has employment agreements with certain employees of SDM and K Telecom. The agreements are such that SDM and K Telecom, on a standalone basis in each case, must provide sufficient cash flow to financially support the financial obligations within the employment agreements.

The company has been named in a lawsuit by a former employee who was terminated by management in 2016. The employee was working under an employment agreement but was terminated for breach of the agreement. The former employee is suing for breach of contract and is seeking around $75,000 in back pay and benefits. Management believes it has good and meritorious defenses and does not belief the outcome of the lawsuit will have any material effect on the financial position of the Company.

As of June 30, 2017, the company has collected $424,990 from one customer in excess of amounts due from that customer in accordance with the customer's understanding of the appropriate billings activity. The customer has filed a written demand for repayment by the Company of amounts owed which, including subsequent payments, currently amounts to approximately $400,000. Management believes that the customer agreementallows them to keep the amounts under dispute. Given the dispute, the Company has reflected the amounts in dispute as a customer liability on the consolidated balance sheet as of June 30, 2017 and does not believe the outcome of the dispute will have a material effect on the financial position of the Company.

NOTE 9 – RELATED PARTY ACTIVITY

During the six months ended June 30, 2017, the Company paid Stephen Thomas, Chairman, CEO and President of the Company,approximately $25,000 in rent and utility payments related tocorporate office space.

There are shares issuances and capital contributions from an officer of the Company. See Note 7. Also, there are debt and lease balances outstanding due to shareholders of the Company. See Notes 5 and 8.

NOTE 10 –Goodwill and Intangible Assets

Goodwill and intangible assets as of June 30, 2017 are comprised of the following:

		Gross carrying amount	Accumulated Amortization	Net Book Value	Useful Live
Customer Base	$	2,303,771	(1,371,218)	932,553	3
Developed Technology	$	1,672,000	(373,673)	1,298,327	9
Goodwill	$	70,995	---	70,995	---
	$	4,046,766	(1,744,891)	2,301,875	

NOTE 11 – Ongoing Events

The Company has entered into a non-binding Letter of Intent Agreement with Blue Collar Inc. ("Blue Collar"), a Media Production and California Corporation and its shareholders to acquire 100% of the outstanding ownership of Blue Collar for 6,500,000 shares of restricted Series C Preferred Stock, designation yet to be done, convertible at $1.00 per share into common stock of the Company when trading is over $2.00 per share, $1,000,000 in cash and a loan of $600,000. The acquisition is pending securing financing and may not occur.

The Company has also entered into an Acquisition and Purchase Agreement with Hollywood Riviera LLC and HRS Mobile LLC and their members who share common ownership to acquire 100% ownership interest in both of these companies for 3,265,000 shares of Series C Preferred Stock, which has not been designated by the Company but is intended to have similar characteristics to Series B Preferred Stock but convertible into Common Stock at $1.00 per share, and $3,325,000 in cash to be used to retire debt and pay for ownership interests. These acquisitions are pending securing financing and may not occur.