

OTC Pink Basic Disclosure

1) Name of the issuer and its predecessors (if any)

2015- Present: Altavoz Entertainment, Inc.

2009-2015: Max Media Group, Inc.

2) Address of the issuer's principal executive offices

Company Headquarters

622 Hungerford Drive, Suite 2

Rockville, Maryland 20850

Phone: (800) 229-3764

info@altavoz.com

www.altavoz.com

IR Contact

None

3) Security Information

Trading Symbol: AVOZ

Exact title and class of securities outstanding: Common Stock, \$0.001 Par Value

CUSIP 02155N108 Total shares authorized: 750,000,000 as of June 30, 2018

Total shares outstanding: 364,523,814 as of June 30, 2018

Additional class of securities (if necessary):

None (100,000,000 authorized but unissued preferred shares, \$0.001 Par Value)

Transfer Agent

Pacific Stock Transfer Co.

6725 Via Austin Parkway, Suite 300

Las Vegas, NV 89119

Phone: (800) 785-7782

info@pacificstocktransfer.com

www.pacificstocktransfer.com

Is the Transfer Agent registered under the Exchange Act?* Yes: X No:

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

Altavoz Entertainment, Inc. (the "Company") is not currently reporting. Accordingly, trading of its securities is restricted. Further, almost all our presently issued and outstanding common shares are restricted under rule 144 of the Securities Act, as amended.

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

4) Issuance History

For the Year Ended December 31, 2016:

In 2016, the Company entered into a consulting agreement with a shareholder, where 20,000,000 shares of common stock were issued for services. These shares were valued at fair value of \$0.10 per share and have been charged as stock compensation (\$2,000,000) to general and administrative expense.

In 2016, the Company issued 15,970,000 restricted common shares to various service providers. These shares were valued at fair value of \$0.11 per share and have been charged as stock compensation (\$1,776,400) to general and administrative expense.

In 2016, the Company issued 243,090,000 restricted common shares to founders, debt holders and affiliates in exchange for a cash payment (\$286,700). These shares were valued at \$0.12 per share.

In 2016, the Company issued 1,075,000 shares to certain non-profit entities recording the related expense as donations (\$129,000). These shares are valued at fair value of \$0.12 per share.

For the Year Ended December 31, 2017:

On October 25, 2017, the Company issued 25,000,000 to Nelson Jacobsen (Founder and shareholder) in exchange for a cash payment (\$50,000). These shares were valued at \$0.002 per share.

On August 31, 2017, the Company entered into a consulting agreement with a shareholder. Compensation included the award of 8,000,000 restricted common shares. These shares were valued at \$0.002 per share.

On July 17, 2017, the Company converted certain advances from a shareholder totaling \$9,730 to 3,475,000 shares of restricted common stock. These shares were valued at \$0.0028 per share.

On October 2, 2017, the Company issued 1,875,000 shares of restricted common stock to a consultant providing business services. Shares fair market value was \$.002 per share.

For the Six Months Ended June 30, 2018:

On January 2, 2018, the Company issued 4,000,000 shares of restricted common stock to a consultant providing legal services. The fair market value of the shares at time of issuance was \$.0025 per share. These shares have not been issued as of the date of the filing.

On January 23, 2018, the Company issued 6,150,000 shares of restricted common stock to Nelson Jacobsen (Founder and shareholder) for a cash payment (\$12,300). These shares were valued at \$0.002 per share. These shares have not been issued as of the date of the filing.

On March 6, 2018, the Company issued 5,000,000 shares of restricted common stock to a current shareholder for a cash payment (\$20,000). These shares were valued at \$0.004 per share. These shares have not been issued as of the date of the filing.

5) Financial Statements

The information called for by this Item 5 is included following the “Index to Financial Statements” on page F-1 contained in this quarterly report.

6) Describe the Issuer’s Business, Products and Services

Business Operations:

The Company is a direct music distributor of independent record labels and musicians to digital and physical retailers through its proprietary Distribution as a Service (“DaaS”) Platform. It also utilizes proprietary technology to create its “Fan Heat Map”, which provides market intelligence to pinpoint product for placement in brick and mortar and online stores. The Company works with the 90% of the record labels and artists that do not have affiliation to a major distributor.

The Company was originally incorporated in Nevada in 2000.

Primary and Secondary SIC Codes:

SIC:	7389 - Business Services, Not Elsewhere Classified
NAICS:	512290 Other Sound Recording Industries
	512220 Integrated Record Production/Distribution

Fiscal Year End Date:

December 31

Principal Products or Services, and Their Markets;

Digital and physical music distribution

7) Describe the Issuer’s Facilities

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Issuer leases office and warehouse space at 622 Hungerford Drive, Suite 2, Rockville, Maryland 20850.

8) Officers, Directors, and Control Persons

Names of Officers, Directors, and Control Persons

In responding to this item, please provide the names of each of the issuer’s executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer’s equity securities), as of the date of this information statement.

Name	Status	Percentage of Shares Held
Nelson R. Jacobsen	CEO, Board Member	55% (1)
Jacobsen Family Trust	Control Person	21%
Larry Martone	Board Member	7% (2)

- (1) Nelson Jacobsen's ownership includes his direct ownership, the ownership of his dependent children, his spouse's ownership, and his beneficial ownership of the Jacobsen Family Trust and AVOZ, LLC.
- (2) Lawrence Martone's ownership interests include his direct ownership and the ownership of Martone Construction, Management, Inc., an entity which he controls.

Legal/Disciplinary History.

None of the foregoing persons have, in the last five years, been the subject of:

- A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
- The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
- A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
- The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Beneficial Shareholders

See 8 above.

9) Third Party Providers

Legal Counsel

Paul A. Rachmuth, Esq.
265 Sunrise Highway, Ste. 62
Rockville Centre, New York 11570
(516) 330-0170
paul@paresq.com

Accountant or Auditor

Turner, Stone & Company, L.L.P.
12700 Park Central Drive, Suite 1400
Dallas, Texas 75251
(972) 239-1660
cheryl@turnerstone.com

Investor Relations Consultant

None

10) Issuer Certification

I, Nelson Jacobsen, the Chief Executive and Chief Financial Officer of Altavoz Entertainment, Inc. certify that:

1. I have reviewed this disclosure statement relating to the 2017 annual financial statement and the interim financial statement for the six months ended June 30, 2018 of Altavoz Entertainment, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 8, 2018

/s/ Nelson Jacobsen

Chief Executive Officer
Chief Financial Officer

8) Financial Statements

**ALTAVOZ ENTERTAINMENT, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017**

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ALTAVOZ ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

	June 30, 2018 (Unaudited)	As of December 31, 2017 (Unaudited)
Current Assets:		
Cash	\$ (1,423)	\$ -
Accounts Receivable	-	550
Total Current Assets	<u>(1,423)</u>	<u>550</u>
Fixed Assets:		
Equipment	3,358	3,358
Office Computers & Equipment	332	4,744
Office Software	4,744	332
Accumulated Depreciation	(5,597)	(4,181)
Total Fixed Assets	<u>2,837</u>	<u>4,253</u>
Total Assets	<u>\$ 1,414</u>	<u>\$ 4,803</u>
Current Liabilities:		
Accounts Payable	\$ 265,318	\$ 202,707
Other Current Liabilities	197,104	112,453
Shareholder Advances	60,180	37,625
Convertible Notes	12,300	
Advances from Affiliates	2,000	2,000
Total Current Liabilities	<u>536,902</u>	<u>354,785</u>
Total Liabilities	<u>536,902</u>	<u>354,785</u>
Stockholders' Deficit:		
<u>Preferred Series B Stock:</u> 100,000,000 Shares Authorized (Par Value \$.001); Shares Issued and Outstanding at June 30, 2018 and December 31, 2017 were 0.	-	-
<u>Common Stock:</u> 750,000,000 Shares Authorized (Par Value \$.001); Shares Issued and Outstanding at June 30, 2018 and December 31, 2017 were 349,373,814.	349,374	349,374
Additional Paid in Capital	33,004,607	33,004,607
Accumulated Deficit	(33,889,469)	(33,703,963)
Total Stockholders' Deficit	<u>(535,488)</u>	<u>(349,982)</u>
Total Liabilities & Stock Holders' Deficit	<u>\$ 1,414</u>	<u>\$ 4,803</u>
	-	-

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

ALTAVOZ ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND THE YEAR ENDED DECEMBER 31, 2017

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Merchandise Sales	\$ 178	\$ 4,742	\$ 178	\$ 8,935
Total Revenue	<u>178</u>	<u>4,742</u>	<u>178</u>	<u>8,935</u>
Cost of Good Sold	31	13	31	317
Depreciation and Amortization	708	570	708	1,140
Total Cost of Goods Sold	<u>739</u>	<u>583</u>	<u>739</u>	<u>1,457</u>
Gross Profit	<u>(561)</u>	<u>4,159</u>	<u>(561)</u>	<u>7,478</u>
Selling, General & Administrative Expenses:				
Facilities & Office Expense	5,909	4,065	5,985	12,103
Professional Fees	37,999	41,724	37,999	84,128
Hosting & Domain Services	1,658	1,503	1,658	2,561
Marketing	(403)	156	(403)	356
Travel & Entertainment	607	2,117	607	2,837
Payroll Expense	36,717	20,763	36,717	41,998
Licenses & Permits	-	-	-	-
Stock Compensation & Award Expense	(10,000)	-	(10,000)	-
Administrative & Other Expenses	1,467	6,356	1,467	13,125
Total Selling, General, & Administrative Expenses	<u>73,954</u>	<u>76,684</u>	<u>74,030</u>	<u>157,108</u>
Loss From Operations	(74,515)	(72,525)	(74,591)	(149,630)
Other Income	7,100	-	7,100	-
Loss Before Provision for Income Taxes	<u>(67,415)</u>	<u>(72,525)</u>	<u>(67,491)</u>	<u>(149,630)</u>
Provision for Income Taxes				900
Net Loss	<u>(67,415)</u>	<u>(72,525)</u>	<u>(67,491)</u>	<u>(150,530)</u>
	-	-	-	32,439
Loss Per Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Basic Weighted Average Common Shares Outstanding	349,373,811	311,023,798	346,614,450	311,023,798

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

ALTAVOZ ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND YEAR ENDED DECEMBER 31, 2017

	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
NET LOSS	\$ (185,506)	\$ (343,503)
Adjustments to reconcile net loss to cash used by		
Depreciation	1,416	2,280
Common Stock Issued for Services	-	19,750
Changes in operating assets and liabilities:		
Accounts Receivable	550	(550)
Accounts Payable & Accrued Expenses	148,393	230,251
NET CASH USED IN OPERATING ACTIVITIES	<u>(35,147)</u>	<u>(91,772)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of computer equipment	-	(2,083)
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(2,083)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advances From Shareholders	22,555	37,625
Advances From Affiliates (Conversion to Shares)	-	(3,500)
Proceeds from Convertible Debt	12,300	
Proceeds from the sale of common stock	-	59,730
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>34,855</u>	<u>93,855</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(292)	-
Cash and cash equivalents, beginning of year	(1,131)	-
Cash and cash equivalents, end of year	<u>\$ (1,423)</u>	<u>\$ -</u>
Supplemental Cash Flow Disclosures		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ 2,455</u>
Advances from Shareholders Converted to Stock	<u>\$ -</u>	<u>\$ 9,730</u>

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

ALTAVOZ ENTERTAINMENT, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 AND THE SIX MONTHS ENDED JUNE 30, 2018

	Common Stock		Preferred Stock		Additional	Accumulated	Total
	Shares	Par Value	Shares	Par Value	Paid in Capital	Deficit	
Balance at December 31, 2015	2,217,132	2,217	-	-	27,784	(237,620)	(207,619)
Net Loss						(33,122,841)	(33,122,841)
Share Issued for Services Provided	15,970,000	15,970			1,760,430		1,776,400
Share Issued to Current Shareholder for Services Provided	20,000,000	20,000			1,980,000		2,000,000
Share issued as a Donation	1,075,000	1,075			127,925		129,000
Shares Issued with Conversion of Promissory Note	25,000,000	25,000			75,000		100,000
Share Issued for Reverse Acquisition	1,250,000	1,250			(1,250)		-
Share Issued to Current Shareholder for Services Provided	20,000,000	20,000			2,380,000		2,400,000
Shares Issued to Founders, Debt Holders and Affiliates	223,090,000	223,090			26,546,510		26,769,600
Shares Issued for Cash	2,421,666	2,422			67,078		69,500
Balance at December 31, 2016 (Audited)	<u>311,023,798</u>	<u>311,024</u>	<u>-</u>	<u>-</u>	<u>32,963,477</u>	<u>(33,360,461)</u>	<u>(85,960)</u>
Net Loss						(343,503)	(343,503)
Shares Issued with Shareholder Advances	3,475,000	3,475			6,255		9,730
Shares Issued for Services Provided	1,875,000	1,875			1,875		3,750
Shares Issued for Cash	25,000,000	25,000			25,000		50,000
Shares Issued to Current Shareholder for Services Provided	8,000,000	8,000			8,000		16,000
Balance at December 31, 2017 (Unaudited)	<u>349,373,798</u>	<u>349,374</u>	<u>-</u>	<u>-</u>	<u>33,004,607</u>	<u>(33,703,964)</u>	<u>(349,983)</u>
Net Loss						(185,506)	(185,506)
Shares not reported in Q1	16						-
							-
Balance as of June 30, 2018	<u>349,373,814</u>	<u>349,374</u>	<u>-</u>	<u>-</u>	<u>33,004,607</u>	<u>(33,889,470)</u>	<u>(535,489)</u>

ALTAVOZ ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations and basis of presentation

Altavoz Entertainment, Inc. and its subsidiaries (the Company), is a Nevada corporation principally engaged in the operation of both physical and digital distribution of music. Distribution services are provided both online and through distribution as a service (“DaaS”). Customers include both music retailers, artists and other music distribution companies.

On March 3, 2000, the Company was originally formed as Saveyoutime.com, Inc. under the laws of Nevada. Subsequently, on April 10, 2003, the Company filed a certificate of Merger with the Nevada Secretary of State reporting our merger with Hesperia Holding Corp. The Company then changed its name to Hesperia Holding, Inc. During 2005, the Company discontinued the operations of two subsidiaries and began pursuing acquisitions related to the film and media industries.

In April 2009, the Company entered into an agreement (the “HWP Acquisition”) to acquire one hundred percent (100%) ownership of Hot Web Properties, Inc. (“HWP”). Under the terms of the HWP Acquisition the Company agreed to issue the HWP shareholders 60,000,000 post-split common shares and the preferred shareholders seven million five hundred thousand (7,500,000) preferred shares. The preferred shares entitled the holders to ten (10) for one (1) voting rights in the Company.

On June 5, 2009, the Board of Directors executed a resolution to reverse split the Company’s common stock by a ratio of one (1) share for each two hundred (200) shares issued and outstanding.

In July 2009, the Company amended its Articles of Incorporation to change its name to Max Media Group, Inc. and the Company was listed with the National Quotation Bureau under the trading symbol “MXMI.” In July 2009, the Company also amended its Articles of Incorporation to put the reverse split of the Company’s common stock, by a ratio of one (1) share for each two hundred (200) shares issued and outstanding, into effect.

On April 12, 2012, a stock purchase agreement was executed by and between James E. Grady, the Company and BB2 Labs, Inc. During April 2012, Mr. Manocchio was appointed as a Director, President, Principal Executive Officer and Principal Accounting Officer of the Company. Subsequently, the Company was revoked in the State of Nevada due to a failure to pay taxes and fees and for failing to adhere to filing requirements.

On August 1, 2012, the Company acquired two hundred and fifty thousand (250,000) shares of common stock and five million five hundred thousand (5,500,000) shares of Class “B” Convertible Preferred Stock from James E. Grady. The Class “B” Convertible Preferred Stock included one hundred (100) votes per share and may be convertible into ten (10) shares of common stock.

On October 9, 2012, the Board of Directors executed a resolution to reverse split the Company’s common stock by a ratio of one (1) share for each four hundred (400) shares issued and outstanding.

In February 2016, the Company was reinstated in the state of Nevada by the new principal shareholder of the Company, Avoz, LLC, through its General Manager Nelson Jacobsen.

On May 18, 2016, the Company entered into a Share Exchange Agreement ("Exchange Agreement"), by and among the Company, Altavoz, Inc. ("Altavoz"), a Maryland corporation and the Stockholders of Altavoz. Altavoz had a total of 1 stockholder as of the date of the Exchange Agreement. Under the terms and conditions of the Exchange Agreement, the Company offered and sold One Million (1,000,000) newly issued shares of Company Common Stock in consideration for all the issued and outstanding shares of Altavoz capital stock. The effect of the issuance was that, upon closing of the Exchange Agreement transaction, former Altavoz stockholders held approximately 25.1% of the issued and outstanding shares of Company Common Stock.

As a result of the Exchange Agreement transactions in May 2016 described above, the Altavoz stockholders acquired as of the date the transaction closed, in the aggregate, approximately 25.1% of the issued and outstanding capital stock of the Company on a fully-diluted basis, and Altavoz became a wholly owned subsidiary of the Company. The transaction was treated as a reverse acquisition, with the Company as the accounting acquirer for financial reporting purposes. Under the Exchange Agreement, Nelson Jacobsen was appointed as the President, Chief Executive Officer, Chief Financial Officer and Nancy Jacobsen was appointed as Secretary of the Company, and Mr. Jacobsen, Ms. Jacobsen, and Mr. Ken Balog were appointed to serve as directors of the Company.

Principles of consolidation

The consolidated financial statements include the accounts of Altavoz Entertainment, Inc. and its wholly owned subsidiaries, Altavoz, Inc. and Financed Entertainment Services Co. All significant intercompany transactions, accounts and balances have been eliminated in consolidation.

Going Concern

The Company has incurred net losses since inception and has relied on its ability to fund its operations through borrowings from its shareholders and stock awards to service providers. Management expects operating losses and negative cash flows to continue at more significant levels in the future. As the Company continues to incur losses, transition to profitability is dependent upon the successful acquisition of new music content and existing music catalog to add to the distribution networks, adequate new funding, and the achievement of levels of revenues to support the Company's cost structure. The Company may never achieve profitability, and unless and until it does, the Company will continue to need to raise additional cash. Management intends to fund future operations through private or public equity offerings, and through arrangements with strategic partners. Based on the Company's operating plan, existing working capital at September 30, 2018 was not sufficient to meet the cash requirements to fund planned operations through September 30, 2019 without additional sources of cash. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include adjustments that might result from the outcome of this uncertainty. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business.

Management Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Earnings (Loss) Per Share (EPS)

Basic earnings (loss) per common share are calculated by dividing net loss by the weighted average number of shares outstanding during the period. Diluted loss per common share is calculated by adjusting outstanding shares, assuming conversion of all potentially dilutive stock options and warrants. The computation of diluted EPS does not assume conversion, exercise, or contingent issuance of shares that would have an anti-dilutive effect on earnings per common share. Anti-dilution results from an increase in earnings per share or reduction in loss per share from the inclusion of potentially dilutive shares in EPS calculations. Currently there are no potential diluters which have been excluded from EPS that could potentially have a dilutive effect on EPS in the future.

Cash

For purposes of the consolidated statements of cash flows, cash includes demand, time deposits with original maturities of three months or less at the date of purchase, and money market accounts. The Company maintains deposits in one financial institution. At September 30, 2018 and December 31, 2017, the Federal Deposit Insurance Corporation (FDIC) provided insurance coverage of up to \$250,000, per depositor, per institution. None of the Company’s cash was in excess of the insured limits.

Fixed Assets

The Company’s fixed assets are stated at cost. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation is computed using the straight- line method over estimated useful lives as follows:

General Equipment	5 years
Office Computers & Equipment	3 years
Office Software	3 years

Revenue Recognition

The Company generates revenue primarily from on-demand fees for music and revenues generated from Company hosted software subscriptions over the Internet.

The Company recognizes revenue when all of the following conditions are satisfied:

- There is persuasive evidence of an arrangement;
- Services have been rendered and there are no remaining performance obligations;
- The collection of fees is reasonably assured; and,
- Amount of fees to be paid by the customer are fixed or determinable.

Subscription Services and Usage-Based Fee Arrangements. Subscription services and usage-based fee arrangements generally include a combination of the Company’s products delivered as distribution-as- a- service and support services. These arrangements are non-cancelable and do not contain refund-type provisions.

Cost of Revenues

The Company's cost of revenues consists primarily of allocated facilities costs, customer support, data centers, expenses for document preparation, and compliance services, depreciation on computer equipment used in supporting the Company's DaaS ("Desk-Top-As-A-Service") offerings, and professional services associated with implementation of software.

Advertising Expenses

The Company expenses advertising costs as incurred. Advertising expenses for the three months ended September 30, 2018 and 2017 were \$16,122 and \$376, respectively.

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 years 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 the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company recognizes the benefits of tax positions in the consolidated financial statements if such positions are more likely than not to be sustained upon examination by the taxing authority and satisfy the appropriate measurement criteria. If the recognition threshold is met, the tax benefit is generally measured and recognized as the tax benefit having the highest likelihood, in management's judgment, of being realized upon ultimate settlement with the taxing authority, assuming full knowledge of the position and all relevant facts. The Company also recognizes interest and penalties accrued related to unrecognized tax benefits in the provision for income taxes. The Company believes appropriate provisions for all outstanding tax related issues have been made for all jurisdictions and all open tax years.

Licensing Fees

The Company licenses from artists and other distributors music rights. All expenses associated with this activity have been reflected in the Company's operating results.

Capital Stock

The Company has no outstanding Series B Preferred Shares at September 30, 2018 or December 31, 2017 (100,000,000 authorized). Series B Preferred shares convert to common stock on a 10 for 1 basis and carry 100 to 1 super voting rights.

The Company has 349,373,814 outstanding shares of Common Stock at September 30, 2018 (750,000,000 authorized).

Fair value measurements

The Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and requires certain disclosures about fair value measurements. In general, the fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as

inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the counterparty's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

Fair value of financial instruments

In accordance with the reporting requirements of ASC Topic 825, *Financial Instruments*, the Company calculates the fair value of its assets and liabilities which qualify as financial instruments under this standard and includes this additional information in the notes to the consolidated financial statements when the fair value is different than the carrying value of those financial instruments. The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value as of the dates of the consolidated balance sheets.

Recent accounting pronouncements

During the year ended December 31, 2017 and the nine months ended September 30, 2018, there were several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB"). Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No.2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard provides a single set of guidelines for revenue recognition to be used across all industries and requires additional disclosures. It is effective for annual and interim reporting periods beginning after December 15, 2017. This standard permits early adoption, but not before December 15, 2016, and permits the use of either a retrospective or cumulative effect transition method. We are currently evaluating the potential impact of this standard on our financial position and results of operations, as well as our selected transition method. Based on our preliminary assessment, we believe the new standard will not have a material impact on our financial position and results of operations, as we do not expect to change the manner or timing of recognizing revenue on a majority of our revenue transactions. We recognize revenue on sales to customers and distributors upon satisfaction of our performance obligations when the goods are shipped. For consignment sales, we recognize revenue when the goods are pulled from consignment inventory.

Subsequent events

In preparing the consolidated financial statements, the Company has reviewed, as determined necessary by the Company's management, events that have occurred after September 30, 2018, up until the issuance of the consolidated financial statements. As of the date of filing, there are no subsequent events to report.

Stockholders' Deficit

In January 2016, the Company entered into a consulting agreement with a shareholder where for services 20,000,000 shares of common stock were issued. These shares were valued at fair value of \$0.10 per share and have been charged as stock compensation (\$2,000,000) to general and administrative expense.

In year 2016, the Company issued 15,970,000 restricted common shares to various service providers. These shares were valued at fair value of \$0.11 per share and have been charged as stock compensation (\$1,776,400) to general and administrative expense.

On October 5, 2016, the Company entered into a convertible promissory note with a shareholder in the amount of \$100,000. The note bears interest at 5% and was subsequently in 2016 converted into 25,000,000 shares of restricted common stock.

On 2016, the Company issued 243,090,000 restricted common shares to founders, debt holders and affiliates in exchange for cash advances provided of \$286,700. These shares were valued at \$0.12 per share.

In year 2016, the Company issued 1,075,000 shares to certain non-profit entities recording the related expense as donations (\$129,000). These shares are valued at fair value of \$0.12 per share.

On August 31, 2017, the Company entered into a one-year consulting agreement with a shareholder. Compensation included the award of 8,000,000 common shares. Shares are restricted and include “piggy back rights” and “claw back rights”.

On July 17, 2017, the Company converted certain advances from a shareholder totaling \$9,730 to 3,475,000 shares of common stock.

In October 2017, the Company issued 25,000,000 shares of restricted common stock for \$50,000 at \$.002 per share to the Founder and CEO. The cash to execute this transaction resulted from the private sale of Company shares between the Founder and a second shareholder.

In October 2017, the Company issued 1,875,000 shares to a newly appointed VP of Sales. The fair market value of these shares was \$.002 per share.

On January 2, 2018, the Company issued 4,000,000 shares of restricted common stock to a consultant providing legal services. Shares fair market value was \$.0025 per share. These shares were not issued as of the date of the filing.

On January 23, 2018, the Company issued 6,150,000 shares of restricted common stock to Nelson Jacobsen (Founder and shareholder) for \$12,300. The cash to execute this transaction resulted from the private sale of Company shares between the Founder and a second shareholder. These shares were not issued as of the date of the filing.

On March 6, 2018, the Company issued 5,000,000 shares of restricted common stock to a current shareholder for \$20,000. These shares were not issued as of the date of the filing.

2. RELATED PARTY TRANSACTIONS

Related Party Borrowings

Related party transactions can arise with the Company’s officers and directors and their family members and affiliates. Except as disclosed below, no related party transactions have been entered into during the years which might reasonably affect any decisions made by the users of these consolidated financial statements.

During the year ended December 31, 2017 and the nine months ended September 30, 2018, the Company has received advances and loans from related parties and directors as follows:

	2018	2017
Stockholder Advances	\$ 66,483	\$ 37,625
Advances from Affiliate	0	0
	\$ 66,483	\$ 37,625

In year 2016, the following related party common stock activity was transacted with the noted related parties:

- 25,000,000 shares were issued to a shareholder with conversion of a \$100,000 promissory note.
- 50,000 shares were issued to an outside director for services
- 20,000,000 shares were awarded to a shareholder for consulting services
- 223,090,000 shares were issued to an affiliated group of an officer and director in exchange for conversion of advances made.
- 20,000,000 shares were awarded to a shareholder in exchange for conversion of advances made.

In year 2017, the following related party common stock activity was transacted with the noted related parties:

- The Company recorded compensation expense to the CEO, Founder and shareholder of \$80,000.
- 3,475,000 common shares were issued to a shareholder in exchange for conversion of advances
- 8,000,000 common shares were issued to a shareholder under a consulting agreement.
- 25,000,000 shares were issued to the CEO, Founder, and shareholder for \$50,000. This transaction resulted from a private sale of stock from the Founder, CEO, and Shareholder of the Company to a second shareholder.

The use of the proceeds from these borrowings has been to maintain the operations of the Company while seeking additional funding to grow marketing and operations of the Company. These advances have not yet been documented but will be documented and will carry with them market rates of interest and terms. In 2016, these amounts were converted to common stock.

During the years ending December 31, 2016 and 2017, the Company has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel (including directors, any other executive officer, senior manager, any spouse or relative of any of the foregoing, or any relative of such spouse), had or was to have a direct or indirect material interest.

In June 2018, the Company and the CEO/CFO entered into a Convertible Loan payable with warrants attached. As of the date of the filing, there has been no repayment nor conversion of the loan.

3. INCOME TAXES

Income Taxes

Income taxes are accounted for based upon an asset and liability approach. Accordingly, deferred tax assets and liabilities arise from the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax amounts are determined using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided under currently enacted tax law. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense or benefit is the tax payable or refundable, respectively, for the period plus or minus the change in deferred tax assets and liabilities during the period.

Accounting guidance requires the recognition of a financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position Following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company believes its income tax filing positions and deductions will be sustained upon examination and accordingly, no reserves, or related accruals for interest and penalties have been recorded at September 30, 2018 and December 31,

2017. The Company recognizes interest and penalties on unrecognized tax benefits as well as interest received from favorable tax settlements within income tax expense.

These carry forwards, if not used, will begin to expire in 2034. Future utilization of our net operating loss carry forwards is subject to certain limitations under Section 382 of the Internal Revenue Code. The Company is not current in filing both federal and state tax returns. These net operating amounts are estimates.

We provide for a valuation allowance when it is more likely than not that we will not realize a portion of the deferred tax assets. We have established a valuation allowance against our net deferred tax asset due to the uncertainty that enough taxable income will be generated in those taxing jurisdictions to utilize the assets. Therefore, we have not reflected any benefit of such deferred tax assets in the accompanying financial statements.

We reviewed all income tax positions taken or that we expect to be taken for all open years and determined that our income tax positions are appropriately stated and supported for all open years. The Company is subject to U.S. federal income tax examinations by tax authorities for years after 2014 due to unexpired net operating loss carryforwards originating in and subsequent to that year. The Company may be subject to income tax examinations for the various taxing authorities which vary by jurisdiction.