

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

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

For the fiscal year ended **September 30, 2018**

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

Commission File No. – 000-55717

All For One Media Corp.

(Name of registrant as specified in its Charter)

Utah

*(State or other Jurisdiction
of Incorporation or organization)*

81-5006786

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

236 Sarles Street

Mt. Kisco, New York 10549

(Address of Principal Executive Offices)

(914) 574-6174

(Registrant's Telephone Number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act: **None**

Securities Registered Pursuant to Section 12(g) of the Act: **Common Stock, par value \$0.001**

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

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☒ No ☐

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company:

Large accelerated filer ☐
Non-accelerated filer ☐
Emerging growth company ☒

Accelerated filer ☐
Smaller reporting company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

State the aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was last sold, or the average bid and asked price of such common stock, as of the last business day of the Registrant's most recently completed second quarter: \$3,081,024.55.

Outstanding Shares

As of January 15, 2019, the Registrant had 61,620,491 shares of common stock outstanding and 51 shares of preferred stock outstanding

Documents Incorporated by Reference

See Part IV, Item 15.

FORWARD LOOKING STATEMENTS

In this Annual Report, references to "All for One Media Corp.," "All For One Media," the "Company," "we," "us," "our" and words of similar import, refer to All for One Media Corp., the Registrant.

This Annual Report contains certain forward-looking statements and for this purpose any statements contained in this Annual Report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control. These factors include, but are not limited to, economic conditions generally and in the endeavors in which we may participate, competition within our chosen industry, technological advances and failure by us to successfully develop business relationships, among others.

ITEM 1. BUSINESS

Description of Business

All for One Media Corp. (referred to herein as the “Company,” “All for One” or “AFOM”) was incorporated under the laws of the State of Utah on March 2, 2004, as “Early Equine, Inc.” The Company is principally engaged in content development of media targeted at the “tween” demographic consisting of children between the ages of seven and fourteen. We specialize in creating, launching, and marketing original pop music performed by “boy bands” and “girl groups,” though we also produce motion pictures, pre-recorded music, television, live concert performances, and licensed merchandise. On October 26, 2015, the Company entered into an asset exchange agreement with Crazy for the Boys, LLC, a Delaware limited liability company (“CFTB”), wherein the Company acquired movie screenplays, master recordings, trademarks, URLs, and other assets from CFTB in exchange for 5,201,500 shares of the Company’s common stock. On November 4, 2015 the Company changed its name to All for One Media Corp.

We have generated nominal revenues, we have an accumulated deficit of \$8.6 million as of September 30, 2018, and we anticipate generating losses for the next twelve months. As of September 30, 2018, we had cash and cash equivalents of \$58,344, and we will need to raise capital to implement our planned operations. If we are unable to do so, an entire investment in our stock could be lost. To address this concern, we have had discussions with prospective investors interested in financing the Company directly, as well as joint venture partners who have expressed interest in funding or co-funding certain of our projects. Our independent public accounting firm has issued an audit opinion, which includes a statement that the results of our operations and our financial condition raise substantial doubt about our ability to continue as a going concern.

Competition

The Company competes with all forms of entertainment. A large number of companies, many with significantly more resources than All for One Media, Inc., produce and distribute film and music recordings, exploit products in the home entertainment market, and produce music for live theater and performance. Our competitive position primarily depends on the amount and quality of the content produced, its distribution and marketing success, and public response. We also compete to obtain creative and performing talents, story properties, and many other rights that are essential to the success of our business. Operating results for these offerings are influenced by seasonal consumer purchasing behavior, consumer preferences, levels of marketing and promotion, and by the timing and performance of releases, which may be directly or indirectly influenced by competitors.

Trademarks & Copyrights

We own the website URLs www.dramadrama.com, www.allforone.media, and www.thescab.org.

Effect of Existing or Probable Governmental Regulations on the Business

Children’s Privacy

Various laws and regulations intended to protect the interests of children are applicable to our business, including measures designed to protect the privacy of minors online. As we are currently focused on marketing content to this demographic, we will be subject to these regulations. The U.S. Children’s Online Privacy Protection Act (“COPPA”) limits the collection of personal information online from children under the age of 13 by operators of websites or online services. Effective July 1, 2013, the Federal Trade Commission adopted revisions to regulations under COPPA to further expand the scope of the regulations. Such regulations also limit the types of advertising we are able to sell on our websites and applications and impose strict liability for certain actions of advertisers, which could affect advertising demand and pricing. State and federal policymakers are also considering regulatory and

legislative methods to protect consumer privacy on the Internet, and these efforts have focused particular attention on children and teens.

Emerging Growth Company

We may be deemed to be an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or “JOBS Act.” As long as we remain an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act; reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and exemptions from the requirements of holding an annual nonbinding advisory vote on executive compensation and seeking nonbinding stockholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an “emerging growth company.”

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We will remain an “emerging growth company” for up to five years, although we would cease to be an “emerging growth company” prior to such time if we have more than \$1 billion in annual revenue, more than \$700 million in market value of our common stock is held by non-“affiliates” or we issue more than \$1 billion of non-convertible debt over a three-year period.

Smaller Reporting Company

We are subject to the reporting requirements of Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and we are subject to the disclosure requirements of Regulation S-K of the SEC, as a “smaller reporting company.” That designation will relieve us of some of the informational requirements of Regulation S-K.

Sarbanes-Oxley Act

We are also subject to the Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act created a strong and independent accounting oversight board to oversee the conduct of auditors of public companies and strengthens auditor independence. It also requires steps to enhance the direct responsibility of senior members of management for financial reporting and for the quality of financial disclosures made by public companies; establishes clear statutory rules to limit, and to expose to public view, possible conflicts of interest affecting securities analysts; creates guidelines for audit committee members’ appointment, compensation and oversight of the work of public companies’ auditors; management assessment of our internal controls; prohibits certain insider trading during pension fund blackout periods; requires companies and auditors to evaluate internal controls and procedures; and establishes a federal crime of securities fraud, among other provisions. Compliance with the requirements of the Sarbanes-Oxley Act will substantially increase our legal and accounting costs.

Exchange Act Reporting Requirements

Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act to comply with the rules and regulations of the SEC regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to our stockholders at a special or annual meeting thereof or pursuant to a written consent will require us to provide our stockholders with the information outlined in Schedules 14A or 14C

of Regulation 14; preliminary copies of this information must be submitted to the SEC at least 10 days prior to the date that definitive copies of this information are forwarded to the our stockholders.

We are required to file annual reports on Form 10-K and quarterly reports on Form 10-Q with the Securities Exchange Commission on a regular basis, and are required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a Current Report on Form 8-K.

Number of Total Employees and Number of Full Time Employees

The Company has one full-time employee and no part-time employees.

ITEM 1A. RISK FACTORS

This investment has a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and the other information in this prospectus. If any of the following risks actually occur, our business, operating results and financial condition could be harmed and the value of our stock could go down. This means you could lose all or a part of your investment.

RISKS RELATED TO OUR COMPANY

We may not achieve profitability or positive cash flow.

Our ability to achieve and maintain profitability and positive cash flow will be dependent upon such factors as our ability to organize and promote concerts. Based upon current plans, we expect to incur operating losses in future periods because we expect to incur expenses that will exceed revenues for an unknown period of time. We cannot guarantee that we will be successful in generating sufficient revenues to support operations in the future.

We have a limited operating history which may not be an indicator of our future results.

We are an early stage company with a limited capital base. We have been engaged in organization and start-up activities related to financing the launch of a girl group band. We have no operating history investors may use to evaluate our future performance. As a result of our limited operating history, our plan for rapid growth, and the increasingly competitive nature of the markets in which we operate, the historical financial data is of limited value in evaluating our future revenue and operating expenses. Our planned expense levels will be based in part on expectations concerning future revenue, which is difficult to forecast accurately based on current plans of expansion and growth. We may be unable to adjust spending in a timely manner to compensate for any unexpected shortfall in revenue. Further, general and administrative expenses may increase significantly as we expand operations. To the extent that these expenses precede, or are not rapidly followed by, a corresponding increase in revenue, our business, operating results, and financial condition will suffer.

We have never produced, distributed or marketed a movie.

We intend to rely on a number of production, distribution, and marketing methods. Our primary focus will be the production, distribution, and marketing of *Drama Drama*. Our management team has never produced, distributed or marketed a movie. Production, distribution, and marketing of movies is highly competitive and there can be no assurance that we will be able to market our product.

We are dependent on a limited number of proprietary copyrights.

We intend to derive all revenue from two properties, the *Drama Drama* film and the associated soundtrack, which, even if successful, will likely generate revenues for only a limited period of time. Because our licensing revenue is highly subject to the changing trends in the entertainment business, our licensing revenue may be subject to dramatic increases and decreases. Nevertheless, we feel that by promoting these two properties to launch our brand, we can successfully leverage the maturity of social media to connect tweens with content that is relevant and with which they can identify. We plan to expand our operations with other films and the creation of a girl band and boy band.

Competition in the entertainment industry may make it difficult to succeed long-term.

The recorded music, motion picture, and music publishing industries are highly competitive. Our competition includes major media and entertainment studios, independent film and music production companies, and television networks, both generally and concurrently at the time of release of our respective content. We compete with larger production studios that are better capitalized, who can fund projects based on the returns of prior productions. We will compete with these companies for artists, talent, airtime, and space in retail outlets. We are not at present, and do not expect in the foreseeable future to be, a significant participant in this marketplace. The market for music and movie production, distribution, and marketing is very competitive, and our lack of experience, compared to that of these competitors, may impair our ability to successfully produce content that creates a positive return on investment. Furthermore, we face indirect competition from alternative forms of leisure, such as travel, sporting events, outdoor recreation, and other cultural activities.

The entertainment industry is highly competitive, rapidly evolving, and subject to constant change. Other entertainment companies currently offer one or more of each of the types of products and services we plan to offer. In addition, our music and motion picture productions will compete for audience acceptance and exhibition outlets with music and motion pictures produced and distributed by other larger, more established companies. As a result, the success of any of our recorded music products or motion pictures is dependent not only on the quality and acceptance of a particular production, but also on numerous independent companies with whom we may partner. Some of our competitors in the music business will include Motown, Time Warner Inc., Universal Music Group, Sony BMG, and EMI, and numerous independent companies. We expect that our film business will compete with well-established companies, including MGM, DreamWorks, Time Warner Inc., Sony, Paramount, and Universal, as well as numerous small independent companies, all of which produce, develop or market films, DVDs, television, and cable programming.

The Company must respond successfully to ongoing changes in the U.S. video entertainment industry and consumer viewing patterns to remain competitive.

The Company expects that a substantial portion of its revenues and profits will be derived from the production and licensing of video entertainment offerings. The U.S. video entertainment industry is evolving, with developments in technology leading to new video services that are experiencing rapid growth, resulting in higher overall video content consumption as well as a shift in consumer viewing patterns as consumers seek more control over when, where, and how they view video content. These changes pose risks to the traditional U.S. television industry and some of the Company's business models, including the disruption of the traditional television content delivery model by video streaming services, some of which are growing rapidly. The Company's strategy to address these risks, including continuing to produce high-quality original content, and investing in technology and working with partners to enhance our content offerings, may not be successful. The Company may incur significant costs to implement its strategy and respond to and mitigate the risks from these changes, and, if not successful, could experience a significant adverse impact on the Company's competitive position, businesses and results of operations.

The popularity of content is difficult to predict and can change rapidly, and low public acceptance of the Company's content will adversely affect its results of operations.

The revenues expected from the sale, distribution, and licensing of television programming, feature films, music, and other content will depend primarily on widespread public acceptance of that content, which is difficult to predict and can change rapidly. The Company must invest substantial amounts in the production and marketing of its content before it learns whether such content will reach anticipated levels of popularity with consumers. The

popularity of the Company's content depends on many factors, only some of which are within the Company's control. Examples include the popularity of competing content (including locally-produced content internationally), the availability of alternative forms of leisure and entertainment activities, the Company's ability to maintain or develop strong brand awareness and target key audiences, and the Company's ability to successfully anticipate (and timely adapt its content to) changes in consumer tastes in the countries and territories in which the Company operates. Low public acceptance of the Company's content will adversely affect its results of operations.

Generally, feature films that perform well upon initial release also have commercial success in subsequent distribution channels. Therefore, the underperformance of a feature film, especially an "event" film, upon its public release can result in lower than expected revenues for the Company from the license of the film to broadcast and cable networks. If a new "event" film fails to achieve commercial success upon release, it may limit the Company's ability to create new content. The failure to develop successful new content could have an adverse effect on the Company's results of operations.

Consumer purchasing habits are not consistent throughout the year.

Sales of music and licensed goods concepts are seasonal, with a high percentage of retail sales occurring during the third and fourth quarters of the calendar year. As a result of the seasonal nature of our industry, we would be significantly and adversely affected by unforeseen events that negatively impact the retail environment or consumer buying patterns, particularly if such events were to impact the key-selling season.

Some initiatives to respond to and address the changes to the U.S. entertainment industry and consumer viewing and listening patterns may be outside the Company's control.

While the Company supports the development of better consumer interfaces, the development and implementation of these interfaces are often outside the Company's control. In addition, the Company may not be able to introduce new business models and products to enhance the value of its content without the cooperation of affiliates or other partners.

Advances in technology may have a material adverse effect on our revenues.

Advances in technology may affect the manner in which entertainment content is distributed to consumers. These changes, which might affect the entertainment industry as a whole, include the proliferation of digital music players, cloud-based services that allow consumers to download and store single songs, and pay-per-view movie services. These developments have created new outlets for consumers to purchase entertainment content. These new outlets may affect the quantity of entertainment products available for purchase and may reduce the amount that consumers are willing to pay for particular products. As a result, there could be a negative impact on our ability to sell DVDs and CDs. Any failure to adapt our business model to these changes could have a material adverse effect on our revenues.

Our success will depend on external factors in the music and film industries.

Operating in the music and film industries involves a substantial degree of risk. Each planned girl group and boy band music project or film production is an individual artistic work, and unpredictable audience reactions determine commercial success. The commercial success of a music or film project also depends on:

- the quality and acceptance of other competing records or films released into the marketplace at or near the same time;
- critical reviews;
- the availability of alternative forms of entertainment and leisure activities;
- general economic conditions; and

- various other tangible and intangible factors.

Each of these factors is subject to change and cannot be predicted with certainty. There can be no assurance that our planned music and film projects will receive favorable ratings or reviews or that consumers will purchase our entertainment products and services.

The Company's results of operations may be adversely affected if the Company's efforts to increase sales of its video content and make digital ownership of content more compelling to consumers are not successful.

Several factors have contributed to an industry-wide decline in sales of home entertainment products in physical formats in recent years, including consumers shifting to on demand video subscriptions and electronic purchases and rentals; consumers electing to rent films using discount rental kiosks; changing retailer strategies and initiatives (e.g., reduction in floor space devoted to home entertainment products in physical formats); retail store closures; weak economic conditions; increasing competition for consumer discretionary time and spending; and piracy. The Company's efforts to offset the decline in sales of home entertainment products in physical formats and to make digital ownership of content more attractive to consumers may not be successful or may take several more years to become successful.

The Company may be adversely affected if distributors fail to adequately promote our creative projects.

Decisions regarding the timing of release and promotional support of our girl group and boy band music, music video, motion picture, television, and related licensing products are important in determining the success of the Company. As with most production companies, we do not control the manner in which our distributing partners distribute our content to final consumers. Although our distributors will have a financial interest in the success of our girl group and boy band projects, and decision by our distributors to not promote our products, or to promote a competitor's products, could have a material adverse effect on our business and financial condition.

If the Company fails to compete successfully against alternative sources of entertainment, there may be an adverse effect on the Company's results of operations.

The Company competes with all other sources of entertainment, including television, premium pay television services, on demand video subscriptions, feature films, the Internet, home entertainment products, videogames, social networking, print media, pirated content, live sports and other events, for consumers' leisure and entertainment time and discretionary spending. The increased number of media and entertainment choices available to consumers has made it much more difficult to attract and obtain their attention and time. There can be no assurance that the Company will be able to compete successfully in the future against existing or new competitors.

The Company must protect its intellectual property.

We will rely on copyright, trademark, and other proprietary rights law to protect the intellectual property of our girl group and boy band projects. Our business is subject to the risk of third parties infringing on these intellectual property rights. We may need to pursue litigation to protect our intellectual property and that of our authorized licensors, which could result in substantial costs and divert resources.

Threats of piracy of the Company's content, products, and other intellectual property may further decrease the revenues received from the legitimate sale, licensing, and distribution of its content and adversely affect its business and profitability.

Though the Company has never been victim of copyright piracy, it may be negatively affected this practice, and any piracy of the Company's content, products and other intellectual property could reduce the revenues the Company earns from the legitimate sale, licensing and distribution of its content, products and other intellectual property. The

risks relating to piracy have increased in recent years due to technological developments that have made it easier to create, distribute and store high-quality unauthorized copies of content, such as the proliferation of cloud-based storage and streaming services, increased broadband Internet speeds and penetration rates, and increased availability and speed of mobile data transmission. Piracy is particularly prevalent in countries that lack effective copyright and technical legal protections or enforcement measures, and illegitimate operators based in those parts of the world can attract viewers from anywhere in the world. Once our projects are produced for mass distribution, the Company will devote the necessary resources to protect its content, products and intellectual property, but these efforts to enforce rights and combat piracy may not be successful.

The Company may be subject to claims that it infringed intellectual property rights of others, which could require the Company to change its business practices.

Successful claims that the Company infringes on the intellectual property rights of others could require the Company to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability, be prohibited preliminarily or permanently from further use of the intellectual property in question or require the Company to change its business practices to stop the infringing use, which could limit its ability to compete effectively. Even if the Company believes a claim of intellectual property infringement is without merit, defending against the claim can be time-consuming and costly and divert management's attention and resources away from its businesses.

We may be negatively affected by adverse general economic conditions.

Current conditions in domestic and global economies are extremely uncertain. Adverse changes may occur as a result of softening global economies, wavering consumer confidence caused by the threat of terrorism and war, and other factors capable of affecting economic conditions. Such changes could have a material adverse effect on our business, financial condition, and results of operations.

The Company's businesses are subject to labor interruption.

The Company and some of its suppliers and business partners retain the services of writers, directors, actors, technicians, trade employees and others involved in the development and production of its television, feature film, and music content, who are covered by collective bargaining agreements. If negotiations to renew expiring collective bargaining agreements are not successful or become unproductive, the affected unions could take actions such as strikes, work slowdowns or work stoppages. Such actions or the possibility of such actions could result in delays in the production of the Company's television programming and feature films. The Company could also incur higher costs from such actions, new collective bargaining agreements or the renewal of collective bargaining agreements on less favorable terms. Many of the collective bargaining agreements that cover individuals providing services to the Company are industry-wide agreements, and the Company may lack practical control over the negotiations and terms of these agreements. Depending on their duration, such union or labor disputes could have an adverse effect on the Company's results of operations.

Our success depends largely on our management.

We are dependent on the continued employment of Brian Lukow, our President and CEO. Although we believe that we would be able to locate a suitable replacement, if we lose the services of Mr. Lukow, we cannot assure you that we would be able to do so. Additionally, our future operating results will substantially depend on our ability to attract and retain highly qualified management, financial, technical, creative, and administrative personnel. Competition for such people is intense and can lead to increased compensation expenses. We cannot assure you that we will be able to attract and retain the personnel necessary for the development of our business.

We need to obtain additional financing in order to continue our operations.

On a prospective basis, we will require both short-term financing for operations and long-term capital to fund our expected growth. We have no existing bank lines of credit and have not established any definitive sources for additional financing programs. The entertainment industry is rapidly evolving and our inability to take advantage of opportunities because of capital constraints may have a material adverse effect on our current business and future prospects.

RISKS RELATED TO OUR SECURITIES

Our stock price may be volatile, which may result in losses to our shareholders.

The stock markets have experienced significant price and trading volume fluctuations, and the market prices of companies listed on the OTC Pink and other similarly-tiered quotation boards have been volatile in the past and have experienced sharp share price and trading volume changes. The trading price of our common stock is likely to be volatile and could fluctuate widely in response to many factors, including the following, some of which are beyond our control:

- variations in our operating results;
- changes in expectations of our future financial performance, including financial estimates by securities analysts and investors;
- changes in operating and stock price performance of other companies in our industry;
- additions or departures of key personnel; and
- future sales of our common stock.

Domestic and international stock markets often experience significant price and volume fluctuations. These fluctuations, as well as general economic and political conditions unrelated to our performance, may adversely affect the price of our common stock.

Our common shares may become thinly traded and you may be unable to sell at or near ask prices, or at all.

We cannot predict the extent to which an active public market for trading our common stock will be sustained. This situation is attributable to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who generate or influence sales volume. Even if we came to the attention of such persons, those persons tend to be risk-averse and may be reluctant to follow, purchase, or recommend the purchase of shares of an unproven company such as ours until such time as we become more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained.

The market price for our common stock is particularly volatile given our status as a relatively small company, which could lead to wide fluctuations in our share price. You may be unable to sell your common stock at or above your purchase price if at all, which may result in substantial losses to you.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale

dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

Because the SEC imposes additional sales practice requirements on brokers who deal in shares of penny stocks, some brokers may be unwilling to trade our securities. This means that you may have difficulty reselling your shares, which may cause the value of your investment to decline.

Our shares are classified as penny stocks and are covered by Section 15(g) of the Exchange Act, which imposes additional sales practice requirements on brokers-dealers who sell our securities. For sales of our securities, broker-dealers must make a special suitability determination and receive a written agreement prior from you to making a sale on your behalf. Because of the imposition of the foregoing additional sales practices, it is possible that broker-dealers will not want to make a market in our common stock. This could prevent you from reselling your shares and may cause the value of your investment to decline.

Financial Industry Regulatory Authority (FINRA) sales practice requirements may limit your ability to buy and sell our common stock, which could depress the price of our shares.

FINRA rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our shares, have an adverse effect on the market for our shares, and thereby depress our share price.

Volatility in our common share price may subject us to securities litigation.

The market for our common stock is characterized by significant price volatility as compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention and resources.

Our business is subject to changing regulations related to corporate governance and public disclosure that have increased both our costs and the risk of noncompliance.

Because our common stock is publicly traded, we are subject to certain rules and regulations of federal, state and financial market exchange entities charged with the protection of investors and the oversight of companies whose securities are publicly traded. These entities, including the Public Company Accounting Oversight Board, the SEC and FINRA, have issued requirements and regulations and continue to develop additional regulations and requirements in response to corporate scandals and laws enacted by Congress, most notably the Sarbanes-Oxley Act of 2002. Our efforts to comply with these regulations have resulted in, and are likely to continue resulting in, increased general and administrative expenses and diversion of management time and attention from revenue-generating activities to compliance activities. Because new and modified laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, their application in practice may evolve over

time as new guidance is provided by regulatory and governing bodies. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices.

Sales of our currently issued and outstanding stock and conversions of notes into issued and outstanding stock may become freely tradable pursuant to Rule 144 and may dilute the market for your shares and have a depressive effect on the price of the shares of our common stock.

A majority of the outstanding shares of our common stock are “restricted securities” within the meaning of Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”) (“Rule 144”). As restricted shares, these shares may be resold only pursuant to an effective registration statement or under the requirements of Rule 144 or other applicable exemptions from registration under the Securities Act and as required under applicable state securities laws. Rule 144 provides in essence that one year following a company filing Form 10 information with the SEC to that effect, a non-affiliate who has held restricted securities for a period of at least six months may sell their shares of common stock. Under Rule 144, affiliates who have held restricted securities for a period of at least six months may, under certain conditions, sell every three months, in brokerage transactions, a number of shares that does not exceed the greater of 1% of a company’s outstanding shares of common stock or the average weekly trading volume during the four calendar weeks prior to the sale.

We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing capital stock.

We may finance our operations and develop strategic relationships by issuing equity or debt securities, which could significantly reduce the percentage ownership of our existing stockholders. Furthermore, any newly issued securities could have rights, preferences and privileges senior to those of our existing stock. Moreover, any issuances by us of equity securities may be at or below the prevailing market price of our stock and in any event, may have a dilutive impact on your ownership interest, which could cause the market price of our stock to decline.

Our preferred stock could be issued to inhibit potential investors or delay or prevent a change of control that may favor you.

Some of the provisions of our certificate of incorporation, our bylaws and Utah law could, together or separately, discourage potential acquisition proposals or delay or prevent a change in control. In particular, our board of directors has issued preferred stock with preferential voting rights to our CEO, Brian Lukow.

Our common stock is subject to the “penny stock” rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The Securities and Exchange Commission has adopted Rule 15c-2-01 which establishes the definition of a “penny stock,” for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person’s account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person’s account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and

- make a reasonable determination that the transaction in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the “penny stock” rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

ITEM 2: PROPERTIES

The Company currently maintains a corporate office at 236 Sarles Street, Mt. Kisco, New York 10549. The Company leases this property from its President, Brian Lukow, for \$1,000 a month, which includes telephone, Internet, and electricity utilities. The Company’s subsidiary also leases this space from the Company’s President, under the same terms. The Company feels this space is sufficient until the Company commences full operations.

ITEM 3: LEGAL PROCEEDINGS

We know of no existing or pending legal proceedings against us, nor are we involved as a plaintiff in any proceeding or pending litigation. There are no proceedings in which any of our directors, officers or any of their respective affiliates, or any beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5: MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock was first quoted on an over-the-counter market on September 9, 2009 and is currently traded as an OTCQB company, trading under the symbol “AFOM.” We have 1,500,000,000 shares of common stock authorized.

Holders

As of January 15, 2019, there were 61,620,491 shares of our common stock issued and outstanding, held by 70 stockholders of record. There are 51 shares of Series A preferred stock outstanding held by one shareholder of record.

Dividends

We have not declared or paid dividends on our common stock since our formation, and we do not anticipate paying dividends in the foreseeable future. Declaration or payment of dividends, if any, in the future, will be at the discretion of our Board of Directors and will depend on our then current financial condition, results of operations, capital requirements and other factors deemed relevant by the Board of Directors. There are no contractual restrictions on our ability to declare or pay dividends.

Securities Authorized for Issuance under Equity Compensation Plans

2017 Stock Incentive Plan

In February 2017, the Company's Board of Directors authorized the 2017 Incentive Stock Plan covering 1,000,000 shares of common stock. The purpose of the plan is designed to retain directors, executives and selected employees and consultants and reward them for making major contributions to the success of the Company. These objectives are accomplished by making long-term incentive awards under the Plan thereby providing Participants with a proprietary interest in the growth and performance of the Company.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Issuance of Shares

On August 8, 2018, the Company issued 1,150,567 shares of common stock to GS Capital Partners LLC. upon the conversion of \$25,000 in principal, \$1,923.29 in accrued interest and \$0 in fees pursuant to the conversion terms of the convertible notes described herein. The issuance was made in reliance on the exemption from registration provided by Sections 3(a)(9) and 4(a)(2) of the Securities Act as the common stock was issued in exchange for debt securities of the Company held by each shareholder, there was no additional consideration for the exchange, there was no remuneration for the solicitation of the exchange, there was no general solicitation, and the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

On September 4, 2018, the Company issued 544,221 shares of common stock to Apollo Capital Corp. upon the conversion of \$10,768.75 in principal, \$115.66 in accrued interest and \$0 in fees pursuant to the conversion terms of the convertible notes described herein. The issuance was made in reliance on the exemption from registration provided by Sections 3(a)(9) and 4(a)(2) of the Securities Act as the common stock was issued in exchange for debt securities of the Company held by each shareholder, there was no additional consideration for the exchange, there was no remuneration for the solicitation of the exchange, there was no general solicitation, and the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

On September 19, 2018, the Company issued 1,828,571 shares of common stock to Apollo Capital Corp. upon the conversion of \$0 in principal, \$31,400 in accrued interest and \$600 in fees pursuant to the conversion terms of the convertible notes described herein. The issuance was made in reliance on the exemption from registration provided by Sections 3(a)(9) and 4(a)(2) of the Securities Act as the common stock was issued in exchange for debt securities of the Company held by each shareholder, there was no additional consideration for the exchange, there was no remuneration for the solicitation of the exchange, there was no general solicitation, and the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

On August 22, 2018, the Company issued 1,927,898 shares of common stock to Crown Bridge Partners, LLC upon the exercise of cashless warrants. The issuance was made in reliance on the exemption from registration provided by Sections 3(a)(9) and 4(a)(2) of the Securities Act as the common stock was issued in exchange for another security

of the Company, there was no additional consideration for the exchange, there was no remuneration for the solicitation of the exchange, there was no general solicitation, and the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

On October 4, 2018, the Company issued 600,000 shares of common stock to Auctus Fund, LLC upon the conversion of \$0 in principal, \$8,800 in accrued interest and \$500 in fees pursuant to the conversion terms of the convertible notes described herein. The issuance was made in reliance on the exemption from registration provided by Sections 3(a)(9) and 4(a)(2) of the Securities Act as the common stock was issued in exchange for debt securities of the Company held by each shareholder, there was no additional consideration for the exchange, there was no remuneration for the solicitation of the exchange, there was no general solicitation, and the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

On October 9, 2018, the Company issued 1,691,253 shares of common stock to GS Capital Partners, LLC upon the conversion of \$25,000 in principal, \$2,263.01 in accrued interest and \$0 in fees pursuant to the conversion terms of the convertible notes described herein. The issuance was made in reliance on the exemption from registration provided by Sections 3(a)(9) and 4(a)(2) of the Securities Act as the common stock was issued in exchange for debt securities of the Company held by each shareholder, there was no additional consideration for the exchange, there was no remuneration for the solicitation of the exchange, there was no general solicitation, and the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

On November 7, 2018, the Company issued 2,724,200 shares of common stock to Auctus Fund, LLC upon the conversion of \$27,366.37 in principal, \$7,820.65 in accrued interest and \$500 in fees pursuant to the conversion terms of the convertible notes described herein. The issuance was made in reliance on the exemption from registration provided by Sections 3(a)(9) and 4(a)(2) of the Securities Act as the common stock was issued in exchange for debt securities of the Company held by each shareholder, there was no additional consideration for the exchange, there was no remuneration for the solicitation of the exchange, there was no general solicitation, and the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

On November 9, 2018, the Company issued 1,373,634 shares of common stock to GS Capital Partners, LLC upon the conversion of \$17,250 in principal, \$1,678.68 in accrued interest and \$0 in fees pursuant to the conversion terms of the convertible notes described herein. The issuance was made in reliance on the exemption from registration provided by Sections 3(a)(9) and 4(a)(2) of the Securities Act as the common stock was issued in exchange for debt securities of the Company held by each shareholder, there was no additional consideration for the exchange, there was no remuneration for the solicitation of the exchange, there was no general solicitation, and the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

On November 29, 2018, the Company issued 2,927,619 shares of common stock to Crown Bridge Partners, LLC upon the cashless exercise of certain warrants. The issuance was made in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act as the transactions did not involve a public offering. The holders provided legal opinions pursuant to Rule 144 promulgated under Section 4(a)(1) of the Securities Act.

Issuance of Promissory Notes

On September 14, 2018, the Company issued a 10% Convertible Promissory Note to One44 Capital LLC for principal borrowings of up to \$100,000. The 10% convertible promissory note and all accrued interest are due on September 14, 2019. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 55% of the lowest trading price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 60 to 180 days following the date of these

notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 130% to 145% as defined in the note agreements. After this initial 180 day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$5,000 in connection with this note payable which is being amortized over the term of the note.

On September 21, 2018, the Company issued a 12% Convertible Promissory Note to Power Up Lending Group Ltd. for principal borrowings of up to \$58,000. The 12% convertible promissory note and all accrued interest is due on July 15, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest 2 trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180 day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On October 24, 2018, the Company issued 8% Convertible Promissory Notes to GS Capital Partner, LLC for principal borrowings of \$40,000. The 8% convertible promissory notes and all accrued interest are due in February 2019. The note is unsecured and bear interest at the rate of 8% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price to a price which is 57% of the lowest trading price of the Company's common stock during the 15 prior trading days to the conversion date. The Company does not have a right to prepay the note within 6 months of the issuance date of this note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On October 31, 2018, the Company issued a 10% Convertible Promissory Note to GS Capital Partners, LLC for principal borrowings of up to \$250,000. The 10% convertible promissory note and all accrued interest are due on October 31, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 55% of the lowest trading price during the 15 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 138% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$16,000 in connection with this note payable which will be amortized over the term of the note.

On November 6, 2018, the Company issued a 10% Convertible Promissory Note to GS Capital Partners, LLC for principal borrowings of up to \$120,000. The 10% convertible promissory note and all accrued interest are due on November 6, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid

interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 100% to 136% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$2,000 in connection with this note payable which will be amortized over the term of the note.

On November 13, 2018, the Company issued a 12% Convertible Promissory Note with Power UP Lending Group Ltd. for principal borrowings of up to \$73,000. The 12% convertible promissory note and all accrued interest is due on July 15, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest 2 trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On November 23, 2018, the Company issued a 10% Convertible Promissory Note to GS Capital Partner, LLC for principal borrowings of up to \$140,000. The 10% convertible promissory note and all accrued interest are due on November 23, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 100% to 136% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$4,000 in connection with this note payable which will be amortized over the term of the note.

On November 20, 2018, the Company issued a 12% Convertible Promissory Note to Coolidge Capital, LLC for principal borrowings of up to \$100,000. The 12% convertible promissory note and all accrued interest are due on August 20, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 61% of the average of the lowest 2 trading prices during the 10 prior trading days immediately preceding including the day of the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 110% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$6,000 in connection with this note payable which will be amortized over the term of the note.

On November 27, 2018, the Company issued a 12% Convertible Promissory Note with Auctus Fund, LLC for principal borrowings of up to \$250,000. The 12% convertible promissory note and all accrued interest are due on May 27, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the

18 prior trading days immediately preceding including the day of the conversion date. During the first 90 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 125% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$20,750 in connection with this note payable which will be amortized over the term of the note.

On December 13, 2018, the Company issued a 10% Convertible Promissory Note to GS Capital Partner, LLC for principal borrowings of up to \$150,000. The 10% convertible promissory note and all accrued interest are due on December 13, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 100% to 136% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$4,000 in connection with this note payable which will be amortized over the term of the note.

On December 21, 2018, the Company issued a 12% Convertible Promissory Note to Power Up Lending Group, Ltd. for principal borrowings of up to \$78,000. The 12% convertible promissory note and all accrued interest is due on July 15, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest 2 trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On December 28, 2018, the Company issued a 10% Convertible Promissory Note with to GS Capital Partners, LLC for principal borrowings of up to \$250,000. The 10% convertible promissory note and all accrued interest are due on December 28, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 110% to 134% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$11,000 in connection with this note payable which will be amortized over the term of the note.

On January 9, 2019, the Company issued a 10% Convertible Promissory Note with to GS Capital Partners, LLC for principal borrowings of up to \$163,000. The 10% convertible promissory note and all accrued interest are due on January 9, 2020. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180

days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 110% to 134% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$8,000 in connection with this note payable which will be amortized over the term of the note.

Purchases of Equity Securities by Us and Affiliated Purchasers

On October 30 2018, the Company entered into a Settlement Agreement and Release with a certain note holder of various 10% convertible notes payable (see Note 4), whereby the Company agrees to pay the note holder a total pay off amount of \$646,962 to be paid in three tranches as follows: \$228,354 due on October 31, 2018, \$191,081 due on November 30, 2018 and \$227,526 due on December 30, 2018 in exchange for the release of the total principal amount of \$594,000 plus the related accrued interest. In October 2018, November 2018 and December 2018, the Company paid payments tranche 1, 2 and 3 pursuant to the Settlement Agreement and Release.

ITEM 6: SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

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

When used in this Annual Report, the words "may," "will," "expect," "anticipate," "continue," "estimate," "project," "intend," and similar expressions are intended to identify forward-looking statements within the meaning of Section 27a of the Securities Act and Section 21e of the Exchange Act regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, operating results, and financial position. Persons reviewing this Annual Report are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such factors are discussed further below under "Trends and Uncertainties," and also include general economic factors and conditions that may directly or indirectly impact our financial condition or results of operations.

Plan of Operation

All For One Media Corp. is in the business of targeting the lucrative tween demographic across a multitude of entertainment platforms. The Company's primary business objective is to embark on creating, launching and marketing original pop music groups, commonly referred to as "boy bands" and "girl groups," by utilizing both traditional and social media models. All For One Media owns over fifty completed professionally produced master recordings, as well as a full-length motion picture tentatively entitled *Drama Drama* (formerly with a working title of "Crazy For the Boys")(the "Film") that is ready for release. This musical comedy's backstory creates a fictional girl group by the name of "Drama Drama", and the Company intends to launch a new girl group with the same name simultaneous to the release of the Film.

The Company expects to generate revenues from movie receipts, sales, downloads and streaming of original recorded music, videos, motion pictures, music publishing, live performances, licensed merchandise and corporate sponsorships.

The Company recently completed post-production of the Film, and William Morris/Endeavor Content has been contracted as exclusive sales agents to sell the film's distribution rights in the United States and Canada. The Company anticipates that it will consummate a sale the distribution rights to the Film during 2019.

The Company is currently preparing to launch a new girl group (hereinafter the "Girl Group") called "Drama Drama" consisting of five teenage girls. Each group member portrays a different fictional character. Each character represents a distinct cross-section of popular teen personas. They are the "hip-hop girl," the "punk rocker," the "biker babe," the "hippie chick," and "preppie cheerleader." Each character will be highly stylized to represent a distinct fashion statement. An overriding theme to the group is the celebration of individuality. The underlying social message is anti-clique. The girl group will be marketed to children primarily between the ages of seven and fourteen. This target demo is often referred to as the "tween market."

The Company believes the Film is the first movie in history to launch an original pop group. Our hope is that the movie, which includes fourteen original songs and professional choreography, will not only resonate with its tween target demographic and produce significant movie-related revenue but also serve as a unique marketing strategy to launch the Girl Group and the five distinct characters introduced in the Film.

The Company is likewise developing a cast and projects for a boy band (hereinafter the "Boy Band") consisting of five teenage boys . A screenplay is currently being developed, and original music is being written to launch the Boy Band. The cast members of the Boy Band will be paid a guaranteed salary. The Boy Band members will be contractually obligated to make the Boy Band their full-time professional commitment. Management believes the boys cast for the group will be of the highest triple threat caliber. When the Company is ready to produce Boy Band projects, it expects the costs and scheduling of such to be similar to those incurred for the production of the Girl Group and *Drama Drama*. The Company anticipates that it will begin casting for the Boy Band in the summer of 2019.

The Company is in the process of producing a documentary about the pop boy band "Dream Street." Formed in mid-1999, Dream Street had a meteoric rise and a precipitous fall. The Company has retained the services of World Media Group Inc. in New York to digitize over 1,000 hours of Dream Street video footage including extensive rare material that has never been seen before including the initial auditions, rehearsals, live performances as well as capturing captivating behind the scenes moments.

Previously, during 2016, the Company acquired all of the rights to the Master Recordings by former Billboard number one selling, Gold-certified artists, Dream Street. Dream Street was one of the most popular boy bands of the last decade. All for One Media's CEO and President, Brian Lukow, was a co-creator of Dream Street. The group's songs are currently being distributed through all major digital platforms including, Spotify, iTunes, and Pandora and are currently producing minimal revenues.

The Company is also in development of a documentary film about the treatment of prisoners of war. To that end, in September 2018, the Company licensed, "never before seen footage" from the Vietnam War. The footage includes a never-released interview with Senator McCain from 1993 and footage from the Hanoi Hilton (where prisoners of war were detained after capture).

Target Market

The Girl Group and the Boy Band will be focused on exploiting what is now commonly referred to as the "tween" market, consisting of children between the ages of seven to fourteen years old. This demographic represents a significant opportunity for companies who are successful in penetrating it. Currently, there are an estimated thirty-five million tweens in the United States alone. Over the last decade, the tween population has grown at twice the rate of the overall U.S. population. It is estimated that aggregate spending by U.S. tweens was over \$41 billion in

2015. Additionally, tweens influence a staggering \$270 billion of their parents' spending. The biggest segments of tween spending are clothes, music, toys and hobbies, video games, and entertainment.

Results of Operations

For the years ended September 30, 2018 and 2017

Net Revenues

The Company principally engaged in content development of media targeted at the “tween” demographic consisting of children between the ages of seven and fourteen. During the year ended September 30, 2018, we generated minimal revenues of \$5,258, from streaming music sales as compared to none for the year ended September 30, 2017.

Operating Expenses

Total operating expenses for the year ended September 30, 2018 as compared to the year ended September 30, 2017, were approximately \$934,000 and \$968,000, respectively. The approximately \$34,000 decrease in operating expenses for the year ended September 30, 2018 is comprised of a decrease of \$182,000 primarily in stock based consulting fees to our directors and consultants, decrease of approximately \$174,000 in general and administrative expenses primarily due to public company expenses, rent, marketing and travel related expenses as a result of an increase in operations of the Company primarily due to decrease in advertizing expenses offset by an increase in compensation of \$322,000 due to the hiring of our former COO and the increase in base salary of our CEO during the year ended September 30, 2018.

Other Expenses

Total other expense, net, for the year ended September 30, 2018 and 2017 were approximately 211,000 and \$3,986,000, respectively, a decrease of \$3,710,000. The decrease in other expense is the primary result of the increase in gain from the decrease in fair value of derivative liabilities of approximately \$5,424,000 offset by the increase in interest expense of \$1,880,000.

Net loss

We reported a net loss attributable to All For One Media Corp. of approximately \$1,141,000 for the year ended September 30, 2018, as compared to \$4,890,000 for the year ended September 30, 2017.

Working Capital

	September 30, 2018	September 30, 2017
Current assets	\$ 131,849	\$ 288,890
Current liabilities	6,587,971	6,438,055
Working capital deficit	<u>\$ 6,456,122</u>	<u>\$ 6,149,165</u>

We anticipate generating losses and, therefore, may be unable to continue operations in the future. If we require additional capital, we would have to issue debt or equity or enter into a strategic arrangement with a third party.

Going Concern Consideration

As reflected in the accompanying financial statements, the Company has no revenue generating operations and has an accumulated deficit of approximately \$8.6 million. In addition, there is a working capital deficiency of approximately \$6,456,000 and a stockholder's deficiency of \$3,240,000 as of September 30, 2018. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern.

Liquidity and Capital Resources

	Years ended September 30,	
	2018	2017
Net Cash Used in Operating Activities	\$(1,008,234)	\$(3,453,303)
Net Cash Used in Investing Activities	-	-
Net Cash Provided by Financing Activities	956,793	3,518,765
Net (Decrease) Increase in Cash	\$ (51,441)	\$ 65,462

Net cash used in operating activities was approximately \$1,008,234 for the year ended September 30, 2018 as compared to approximately \$3,453,303 for the year ended September 30, 2017. During the year ended September 30, 2018 cash was used as follows:

- net loss was approximately \$1,359,000, and
- a decrease in our prepaid expenses and other current assets of approximately \$106,000,
- an increase in our film cost of approximately \$632,000, partially offset by \$347,900 due to the release agreement,
- an increase in our total accounts payable and accrued liabilities of approximately \$175,000,
- an increase in total accrued interest of approximately \$110,000, and
- non-cash operating expense of amortization of approximately \$1,433,928, stock-based compensation of approximately \$394,000, stock-based debt forbearance fee of \$22,000, derivative expense of \$1,814,000 and
- non-cash other income resulting from the change in fair value of derivative liabilities of \$4,060,000.

Net cash used in operating activities was approximately \$3,453,000 for the year ended September 30, 2017. During the year ended September 30, 2017 cash was used as follows:

- net loss was approximately \$4,954,000, and
- an increase in our prepaid expenses and other current assets of approximately \$159,000,
- an increase in our film cost of approximately \$2,830,000, partially offset by
- an increase in our total accounts payable and accrued liabilities of approximately \$220,000,
- an increase in total accrued interest of approximately \$59,000, and
- non-cash operating expense of amortization of approximately \$527,000, stock-based compensation of approximately \$317,000, derivative expense of \$1,774,000 and change in fair value of derivative liabilities of \$1,364,000.

Net cash provided by financing activities for the year ended September 30, 2018 was approximately \$957,000 as compared to approximately \$3,518,000 for the year ended September 30, 2017. During the year ended September 30, 2018, we received proceeds of approximately \$1,463,000 from the issuance of convertible notes, nonconvertible note and loans offset by repayments of \$506,000 on our loans, convertible notes and nonconvertible note. During the year ended September 30, 2017, we received proceeds of approximately \$2,487,000 from the issuance of convertible notes and loans and \$800,000 from the sale of membership interest in our subsidiary offset by repayments of \$68,000 on our convertible notes.

We currently have no external sources of liquidity, such as arrangements with credit institutions or off-balance sheet arrangements that will have or are reasonably likely to have a current or future effect on our financial condition or immediate access to capital. We expect to require additional financing to fund our current operations for fiscal 2019. There is no assurance that we will be able to obtain additional financing on acceptable terms or at all.

If we are unable to raise the funds required to fund our operations, we will seek alternative financing through other means, such as borrowings from institutions or private individuals. There can be no assurance that we will be able to raise the capital we need for our operations from the sale of our securities. We have not located any sources for these funds and may not be able to do so in the future. We expect that we will seek additional financing in the future. However, we may not be able to obtain additional capital or generate sufficient revenues to fund our operations. If we are unsuccessful at raising sufficient funds, for whatever reason, to fund our operations, we may be forced to cease operations. If we fail to raise funds, we expect that we will be required to seek protection from creditors under applicable bankruptcy laws.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies affect the significant judgments and estimates used in the preparation of the financial statements.

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet, and revenues and expenses for the period then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, stock-based compensation, valuation of derivative liabilities, and fair value of common stock issued.

Fair value of financial instruments

The Company adopted ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company analyzes all financial instruments with features of both liabilities and equity under the FASB's accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Depending on the product and the terms of the transaction, the fair value of notes payable and derivative liabilities were modeled using a series of techniques, including closed-form analytic formula, such as the Black-Scholes option-pricing model.

Stock-Based Compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third parties, compensation expense is determined at the "measurement date." The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

Film Costs

The Company capitalizes costs which were used in the production of films according to ASC 926, Entertainment – Films. Pursuant to ASC 926-20-35, the Company will begin to amortize capitalized film cost when a film is released and it begins to recognize revenue from the film. For films produced by the Company, capitalized costs include all direct production and financing costs, capitalized interest and production overhead. Production overhead includes the costs of individuals or departments with exclusive or significant responsibility for the production of films. Production overhead does not include general and administrative expenses and marketing, selling and distribution costs.

Unamortized film costs are tested for impairment when there is an indication that the fair value of the film may be less than unamortized costs. Consistent with the rules for recognizing impairment of long-lived assets in ASC 926, the standard sets forth examples of events or changes in circumstances that indicate that the entity must assess whether the fair value of the film (whether it has been completed or is still in production) is less than the carrying amount of its unamortized film costs.

1. An adverse change in the expected performance of the film prior to its release
2. Actual costs substantially in excess of budgeted costs
3. Substantial delays in completion or release schedules
4. Changes in release plans, such as a reduction in the initial release pattern

5. Insufficient funding or resources to complete the film and to market it effectively
6. Actual performance subsequent to release fails to meet prerelease expectations. (ASC 926-20-35-12)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This guidance revises the accounting related to leases by requiring lessees to recognize a lease liability and a right-of-use asset for all leases. The new lease guidance also simplifies the accounting for sale and leaseback transactions. This ASU is effective for annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

In November 2016, the FASB issued new guidance on restricted cash on the statement of cash flows. The new guidance requires the classification and presentation of changes in restricted cash and cash equivalents in the statement of cash flows. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and ending balances shown on the statement of cash flows. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The Company early adopted ASU 2016-18 and its adoption did not have a material impact on the Company's consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception". The ASU was issued to address the complexity associated with applying generally accepted accounting principles (GAAP) for certain financial instruments with characteristics of liabilities and equity. The ASU, among other things, eliminates the need to consider the effects of down round features when analyzing convertible debt, warrants and other financing instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. The amendments are effective for fiscal years beginning after December 15, 2018, and should be applied retrospectively. Early adoption is permitted, including adoption in an interim period. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07 "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." These amendments expand the scope of Topic 718, Compensation - Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, Equity - Equity-Based Payments to Non-Employees. The guidance is effective for public companies for fiscal years, and interim fiscal periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, Revenue from Contracts with Customers. The Company is assessing ASU 2018-07 and does not expect it to have a material impact on its accounting and disclosures.

In August 2018, the FASB issued ASU 2018-13, "Changes to Disclosure Requirements for Fair Value Measurements", which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company will be evaluating the impact this standard will have on the Company's financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

ALL FOR ONE MEDIA CORP.

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets as of September 30, 2018 and 2017	F-2
Consolidated Statements of Operations for the Years Ended September 30, 2018 and 2017	F-3
Consolidated Statements of Changes in Stockholders' Deficit for the Years Ended September 30, 2018 and 2017	F-4
Consolidated Statements of Cash Flows for the Years Ended September 30, 2018 and 2017	F-5
Notes to Consolidated Financial Statements	F-6

[Table of Contents](#)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
All for One Media Corp. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of All for One Media Corp. and its subsidiaries (collectively, the "Company") as of September 30, 2018 and 2017, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ MaloneBailey, LLP

www.malonebailey.com

We have served as the Company's auditor since 2016.

Houston, Texas

January 14, 2019

F-1

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	September 30,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 58,344	\$ 109,785
Prepaid expenses and other current assets	73,505	179,105
Total current assets	131,849	288,890
Other assets:		
Film production costs	3,216,067	2,931,849
TOTAL ASSETS	\$ 3,347,916	\$ 3,220,739

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable and accrued liabilities	\$ 340,601	\$ 256,273
Accrued interest	285,476	30,380
Convertible notes payable, net of unamortized debt discounts - current	1,087,051	183,915
Note payable	40,000	-
Note payable - related party	200,000	-
Loans payable, net of unamortized debt discounts	2,209,488	1,740,258
Due to related parties	2,701	2,701
Derivative liabilities	2,422,654	4,224,528
Total current liabilities	6,587,971	6,438,055

Long-term liabilities:

Convertible notes payable including accrued interest, net of unamortized debt discounts	-	233,710
Total liabilities	6,587,971	6,671,765

Commitments and Contingencies (see Note 8)

Stockholders' deficit:

Preferred stock, \$0.001 par value; 5,000,000 shares authorized Series A Preferred stock (\$0.001 Par Value; 51 shares authorized; 51 and 51 shares issued and outstanding at September 30, 2018 and 2017, respectively)	-	-
Common stock, \$0.001, 1,500,000,000 shares authorized: 55,638,122 shares and 25,235,361 shares issued and outstanding as of September 30, 2018 and 2017, respectively	55,638	25,236
Additional paid-in capital	5,352,315	3,813,095
Accumulated deficit	(8,611,139)	(7,470,559)
Total All For One Media Corp. Stockholders' deficit	(3,203,186)	(3,632,228)
Non-controlling interest in subsidiary	(36,869)	181,202
Total Stockholders' deficit	(3,240,055)	(3,451,026)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 3,347,916</u>	<u>\$ 3,220,739</u>

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended September 30,	
	2018	2017
Revenues	\$ 5,258	-

Operating expenses:		
Compensation expense	\$ 496,374	\$ 174,040
Professional and consulting expense	306,882	488,704
General and administrative expense	131,109	305,459
Total operating expense	934,365	968,203
Loss from operations	(929,107)	(968,203)
Other income (expense)		
Derivative expense	(1,814,179)	(1,773,794)
Change in fair value of derivative liabilities	4,059,642	(1,363,996)
Other expense from loan guarantee	-	(100,000)
Forbearance fee	(46,541)	-
Interest income	-	5
Interest expense	(2,628,466)	(747,944)
Total other income (expense)	(429,544)	(3,985,729)
Loss before provision for income taxes	(1,358,651)	(4,953,932)
Provision for income taxes	-	-
Net loss	(1,358,651)	(4,953,932)
Losses attributable to non-controlling interest	218,071	64,228
Net loss attributable to All For One Media Corp.	\$ (1,140,580)	\$ (4,889,704)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic and Diluted	37,044,404	19,465,939
NET LOSS PER COMMON SHARE OUTSTANDING		
Basic and Diluted	\$ (0.03)	\$ (0.25)

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	Preferred Stock Series A		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Non- controlling Interest	Total Stockholders' Deficit
	\$0.001 Par Value		\$0.001 Par Value					
	Shares	Amount	Shares	Amount				
Balance, September 30, 2016	-	\$ -	16,509,852	\$ 16,510	\$ 2,350,889	(\$2,580,855)	\$ -	(\$213,456)
Issuance of preferred stock for services	51	-	-	-	84,580	-	-	84,580

Issuance of common stock for services	-	-	2,550,000	2,550	225,391	-	-	227,941
Sale of membership interest in subsidiary	-	-	-	-	581,840	-	218,160	800,000
Issuance of membership interest in subsidiary in connection with loan guarantee	-	-	-	-	72,730	-	27,270	100,000
Issuance of common stock in connection with conversion of principal amount and accrued interest on notes payable	-	-	6,175,509	6,176	111,150	-	-	117,326
Reclassification of derivative liabilities to equity	-	-	-	-	386,515	-	-	386,515
Net loss for the year ended September 30, 2017	-	-	-	-	-	(4,889,704)	(64,228)	(4,953,932)
Balance, September 30, 2017	51	-	25,235,361	25,236	3,813,095	(7,470,559)	181,202	(3,451,026)
Issuance of common stock for services	-	-	4,992,000	4,992	389,371	-	-	394,363
Issuance of common stock in connection with conversion of principal amount and accrued interest on notes payable	-	-	23,482,863	23,482	506,975	-	-	530,457
Issuance of common stock in connection	-	-	1,927,898	1,928	(1,928)	-	-	-

with exercise of warrants									
Reclassification of derivative liabilities to equity	-	-	-	-	638,804	-	-	638,804	
Issuance of warrants in connection with convertible note payable	-	-	-	-	5,998	-	-	5,998	
Net loss for the year ended September 30, 2018	-	-	-	-	-	(1,140,580)	(218,071)	(1,358,651)	
Balance, September 30, 2018	51	\$	-	55,638,122	\$ 55,638	\$ 5,352,315	\$ (8,611,139)	\$ (36,869)	\$ (3,240,055)

See accompanying notes to consolidated financial statements.

F-4

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(1,358,651)	\$(4,953,932)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discounts	1,433,928	526,854
Stock-based compensation	394,363	316,902
Warrants granted in connection with forbearance fee	21,541	-
Derivative expense	1,814,179	1,773,794
Change in fair value of derivative liabilities	(4,059,642)	1,363,996
Non-cash legal expense	15,000	-
Non-cash interest expense	808,329	128,745
Non-cash other expense from loan guarantee	-	100,000
Changes in assets and liabilities:		
Prepaid expenses and other current assets	120,600	(159,105)
Film production costs	(482,909)	(2,829,647)
Accounts payable and accrued liabilities	174,558	219,674
Accrued interest	110,470	59,416
NET CASH USED IN OPERATING ACTIVITIES	(1,008,234)	(3,453,303)
CASH FLOWS FROM FINANCING ACTIVITIES:		

Proceeds received in connection with a profit share arrangement	-	300,000
Payments on loan payable	(25,000)	-
Payments on convertible notes payable	(281,307)	(68,000)
Payments on note payable	(200,000)	-
Proceeds from loans payable, net of issuance cost	11,250	1,228,265
Proceeds from note payable	200,000	-
Proceeds from note payable - related party	200,000	-
Proceeds from convertible notes payable, net of issuance cost	1,051,850	1,258,500
Proceeds from sale of membership interest in subsidiary	-	800,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	956,793	3,518,765
NET CHANGE IN CASH AND CASH EQUIVALENTS	(51,441)	65,462
CASH AND CASH EQUIVALENTS - beginning of year	109,785	44,323
CASH AND CASH EQUIVALENTS - end of year	\$ 58,344	\$ 109,785
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	\$ 141,802	\$ 32,881
Income taxes	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Discount on derivative liabilities	\$ 1,066,850	\$ 1,251,879
Reclassification of derivative liabilities to equity upon conversion	\$ 638,804	\$ 386,515
Issuance of common stock in connection with conversion of note payable	\$ 530,457	\$ 117,326
Capitalized interest related to production included in film cost	\$ 149,189	\$ 102,202
Expenses directly paid on behalf of the Company	\$ -	\$ 64,465
Reclassification from prepaid expense to a note payable as payment	\$ 25,000	\$ -
Reduction of accounts payable and notes payable and film cost due to the release agreement	\$ 347,880	\$ -
Issuance of warrants in connection with convertible note payable	\$ 5,998	\$ -
Issuance of promissory note as deferred financing cost	\$ 40,000	\$ -
Issuance of common stock in connection with exercise of warrants	\$ 1,928	\$ -

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

All for One Media Corp. (the “Company”) was incorporated in the State of Utah on March 2, 2004. The Company is a media and entertainment company focused on creating, launching and marketing original pop music groups commonly referred to as “boy bands” and “girl groups.” The Company’s former operations were in the business of

acquiring, training, and reselling horses with an emphasis in the purchase of thoroughbred weanlings or yearlings that were resold as juveniles.

On October 26, 2015, the Company entered into an Asset Exchange Agreement (the “Asset Exchange”) with Crazy for the Boys, LLC (“CFTB”), a privately held company, and certain members owning membership interest in CFTB whereby the Company acquired certain assets from CFTB in exchange for 5,201,500 shares of the Company’s common stock. The assets that were acquired included a movie screenplay, master recordings, trademarks, and web domain names (the “CFTB Assets”).

On December 7, 2016, the Company organized a subsidiaries in the state of Nevada, Crazy for the Boys Movie, LLC (“CFTB Movie”) which was created for the sole purpose of financing, producing and commercially exploiting (via all distribution sources and other means of revenue generation) one feature-length motion picture as a coming of age, musical dramedy, entitled “Crazy For The Boys” (the “Movie”) and all of its allied, ancillary, subsidiaries and merchandising rights. The Company is the Managing Member of CFTB Movie and will have the sole and exclusive right to operate CFTB Movie. As of September 30, 2018, the Company owns approximately 73% of CFTB Movie, the Company’s majority owned subsidiary.

In May 2017, the Company entered into an Assignment and Transfer Agreement with Crazy for the Boys GA LLC (“CFTB GA”), a company organized in the state of Georgia, whereby CFTB GA assigned and transferred all ownership, asset rights and other interest in CFTB GA to CFTB Movie. CFTB GA was created for the sole purpose of producing the one feature-length motion picture entitled “Crazy for the Boys” in the State of Georgia, in the city of Savannah, which offers production incentives up to 30% of Georgia production expenditures in transferable tax credits. The Georgia tax incentive program is available for qualifying projects, including feature films, television series, commercials, music videos, animation and game development. Consequently, CFTB GA became a wholly owned subsidiary of CFTB Movie and as of September 30, 2018, the consolidated financial statements of the Company include the accounts of CFTB GA. Filming for the Movie has been completed in July 2017 and the post-production phase was completed in December 2018. The Company has scheduled a screening in January 2019 for potential bidding of offers from potential buyers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The Company’s consolidated financial statements include the financial statements of its wholly-owned subsidiaries. In the preparation of consolidated financial statements of the Company, intercompany transactions and balances are eliminated and net earnings are reduced by the portion of the net loss of subsidiaries applicable to non-controlling interests.

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company did not have cash equivalents at September 30, 2018. The Company places its cash with high credit quality financial institutions. The Company’s accounts at these institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At September 30, 2018, the Company had not reached bank balances exceeding the FDIC insurance limit on interest bearing accounts. To reduce its risk associated with the failure of such financial institutions, the Company evaluates at least annually the rating of the financial institutions in which it holds deposits.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid expenses and other current assets

Prepaid expenses and other current assets of \$73,505 and \$179,105 at September 30, 2018 and 2017, respectively, consist primarily of costs paid for future services which will occur within a year. Prepaid expenses principally include prepayments for consulting which are being amortized over the terms of their respective agreements. Included in other current assets are deposits of \$16,254 and \$165,438 at September 30, 2018 and 2017, respectively. The deposits were related to deposit payments with various unions as security for the payments of all performers and background actors and any unused excess deposits shall be returned following the completion of the Movie in December 2018. Additionally, included in other current assets are deferred financing costs of \$40,000 and \$0 at September 30, 2018 and 2017, respectively. Upon recognition of the proceeds from an equity financing agreement (see Note 8), any deferred financing costs will be reported as a direct deduction from the amount of the proceeds received.

Use of estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet, and expenses for the period then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to asset valuations and the fair value of common stock and preferred stock issued, valuation of debt discount, the valuation of derivative liabilities and the valuation of stock-based compensation.

Film Production Costs

The Company capitalizes costs which were used in the production of films according to ASC 926, Entertainment – Films. For films produced by the Company, capitalized costs include all direct production and financing costs, capitalized interest and production overhead. Production overhead includes the costs of individuals or departments with exclusive or significant responsibility for the production of films. Production overhead does not include general and administrative expenses and marketing, selling and distribution costs. Capitalization of interest costs should generally commence when a film is set for production and end when a film is substantially complete and ready for distribution. Generally, the interest eligible for capitalization includes stated interest, imputed interest, and interest related to debt instruments as well as amortization of discounts and other debt issue costs.

Pursuant to ASC 926-20-35, the Company will begin to amortize capitalized film cost when a film is released and it begins to recognize revenue from the film. These costs for an individual film are amortized and participation costs are accrued to direct operating expenses in the proportion that current year's revenues bear to management's estimates of the ultimate revenue at the beginning of the current year expected to be recognized from the exploitation, exhibition or sale of such film. Ultimate revenue includes estimates over a period not to exceed ten years following the date of initial release of the motion picture.

Parties involved in the production of a film may be compensated in part by contingent payments based on the financial results of a film pursuant to contractual formulas (participations) and by contingent amounts due under provisions of collective bargaining agreements (residuals). Such parties are collectively referred to as participants, and such costs are collectively referred to as participation costs. Participations may be given to creative talent, such as actors or writers, or to entities from whom distribution rights are licensed. Participation costs are typically recognized evenly as the ultimate revenues are earned.

Unamortized film costs are tested for impairment when there is an indication that the fair value of the film may be less than unamortized costs. Consistent with the rules for recognizing impairment of long-lived assets in ASC 926, the standard sets forth examples of events or changes in circumstances that indicate that the entity must assess whether the fair value of the film (whether it has been completed or is still in production) is less than the carrying amount of its unamortized film costs.

1. An adverse change in the expected performance of the film prior to its release
2. Actual costs substantially in excess of budgeted costs
3. Substantial delays in completion or release schedules
4. Changes in release plans, such as a reduction in the initial release pattern
5. Insufficient funding or resources to complete the film and to market it effectively
6. Actual performance subsequent to release fails to meet prerelease expectations. (ASC 926-20-35-12)

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of September 30, 2018 and 2017 the carrying value of the film costs was \$3,216,067 and \$2,931,849, respectively, which included capitalized interest of \$182,498 and \$102,202 during the year ended September 30, 2018 and 2017, respectively. During the year ended September 30, 2018, the Company reduced film cost of \$347,880 as a result of the Release and Indemnification Agreement entered into with certain lenders (see Note 4). The Company did not record any impairment losses during the year ended September 30, 2018 and 2017 as there were no circumstances that indicate whether the fair value of the film is less than the carrying amount in accordance with ASC 926. As of September 30, 2018, the Company was still in post-production phase which was then completed in December 2018.

Fair value of financial instruments

The Company adopted ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company’s financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or Liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company analyzes all financial instruments with features of both liabilities and equity under the FASB's accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Depending on the product and the terms of the transaction, the fair value of notes payable and derivative liabilities were modeled using a series of techniques, including closed-form analytic formula, such as the Black-Scholes option-pricing model.

The carrying amounts reported in the consolidated balance sheets for cash, prepaid expense, accounts payable and accrued liabilities approximate their estimated fair market value based on the short-term maturity of these instruments. The Company did not identify any other assets or liabilities that are required to be presented on the consolidated balance sheets at fair value in accordance with the accounting guidance.

The Company's convertible notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at September 30, 2018 and 2017.

Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

Level 3 Financial Liabilities - Derivative Liability on Conversion Feature

The Company uses Level 3 of the fair value hierarchy to measure the fair value of the derivative liabilities and revalues its derivative liability on the conversion feature at every reporting period and recognizes gains or losses in the statements of operations that are attributable to the change in the fair value of the derivative liabilities.

The following table presents the derivative financial instruments, measured and recorded at fair value on the Company's consolidated balance sheets on a recurring basis, and their level within the fair value hierarchy as of September 30, 2018:

	Amount	Level 1	Level 2	Level 3
Derivative liability - Embedded conversion	<u>\$ 2,422,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,422,654</u>

F-8

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table presents the derivative financial instruments, measured and recorded at fair value on the Company's consolidated balance sheets on a recurring basis, and their level within the fair value hierarchy as of September 30, 2017:

	Amount	Level 1	Level 2	Level 3
Derivative liability - Embedded conversion	<u>\$ 4,224,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,224,528</u>

Basic and diluted net loss per share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares during the period. Diluted net loss per share is computed using the weighted average number of common shares and

potentially dilutive securities outstanding during the period. At September 30, 2018 and 2017, the Company has 101,533,885 and 133,580,149 potentially dilutive securities outstanding, respectively, related to the convertible promissory notes. Additionally at September 30, 2018 and 2017, the Company has 511,111 and 0 warrants as of September 30, 2018 and 2017, respectively. Those potentially dilutive common stock equivalents were excluded from the dilutive loss per share calculation as they would be antidilutive due to the net loss.

Income taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, “Accounting for Income Taxes” (“ASC 740-10”), which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25, “Definition of Settlement”, which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed. The Company currently has no federal or state tax examinations nor has it had any federal or state examinations since its inception. The Company’s 2017, 2016, and 2015 tax years may still be subject to federal and state tax examination.

Stock-based compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the “measurement date.” The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

Non-controlling interests in consolidated financial statements

In December 2007, the FASB issued ASC 810-10-65, “Non-controlling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51” (“SFAS No. 160”). This ASC clarifies that a non-controlling (minority) interest in a subsidiaries is an ownership interest in the entity that should be reported as equity in the consolidated financial statements. It also requires consolidated net income to include the amounts attributable to both the parent and non-controlling interest, with disclosure on the face of the consolidated income statement of the amounts attributed to the parent and to the non-controlling interest. In accordance with ASC 810-10-45-21, those losses attributable to the parent and the non-controlling interest in subsidiaries may exceed their interests in the subsidiary’s equity. The excess and any further losses attributable to the parent and the non-controlling interest shall be attributed to those interests even if that attribution results in a deficit non-controlling interest balance. During the year ended September 30, 2017, the Company sold 8 Class A units of membership interest in CFTB Movie and assigned 1 Class B unit in CFTB Movie pursuant to a guarantee agreement which resulted to approximately 27% non-controlling interest. As of September 30, 2018 and 2017, the Company recorded a non-controlling interest balance of \$(36,869) and \$181,202, respectively, in connection with the majority-owned subsidiary, CFTB Movie as reflected in the accompanying consolidated balance sheet and losses attributable to non-controlling interest of \$218,071 and \$64,228 during the year ended September 30, 2018 and 2017, respectively, as reflected in the accompanying consolidated statements of operations.

One class of Membership Interests in CFTB Movie were offered for sale through a Private Placement Memorandum with a Minimum offering of \$400,000 of LLC Class A Units and Maximum Offering of \$2.5 Million of LLC Class A Units at \$100,000 per unit. A Maximum of Twenty-Five (25) Class A Units were offered for sale. These Class A Units have a price of \$100,000 per Unit. The units were sold at minimum of ½ for \$50,000 for each ½ Class A unit (see Note 7).

Revenue Recognition

The Company adopted and implemented on January 1, 2018, ASU Topic 606 – Revenue from Contracts with Customers (“ASU 606”). ASU 606 did not have a material impact on its consolidated financial statements.

Upon implementation of ASU 606, the Company recognizes revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

During the year ended September 30, 2018, the Company recognize revenue of \$5,258 from streaming music sales.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This guidance revises the accounting related to leases by requiring lessees to recognize a lease liability and a right-of-use asset for all leases. The new

lease guidance also simplifies the accounting for sale and leaseback transactions. This ASU is effective for annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

In November 2016, the FASB issued new guidance on restricted cash on the statement of cash flows. The new guidance requires the classification and presentation of changes in restricted cash and cash equivalents in the statement of cash flows. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and ending balances shown on the statement of cash flows. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The Company early adopted ASU 2016-18 and its adoption did not have a material impact on the Company's consolidated financial statements.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception". The ASU was issued to address the complexity associated with applying generally accepted accounting principles (GAAP) for certain financial instruments with characteristics of liabilities and equity. The ASU, among other things, eliminates the need to consider the effects of down round features when analyzing convertible debt, warrants and other financing instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. The amendments are effective for fiscal years beginning after December 15, 2018, and should be applied retrospectively. Early adoption is permitted, including adoption in an interim period. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07 "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." These amendments expand the scope of Topic 718, Compensation - Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, Equity - Equity-Based Payments to Non-Employees. The guidance is effective for public companies for fiscal years, and interim fiscal periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, Revenue from Contracts with Customers. The Company is assessing ASU 2018-07 and does not expect it to have a material impact on its accounting and disclosures.

In August 2018, the FASB issued ASU 2018-13, "Changes to Disclosure Requirements for Fair Value Measurements", which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company will be evaluating the impact this standard will have on the Company's financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The

Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

NOTE 3 – GOING CONCERN

As reflected in the accompanying consolidated financial statements, the Company had a net loss and net cash used in operations of \$1,358,651 and \$1,008,234 respectively, for the year ended September 30, 2018. Additionally the Company had an accumulated deficit of \$8,611,139 and working capital deficit of \$6,456,122 at September 30, 2018. These circumstances raise substantial doubt about the Company's ability to continue as a going concern for twelve months from the issuance date of this report. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company's ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations.

Uncertainty regarding these matters raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues, there can be no assurances to that effect.

NOTE 4 – CONVERTIBLE NOTES PAYABLE

Convertible notes payable consisted of the following:

	September 30, 2018	September 30, 2017
Convertible notes payable – unrelated party, net of debt discount of \$704,345 and \$990,774, respectively	\$ 1,087,051	\$ 380,516
Less: non-current maturities, net of debt discount of \$0 and \$480,899, respectively	-	(196,601)
Convertible notes payable, current maturities	<u>\$ 1,087,051</u>	<u>\$ 183,915</u>

F-11

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

Convertible note payable – current

At September 30, 2018 and September 30, 2017, current portion of convertible notes payable – unrelated party consisted of the following:

	September 30, 2018	September 30, 2017
Principal amount	\$ 1,791,396	\$ 693,790

Less: unamortized debt discount	(704,345)	(509,875)
Convertible notes payable, net – current	<u>\$ 1,087,051</u>	<u>\$ 183,915</u>

On August 25, 2016, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$85,000. The 10% convertible promissory note and all accrued interest were due on August 25, 2017. For fiscal year 2017, the Company received additional proceeds of \$20,000 which resulted to a total of \$85,000 proceeds. The note is secured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% multiplied by the lowest trading price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 90 to 180 days following the date of these notes the Company had the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium ranging from 150% to 200% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the notes. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of twenty-two percent (22%) per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect. The Company paid original issuance cost of \$5,000 in connection with this note payable which is being amortized over the term of the note. This note is in default. In April 2017, in connection with the conversion of \$5,000 principal amount, accrued interest of \$5,000 and fees of \$600, the Company issued 493,023 shares of common stock to the noteholder. In May 2017, in connection with the conversion of \$6,407 principal amount and fees of \$600, the Company issued 414,634 shares of common stock to the noteholder. In July 2017, the Company issued an additional 516,501 shares of common stock to the note holder pursuant to the reset conversion terms of the convertible notes. In September 2017, in connection with the conversion \$12,803 principal amount and fees of \$1,200, the Company issued an aggregate of 2,154,261 shares of common stock to the noteholder. Between November 2017 and April 2018, the Company issued an aggregate of 3,161,866 common stock to the note holder upon the conversion of \$60,790 of principal amount, accrued interest of \$5,974 and fees of \$1,200. As of September 30, 2018, the principal balance of this note was \$0 after the conversions.

On October 25, 2016, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$95,000. The 10% convertible promissory note and all accrued interest are due on October 25, 2018. During fiscal year 2017, the Company received proceeds for a total of \$95,000. The note is secured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium of 150%. After this initial 180-day period, the Company does not have a right to prepay the note. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 18% per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect. The Company paid original issuance cost of \$5,000 in connection with this note payable which will be amortized over the term of the note. Between April 2018 and September 2018, the Company issued an aggregate of 5,579,688 common stock to the note holder upon the conversion of \$95,000 of principal amount, accrued interest of \$12,349 and fees of \$1,200. As of September 30, 2018, the principal balance of this note was \$0 after the conversions.

SEPTEMBER 30, 2018 AND 2017

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

On December 27, 2016, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$220,000. The 10% convertible promissory note and all accrued interest are due on December 27, 2018. During fiscal 2017, the Company received proceeds for a total of \$200,000. The note is secured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium of 150%. After this initial 180-day period, the Company does not have a right to prepay the note. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 18% per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect. The Company paid original issuance cost of \$20,000 in connection with this note payable which will be amortized over the term of the note. In October 2018, the Company entered into a Settlement Agreement and Release with this note holder (see Note 10).

Between February 2017 and March 2017, the Company issued 12% Convertible Promissory Notes for aggregate amount of \$68,000. The 12% convertible promissory notes and all accrued interest were due in November 2017 and December 2017. The notes were unsecured and bore interest at the rate of 12% per annum from the issuance date thereof until the notes were paid. The note holder had the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest five trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company had the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company had no right to prepay the notes. The Company paid original issuance cost of \$6,000 in connection with these notes payable which was amortized over the term of the note. Between August 2017 and September 2017, the Company paid off the principal notes of \$68,000, accrued interest of \$4,058 and additional prepayment interest of \$28,823. As of September 30, 2018, the principal balance of these notes was \$0.

In June 2017, the Company issued 8% Convertible Promissory Note for principal borrowings of up to \$165,000. The 8% convertible promissory note and all accrued interest are due in April 2019. The note is unsecured and bears interest at the rate of 8% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 62% of the volume weighted average price of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of this note, the Company has the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a premium ranging from 115% to 135% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$30,000 in connection with this note payable which is being amortized over the term of the note. Between January 2018 and July 2018, the Company issued an aggregate of 5,788,776 common stock to the note holder upon the conversion of \$165,000 of principal amount and accrued interest of \$11,637. As of September 30, 2018, the principal balance of this note was \$0 after the conversions.

In July 2017, the Company issued 10% Convertible Promissory Note for principal borrowings of up to \$60,000. The 10% convertible promissory notes and all accrued interest were due in March 2018. The note was unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the note was paid. The note holder had the right to convert beginning on the date which was the issuance date the outstanding principal amount and

accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which means the lower of: i) 50% discount to the lowest trading price during the previous 20 days trading days to the date of conversion notice or ii) a 50% discount to the lowest trading price during the previous 20 trading days before the date that this note was executed. During the first 90 to 180 days following the date of this note, the Company had the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a premium ranging from 135% to 150% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$10,000 in connection with this note payable which is being amortized over the term of the note. Between January 2018 and March 2018, the Company issued an aggregate of 3,128,844 common stock to the note holder upon the conversion of \$60,000 of principal amount and accrued interest of \$3,990. As of September 30, 2018, the principal balance of this note is \$0 after the conversions.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

In July 2017, the Company issued 12% Convertible Promissory Note for principal borrowings of up to \$110,000. The 12% convertible promissory note and all accrued interest are due in April 2018. The note is unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of the notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 135% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$11,000 in connection with this note payable which is being amortized over the term of the note. Between January 2018 and February 2018, the Company issued an aggregate of 800,000 common stock to the note holder upon the conversion of \$4,603 of principal amount, accrued interest of \$7,197 and fees of \$1,000. As of September 30, 2018, the principal balance of this note is \$105,397 after the conversions. In April 2018, the Company entered into an amendment agreement with this note holder for the forbearance from converting the notes into shares of common stock of the Company until October 1, 2018 unless an event of default as defined in the note agreements occurs or the Company's stocks trades at a price less than \$0.02 per share (see note below). This note is past maturity but it is not in default.

In August 2017, the Company issued 8% Convertible Promissory Notes for principal borrowings of up to \$110,000. The 8% convertible promissory notes and all accrued interest are due in August 2018. The notes are unsecured and bears interest at the rate of 8% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 52% of the volume weighted average price of the Company's common stock during the 15 trading days immediately preceding the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 135% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$10,000 in connection with this note payable which is being amortized over the term of the note. In August 2018, the Company issued an aggregate of 1,150,567 common stock to the note holder upon the conversion of \$25,000 of principal amount and

accrued interest of \$1,923. As of September 30, 2018, the principal balance of this note was \$85,000 after the conversions.

In September 2017, the Company issued 12% Convertible Promissory Notes for principal borrowings of up to \$78,000. The 12% convertible promissory notes and all accrued interest were due in June 2018. The notes were unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder had the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest five trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company had the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note. In March 2018, the Company paid off the principal notes of \$78,000, accrued interest of \$4,795 and additional prepayment interest of \$32,903. As of September 30, 2018, the principal balance of this note was \$0.

In September 2017, the Company issued 12% Convertible Promissory Notes for principal borrowings of up to \$110,000. The 12% convertible promissory notes and all accrued interest are due in June 2018. The notes are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is the lower of (1) 50% of the volume weighted average price of the Company's common stock during the last 20 trading days prior to the date of conversion or (2) 50% of the lowest closing price during the last 20 trading days immediately preceding the conversion date. During the first 90 to 180 days following the date of this note, the Company has the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a premium ranging from 135% to 150% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$11,000 in connection with this note payable which is being amortized over the term of the note. In April 2018, the Company entered into an amendment agreement with this note holder for the forbearance from converting the notes into shares of common stock of the Company until October 1, 2018 unless an event of default as defined in the note agreements occurs or the Company's stocks trades at a price less than \$0.02 per share (see note below). This note is past maturity but it is not in default.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

In November 2017, the Company issued 12% Convertible Promissory Note for principal borrowings of up to \$53,000. The 12% convertible promissory note and all accrued interest are due in September 2018. The note is unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest five trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of this note, the Company has the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a

premium ranging from 115% to 140% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note. In May 2018, the Company paid off the principal notes of \$53,000, accrued interest of \$3,119 and additional prepayment interest of \$22,538. As of September 30, 2018, the principal balance of this note was \$0.

Between December 2017 and March 2018, the Company issued 8% Convertible Promissory Notes for principal borrowings of up to \$110,000. The 8% convertible promissory notes and all accrued interest are due in December 2018. The notes are unsecured and bears interest at the rate of 8% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 57% of the lowest trading price of the Company's common stock during the 15 prior trading days including the day of the conversion date. The Company paid total original issuance cost and related loan fees of \$10,000 in connection with this note payable which is being amortized over the term of the note.

In December 2017, the Company issued 10% Convertible Promissory Notes for principal borrowings of up to \$53,000 which closed on January 3, 2018. The 10% convertible promissory notes and all accrued interest are due in December 2018. The notes are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to the lower of: (i) the closing sale price of the common stock on the trading day immediately on the issuance date, and (ii) 50% of either the lowest sale price for the common stock during the twenty (20) consecutive trading days including and immediately preceding the conversion date, or the closing bid price, whichever is lower. During the first 90 to 180 days following the date of this note, the Company has the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a premium ranging from 135% to 150% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$2,650 in connection with this note payable which is being amortized over the term of the note. In May 2018, the Company received a notice amending the terms of the note due to more favorable terms granted to other note holders per the terms of the Securities Purchase Agreement. Consequently, the terms were amended to increase the original principal amount by \$5,300 and increased the interest rate from 10% to 12% per annum. In June 2018, the Company issued an aggregate of 2,044,551 common stock to the note holder upon the conversion of \$40,993 of principal amount and paid off the principal notes of \$17,307, accrued interest of \$2,882 and additional prepayment interest of \$10,047. As of September 30, 2018, the principal balance of this note was \$0 after the conversions.

In January 2018, the Company issued 10% Convertible Promissory Notes for principal borrowings of up to \$40,000. The 10% convertible promissory notes and all accrued interest are due in January 2019. The notes are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to 50% of the lower of: (i) the lowest closing bid price, and (ii) the lowest trading price for the common stock during the twenty (20) consecutive trading days including and immediately preceding the conversion date. During the first 60 to 180 days following the date of this note, the Company has the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a premium ranging from 115% to 135% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$2,000 in connection with this note payable which is being amortized over the term of the note. In July 2018, the Company paid off the principal notes of \$40,000, accrued interest of \$1,852 and additional prepayment interest of \$14,015. As of September 30, 2018, the principal balance of this note was \$0.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

In January 2018, the Company issued 10% Convertible Promissory Notes for principal borrowings of up to \$80,000 and received total proceeds of \$60,000 to date. The 10% convertible promissory notes and all accrued interest are due in January 2019. The notes are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price to a price which is 55% of the lowest trading price of the Company's common stock during the 25 prior trading days to the conversion date. During the first 90 to 180 days following the date of this note, the Company has the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a premium ranging from 135% to 150% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$5,500 in connection with this note payable which is being amortized over the term of the note. In January 2018 and May 2018, in connection with the issuance of this note, the Company granted an aggregate of 1 year 333,333 warrants to purchase the Company's common stock (see Note 7). The warrants had a term of 1 year from the date of grants and was exercisable at an exercise price of \$0.18. In July 2018, the Company paid off the principal notes of \$40,000, accrued interest of \$1,432 and additional prepayment interest of \$20,540. As of September 30, 2018, the principal balance of this note was \$20,000.

In February 2018, the Company issued 8% Convertible Promissory Notes for principal borrowings of up to \$40,000. The 8% convertible promissory notes and all accrued interest are due in February 2019. The notes are unsecured and bears interest at the rate of 8% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price to a price which is 57% of the lowest trading price of the Company's common stock during the 15 prior trading days including the day of the conversion date. This note may not be prepaid. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

In March 2018, the Company issued 10% Convertible Promissory Notes for principal borrowings of up to \$80,000. The 10% convertible promissory notes and all accrued interest are due in March 2019. The notes are secured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price to a price which is 52% of the lowest trading price of the Company's common stock during the 18 prior trading days including the day of the conversion date. This note may not be prepaid. The Company paid original issuance cost and related loan fees of \$10,000 in connection with this note payable which is being amortized over the term of the note.

In March 2018, the Company issued 12% Convertible Promissory Note for principal borrowings of up to \$53,000. The 12% convertible promissory note and all accrued interest are due in December 2018. The note is unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest two trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of this note, the Company has the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a premium ranging from 115% to 140% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note. In September 2018, the Company paid off

the principal notes of \$53,000, accrued interest of \$3,276 and additional prepayment interest of \$22,315. As of September 30, 2018, the principal balance of this note was \$0.

In April 2018, the Company entered into an amendment agreement with a certain note holder of 12% convertible notes issued in July 2017 and September 2017 both for principal amounts of \$110,000 whereby the Company agreed to grant 5 year 400,000 warrants to purchase the Company's common stock (see Note 7) and \$25,000 in exchange for the forbearance from converting the notes into shares of common stock of the Company until October 1, 2018 unless an event of default as defined in the note agreements occurs or the Company's stocks trades at a price less than \$0.02 per share. The warrants had a term of 5 years from the date of grant and was exercisable at an exercise price of \$0.20. The 400,000 warrants were valued on the grant date at approximately \$0.05 per warrant or a total of \$21,541 using a Black-Scholes option pricing model. The Company accounted for this transaction under ASC 407-50-40 Debt Modification and Extinguishments and determined that such transaction do not apply with this ASC guidance.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

On May 21, 2018, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$16,500 and received proceeds of \$16,500. The net proceeds were used to directly pay legal fees. On June 27, 2018, the Company entered into an Amended Promissory Note with this note. The Amended Promissory Note amended a certain 10% Convertible Promissory Note by removing the variability of the conversion feature of the note and establishing a fixed conversion price of \$0.041 per share. Principal and all accrued interest is due on January 24, 2019. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to \$0.041 per share. The Company paid original issuance cost and related loan fees of \$1,500 in connection with this note payable which is being amortized over the term of the note.

On May 7, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$78,000. The 12% convertible promissory note and all accrued interest is due on February 15, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest two trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On May 16, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$85,000. The 12% convertible promissory note and all accrued interest is due on May 16, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the lowest 20 trading days immediately preceding the

conversion date. During the first 90 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 135% to 150% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$8,000 in connection with this note payable which is being amortized over the term of the note.

On June 1, 2018, the Company issued a 10% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$90,000. The 10% convertible promissory note and all accrued interest are due on June 1, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 54% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. The Company does not have a right to prepay the note. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 18% per annum from the due date thereof until the same is paid. The Company paid original issuance cost of \$7,000 in connection with this note payable which will be amortized over the term of the note.

On June 15, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$78,000. The 12% convertible promissory note and all accrued interest is due on March 30, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest 2 trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

On July 13, 2018, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$100,000. The 10% convertible promissory note and all accrued interest are due on July 13, 2019. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 55% of the lowest trading price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 130% to 145% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$5,000 in connection with this note payable which is being amortized over the term of the note.

On July 26, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$53,000. The 12% convertible promissory note and all accrued interest is due on May 15, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest 2 trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On September 14, 2018, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$100,000. The 10% convertible promissory note and all accrued interest are due on September 14, 2019. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 55% of the lowest trading price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 130% to 145% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$5,000 in connection with this note payable which is being amortized over the term of the note.

On September 21, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$58,000. The 12% convertible promissory note and all accrued interest is due on July 15, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest 2 trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

Accrued interest related to all unrelated party convertible note - current amounted to \$129,341 and \$13,826 at September 30, 2018 and 2017 respectively, which was included in accrued interest on the accompanying interim consolidated balance sheets.

The Company evaluated whether or not these convertible promissory notes contain embedded conversion features, which meet the definition of derivatives under ASC 815 and related interpretations. The Company determined that the terms of the notes and warrants granted discussed above include a down-round provision under which the conversion price could be affected by future equity offerings undertaken by the Company which cause the embedded conversion options to be accounted for as derivative liabilities. In accordance with ASC 815, the Company has bifurcated the conversion feature of the convertible notes and stock warrants granted and recorded derivative liabilities on their issuance date and adjusted to fair value through earnings at each reporting date. The Company uses the Binomial Lattice Model for the conversion feature of the convertible notes and Black-Scholes option pricing model for the stock warrants granted to value the derivative liabilities.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

Long-term convertible notes payable

Long-term convertible notes payable consisted of the following:

	September 30, 2018	September 30, 2017
Principal amount	\$ -	\$ 677,500
Accrued interest	-	37,109
Less: unamortized debt discount	-	(480,899)
Convertible notes payable, net – long-term	<u>\$ -</u>	<u>\$ 233,710</u>

The Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$80,000 on June 21, 2016. The 10% convertible promissory note and all accrued interest are due on June 21, 2018. During fiscal year 2016, the Company received proceeds for a total of \$80,000. The note is secured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium of 150%. After this initial 180-day period, the Company does not have a right to prepay the note. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect. The Company paid original issuance cost of \$5,000 in connection with this note payable which is being amortized over the term of the note. On February 14, 2017, the Company issued 681,818 shares of common stock to the note holder upon the conversion of \$30,000 principal amount of note pursuant to the conversion terms of the convertible notes. On April 6, 2017, in connection with the conversion of \$23,400 principal amount, the Company issued 778,702 shares of common stock to the noteholder. On April 26, 2017, in connection with the conversion of \$24,000 principal amount and accrued interest of \$2,000, the Company issued 888,889 shares of common stock to the noteholder. On May 5, 2017, in connection with the conversion of \$2,600 principal amount and accrued interest of \$3,716, the Company issued 247,681 shares of common stock to the noteholder. As of September 30, 2017, the principal balance of this note was \$0 after the conversions.

On April 5, 2017, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$165,000. The 10% convertible promissory note and all accrued interest are due on April 5, 2019. During fiscal 2017, the Company received proceeds for a total of \$150,000. The note is secured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium of 150%. After this initial 180-day period, the Company does not have a right to prepay the note. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 18% per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities

at a per share price lower than the conversion price then in effect. The Company paid original issuance cost of \$15,000 in connection with this note payable which will be amortized over the term of the note. The Company paid original issuance cost of \$20,000 in connection with this note payable which will be amortized over the term of the note. In October 2018, the Company entered into a Settlement Agreement and Release with this note holder (see Note 10).

On May 2, 2017, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$110,000. The 10% convertible promissory note and all accrued interest are due on May 2, 2019. During fiscal 2017, the Company received proceeds for a total of \$100,000. The note is secured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium of 150%. After this initial 180-day period, the Company does not have a right to prepay the note. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 18% per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

The Company paid original issuance cost of \$10,000 in connection with this note payable which will be amortized over the term of the note. In October 2018, the Company entered into a Settlement Agreement and Release with this note holder (see Note 10).

On May 2, 2017, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$99,000. The 10% convertible promissory note and all accrued interest are due on May 2, 2019. During fiscal 2017, the Company received proceeds for a total of \$87,500. The note is secured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium of 150%. After this initial 180-day period, the Company does not have a right to prepay the note. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 18% per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect. The Company paid original issuance cost of \$9,000 in connection with this note payable which will be amortized over the term of the note. As of September 30, 2018, the principal balance of this note was \$87,500. In October 2018, the Company entered into a Settlement Agreement and Release with this note holder (see Note 10).

The principal along with the accrued interest related to the 10% Convertible Promissory Notes above were reclass to current portion of convertible notes as each of the respective maturity dates are within 12 months as of September 30, 2018.

In June 2017, the note holder of the 10% convertible promissory notes – current and long term entered into a loan and security agreement with the Company whereby the Company has granted a security interest in all the Company's property, tangible and intangible, existing or subsequently in effect, including but not limited to: 1) all bank accounts, 2) all of the Company's right under any contract, 3) all accounts payable 4) all chattel paper, documents and instruments related to accounts, 5) all intellectual property now owned such as all rights and title to The Crazy for the Boys Movie 6) all inventory, furniture, fixtures, equipment and supplies, and 7) all proceeds, products and accessions of, and to, any and all of the foregoing.

The Company evaluated whether or not these convertible promissory notes contain embedded conversion features, which meet the definition of derivatives under ASC 815 and related interpretations. The Company determined that the terms of the notes discussed above include a down-round provision under which the conversion prices could be affected by future equity offerings undertaken by the Company which cause the embedded conversion options to be accounted for as derivative liabilities. Additionally, the conversion prices of the notes contain variable rates resulting in an indeterminate number of shares to be issued upon settlement. In accordance with ASC 815, the Company has bifurcated the conversion feature of the convertible notes and recorded derivative liabilities on their issuance date and adjusted to fair value through earnings at each reporting date. The Company uses the Binomial Lattice Model for the conversion feature of the convertible notes and Black-Scholes option pricing model for the stock warrants granted to value the derivative liabilities.

Amortization of debt discount on convertible notes and derivative liabilities

These current and long-term notes were discounted in the total amount of \$2,501,879 based on the valuations. The total \$2,292,229 debt discount from the valuation of the derivatives and the total of \$209,650 original issuance cost and related loan fees are being amortized over the terms of these notes. These derivative liabilities are then revalued on each reporting date. During the years ended September 30, 2018 and 2017, derivative expense was \$1,814,179 and \$1,773,794, respectively. The gain (loss) resulting from the change in fair value of these convertible instruments was \$4,059,642 and \$(1,363,996), for the years ended September 30, 2018 and 2017, respectively. During the years ended September 30, 2018 and 2017, the Company reclassified \$638,804 and \$386,515, respectively, of derivative liabilities to additional paid in capital as a result of the conversions of the notes payable into common stock. The Company had recorded derivative liabilities of \$2,422,654 and \$4,224,528 at September 30, 2018 and 2017, respectively.

During the year ended September 30, 2018, the fair value of the derivative liabilities were estimated using the following assumptions:

Dividend rate	0
Term (in years)	0.25 to 5 years
Volatility	185% to 194%
Risk-free interest rate	1.39% to 2.94%

NOTE 4 – CONVERTIBLE NOTES PAYABLE (continued)

During the year ended September 30, 2017, the fair value of the derivative liabilities were estimated using the Black-Scholes pricing model with the following assumptions:

Dividend rate	0
Term (in years)	0.25 to 2.00 years
Volatility	184% to 191%
Risk-free interest rate	0.44% to 1.47%

For the year ended September 30, 2018 and 2017, amortization of debt discounts related to these convertible notes – current and long-term amounted to \$1,433,928 and \$526,854, respectively, which has been included in interest expense on the accompanying consolidated statements of operations. Accrued interest related to long-term convertible note amounted to \$0 and \$37,109 at September 30, 2018 and 2017, respectively.

NOTE 5 – NOTE AND LOANS PAYABLE

Notes payable

In March 2018, the Company issued an Unsecured Promissory Note for principal borrowings of \$200,000 with interest payments of \$10,000 per month. The promissory note and all accrued interest are due on May 2, 2018. The Company may prepay without penalty. The Company paid the \$10,000 interest in March 2018. The Company paid off this note in May 2018.

On April 1, 2018, the Company issued a due on demand 5% promissory note to an affiliated company for \$200,000. The Company may prepay the note without a prepayment penalty. The COO of the Company is a trustee of the affiliated company.

On July 30, 2018, the Company issued an 8% promissory note for \$40,000 to GHS (see Note 8). The 8% promissory note and all accrued interest are due on January 30, 2019. The promissory note was issued as payment for the commitment fee in connection with the equity financing agreement dated on April 11, 2018.

Accrued interest related to these notes payable amounted to \$4,744 and \$0 at September 30, 2018 and 2017, respectively.

Loans payable

Loans payable consisted of the following:

	September 30, 2018	September 30, 2017
Loan principal amount	\$ 984,715	\$ 1,328,265
Liability to be paid through profit share	300,000	300,000
Profit interest payable	924,773	126,345
Less: unamortized debt discount	-	(14,352)
Loans payable, net	<u>\$ 2,209,488</u>	<u>\$ 1,740,258</u>

In June 2017, through the Company's subsidiary, CFTB Movie, the Company entered into a 12% loan and security agreement for a loan amount of \$400,000. The 12% secured loan and all accrued interest was due on August 15, 2017. A default interest rate of 22% shall be charge after the maturity date. The Company received proceeds of \$350,000 and paid original issuance cost and related loan fees of \$50,000 in connection with this loan which is being amortized over the term of the loan. This loan was used for the production of the Movie. The Company has

granted a security interest in all the Company's property, tangible and intangible, existing or subsequently in effect, including but not limited to : 1) all bank accounts, 2) all of the Company's right under any contract, 3) all accounts payable 4) all chattel paper, documents and instruments related to accounts, 5) all intellectual property 6) all inventory, furniture, fixtures, equipment and supplies, and 7) all proceeds, products and accessions of, and to, any and all of the foregoing. During fiscal year 2017, amortization of debt discounts related to this 12% secured loan amounted to \$50,000 which has been included in film production cost as capitalized interest. Accrued interest related to this loan amounted to \$129,814 and \$14,488 at September 30, 2018 and 2017, respectively, and has been included in film production cost as capitalized interest.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 5 – NOTE AND LOANS PAYABLE (continued)

In July 2017, the Company entered into an Agreement (the "Agreement"), to extend the maturity date to December 1, 2017 from August 15, 2017 and to release the guarantee as discussed below. Beginning on December 1, 2017, and continuing until such time as this loan is repaid, CFTB Movie at its sole option, may choose to make monthly partial payments that will be applied to the outstanding amount, due no later than the first business day of each month, in denominations of no less than \$100,000. In consideration for extending the maturity date to December 1, 2017 and the release of the guarantee, the Company shall pay i) \$25,000 fee, ii) 6% of adjusted gross revenue from the Movie as defined in the Agreement and iii) shall be first position of senior secured creditor after repayment of a loan to a certain lender as defined in the Agreement. The \$25,000 fee for such extension was amortized up to the extended maturity date of December 1, 2017 and recorded the amortization to film production cost as capitalized interest. For the years ended September 30, 2018 and 2017, amortization of the \$25,000 debt issuance cost related to this loan amounted to \$14,352 and \$10,648, respectively.

The Company accounted for the 6% profit consideration for the above agreement in accordance with ASC 470-10-35 which requires amounts recorded as debt to be amortized under the interest method as described in ASC 835-30, Interest Method. The Company determined an effective interest rate based on future expected cash flows to be paid to the loan holder. This rate represents the discount rate that equates estimated cash flows with the initial proceeds received from the loan holder and is used to compute the amount of interest to be recognized each period. Estimating the future cash outflows under this agreement requires the Company to make certain estimates and assumptions about future revenues and such estimates are subject to significant variability due to the Movie is still in post-production stage, and thus are subject to significant uncertainty. Therefore, the estimates are likely to change which may result in future adjustments to the accretion of the interest expense and the amortized cost based carrying value of the related loan. Accordingly, the Company has estimated the cash flows associated with the Movie and determined a discount of \$643,500 which is being accounted as interest expense over a 5 year estimated life of the Movie based on expected future revenue streams. For the years ended September 30, 2018 and 2017, interest expense related to this loan amounted to \$197,582 and \$28,078 which has been included in interest expense and a corresponding increase in loans payable. As of September 30, 2018, loan payable net of unamortized debt discount amounted \$650,660.

Additionally, in July 2017, through the Company's majority owned subsidiary, CFTB GA, the Company received additional proceeds from issuance of loans for a total of \$98,465 from the same lender above. The Company received additional proceeds of \$11,250 in January 2018. Such loan bears 12% interest per annum and are considered due on demand as there was no set maturity. On December 12, 2017, the Company paid \$25,000 towards this loan. As of September 30, 2018, loan payable amounted \$84,715 and related accrued interest of \$21,577.

In June 2017, through the Company's majority owned subsidiary, CFTB GA, the Company received initial proceeds for a total of \$300,000 from an unrelated party. Additionally, in July 2017, the Company entered into a loan

agreement whereby the lender shall provide an additional loan up to \$500,000 for the purpose of completing the production of the Movie. Such loans bears no interest and is considered due on demand as there was no set maturity. Between July 2017 and August 2017, through the Company's majority owned subsidiary, CFTB GA, the Company received additional proceeds from this loan agreement for a total of \$450,000. The Company provided this lender a senior secured position with all the tax credits that will be due from the state of Georgia and city of Savannah and all excess deposits posted related to the filming of the Movie. In return for providing the additional loan of \$500,000, the Company agreed to 1) issue a note payable of \$25,000 to the lender and 2) the lender shall be entitled to a 50% net profit from the Movie. In the event, the \$525,000 gets repaid, the lender's percentage ownership will decrease to 37%. However, the percentage of ownership shall remain at 50% if such additional loan was not paid within 90 days. During fiscal year 2017, the Company recorded capitalized interest of \$25,000 in production film cost and a corresponding increase in debt of \$25,000 in connection with the issuance of this loan. The Company accounts for the above agreement in accordance with ASC 470-10-25, which requires that cash received from an investor in exchange for the future payment of a specified percentage or amount of future revenue shall be classified as debt. The Company does not purport the arrangements to be a sale and the Company has significant continuing involvement in the generation of cash flows due to the loan holder or investor.

Consequently, the initial proceeds of \$300,000 is accounted for as liability or debt to be paid through the profit share arrangement. Additionally, ASC 470-10-35 requires amounts recorded as debt to be amortized under the interest method as described in ASC 835-30, Interest Method. The Company determined an effective interest rate based on future expected cash flows to be paid to the investor. This rate represents the discount rate that equates estimated cash flows with the initial proceeds received from the investor and is used to compute the amount of interest to be recognized each period. Estimating the future cash outflows under this agreement requires the Company to make certain estimates and assumptions about future revenues and such estimates are subject to significant variability due to the Movie is still in post-production stage, and thus are subject to significant uncertainty. Therefore, the estimates are likely to change which may result in future adjustments to the accretion of the interest expense and the amortized cost based carrying value of the related loan. Accordingly, the Company has estimated the cash flows associated with the Movie and determined a discount of \$2,351,750 which is being accounted as interest expense over the 5 year estimated life of the Movie based on expected future revenue streams. For the years ended September 30, 2018 and 2017, interest expense related to this loan amounted to \$600,845 and \$98,267 which has been included in interest expense and a corresponding increase in loans payable. As of September 30, 2018, loan payable to such lender net of unamortized debt discount amounted \$1,474,112.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 5 – NOTE AND LOANS PAYABLE (continued)

Between June 2017 and July 2017, through the Company's majority owned subsidiary, CFTB GA, the Company received proceeds from loans for a total of \$284,800 from an unrelated party. Such loans bear no interest and are due on demand. In November 2017, the Company entered into a Release and Indemnification Agreement, whereby both parties settle, fully release and discharges any present, future or potential claims, causes of all actions, debts, sums of money, accounts, covenants, contracts, controversies, agreements, promises, trespasses, damages, judgments, and demands that either parties may have against each other. In November 2017, the loan from this lender for \$284,800 was discharged and considered paid off. Consequently, the Company reduced loans payable of \$284,800, accounts payable of \$43,080 and a corresponding decrease in film production cost for a total of \$327,880.

In July 2017, through the Company's majority owned subsidiary, CFTB GA, the Company received proceeds from issuance of notes for a total of \$20,000 from an unrelated party. Such loans bear no interest and were due 2 weeks after the date of loan. In November 2017, the Company entered into a Release and Indemnification Agreement, whereby both parties settle, fully release and discharges any present, future or potential claims, causes of all actions,

debts, sums of money, accounts, covenants, contracts, controversies, agreements, promises, trespasses, damages, judgments, and demands that either parties may have against each other. In November 2017, the loan from this lender for \$20,000 was discharged and considered paid off. Consequently, the Company reduced loans payable of \$20,000 and a corresponding decrease in film production cost.

In July 2017, through the Company's majority owned subsidiary, CFTB GA, the Company received proceeds from issuance of notes for a total of \$25,000 from an unrelated party. Such loans bear no interest and were due 2 weeks after the date of loan. The Organizer of CFTB GA is the manager of this lender. In November 2017, such loan was repaid for \$25,000.

NOTE 6 – RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal stockholders of the Company, its management, members of the immediate families of principal stockholders of the Company and its management and other parties with which the Company may deal where one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions. All transactions shall be recorded at fair value of the goods or services exchanged. Property purchased from a related party is recorded at the cost to the related party and any payment to or on behalf of the related party in excess of the cost is reflected as compensation or distribution to related parties depending on the transaction.

In December 2015, the Company through its wholly owned subsidiaries, Tween Entertainment, executed a month to month operating lease agreement with the CEO of the Company. The lease premise is located in Mt. Kisco, New York and the initial term was for a period of 12 months commencing in December 2015 and expiring in December 2016. The lease is currently on a month to month lease. The lease requires the Company to pay a monthly base rent of \$1,000. The Company has recorded rent expense of \$12,000 for both years ended September 30, 2018 and 2017.

During April 2016, the CEO and a director of the Company loaned \$201 and \$2,500, respectively, to the Company for working capital purposes. This loan is non-interest bearing and is due on demand.

In July 2017, the Company sold 1 and ½ Class A units of membership interest in CFTB Movie to an affiliated company for \$150,000. The affiliated company is owned by a director of the Company (see Note 7).

The CEO of the Company, who is the creator, writer and also acted as a producer of the Movie is entitled to receive a writer's fee of \$25,000 and producer's fee of \$100,000 to be paid from gross revenues derived from the Movie or the sale of ancillary products. As of September 30, 2018 and 2017, the Company has an accrued balances of \$125,000 in accrued expenses for services rendered by the CEO of the Company and a corresponding increase in film cost.

On April 1, 2018, the Company issued a due on demand 5% promissory note to an affiliated company for \$200,000. The Company may prepay the note without a prepayment penalty. The former COO of the Company is a trustee of the affiliated company.

In March 2017, the Board of Directors of the Company approved to increase the authorized shares of the Company to 205,000,000 shares of authorized capital stock. In July 2017, the Board of Directors of the Company approved and increase the authorized shares to 705,000,000 shares of authorized capital stock. In November 2018, the Board of Directors of the Company approved and further increase the authorized shares to 1,505,000,000 shares of authorized capital stock. Consequently, the authorized capital stock consists of 1,500,000,000 shares of common stock and 5,000,000 shares of preferred stock.

Common stock

Between October 2016 and December 2016, the Company issued an aggregate of 60,000 shares of the Company's common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value ranging from \$0.15 to \$0.38 per common share or \$17,520 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$17,520 during the year ended September 30, 2017.

In December 2016, the Company issued an aggregate of 6,000 shares of the Company's common stock to the three directors of the Company as payment for services rendered pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value of \$900 or \$0.15 per common share based on the quoted trading price on the date of grant and was recorded as stock based compensation.

Between January 2017 and March 2017, the Company issued 60,000 shares of the Company's common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value ranging from \$0.08 to \$0.16 per common share or \$7,000 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$7,000 during the year ended September 30, 2017.

Between January 2017 and March 2017, the Company issued an aggregate of 18,000 shares of the Company's common stock to the three directors of the Company as payment for services rendered pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value ranging from \$0.08 to \$0.16 per common share or \$2,100 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$2,100 during the year ended September 30, 2017.

On February 2, 2017, the Company issued 250,000 shares of common stock to its legal counsel as payment for legal services previously rendered to the Company during January 2017. The Company valued these common shares at the fair value of \$30,000 or \$0.12 per common share based on the quoted trading price on the date of grant and was recorded as stock based compensation.

In February 2017, the Company issued 681,818 shares of common stock to the note holder upon the conversion of \$30,000 principal amount of note pursuant to the conversion terms of the convertible notes (see Note 4).

On March 29, 2016, the Company entered into a nine-month consulting agreement with a consultant who agreed to provide strategic planning and business development consulting services to the Company. The term of the agreement commenced on June 1, 2016. In August 2016, the Company entered into an amendment agreement with such consultant to amend the compensation terms whereby both parties agree that the consultant, in exchange for his services will be issued 1,000,000 shares of the Company's common stock upon effectiveness of the Company's registration statement and another 1,000,000 shares to be issued upon the effectiveness of another registration statement as defined in the consulting agreement. An additional 2,000,000 share of the Company's common stock will be issued if the Company renews and extends the term of this agreement. In no event shall the consultant receive at one time an amount of shares that would result in beneficial ownership of more than 4.99% of the outstanding shares of common stock of the Company. The consultant shall not be entitled to receive additional shares due under this agreement until such time as the Company has more issued and outstanding shares. On February 14, 2017, the 1,000,000 shares were earned under this agreement and the Company valued the 1,000,000 common shares at the fair value of \$120,000 or \$0.12 per common share based on the quoted trading price on the date of grant and was recorded as stock based compensation.

Between April 2017 and June 2017, the Company issued an aggregate of 18,000 shares of the Company's common stock to the three directors of the Company as payment for services rendered pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value ranging from \$0.04 to \$0.08 per common share or \$909 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$909 during the year ended September 30, 2017.

Between April 2017 and June 2017, the Company issued 60,000 shares of the Company's common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value ranging from \$0.04 to \$0.08 per common share or \$3,032 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$3,032 during the year ended September 30, 2017.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 7 – STOCKHOLDERS' DEFICIT (continued)

In April 2017, the Company issued 778,702 shares of common stock to the note holder upon the conversion of \$23,400 principal amount of note pursuant to the conversion terms of the convertible notes (see Note 4).

In April 2017, the Company issued 888,889 shares of common stock to the note holder upon the conversion of \$24,000 principal amount and \$2,000 of interest pursuant to the conversion terms of the convertible notes (see Note 4).

In May 2017, the Company issued 247,681 shares of common stock to the note holder upon the conversion of \$2,600 principal amount and \$3,716 of interest pursuant to the conversion terms of the convertible notes (see Note 4).

In May 2017, the Company issued 493,023 shares of common stock to the note holder upon the conversion of \$5,000 principal amount, \$5,000 in interest and \$600 in fees pursuant to the conversion terms of the convertible notes (see Note 4). In July 2017, the Company issued an additional 516,501 shares of common stock to the note holder pursuant to the reset conversion terms of the convertible notes.

In May 2017, the Company issued 414,634 shares of common stock to the note holder upon the conversion of \$6,407 principal amount and \$600 in fees pursuant to the conversion terms of the convertible notes (see Note 4).

Between July 2017 and September 2017, the Company issued 60,000 shares of the Company's common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value ranging from \$0.02 to \$0.04 per common share or \$1,908 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$1,908 during the year ended September 30, 2017.

Between July 2017 and September 2017, the Company issued an aggregate of 18,000 shares of the Company's common stock to the three directors of the Company as payment for services rendered pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value ranging from \$0.02 to \$0.04 per common share or \$573 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$573 during the year ended September 30, 2017.

In July 2017, the Company issued 1,000,000 shares of common stock to a consultant under a Registration Statement on Form S-8 pursuant to a six-month consulting agreement dated on March 29, 2016. Subsequent to September 30, 2017, the 1,000,000 shares were earned under this agreement. The Company valued these common shares at the fair

value at \$0.04 per common share or \$44,000 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$44,000 during the year ended September 30, 2017.

In September 2017, the Company issued 1,261,539 shares of common stock to the note holder upon the conversion of \$7,600 of principal amount and \$600 in fees pursuant to the conversion terms of the convertible notes (see Note 4).

In September 2017, the Company issued 892,722 shares of common stock to the note holder upon the conversion of \$5,203 of principal amount and \$600 in fees pursuant to the conversion terms of the convertible notes (see Note 4).

During the year ended September 30, 2017, the Company sold 8 Class A units of membership interest in CFTB Movie for \$800,000 in cash and assigned 1 Class B unit in CFTB Movie pursuant to a guarantee agreement deemed as other expense of \$100,000 (see Note 6) which resulted to approximately 27% non-controlling interest. One class of Membership Interests in CFTB Movie were offered for sale through a Private Placement Memorandum with a Minimum offering of \$400,000 of LLC Class A Units and Maximum Offering of \$2.5 Million of LLC Class A Units at \$100,000 per unit. A Maximum of Twenty-Five (25) Class A Units were offered for sale. These Class A Units have a price of \$100,000 per Unit. The units were sold at minimum of ½ for \$50,000 for each ½ Class A unit (see Note 2).

Included in the \$800,000 sale of Class A units of membership discussed above was a sale to an affiliated company for \$150,000. The affiliated company is owned by a director of the Company (see Note 6).

Between October 2017 and September 2018, the Company issued an aggregate of 72,000 shares of the Company's common stock to the three directors of the Company as payment for services rendered pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value ranging from \$0.04 to \$0.17 per common share or \$5,235 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$5,235 during the year ended September 30, 2018.

Between October 2017 and September 2018, the Company issued 240,000 shares and 4,080,000 shares of the Company's common stock to the CEO and former COO of the Company, respectively, as payment for services rendered pursuant to Employment agreements (see Note 8). The Company valued these common shares at the fair value ranging from \$0.04 to \$0.17 per common share or \$349,874 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$349,874 during the year ended September 30, 2018.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 7 – STOCKHOLDERS' DEFICIT (continued)

In October 2017, the Company entered into a consulting agreement for investor relations services. The initial term of the consulting agreement is for 15 days and shall be automatically extended for an additional 75 days. The consultant received compensation for the initial term equivalent to 400,000 shares of the Company's common stock. The Company valued these common shares at the fair value of \$0.065 per common share or \$26,000 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$26,000 during the year ended September 30, 2018.

In November 2017, the Company issued 846,667 common stock to the note holder upon the conversion of \$17,690 of principal amount, \$3,300 accrued interest and \$600 in fees pursuant to the conversion terms of the convertible notes (see Note 5).

In February 2018, the Company entered into a 24 month consulting agreement for investor relations services. The consultant shall receive compensation of 25,000 shares of the Company's common stock per month. The Company issued an aggregate of 200,000 shares of the Company's common stock valued at the fair value ranging from \$0.04 to \$0.17 per common share or \$13,254 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$13,254 during the year ended September 30, 2018.

Between January 2018 and September 2018, the Company issued an aggregate of 22,636,196 common stock to various note holders upon the conversion of \$433,696 of principal amount, \$71,169 accrued interest and \$4,600 in fees pursuant to the conversion terms of the convertible notes (see Note 4).

In August 2018, the Company issued 1,927,898 common stock in connection with the cashless exercise of warrants granted in January 2018 pursuant to the terms of the stock warrant agreement issued in connection with a convertible note. The Company recorded the common stock at par value and a corresponding offset against additional paid in capital.

During the year ended September 30, 2018 and 2017, the Company reclassified \$638,804 and \$386,515, respectively, to paid-in capital due to the conversion of convertible note into common stock.

Preferred stock

In July 2017, the Board of Directors of the Company designated 51 shares of its Series A Preferred Stock ("Series A Preferred Stock"). The Series A Preferred Stock has no rights to receive dividends. Each one (1) share of the Series A Preferred Stock shall have voting rights equal to (x) 0.019607 multiplied by the total issued and outstanding Common Stock eligible to vote at the time of the respective vote ("Numerator") divided by (y) 0.49 minus (z) the Numerator. The Series A Preferred Stock does not convert into equity of the Company. The Series A Preferred Stock does not contain any redemption provision and shall have no liquidation preference.

In July 2017, the Company issued 51 shares of the Company's Series A Preferred Stock to the CEO of the Company for services provided. The CEO had 15.57% of total voting rights prior to the issuance of these Series A Preferred Stock. Consequently, after such issuance, the CEO's percentage voting rights increased to 58.63% of total voting rights.

The Company valued the Series Preferred Stock at par value. In connection with the issuance of super voting control preferred stock in July 2017 (herein referred to as the "Valuation Date"), the Company assessed the fair value of the issued preferred stock issued to the CEO of the Company for purposes of determining the valuation as set forth in ASC 820-10-35-37 *Fair Value in Financial Instruments*. Based on an independent appraisal report which utilized the market approach to estimate fair values on the Valuation Date, and for the year ended September 30, 2017, the Company recorded stock-based compensation of \$84,580. The preferred stock issued was valued based upon industry specific control premiums and the Company's estimated equity value at the time of the transaction. The market approach was utilized to arrive at an indication of equity value based on recent transactions involving the Company's common stock. The control premium for the Company was based on publicly traded companies in a similar industry which have been recently acquired in arm's-length transactions. The Company estimated the control premium for the voting control of the preferred stock based on Entertainment Production industries at 20% which was reduced to 10% control premium to consider synergistic premium as of July 2017, based on comparable publicly traded data, adjusted for company-specific factors.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 7 – STOCKHOLDERS' DEFICIT (continued)

The control valuation of the Series A Preferred Stock as of July 26, 2017 used the following inputs:

1. The trading price of the Company's common stock was \$0.0399 as of July 26, 2017;
2. The Company's share of common stock issued and outstanding totaled 21,197,507 as of July 27, 2017.
3. A 10.00% premium over the equity value for the voting preferences;
4. The Company has no warrants or other Preferred Stock outstanding as of this valuation date.
5. The CEO also held 3,300,000 common shares of the Company.

The Company valued the share on the date of grant in July 2017 at the fair value of \$84,580 and recorded stock-based compensation of \$84,580.

Stock Warrants

There were no stock warrant activity during the year ended September 30, 2017. A summary of the Company's outstanding stock warrants as of September 30, 2018 and changes during the year ended are presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Balance at October 1, 2017	—	\$ —	—
Granted	733,333	0.19	2.65
Cancelled	—	—	—
Exercised	(222,222)	0.18	0.25
Forfeited	—	—	—
Balance at September 30, 2018	511,111	\$ 0.20	3.67
Warrants exercisable at September 30, 2018	511,111	\$ 0.20	3.67
Weighted average fair value of warrants granted during the period		\$ 0.04	

In January 2018, the Company granted a 1 year 222,222 warrants to purchase the Company's common stock in connection with the issuance of a convertible note (see Note 4). The warrants had a term of 1 year from the date of grant and was exercisable at an exercise price of \$0.18. The exercise price and the number of warrants were subject to adjustment upon distribution of assets and anti-dilution protection provision as defined in the stock warrant agreement. The 222,222 warrants were valued on the grant date at approximately \$0.03 per warrant or a total of \$5,998 using a Black-Scholes option pricing model with the following assumptions: stock price of \$0.06 per share (based on the quoted trading price on the dates of grants), volatility of 187%, expected term of 1 year, and a risk free interest rate of 1.63%. During the year ended September 30, 2018, the Company recorded a debt discount of \$5,998 and a corresponding increase in additional paid in capital. In August 2018, the warrant holder elected to exercise 222,222 warrants by cashless exercise and converted into 1,927,898 common stock pursuant to the terms of the stock warrant agreement.

In May 2018, the Company granted a 1 year 111,111 warrants to purchase the Company's common stock in connection with the issuance of a convertible note (see Note 4). The warrants had a term of 1 year from the date of grant and was exercisable at an exercise price of \$0.18. The exercise price and the number of warrants were subject to adjustment upon distribution of assets and anti-dilution protection provision as defined in the stock warrant agreement. The 111,111 warrants were valued on the grant date at approximately \$0.06 per warrant or a total of \$2,972 using a Black-Scholes option pricing model with the following assumptions: stock price of \$0.06 per share

(based on the quoted trading price on the dates of grants), volatility of 187%, expected term of 1 year, and a risk free interest rate of 1.63%. The Company determined that the terms of the warrants granted discussed above include a down-round provision under which the exercise price could be affected by future equity offerings undertaken by the Company which cause the embedded conversion options to be accounted for as derivative liabilities. During the year ended September 30, 2018, the Company recorded a debt discount of \$2,972 and a corresponding increase in derivative liabilities in connection with this stock warrant grant (see Note 4).

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 7 – STOCKHOLDERS’ DEFICIT (continued)

In April 2018, the Company entered into an amendment agreement with a certain note holder of convertible notes issued in July 2017 and September 2017 (see Note 4) whereby the Company agreed to grant 5 year 400,000 warrants to purchase the Company’s common stock and \$25,000 in exchange for the forbearance from converting the notes into shares of common stock of the Company until October 1, 2018 unless an event of default as defined in the note agreements occurs or the Company’s stocks trades at a price less than \$0.02 per share. The warrants has a term of 5 years from the date of grant and was exercisable at an exercise price of \$0.20. The 400,000 warrants were valued on the grant date at approximately \$0.05 per warrant or a total of \$21,541 using a Black-Scholes option pricing model with the following assumptions: stock price of \$0.05 per share (based on the quoted trading price on the dates of grants), volatility of 186%, expected term of 10 years, and a risk free interest rate of 2.64%. The Company determined that the terms of the warrants granted discussed above include a down-round provision under which the exercise price could be affected by future equity offerings undertaken by the Company which cause the embedded conversion options to be accounted for as derivative liabilities. During the year ended September 30, 2018, the Company recorded total forbearance fee of \$46,541 in connection with this amendment agreement. The Company recorded a corresponding increase in derivative liabilities in connection with the fair value of stock warrant grant (see Note 4).

2017 Stock Incentive Plan

In February 2017, the Company’s Board of Directors authorized the 2017 Incentive Stock Plan covering 1,000,000 shares of common stock. The purpose of the plan is designed to retain directors, executives and selected employees and consultants and reward them for making major contributions to the success of the Company. These objectives are accomplished by making long-term incentive awards under the Plan thereby providing Participants with a proprietary interest in the growth and performance of the Company.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Employment agreement

In October 2015, the Company entered into an Employment Agreement (the “Employment Agreement”) with Mr. Brian Lukow, the CEO of the Company. As compensation for his services per the terms of the Employment Agreement, the Company shall pay \$5,000 per month and 20,000 shares of the Company’s common stock calculated at \$0.25 per share (see Note 7). The Employment Agreement may be terminated by either party upon two months written notice. On February 16, 2018, the Company amended this Employment Agreement to increase Mr. Lukow’s base salary from \$5,000 to \$8,000 per month. As of September 30, 2018, accrued salaries to Mr. Lukow amounted to \$7,151 and was included in accounts payable and accrued liabilities as reflected in the accompanying consolidated balance sheets.

On January 31, 2018, the Company entered into a 5 year employment agreement with Mr. Howard Kra, the COO of the Company. As compensation for his services per the terms of the employment agreement, the Company shall pay \$96,000 per annum and entitled to additional compensation of 1,000,000 shares of the Company's common stock for the first 4 months and then 20,000 shares of the Company's common stock every month thereafter (see Note 7). The employment agreement may be terminated by either party upon 14 days written notice. As of September 30, 2018, accrued salaries to Mr. Kra amounted to \$56,000 and was included in accounts payable and accrued liabilities as reflected in the accompanying consolidated balance sheets. In November 2018, the Company and Mr. Kra entered into a separation agreement whereby the Company accepted the resignation of the former COO and both parties agree that there will be no further obligation remained after the payment of \$8,000 and issuance of 1,000,000 common stock in February 2018. Consequently, in November 2018, the Company will reduce accrued expenses of \$56,000 and reverse previously recorded stock based compensation of \$272,434 in connection with this separation agreement.

Corporate director agreements

In October 2015, the Company entered into three corporate director agreements with Mr. Brian Lukow, Mr. Brian Gold and Ms. Aimee O'Brien to serve as members of the Company's board of directors. The term of the agreements shall continue until September 30, 2016 unless earlier terminated by the Company. As compensation for their services per the terms of their respective corporate director agreements, the Company pays fees to i) Mr. Lukow of 2,000 shares of the Company's common stock per month ii) Ms. O'Brien of 2,000 shares of the Company's common stock per month and iii) Mr. Gold of 2,000 shares of the Company's common stock per month during the month of service. Pursuant to the agreement, the director who will introduce and arrange for equity funding and acquisitions shall be entitled with a 10% commission fee as defined in the agreement.

Consulting agreements

In October 2016, the Company entered into a video production agreement with a third party vendor. The vendor provided production and post production services to the Company. The fees for such services were cash payment of \$15,000 and 100,000 shares of the Company's common stock. The Company has paid \$15,000 during the fiscal year ended September 30, 2017. The Company has not issued the 100,000 shares as of September 30, 2018 but has accrued the value of the 100,000 shares of common stock upon completion of the services which amounted to \$4,000.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 8 – COMMITMENTS AND CONTINGENCIES (continued)

In November 2016, the Company entered into a Directors Loan-Out Agreement (the "Director Agreement") with a movie directing company for directing services with regards to a theatrical motion picture entitled Crazy for the Boys (the "Picture"). The term of this agreement shall continue until the completion of all the movie director's required services on the Picture. The Organizer of CFTB GA is a manager of the movie directing company. The Company agreed to pay the following:

- a) **Guaranteed Compensation:** \$100,000 upon commencement of the official pre-production, beginning with a 5% deposit upon execution of this agreement and the full balance shall be paid no later than the delivery of the movie director's final cut of the Picture. The Company has paid the \$100,000 during fiscal year 2017 and was included in production film cost.
- b) **Contingent Compensation:** Subject to the production and release of the Picture. The movie director shall be

entitled to receive as contingent compensation an amount equal to 5% of the net profits of the Picture, if any. Such contingent compensation is considered a participation cost which is recognized evenly as the ultimate revenues are earned in accordance with ASC 926.

- c) Box Office Bonuses upon meeting certain box office sales threshold as defined in this agreement.

In January 2017, the Company entered into a Producer Agreement (the “Producer Agreement”) with a producer to render all services that are customarily rendered by producers of first-class feature-length motion pictures. The term of this agreement shall continue until the completion of all the producer’s required services on the Picture. The Organizer of CFTB GA is also the producer. The Company agreed to pay the following:

- a) Fixed Compensation of \$75,000 payable during the pre-production, production and post production stage of the Movie as reflected in the Producer Agreement. The Company has paid the \$75,000 during fiscal year 2017 and was included in production film cost.
- b) Contingent Compensation: Subject to the production and release of the Picture. The producer shall be entitled to receive as contingent compensation an amount equal to 2% of the producer’s net proceeds of the Picture, if any. Such contingent compensation is considered a participation cost which is recognized evenly as the ultimate revenues are earned in accordance with ASC 926.

In July 2017, the Company entered into an Executive Producer Agreement (the “Executive Producer Agreement”) with an executive producer to provide executive producing services, which are usually and customarily performed by executive producers in the motion picture industry. The term of this agreement shall continue until the completion of all the executive producer’s required services on the Picture. The Company agreed to pay the following:

- a) Fixed Compensation of \$50,000 payable in five equal installments. The Company has paid the \$50,000 during fiscal year 2017 and year 2018 and was included in production film cost.
- b) Adjusted gross receipts: The executive producer shall be entitled to receive 2% of adjusted gross receipts with a cap of \$100,000 as defined in the Executive Producer Agreement. Such contingent compensation is considered a participation cost which is recognized evenly as the ultimate revenues are earned in accordance with ASC 926.

In February 2018, the Company entered into a 24 month consulting agreement for investor relations services. The consultant shall receive compensation of 25,000 shares of the Company’s common stock per month. This consulting agreement may be terminated by either party upon 30 days written notice.

Loan agreements

In June 2017, in connection with a loan agreement (see Note 5), through the Company’s majority owned subsidiary, CFTB GA, the Company agreed to 1) issue a note payable of \$25,000 to the lender and 2) the lender shall be entitled to a 50% net profit from the Movie. In the event, the loan gets repaid, the lender’s percentage ownership will decrease to 37%. However, the percentage of ownership shall remain at 50% if such additional loan was not paid within 90 days. Additionally, the initial proceeds of \$300,000 received from the lender is accounted for as liability or debt to be paid through the profit share arrangement (see Note 5).

In July 2017, the Company entered into an Agreement, to extend the maturity date of a loan into December 1, 2017 from August 15, 2017 and to release a guarantee arrangement. In consideration for extending the maturity date to December 1, 2017 and the release of the guarantee, the Company shall pay i) \$25,000 ii) 6% of adjusted gross revenue from the Movie as defined in the Agreement and iii) shall be first position of senior secured creditor after repayment of a loan to a certain lender as defined in the Agreement (see Note 5).

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 8 – COMMITMENTS AND CONTINGENCIES (continued)

Operating Lease

In December 2015, the Company through its wholly owned subsidiaries, Tween Entertainment, executed a month to month operating lease agreement located in Boca Raton, Florida. The lease is for a period of 12 months commencing in December 2015 and expiring in December 2016. The lease requires the Company to pay a monthly rent of \$1,000. The Company terminated the month to month lease agreement for the Boca Raton office in February 2016.

In December 2015, the Company through its wholly owned subsidiaries, Tween Entertainment, executed a month to month operating lease agreement with the CEO of the Company. The lease premise is located in Mt. Kisco, New York and the initial term was for a period of 12 months commencing in December 2015 and expiring in December 2016. The lease is currently on a month to month lease. The lease requires the Company to pay a monthly rent of \$1,000. Rent expense was \$12,000 for both year ended September 30, 2018 and 2017.

Equity Financing Agreement

On April 11, 2018, the Company entered into an Equity Financing Agreement and Registration Rights with GHS Investments LLC (“GHS”), who is also a note holder. Although the Company is not mandated to sell shares under the Financing Agreement, the Financing Agreement gives the Company the option to sell to the note holder, up to \$4,000,000 worth of the Company’s common stock over the period ending twenty-four (24) months after the date the Registration Statement is deemed effective. The \$4,000,000 was stated as the total amount of available funding in the Financing Agreement because this was the maximum amount that GHS agreed to offer the Company in funding. The purchase price of the common stock will be set at eighty percent (80%) of the lowest trading price of the common stock during the ten (10) consecutive trading day period immediately preceding the date on which the Company delivers a put notice to GHS. In addition, there is an ownership limit for GHS of 9.99%. GHS is not permitted to engage in short sales involving the Company’s common stock during the term of the commitment period. Additionally, the Company issued to GHS a \$40,000 promissory note dated in July 2018 as a commitment fee and shall mature 6 months from execution (see Note 5). As of September 30, 2018, the Company recorded the commitment fee as deferred financing cost and shall be deducted from the amount of the proceeds that will be receive from this financing.

NOTE 9 – INCOME TAXES

Management believes that the realization of the benefits from these losses appears not more than likely due to the Company’s limited operating history and continuing losses for United States income tax purposes. Accordingly, the Company has provided a 100% valuation allowance on the deferred tax asset to reduce the asset to zero. Management will review this valuation allowance periodically and make adjustments as necessary.

The items accounting for the difference between income taxes at the effective statutory rate and the provision for income taxes were as follows:

	Year Ended September 30, 2018	Year Ended September 30, 2017
Income tax benefit at U.S. statutory rate of 34%	\$ (387,797)	\$(1,662,499)
Income tax benefit – State tax rate at 5%	(57,029)	(244,485)

Change in Federal tax rate at 21%	248,229	-
Non-deductible expenses	160,952	1,630,705
Increase in valuation allowance	35,645	276,279
Total provision for income tax	\$ -	\$ -

The Company's approximate net deferred tax asset was as follows:

	September 30, 2018	September 30, 2017
Deferred Tax Asset:		
Net operating loss carryforward	\$ 496,459	\$ 460,814
Valuation allowance	(496,459)	(460,814)
Net deferred tax asset	\$ -	\$ -

F-30

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 9 – INCOME TAXES (continued)

On December 22, 2017, the Tax Cuts and Jobs Act (the “Act”) was signed into law. The Act decreases the U.S. corporate federal income tax rate from a maximum of 34% to a flat 21% effective January 1, 2018. The impact of the re-measurement on the Corporation's net deferred tax asset, as of September 30, 2018, was an approximately \$248,000 decrease in deferred tax assets, with a corresponding decrease in the Company's valuation allowance, and no impact on income tax expense. The Act also includes a number of other provisions including, among others, the elimination of net operating loss carrybacks and limitations on the use of future losses, the repeal of the Alternative Minimum Tax regime and the repeal of the domestic production activities deduction. These provisions are not expected to have a material effect on the Corporation. Given the significant complexity of the Act and anticipated additional implementation guidance from the Internal Revenue Service, further implications of the Act may be identified in future periods.

The net operating loss carryforward was approximately \$1,909,000 at September 30, 2018. The Company provided a valuation allowance equal to the deferred income tax asset for the year ended September 30, 2018 and 2017 because it was not known whether future taxable income will be sufficient to utilize the loss carryforward. The increase in the allowance was \$35,645 in fiscal 2018. The potential tax benefit arising from the loss carryforward will expire in 2037.

Additionally, the future utilization of the net operating loss carryforward to offset future taxable income may be subject to an annual limitation as a result of ownership changes that could occur in the future. If necessary, the deferred tax assets will be reduced by any carryforward that expires prior to utilization as a result of such limitations, with a corresponding reduction of the valuation allowance. The Company does not have any uncertain tax positions or events leading to uncertainty in a tax position. The Company's 2015, 2016 and 2017 Corporate Income Tax Returns are subject to Internal Revenue Service examination.

NOTE 10 – SUBSEQUENT EVENTS

On October 30 2018, the Company entered into a Settlement Agreement and Release with a certain note holder of various 10% convertible notes payable (see Note 4), whereby the Company agrees to pay the note holder a total pay off amount of \$646,962 to be paid in three tranches as follows: \$228,354 due on October 31, 2018, \$191,081 due on November 30, 2018 and \$227,526 due on December 30, 2018 in exchange for the release of the total principal

amount of \$594,000 plus the related accrued interest. In October 2018, November 2018 and December 2018, the Company paid payments tranche 1, 2 and 3 pursuant to the Settlement Agreement and Release.

On October 26, 2018, the Company received additional proceeds of \$20,000 under a 10% Convertible Promissory Notes for principal borrowings of up to \$80,000 issued in January 2018 (see note 4). The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On October 24, 2018, the Company issued 8% Convertible Promissory Notes for principal borrowings of \$40,000. The 8% convertible promissory notes and all accrued interest are due in February 2019. The note is unsecured and bear interest at the rate of 8% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price to a price which is 57% of the lowest trading price of the Company's common stock during the 15 prior trading days to the conversion date. The Company does not have a right to prepay the note within 6 months of the issuance date of this note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On October 31, 2018, the Company issued a 10% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$250,000. The 10% convertible promissory note and all accrued interest are due on October 31, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 55% of the lowest trading price during the 15 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 138% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$16,000 in connection with this note payable which will be amortized over the term of the note.

On October 1, 2018, the Company entered into a 24 month consulting agreement for investor relations and business development services. The consultant shall receive compensation of 1,000,000 shares of the Company's common stock per month for the first six months and then 22,000 shares per month thereafter. This consulting agreement may be terminated by either party upon 30 days written notice.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 10 – SUBSEQUENT EVENTS (continued)

On October 30, 2018, the Company entered into a 6 month consulting agreement for business advisory services. The consultant shall receive 2,500,000 shares of the Company's common stock as compensation. This consulting agreement may be terminated by either party upon 30 days written notice.

On October 30, 2018, the Company entered into a 1 year consulting agreement for investor and public relations services. The consultant shall receive compensation of \$6,000 per month and 2,500,000 shares of the Company's common stock. This consulting agreement may be terminated by either party upon 30 days written notice.

On October 15, 2018, the Company entered into a sales agent agreement with a third party (the “Sales Agent”) who will act as an exclusive sales agent for the purpose of seeking distribution for the motion picture project, Crazy for the Boys. The term of this agreement commence as of the date of this agreement and end one year from the date of the first distributor screening of the Movie. Both parties agree that if Sales Agent does not showcase the Movie within 6 months, the term shall expire. In consideration for the services rendered hereunder, the Sales Agent shall receive 10% of the gross monies in connection with any sale of rights to the Movie.

On November 19, 2018, the Board of Directors of the Company approved and increase the authorized shares to 1,505,000,000 shares of authorized capital stock. Consequently, the authorized capital stock consists of 1,500,000,000 shares of common stock and 5,000,000 shares of preferred stock.

In November 2018, the Company and Mr. Kra, former COO of the Company, entered into a separation agreement whereby the Company accepted the resignation of the former COO and both parties agree that there will be no further obligation remained after the payment of \$8,000 and issuance of 1,000,000 common stock in February 2018. Consequently, in November 2018, the Company will reduce accrued expenses of \$56,000 and reverse previously recorded stock based compensation of \$272,434 in connection with this separation agreement.

On November 6, 2018, the Company issued a 10% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$120,000. The 10% convertible promissory note and all accrued interest are due on November 6, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company’s common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 100% to 136% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$2,000 in connection with this note payable which will be amortized over the term of the note.

On November 7, 2018 the Company paid off a 10% convertible promissory note dated on May 7, 2018 with principal amount of \$78,000 including accrued interest of \$4,693 and prepayment penalty of \$32,898.

On November 13, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$73,000. The 12% convertible promissory note and all accrued interest is due on August 30, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company’s common stock at a conversion price equal to a price which is 58% of the average of the lowest 2 trading prices of the Company’s common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On November 14, 2018 the Company paid off a 10% convertible promissory note dated on January 23, 2018 with principal amount of \$20,000 including accrued interest of \$1,412 and prepayment penalty of \$10,068.

On November 14, 2018, the Company sold 1and ¼ Class A units of membership interest in CFTB Movie to a director of the Company for \$125,000.

[Table of Contents](#)

ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 10 – SUBSEQUENT EVENTS (continued)

On November 23, 2018, the Company issued a 10% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$140,000. The 10% convertible promissory note and all accrued interest are due on November 23, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 100% to 136% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$4,000 in connection with this note payable which will be amortized over the term of the note.

On November 23, 2018 the Company paid off a 12% convertible promissory note dated on May 16, 2018 with principal amount of \$85,000 including accrued interest of \$5,365 and prepayment penalty of \$42,248.

On November 20, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$100,000. The 12% convertible promissory note and all accrued interest are due on August 20, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 61% of the average of the lowest 2 trading prices during the 10 prior trading days immediately preceding including the day of the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 110% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$6,000 in connection with this note payable which will be amortized over the term of the note.

On November 27, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$250,000. The 12% convertible promissory note and all accrued interest are due on May 27, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 90 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 125% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$20,750 in connection with this note payable which will be amortized over the term of the note.

Between October 2018 and November 2018, the Company issued an aggregate of 6,389,087 common stock to various note holders upon the conversion of \$69,616 of principal amount, \$20,563 accrued interest and \$1,000 in fees pursuant to the conversion terms of the convertible notes (see Note 4).

In November 2018, the Company issued 2,927,619 common stock in connection with the cashless exercise of warrants granted in May 2018 (see Note 7) pursuant to the terms of the stock warrant agreement issued in

connection with a convertible note. The Company recorded the common stock at par value and a corresponding offset against additional paid in capital.

On December 3, 2018 the Company paid off an 8% convertible promissory note dated on August 18, 2017 with principal amount of \$55,000 including accrued interest of \$4,364 and prepayment penalty of \$19,250.

On December 13, 2018 the Company paid off a 12% convertible promissory note dated on June 15, 2018 with principal amount of \$78,000 including accrued interest of \$4,667 and prepayment penalty of \$33,031.

[Table of Contents](#)

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 10 – SUBSEQUENT EVENTS (continued)

On December 13, 2018, the Company issued a 10% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$150,000. The 10% convertible promissory note and all accrued interest are due on December 13, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 110% to 134% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$6,000 in connection with this note payable which will be amortized over the term of the note.

On December 28, 2018, the Company issued a 10% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$250,000. The 10% convertible promissory note and all accrued interest are due on December 28, 2019. The note are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 110% to 134% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$11,000 in connection with this note payable which will be amortized over the term of the note.

On December 21, 2018, the Company issued a 12% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$78,000. The 12% convertible promissory note and all accrued interest is due on July 15, 2019. The note are unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 58% of the average of the lowest 2 trading prices of the Company's common stock during the 10 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After

this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note.

On January 9, 2019, the Company issued a 10% Convertible Promissory Note with a certain note holder for principal borrowings of up to \$163,000. The 10% convertible promissory note and all accrued interest are due on January 9, 2020. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 60% of the lowest trading price during the 18 prior trading days immediately preceding including the day of the conversion date. During the first 60 to 180 days following the date of these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 110% to 134% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost of \$8,000 in connection with this note payable which will be amortized over the term of the note.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A: CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our periodic reports filed under the Securities Exchange Act of 1934, as amended, or 1934 Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and to ensure that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer as appropriate, to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including the principal executive officer and the principal financial officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13(a)-15(e) under the 1934 Act, as of the end of the period covered by this report. Based on this evaluation, because of the Company's limited resources and limited number of employees, management concluded that our disclosure controls and procedures were not effective as of September 30, 2018.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of the financial statements of the Company in accordance with U.S. generally accepted accounting principles, or GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

With the participation of our Chief Executive Officer and acting Chief Financial Officer (our sole officer), management conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2018 based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013"). Based on our evaluation and the material weaknesses described below, management concluded that the Company's internal controls were not

effective based on financial reporting as of September 30, 2018 based on the COSO framework criteria. Management has identified control deficiencies regarding the lack of segregation of duties and the lack of multiple levels of supervision and review. Management of the Company believes that these material weaknesses are due to the small size of the Company's management and accounting staff and reliance on outside consultants for external reporting. The small size of the Company's accounting staff may prevent adequate controls in the future, such as segregation of duties, due to the cost/benefit of such remediation. Additionally, the fact that we only have one officer was identified as a material weakness and deficiency.

To mitigate the current limited resources and limited employees, we rely heavily on direct management oversight of transactions, along with the use of legal and outside accounting consultants. As we grow, we expect to increase our number of employees, which will enable us to implement adequate segregation of duties within the internal control framework.

These control deficiencies could result in a misstatement of account balances that would result in a reasonable possibility that a material misstatement to our consolidated financial statements may not be prevented or detected on a timely basis. Accordingly, we have determined that these control deficiencies as described above together constitute a material weakness.

In light of this material weakness, we performed additional analyses and procedures in order to conclude that our consolidated financial statements for the year ended September 30, 2018 included in this Annual Report on Form 10-K were fairly stated in accordance with US GAAP. Accordingly, management believes that despite our material weaknesses, our consolidated financial statements for the year ended September 30, 2018 are fairly stated, in all material respects, in accordance with US GAAP.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fourth fiscal quarter of the year covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B: OTHER INFORMATION

On October 30 2018, the Company entered into a Settlement Agreement and Release with a certain note holder of various 10% convertible notes payable (see Note 4), whereby the Company agrees to pay the note holder a total pay off amount of \$646,962 to be paid in three tranches as follows: \$228,354 due on October 31, 2018, \$191,081 due on November 30, 2018 and \$227,526 due on December 30, 2018 in exchange for the release of the total principal amount of \$594,000 plus the related accrued interest. In October 2018, November 2018 and December 2018, the Company paid payments tranche 1, 2 and 3 pursuant to the Settlement Agreement and Release.

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Identification of Directors and Executive Officers

Set forth below are the names, ages and present principal occupations or employment, and material occupations, positions, offices or employments for the past five years of our current directors and executive officers. Unless otherwise indicated, the address of each person listed is c/o All for One Media Corp., 236 Sarles Street, Mt. Kisco, New York 10549.

Name and Business Address	Age	Position
Brian J. Lukow	59	President and Director
Brian Gold	62	Director
Aimee Ventura O'Brien	54	Secretary and Director

Brian J. Lukow, 59, President and Director. Brian Lukow began his professional career on Wall Street. He was a senior vice President of Lehman Brothers from 1984 to 1991 and a managing director of Ladenburg Thalmann from 1992 to 1994. Mr. Lukow was most recently the highly talented co-creator and co-producer of Huckapoo. Prior to that, Mr. Lukow was the co-creator and executive producer of Dream Street, a successful boy band, and a best-selling pop music acts in recent years, whose debut album reached number one on the *Billboard Magazine* Independent charts. The original girl group concept is his creation and is built upon his experience and success with Dream Street and Huckapoo. In addition to his production credits, Mr. Lukow is also an accomplished songwriter. Among Mr. Lukow's writing credits is the song "Jennifer Goodbye" which was recorded by Dream Street on its first album; that album went on to sell nearly one million units. Mr. Lukow is a co-writer on five of the original Huckapoo recordings as well. Additionally, Mr. Lukow is the associate producer of the motion picture "The Biggest Fan" starring Chris Trousdale, Cindy Williams, and Pat Morita. From 1994 to 1996 Mr. Lukow was President of Brirock Entertainment, a firm specializing in artist management.

Aimee Ventura O'Brien, 54, Secretary and Director. Aimee Ventura O'Brien has a diverse background in business, including experiences on Wall Street and in the world of architecture. On Wall Street, Ms. O'Brien traded complex equity derivatives for Credit Suisse and Fidelity Investment. She eventually decided to return to school to become an architect. Since graduating, Ms. O'Brien has worked for two large building envelope firms in New York, learning about the complex design of building skins. Ms. O'Brien holds a bachelor's degree in mathematics and business from Skidmore College and a bachelor's of architecture from NY Institute of Technology. Additionally, she has taken graduate courses at New York University. Ms. O'Brien has won awards from the American Institute of Architects, Henry Adams Certificate, Robert Jensen Memorial Award, and the Maria Bentel Memorial Thesis Travel Grant.

Brian D. Gold, 62, Director. Brian D. Gold is currently the president and CEO of his family's business, Sultana Distribution Services, Inc., which is the largest candy re-distributor in the United States, selling to hundreds of wholesalers across the country. Mr. Gold started with the company in 1975, joining Sultana Crackers, Inc., a company started by his father, Bernard, in 1947, that was predominately a specialty cracker supplier and distributor. The company sold to independent wagon jobbers who then vended the products to bodegas in the Queens, NY region. Seeing the potential to expand the business, Brian began selling additional products, including candy. This venture prompted the company to expand its operation through sales to wholesale distributors. Brian has long been active in the snack industry and considers himself an original member of the New York City Confectionery Club, who named him their Man of the Year for 1978. Mr. Gold was inducted into the Candy Hall of Fame in 2014.

Significant Employees

Other than the above-named officer and directors, we have no full-time employees whose services are materially significant to our business and operations.

Family Relationships

There are no familial relationships among any of our officers or directors. None of our directors or officers is a director in any other reporting companies. The Company is not aware of any proceedings to which any of the Company, officers or directors, or any associate of any such officer or director, is a party adverse to the Company or any of the Company, subsidiaries or has a material interest adverse to it or any of its subsidiaries.

Involvement in Other Public Companies

None.

Involvement in Certain Legal Proceedings

During the past ten years, none of our present or former directors, executive officers or persons nominated to become directors or executive officers:

- have been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- have been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- have been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- have been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or have been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Compliance with Section 16(a) of the Exchange Act

Our common stock is registered under the Exchange Act, and therefore, the officers, directors and holders of more than 10% of our outstanding shares are subject to the provisions of Section 16(a) which requires them to file with

the SEC initial reports of ownership and reports of changes in ownership of common stock and our other equity securities. Officers, directors and greater than 10% beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file.

Code of Ethics

The Company does not currently have a Code of Ethics.

Corporate Governance

Nominating Committee

We have not established a Nominating Committee because, due to our lack of operations, we believe that we are able to effectively manage the issues normally considered by a Nominating Committee. Following the entry into any business or the completion of any acquisition, merger or reorganization, a further review of this issue will no doubt be necessitated and undertaken by new management.

If we do establish a Nominating Committee, we will disclose this change to our procedures in recommending nominees to our Board of Directors.

Audit Committee

We have not established an Audit Committee because, due to our lack of material operations and the fact that we only have three directors and one executive officer, we believe that we are able to effectively manage the issues normally considered by an Audit Committee. Following the entry into any business or the completion of any acquisition, merger or reorganization, a further review of this issue will no doubt be necessitated and undertaken by new management.

ITEM 11: EXECUTIVE COMPENSATION

Summary Table. The following table sets forth information concerning the annual and long-term compensation awarded to, earned by, or paid to the named executive officer for all services rendered in all capacities to our company, or any of its subsidiaries, for the years ended September 30, 2018 and 2017:

Compensation Table for Executives

Name & Principal Position	Year	Salary (\$)	Bonus	Stock Awards (\$)	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total (\$)
Brian Lukow, President (1)	2018	82,500	0	17,440	0	0	0	99,940
	2017	60,000	0	114,040	0	0	0	175,000
Howard Kra, Former Chief Operating Officer (2)	2018	8,000	0	60,000	0	0	0	68,000
	2017	0	0	0	0	0	0	0
Aimee O'Brien, Secretary Ventura	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0

Employment Agreements

- (1) The Company has an employment contract with Brian Lukow, its President, which provides for a monthly salary of \$5,000 plus 20,000 shares of common stock. On February 16, 2018, the Company amended this Employment Agreement to increase Mr. Lukow's base salary from \$5,000 to \$8,000 per month. The employment contract also has customary provisions for other benefits and includes non-competition and non-solicitation clauses. The employment agreement was entered into October 2015, constitutes an "at will" employment arrangement, and may be terminated by either Lukow or the Company upon two months written notice if without cause.
- (2) On January 31, 2018, the Company entered into a 5 year employment agreement with Mr. Howard Kra, the COO of the Company. As compensation for his services per the terms of the employment agreement, the Company shall pay \$96,000 per annum and entitled to additional compensation of 1,000,000 shares of the Company's common stock for the first 4 months and then 20,000 shares of the Company's common stock every month thereafter. The employment agreement may be terminated by either party upon 14 days written notice. As of September 30, 2018, unpaid salaries to Mr. Kra amounted to \$56,000 and was included in accounts payable and accrued liabilities as reflected in the consolidated balance sheets. In November 2018, the Company and Mr. Kra entered into a separation agreement whereby the Company accepted the resignation of the former COO and both parties agree that there will be no further obligation remained after the payment of \$8,000 and issuance of 1,000,000 common stock in February 2018.

The Company has no other formal employment agreements.

Outstanding Equity Awards at Fiscal Year-End

None; not applicable.

Compensation of Directors

Summary Table. The following table sets forth information concerning the annual and long-term compensation awarded to, earned by, or paid to the named Directors for all services rendered in all capacities to our company, or any of its subsidiaries, for the year ended September 30, 2018:

Compensation Table for Directors

Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	Non-Equity Incentive Plan Compensation(\$)	Change in pension value and nonqualified deferred compensation earnings	All Other Compensation(\$)	Total (\$)
Brian Lukow	0	1,745	0	0	0	0	1,745
Brian Gold	0	1,745	0	0	0	0	1,745
Aimee Ventura O'Brien	0	1,745	0	0	0	0	1,745

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

Security Ownership of Certain Beneficial Owners

The following table lists, as of September 30, 2018, the number of shares of common stock of our Company that are beneficially owned by (i) each person or entity known to our Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each officer and director of our Company; and (iii) all officers and directors as a group. Information relating to beneficial ownership of common stock by our principal shareholders and management is based upon information furnished by each person using beneficial ownership, concepts under the rules of the Securities and Exchange Commission. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to vote or direct the voting of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the Securities and Exchange Commission rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary beneficial interest. Except as noted below, each person has sole voting and investment power.

The percentages below are calculated based on 61,620,491 shares of our common stock issued and outstanding and 51 shares of our Series A Preferred Stock issued and outstanding as of January 15, 2019. We do not have any outstanding options, or other securities exercisable for or convertible into shares of our common stock. Unless otherwise indicated, the address of each person listed is c/o All for One Media Corp., 236 Sarles Street, Mt. Kisco, New York 10549.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
Brian Lukow (3)	Common Stock	3,710,386	6.02%
	Preferred Stock	51	100%
Brian Gold (4)	Common Stock	3,124,580	5.07%
Aimee Ventura O'Brien (5)	Common Stock	1,452,580	2.36%
Directors and Officers as a Group		8,287,546	13.45%
Crazy for the Boys, LLC (6)(7)	Common Stock	5,201,500	8.44%

1. The number and percentage of shares beneficially owned is determined under the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares, which the individual has the right to acquire within 60 days through the exercise of any stock option or other right. The persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes to this table.
2. Based on 55,638,122 issued and outstanding shares of common stock as of September 30, 2018.
3. Brian Lukow is a director and the Company's President. Mr. Lukow's ownership includes his interests in Crazy for the Boys, LLC. Mr. Lukow owns 51 shares of preferred stock with voting rights equal to (x) 0.019607 multiplied by the total issued and outstanding shares of Common Stock eligible to vote at the time of the respective vote (the "Numerator"), divided by (y) 0.49, minus (x) the Numerator.
4. Brian Gold is a director of the Company. Mr. Gold's ownership includes his interests in Crazy for the Boys, LLC. These preferred shares give Mr. Lukow majority voting rights.
5. Aimee Ventura O'Brien is a director and the Company's Secretary.
6. Brian Lukow, the Company's President and director, is the managing member of Crazy for the Boys, LLC and owns approximately 17% of CFTB. Brian Gold, a director of the Company, owns approximately 20% of CFTB.
7. Michael Strasser is a member of CFTB.

SEC Rule 13d-3 generally provides that beneficial owners of securities include any person who, directly or indirectly, has or shares voting power and/or investment power with respect to such securities, and any person who has the right to acquire beneficial ownership of such security within 60 days. Any securities not outstanding which are subject to such options, warrants or conversion privileges exercisable within 60 days are treated as outstanding for the purpose of computing the percentage of outstanding securities owned by that person. Such securities are not treated as outstanding for the purpose of computing the percentage of the class owned by any other person. At the present time there are no outstanding options or warrants.

Changes in Control

Not applicable.

Securities Authorized for Issuance under Equity Compensation Plans

The Company's Board of Directors and majority shareholders approved the 2017 Incentive Stock Plan, as amended, on July 26, 2017 (the "Stock Option Plan"). The Stock Option Plan authorizes the issuance of up to 2,000,000 shares of common stock as incentive stock options.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

In December 2015, the Company through its then- wholly-owned subsidiary, Tween Entertainment, executed a month-to month operating lease agreement with the CEO of the Company. The lease premise is located in Mt. Kisco, New York and the initial term was for a period of 12 months commencing in December 2015 and expiring in December 2016. The lease is currently on a month to month lease. The lease requires the Company to pay a monthly base rent of \$1,000. The Company has paid rent \$12,000 and \$6,700 during the year ended September 30, 2017 and September 30, 2016 respectively.

On January 5, 2016, the Company entered into a two month consulting agreement with a consultant company to provide business advisory services. Pursuant to the consulting agreement, the Company paid a total of \$5,000 during the term of the agreement. One of the members of CFTB is an affiliate of this consulting company.

During April 2016, the CEO and a director of the Company loaned \$201 and \$2,500, respectively, to the Company for working capital purposes. This loan is non-interest bearing and is due on demand.

On April 5, 2016, the Company sold 40,000 shares of the Company's common stock to a director of the Company for gross proceeds of \$4,000.

In June 2016, the Company sold 1,000,000 shares of the Company's common stock to a consultant at \$0.0025 per common share or \$2,500. The Company received the proceeds of \$2,500 as of September 30, 2016 from the consultant. The consultant is one of the members of CFTB.

In July 2017, the Company sold 1 and ½ Class A units of membership interest in CFTB Movie to an affiliated company for \$150,000. The affiliated company is owned by a director of the Company (see Note 8).

On April 1, 2018, the Company issued a due on demand 5% promissory note to an affiliated company for \$200,000. The Company may prepay the note without a prepayment penalty. The former COO of the Company is a trustee of the affiliated company.

The CEO of the Company, Brian Lukow, who is the creator, writer, actor and producer of the movie is entitled to receive a writer's fee of \$25,000 and producer's fee of \$100,000 to be paid from gross revenues derived from the movie or the sale of ancillary products. As of September 30, 2017 and 2018, the Company recorded a total of \$125,000 in accrued expenses for services rendered by the CEO of the Company and a corresponding increase in film cost.

In July 2017, the Company sold 1 and ½ Class A units of membership interest in CFTB Movie to an affiliated company for \$150,000. The affiliated company is owned by a director of the Company.

On November 14, 2018, the Company sold 1 and ¼ Class A units of membership interest in CFTB Movie to a director of the Company for \$125,000.

Promoters and Certain Control Persons

During the past five fiscal years, we have not had any promoters at any time.

Parents of the Smaller Reporting Company

We have no parents.

Director Independence

Our securities are not listed on a national securities exchange or on any inter-dealer quotation system which has a requirement that a majority of directors be independent. Our board of directors has undertaken a review of the independence of each director by the standards for director independence set forth in the NASDAQ Marketplace Rules. Under these rules, a director is not considered to be independent if he or she also is an executive officer or employee of the corporation or a shareholder of the corporation. Our board of directors has determined that the Company does not have any independent directors.

ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES

The following is a summary of the fees billed to us by our principal accountants during the fiscal years ended September 30, 2018, and 2017:

Fee Category	2018	2017
Audit Fees	\$ 48,700	\$ 20,000
Audit-related Fees	\$ 0	\$ 20,600
Tax Fees	\$ 0	\$ 0
All Other Fees	\$ -	\$ 850
Total Fees	\$ 48,700	\$ 41,450

Audit Fees - Consists of fees for professional services rendered by our principal accountants for the audit of our annual financial statements and review of the financial statements included in our Forms 10-Q or services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements.

Audit-related Fees - Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees."

Tax Fees - Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All Other Fees - Consists of fees for products and services provided by our principal accountants, other than the services reported under “Audit fees,” “Audit-related fees,” and “Tax fees” above.

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

We have not adopted an Audit Committee; therefore, there is no Audit Committee policy in this regard. However, we do require approval in advance of the performance of professional services to be provided to us by our principal accountant. Additionally, all services rendered by our principal accountant are performed pursuant to a written engagement letter between us and the principal accountant.

PART IV

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1)(2) Financial Statements. See the audited financial statements for the year ended September 30, 2018 contained in Item 8 above which are incorporated herein by this reference.

(a)(3) Exhibits. The following exhibits are filed as part of this Annual Report:

Exhibit Number	Description
3.1	Certificate of Incorporation (1)
3.2	By-Laws (1)
3.3	Articles of Amendment (1)
10.1	Asset Exchange Agreement with Crazy For the Boys, LLC dated October 26, 2015 (1)
10.2	Employment Agreement with Brian Lukow (1)
10.3	Board of Directors Agreement with Brian Lukow (1)
10.4	Board of Directors Agreement with Brian Gold (1)
10.5	Consulting Agreement (1)
10.6	Amendment to Consulting Agreement (1)
10.7	Promissory Note with Apollo Capital Corp. dated June 27, 2016 (1)
10.8	Promissory Note with Apollo Capital Corp. dated August 25, 2016 (1)
10.9	Promissory Note with Apollo Capital Corp. dated October 25, 2016 (1)
10.10	Promissory Note with Apollo Capital Corp. dated January 5, 2017 (3)
10.11	Promissory Note with Power Up Lending Group dated February 23, 2017 (2)

[10.12 Promissory Note with Power Up Lending Group dated March 23, 2017 \(2\)](#)

[10.13 Promissory Note with Apollo Capital dated April 5, 2017 \(3\)](#)

[10.14 Promissory Note with Apollo Capital dated May 2, 2017 \(3\)](#)

[10.15 Promissory Note with Apollo Capital dated May 2, 2017 \(3\)](#)

[10.16 Loan and Security Agreement with Apollo Capital dated June 13, 2017 \(3\)](#)

[10.17 Extension and Release to Loan and Security Agreement with Apollo Capital dated July 25, 2017 \(3\)](#)

[10.18 Promissory Note with GS Capital Partners dated June 12, 2017 \(3\)](#)

[10.19 Executive Producer Agreement dated July 5, 2017 \(3\)](#)

[10.20 Promissory Note with JSJ Investments dated July 6, 2017 \(3\)](#)

[10.21 Promissory Note with Auctus Fund I dated July 18, 2017 \(3\)](#)

[10.22 Promissory Note with GS Capital Partners dated August 18, 2017 \(3\)](#)

[10.23 Promissory Note with Power Up Lending Group dated September 20, 2017 \(3\)](#)

[10.24 Promissory Note with Auctus Fund II dated September 25, 2017 \(3\)](#)

[10.25 Release and Indemnification Agreement dated November 9, 2017 \(3\)](#)

[10.26 Release and Indemnification Agreement dated November 9, 2017 \(3\)](#)

[10.27 Promissory Note with Power Up Lending Group dated November 28, 2017 \(3\)](#)

[10.28 Promissory Note with EMA Financial dated December 20, 2017 \(3\)](#)

[10.29 Promissory Note with GS Capital Partners dated December 6, 2017 \(3\)](#)

[10.30 Promissory Note with Crown Bridge Partners, LLC dated January 15, 2018 \(4\)](#)

[10.31 Promissory Note with Adar Bays, LLC dated January 29, 2018 \(4\)](#)

[10.32 Promissory Note with GS Capital Partners, LLC dated February 12, 2018 \(4\)](#)

[10.33 Promissory Note with Power Up Lending Group, Ltd. dated March 22, 2018 \(4\)](#)

[10.34 Promissory Note with GS Capital Partners, LLC dated March 26, 2018 \(4\)](#)

[10.35 Equity Financing Agreement with GHS Investments, LLC dated April 11, 2018 \(6\)](#)

[10.36 Equity Registration Rights Agreement with GHS Investments, LLC dated April 11, 2018 \(6\)](#)

[10.37 Promissory Note with GHS Investments, LLC, as amended on June 27, 2018 \(6\)](#)

<u>10.38</u>	<u>Promissory Note dated April 1, 2018 (6)</u>
<u>10.39</u>	<u>Promissory Note with GHS Investments, LLC dated July 30, 2018 (7)</u>
<u>10.40</u>	<u>Promissory Note with One44 Capital LLC dated July 19, 2018 (8)</u>

<u>10.41</u>	<u>Promissory Note with Power Up Lending Group Ltd. dated July 26, 2018*</u>
<u>10.42</u>	<u>Promissory Note with One44 Capital LLC dated September 14, 2018*</u>
<u>10.43</u>	<u>Promissory Note with Power Up Lending Group Ltd. dated September 21, 2018*</u>
<u>10.44</u>	<u>Promissory Note with GS Capital Partners, LLC dated October 24, 2018*</u>
<u>10.45</u>	<u>Promissory Note with GS Capital Partners, LLC dated October 31, 2018*</u>
<u>10.46</u>	<u>Promissory Note with GS Capital Partners, LLC dated November 6, 2018*</u>
<u>10.47</u>	<u>Promissory Note with UP Lending Group Ltd. dated November 13, 2018*</u>
<u>10.48</u>	<u>Promissory Note with Coolidge Capital, LLC dated November 20, 2018*</u>
<u>10.49</u>	<u>Promissory Note with GS Capital Partners, LLC dated November 23, 2018*</u>
<u>10.50</u>	<u>Promissory Note with Auctus Fund, LLC dated November 27, 2018*</u>
<u>10.51</u>	<u>Promissory Note with GS Capital Partners, LLC dated December 13, 2018*</u>
<u>10.52</u>	<u>Promissory Note with Power Up Lending Group Ltd. dated December 17, 2018*</u>
<u>10.53</u>	<u>Promissory Note with GS Capital Partners, LLC dated December 28, 2018*</u>
<u>10.54</u>	<u>Settlement Agreement with Apollo Capital Corp. dated October 30, 2018*</u>
<u>10.55</u>	<u>Promissory Note with GS Capital Partners, LLC dated January 9, 2018*</u>
<u>31.1</u>	<u>Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *</u>
<u>31.2</u>	<u>Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *</u>
<u>32.1</u>	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *</u>
<u>32.2</u>	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *</u>
<u>101</u>	<u>Interactive data files pursuant to Rule 405 of Regulation S-T</u>

- (1) As filed with our Form 10 on January 3, 2017, as amended, and incorporated herein by reference.
(2) As filed with our Form 10-Q filed on May 11, 2017 and incorporated herein by reference.
(3) As filed with our form 10-K filed on January 16, 2018 and incorporated herein by reference.
(4) As filed with our Form 10-Q filed on May 14, 2018 and incorporated herein by reference.
(5) As filed with our Form S-1 Registration Statement filed on May 29, 2018 and incorporated herein by reference.
(6) As filed with our Form S-1/A Registration Statement filed on July 17, 2018.
(7) As filed with our Form S-1/A Registration Statement filed on August 3, 2018
(8) As filed with our Form 10-Q filed on August 14, 2018.
* Filed herewith

SIGNATURES

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

ALL FOR ONE MEDIA CORP.

Date: January 15, 2019

By: /s/ Brian Lukow
Name: Brian Lukow
Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: January 15, 2019

By: /s/ Brian Lukow
Name: Brian Lukow
Title: Acting Chief Financial Officer
(Acting Principal Financial and
Accounting Officer)

Date: January 15, 2019

By: /s/ Brian Lukow
Name: Brian Lukow
Title: Director

Date: January 15, 2019

By: /s/ Brian Gold
Name: Brian Gold
Title: Director

Date: January 15, 2019

By: /s/ Aimee Ventura O'Brien
Name: Aimee Ventura O'Brien
Title: Director