

CMG HOLDINGS GROUP, INC.

FORM 10-Q (Quarterly Report)

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Sector	Consumer Cyclical
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

For the quarter ended September 30, 2024

Commission file number 000-51770



CMG HOLDINGS GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

87-0733770

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

2130 North Lincoln Park West 8N

Chicago, IL

(Address of principal executive offices)

60614

(Zip Code)

(773) 770-3440

Registrant's telephone number including area code

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or small reporting company. See the definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

As of October 28, 2024, there were 438,672,016 shares of common stock of the registrant issued and outstanding.

CMG HOLDINGS GROUP, INC. FORM 10-Q
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PART I FINANCIAL INFORMATION

ITEM 1- CONSOLIDATED FINANCIAL STATEMENTS

CMG HOLDINGS GROUP, INC.
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
QUARTER ENDED SEPTEMBER 30, 2023 AND 2022

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CMG Holdings Group, Inc.
Consolidated Balance Sheet

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
CURRENT ASSETS		
Cash	\$ 146,624	\$ 240,597
Loan to shareholder	—	100,000
Loan receivable	1,740,180	1,649,189
Total current assets	<u>1,886,804</u>	<u>1,989,786</u>
Property and equipment	—	—
Total Assets	<u>\$ 1,886,804</u>	<u>\$ 1,989,786</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accrued liabilities	\$ 93,181	\$ 58,511
Customer deposit	40,000	—
Deferred compensation	518,634	532,913
Loan from outside party	15,000	15,000
Loan payable	712,000	712,000
Note payable	<u>60,000</u>	<u>60,000</u>
Total current liabilities	<u>1,438,815</u>	<u>1,378,425</u>
TOTAL LIABILITIES	<u>1,438,815</u>	<u>1,378,425</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common Stock 450,000,000 shares authorized; \$0.001 par value, 438,672,016 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	438,672	438,672
Additional paid in capital	14,630,689	14,630,689
Accumulated deficit	<u>(14,621,372)</u>	<u>(14,457,999)</u>
TOTAL STOCKHOLDERS DEFICIT	<u>447,989</u>	<u>611,362</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 1,886,804</u>	<u>\$ 1,989,786</u>

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

CMG Holdings Group, Inc.
Consolidated Statements of Operations
Unaudited

	For the three months ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenues	\$ 14,805	\$ 146,143	\$ 1,179,894	\$ 625,568
Operating expenses				
Cost of revenues	3,491	27,921	931,945	301,864
General and administrative expenses	159,155	250,158	486,765	644,283
Total operating expenses	162,646	278,079	1,418,710	946,147
Net income from operations	(147,841)	(131,936)	(238,816)	(320,579)
Other income				
Settlement of Hudson Gray	—	—	—	—
Interest expense	(12,460)	—	(34,670)	(24,072)
Interest income	39,286	34,450	110,114	101,325
PPP loan forgiveness	—	—	—	—
Gain on sale of stock.	—	—	—	—
Total other income	26,826	34,450	75,444	77,253
Net income	\$ (121,015)	\$ (97,486)	\$ (163,372)	\$ (243,326)

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

CMG Holdings Group, Inc.
Consolidated Statement of Stockholders Equity

	Preferred Stock		Common Stock		Additional		Total
	Number of Shares	Amount	Number of Shares	Amount	Paid In Capital	Accumulated Deficit	Stockholders' Equity
Balance December 31, 2023	—	\$ —	438,672,016	\$ 438,672	\$ 14,630,689	\$ (14,457,999)	\$ 611,362
Net Income(Loss) for the year	—	—	—	—	—	(73,613)	(73,613)
Balance March 31, 2024	—	—	438,672,016	438,672	14,630,689	(14,531,612)	537,749
Net Income(Loss)	—	—	—	—	—	31,255	31,255
Balance June 30, 2024	—	—	438,672,016	438,672	14,630,689	(14,500,356)	569,005
Net Income(Loss)	—	—	—	—	—	(121,015)	(121,015)
Balance September 30 2024	—	—	438,672,016	\$ 438,672	\$ 14,630,689	\$ (14,621,372)	\$ 447,989
	Preferred Stock		Common Stock		Additional		Total
	Number of Shares	Amount	Number of Shares	Amount	Paid In Capital	Accumulated Deficit	Stockholders' Equity
Balance December 31, 2022	—	—	438,672,016	438,672	14,630,689	(14,335,483)	733,878
Net Income(Loss)	—	—	—	—	—	(97,216)	(97,216)
Balance March 31, 2023	—	—	438,672,016	438,672	14,630,689	(14,432,699)	636,662
Net Income(Loss)	—	—	—	—	—	31,256	31,256
Balance June 30, 2023	—	—	877,344,032	877,344	29,261,378	(14,401,443)	667,918
Net Income(Loss)	—	—	—	—	—	(97,486)	(97,486)
Balance September 30, 2023	—	\$ —	877,344,032	\$ 877,344	\$ 29,261,378	\$ (14,498,929)	\$ 570,432

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

CMG Holdings Group, Inc.
Consolidated Statement of Cash Flows
Unaudited

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ (163,372)	\$ (243,326)
Adjustments to reconcile net income to cash used in operating activities		
Accounts receivable	—	—
Accrued liabilities	—	—
Prepaid legal fees	—	—
Gain on sale of stock	—	—
Depreciation	—	1,862
Deferred compensation	135,000	135,000
Interest expense	34,670	19,500
Interest income	(110,115)	(101,325)
Accounts payable	—	—
PPP loan forgiveness	—	—
Net cash provided by operations	<u>(103,817)</u>	<u>(188,289)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment	—	—
Loan receivable	—	—
Proceeds from repayment of notes receivable	29,380	12,000
Customer deposit	40,000	—
Proceeds from loan payable	—	(10,000)
Loan to shareholder	100,000	—
Payment of notes receivable	(10,257)	(17,000)
Payment of deferred compensation	(149,280)	(32,500)
Net cash used in investing activities	<u>9,843</u>	<u>(47,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of Treasury Stock	—	—
Proceeds from paycheck protection loan	—	—
Payment of loans	—	—
Net cash provided by (used in) financing activities	<u>—</u>	<u>—</u>
Net increase in cash	<u>(93,974)</u>	<u>(235,789)</u>
Cash, beginning of period	<u>240,598</u>	<u>338,157</u>
Cash, end of period	<u><u>\$ 146,624</u></u>	<u><u>\$ 102,368</u></u>

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

1 Nature of Operations and Continuance of Business

Creative Management Group, Inc. was formed in Delaware on August 13, 2002 as a limited liability company named Creative Management Group, LLC. On August 7, 2007, this entity converted to a corporation. The Company is a sports, entertainment, marketing and management company providing event management implementation, sponsorships, licensing and broadcast, production and syndication.

On February 20, 2008, Creative Management Group, Inc. formed CMG Acquisitions, Inc., a Delaware company, for the purpose of acquiring companies and expansion strategies. On February 20, 2008, Creative Management Group, Inc. acquired 92.6% of Pebble Beach Enterprises, Inc. (a publicly traded company) and changed the name to CMG Holdings Group, Inc. ("the Company"). The purpose of the acquisition was to effect a reverse merger with Pebble Beach Enterprises, Inc. at a later date. On May 27, 2008, Pebble Beach entered into an Agreement and Plan of Reorganization with its controlling shareholder, Creative Management Group, Inc., a privately held Delaware corporation. Upon closing the eighty shareholders of Creative Management Group delivered all their equity interests in Creative Management Group to Pebble Beach in exchange for shares of common stock in Pebble Beach owned by Creative Management Group, as a result of which Creative Management Group became a wholly owned subsidiary of Pebble Beach. The shareholders of Creative Management Group received one share of Pebble Beach's common stock previously owned by Creative Management Group for each issued and outstanding common share owned of Creative Management Group. As a result, the 22,135,148 shares of Pebble Beach that were issued and previously owned by Creative Management Group, are now owned directly by its shareholders. The 22,135,148 shares of Creative Management Group previously owned by its shareholders are now owned by Pebble Beach, thereby making Creative Management Group a wholly owned subsidiary of Pebble Beach. Pebble Beach did not issue any new shares as part of the Reorganization. The transaction was accounted for as a reverse merger and recapitalization whereby Creative Management Group is the accounting acquirer. Pebble Beach was renamed CMG Holdings Group, Inc.

On April 1, 2009, the Company, through a newly formed subsidiary CMGO Capital, Inc., a Nevada corporation, completed the acquisition of XA, The Experiential Agency, Inc. On March 31, 2010, the Company and AudioEye, Inc. ("AudioEye") completed a Stock Purchase Agreement under which the Company acquired all the capital stock of AudioEye. On June 22, 2011 the Company entered into a Master Agreement subject to shareholder approval and closing conditions with AudioEye Acquisition Corp., a Nevada corporation where the shareholders of AudioEye Acquisition Corp. exchanged 100% of the stock in AudioEye Acquisition Corp for 80% of the capital stock of AudioEye. The Company retained 15% of AudioEye subject to transfer restrictions in accordance with the Master Agreement; in October 2012, the Company distributed to its shareholders, in a dividend, 5% of the capital stock of AudioEye in accordance with provisions of the Master Agreement.

2 Summary of Significant Accounting

a) Basis of Presentation and Principle of Consolidation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in US dollars. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Lincoln Acquisitions Inc. All intercompany transactions have been eliminated. The Company's fiscal year-end is December 31.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the recoverability of its long-lived assets, stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents. As of September 30, 2024 and December 31, 2023, the Company had no cash equivalents.

d) Basic and Diluted Net Loss Per Share

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

e) Financial Instruments

ASC 820, "Fair Value Measurements," requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. It establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. It prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

2. Summary of Significant Accounting Policies (Continued)*Level 2*

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts payable, and amounts due to related parties. Pursuant to ASC 820, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. We believe that the recorded values of all our other financial instruments approximate their current *fair* values because of their nature and respective maturity dates or durations.

f) Property and Equipment

Property and equipment are comprised of a vehicle and is amortized on a straight-line basis over an expected useful life of three years. Maintenance and repairs are charged to expense as incurred. The land is not depreciated.

g) Impairment of long lived assets

The Company evaluates the recoverability of long-lived assets and the related estimated remaining lives at each balance sheet date. The Company records an impairment or change in useful life whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed.

h) Reclassifications

Certain prior period amounts have been reclassified to conform to current presentation.

3 Accounts Receivable

Accounts receivable consist of invoices for events that occurred prior to period end that the payments were received in the following year. The balance of accounts receivable at September 30, 2024 and December 31, 2023 were \$0 and \$0, respectively.

4 Loan Receivable

On November 15, 2019 the company entered into an agreement to a line of credit (LOC) with Pristec America Inc. (Pristec). The LOC was for \$75,000. As of December 31, 2019, the Company had loaned to Pristec \$67,500 at an interest rate of 12%, the loan matures in twelve (12) months. As of December 31, 2020 the Company loaned an additional \$32,500 and extended the loan for another 12 months until December 31, 2023. Pristec is a late stage technology company that has 108 worldwide patents for the cold cracking of crude oil and other oil products. The Company has been granted the right to convert this loan into 100 shares of stock at price of \$1,000. At the discretion of the Company, the Company has the option of entering into a revenue sharing at the same terms. Total amount owed including interest is \$123,430 and \$123,430 as of September 30, 2024 and December 31, 2023, respectively.

On June 24, 2020 The Company entered into an agreement with New Vacuum Technologies LLC(NVT) whereby the Company loaned NVT \$50,000. During the year ended December 31, 2021 the Company loaned an additional \$999,201 to NVT. NVT repaid \$60,000 to the Company. The loan was originally due on December 24, 2020 at an interest rate of 10% per annum. The loan was extended on December 24, 2023 until December 24, 2024. The loan was verbally extended until December 24, 2023. The total amount owed including interest is \$1,610,750 and \$1,519,759 as of September 30, 2024 and December 31, 2023 respectively.

5 Accounts Payable

Accounts payable consist of expenses incurred during the year that had not yet been paid. The balance of accounts payable at September 30, 2024 is \$0. The balance of accounts payable at December 31, 2023 were \$0. These accounts payable consisted of trade accounts payable.

6 Equity**a. Common Stock**

During the periods ended September 30, 2024 and December 31, 2023, the Company did not sell any shares of its \$0.001 par value per share common stock.

b. Common Stock Warrants

During the periods ended September 30, 2024 and December 31, 2023, the Company did not issue any warrants for its common shares. On December 15, 2017, the Company's Board of Directors lowered the strike price on the outstanding 40,000,000 Warrants previously issued to Glenn Laken to \$0.0035 and extended the expiration date for an additional five (5) years.

7 Notes Payable**Convertible Promissory Notes**

On November 23, 2021, the Company borrowed \$500,000 from GS Capital Partners LLC. The note is due and payable on November 23, 2022. The note has an interest rate of 6% per annum. The Holder of this Note is entitled, at its option, at any time after cash payment, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price for each share of Common Stock at a price ("Conversion Price") of **\$0.0165 per share** (the "Fixed Price"). Beginning on the 6th monthly anniversary of the Issuance Date of the Note, the Fixed Price shall be equal to **\$0.0092 per share**. Provided, however that in the event, the Company's Common Stock trades below **\$0.007 per share** for more than seven (7) consecutive trading days, the Holder of this Note is entitled, at its option, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's Common Stock at a Conversion Price equal to the **lower of the Fixed Price or 75% of the average of the two lowest VWAP's** of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the **ten** prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer agent (provided such Notice of Conversion is delivered by fax or other electronic method of communication to the Company or its transfer agent after 4 P.M. Eastern Standard or Daylight Savings Time if the Holder wishes to include the same day closing price). If the shares have not been delivered within 3 business days, the Notice of Conversion may be rescinded. Such conversion shall be effectuated by the Company delivering the shares of Common Stock to the Holder within 3 business days of receipt by the Company of the Notice of Conversion. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share. To the extent the Conversion Price of the Company's Common Stock closes below the par value per share, the Company will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible under law. The Company agrees to honor all conversions submitted pending this increase. In no event shall the Holder be allowed to effect a conversion if such conversion, along with all other shares of Company Common Stock beneficially owned by the Holder and its affiliates would exceed 4.99% of the outstanding shares of the Common Stock of the Company (which may be increased up to 9.9% upon 60 days' prior written notice by the Investor). The conversion discount, look back period and other terms will be adjusted on a ratchet basis if the Company offers a more favorable conversion discount, prepayment rate, interest rate, (whether through a straight discount or in combination with an original issue discount), look back period or other more favorable term to another party for any financings while this Note is in effect, including but not limited to defaults, penalties and the remedy for such defaults or penalties. During the year ended December 31, 2023 the Company borrowed an additional \$712,000 under the same terms. At September 30, 2024 the balanced owed was \$712,000.

8 Legal Proceedings

We are subject to certain claims and litigation in the ordinary course of business. It is the opinion of management that the outcome of such matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

In October 2014, Ronald Burkhard, XA's former Executive Chairman and former member of the Company's Board of Directors filed a lawsuit in the Supreme Court of the State of New York, County of New York, alleging breach of his employment contract and seeking approximately \$695,000 in damages. This lawsuit, where a judgement was entered against the Company for approximately \$775,000, was settled with Burkhard for \$105,000. In November and December of 2018 the Company paid Burkhard the amount due from this settlement.

9 Income Taxes

The Company has a net operating loss carried forward of \$14,621,372 available to offset taxable income in future years which commence expiring in 2031. The Company is subject to United States federal and state income taxes at an approximate rate of 21% (2024 and 2023). As of September 30, 2024 and December 31, 2023, the Company had no uncertain tax positions.

	2024	2023
Income tax recovery at Statutory rate	\$ 34,308	\$ 29,937
Permanent differences and other	—	—
Valuation allowance change	(34,308)	(29,937)
Provision for income taxes	<u>\$ —</u>	<u>\$ —</u>

The significant components of deferred income tax assets and liabilities at September 30, 2024 and December 31, 2023 are as follows:

	2024	2023
Net operating loss carried forward	\$ 14,621,372	\$ 14,458,000
Valuation allowance	<u>\$ (14,621,372)</u>	<u>\$ (14,458,000)</u>
Net deferred income tax asset	<u>\$ —</u>	<u>\$ —</u>

CMG HOLDINGS GROUP, INC.

Notes to the Consolidated Financial Statements

10 Segments

The Company splits its business activities during the period ended September 30, 2024 into two Reportable Segments. Each segment represents an entity of which are included in the consolidation. The table below represents the operations results for each segment or entity, for the three months ended September 30, 2024.

	XA	CMG Holding Group	Total
Revenues	14,805	—	14,805
Operating expenses	103,379	59,267	162,646
Operating income (loss)	(88,574)	(59,267)	(147,841)
Other income (expense)	—	26,825	26,825
Net income (loss)	(88,574)	(32,442)	(121,016)

The Company splits its business activities during the period ended September 30, 2023 into two Reportable Segments. Each segment represents an entity of which are included in the consolidation. The table below represents the operations results for each segment or entity, for the three months ended September 30, 2023.

	XA	CMG Holding Group	Total
Revenues	146,143	—	146,143
Operating expenses	219,024	59,055	278,079
Operating income (loss)	(72,881)	(59,055)	(131,936)
Other income (expense)	—	34,450	34,450
Net income (loss)	(72,881)	(24,605)	158,526

CMG HOLDINGS GROUP, INC.

Notes to the Consolidated Financial Statements

10 Segments (continued)

The Company splits its business activities during the period ended September 30, 2024 into two Reportable Segments. Each segment represents an entity of which are included in the consolidation. The table below represents the operations results for each segment or entity, for the nine months ended September 30, 2024.

	XA	CMG Holding Group	Total
Revenues	1,179,894	—	1,179,894
Operating expenses	1,229,270	189,440	1,418,718
Operating income (loss)	(49,376)	(189,440)	(238,816)
Other income (expense)	—	75,444	75,444
Net income (loss)	(49,376)	(113,996)	(163,372)

The Company splits its business activities during the period ended September 30, 2022 into two Reportable Segments. Each segment represents an entity of which are included in the consolidation. The table below represents the operations results for each segment or entity, for the nine months ended September 30, 2023.

	XA	CMG Holding Group	Total
Revenues	625,568	—	625,568
Operating expenses	735,530	210,616	946,146
Operating income (loss)	(111,962)	(210,618)	(320,578)
Other income (expense)	—	72,253	72,253
Net income (loss)	(111,962)	(133,363)	(243,325)

11 Related Party Transactions

The Company borrowed \$125,000 from a relative of the Company CEO. This amount is due on demand and has an interest rate of 0%. At September 30, 2023 the remaining balance of the loan was \$15,000.

The Company issued the Company CEO a warrant to purchase 40,000,000 shares of the Company's common stock at \$0.0155. The warrant has an original term of 5 years. On December 15, 2017 the purchase price was changed to \$.0035 and the term was extended 5 years. The warrants were vested 100% on April 7, 2014 when issued.

The board of directors approved a monthly salary for the Company CEO of \$15,000 per month. Due to negative economic factors the company did not make any of these payments until January 15, 2019, when payments to the CEO began. The Company has recorded "Deferred Compensation" of \$518,634 at September 30, 2024. The Company made payments of \$149,280 and \$53,000 in excess of the current \$135,000 and \$180,000 salary for periods ended September 30, 2024 and December 31, 2023, respectively.

The Company paid \$75,000 and \$150,000 for the periods ended September 30, 2024 and December 31, 2023, respectively, as compensation to the President of XA, who is the daughter of the Company CEO.

On September 2, 2023, the Company loaned the CEO \$100,000 for legal expenses related to the decision to sell Company assets that had been written off in prior years. The proceeds of the sale were deposited into the Company bank account. The loan was paid back during the quarter ended June 30, 2024

12 Subsequent Events

The Company is in negotiations with New Vacuum Technologies LLC (NVT), to convert the note receivable into an equity investment.

Per management review, no other material subsequent events have occurred.

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

FORWARD LOOKING STATEMENTS

In addition to historical information, this Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, which includes, but are not limited to, statements concerning expectations as to our revenues, expenses, and net income, our growth strategies and plans, the timely development and market acceptance of our products and technologies, the competitive nature of and anticipated growth in our markets, our ability to achieve cost reductions, the status of evolving technologies and their growth potential, the adoption of future industry standards, expectations as to our financing and liquidity requirements and arrangements, the need for additional capital, and other matters that are not historical facts. These forward-looking statements are based on our current expectations, estimates, and projections about our industry, management's beliefs, and certain assumptions made by it. Words such as "anticipates", "appears", "believe", "expects", "intends", "plans", "believes", "seeks", "assume", "estimates", "may", "will" and variations of these words or similar expressions are intended to identify forward-looking statements. All statements in this Quarterly Report regarding our future strategy, future operations, projected financial position, estimated future revenue, projected costs, future prospects, and results that might be obtained by pursuing management's current plans and objectives are forward-looking statements. Therefore, actual results could differ materially and adversely from those results expressed in any forward-looking statements, as a result of various factors. Readers are cautioned not to place undue reliance on forward-looking statements, which are based only upon information available as of the date of this report. You should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our forward-looking statements are based on the information currently available to us and speak only as of the date on which this Quarterly Report was filed with the Securities and Exchange Commission ("SEC"). We expressly disclaim any obligation to revise or update publicly any forward-looking statements even if subsequent events cause our expectations to change regarding the matters discussed in those statements. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our stockholders. Unless the context indicates otherwise, the terms "Company", "Corporate", "CMGO", "our", and "we" refer to CMG Holdings Group, Inc. and its subsidiaries.

RESULTS OF OPERATIONS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024

Gross revenues decreased from \$625,568 for the nine months ended September 30, 2023 to \$1,179,893 for the nine months ended September, 2024. The decrease in revenues was mainly attributable to the decrease in overall business due to worldwide inflation.

Cost of revenue increased from \$581,254 for the nine months ended September 30, 2023 to \$931,945 for the nine months ended September 30, 2023. The decrease in cost of revenues was mainly attributable to the decrease in overall business due to worldwide inflation.

Operating expenses increased from \$513,397 for the nine months ended September 30, 2022 to \$644,283 for the nine months ended September 30, 2024. The increase in operating expenses is due to the decrease in support expenses to run business and increase in interest expense for the quarter.

Net loss decreased from a loss of \$243,326 for the nine months ended September 30, 2023 to net loss of \$163,373 for the nine months ended September 30, 2024. The decrease in net income was mainly attributable to decrease in overall business due to worldwide inflation .

LIQUIDITY AND CAPITAL RESOURCES:

As of September 30, 2024, the Company's cash on hand was \$146,624.

Cash used in operating activities for the nine months ended September 30, 2024 was \$103,817, as compared to cash used in operating activities of \$188,289 for the nine months ended September 30, 2023. The increase in net loss to net income was mainly attributable to the Company beginning to come back from the worldwide pandemic that took place during the previous year.

Cash used in investing activities for the nine months ended September 30, 2024 was \$9,843 as compared cash provided by investing activities of \$41,9410 for the nine months ended September 30, 2022. This was due to the Company not loaning additional funds to NVT during the quarter.

Cash provided by financing activities for the nine months ended September 30, 2024 was \$0 as compared to \$0 provided by financing activities the nine months ended September, 2023.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4 - CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2022. Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023, the Company's disclosure controls and procedures were not effective due to the identification of a material weakness in our internal control over financial reporting which is identified below, which we view as an integral part of our disclosure controls and procedures. This conclusion by the Company's Chief Executive Officer and Chief Financial Officer does not relate to reporting periods after September 30, 2024.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2024 based on the framework stated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 1992). Furthermore, due to our financial situation, the Company will be implementing further internal controls as the Company becomes operative so as to fully comply with the standards set by the Committee of Sponsoring Organizations of the Treadway Commission.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles. Because of inherent limitations, a system of 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 due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on its evaluation as of September 30, 2024, our management concluded that our internal controls over financial reporting were not effective as of September 30, 2024 due to the identification of a material weakness. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. At any time, if it appears that any control can be implemented to continue to mitigate such weaknesses, it is immediately implemented. As soon as our finances allow, we will hire sufficient accounting staff and implement appropriate procedures for monitoring and review of work performed by our Chief Financial Officer.

In performing this assessment, management has identified the following material weaknesses as of September 30, 2024:

- There is a lack of segregation of duties necessary for a good system of internal control due to insufficient accounting staff due to the size of the Company
- Lack of a formal review process that includes multiple levels of reviews
- Employees and management lack the qualifications and training to fulfill their assigned accounting and reporting functions
- Inadequate design of controls over significant accounts and processes
- Inadequate documentation of the components of internal control in general
- Failure in the operating effectiveness over controls related to valuing and recording equity based payments to employees and non-employees
- Failure in the operating effectiveness over controls related to valuing and recording debt instruments including those with conversion options and the related embedded derivative liabilities
- Failure in the operating effectiveness over controls related to recording revenue and expense transactions in the proper period
- Failure in the operating effectiveness over controls related to evaluating and recording related party transactions

The Company is not required by current SEC rules to include, and does not include, an auditor's attestation report. The Company's registered public accounting firm has not attested to Management's reports on the Company's internal control over financial reporting. As of September 30, 2022 no changes have occurred.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

No change in the Company's internal control over financial reporting occurred during the period ended September 30, 2022, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION ITEM 1 – LEGAL

PROCEEDINGS

We are subject to certain claims and litigation in the ordinary course of business. It is the opinion of management that the outcome of such matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 1A – RISK FACTORS

The Company is a smaller reporting company and is therefore not required to provide this information.

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

All unregistered sales of the Company's securities have been disclosed on the Company's current reports on Form 10Q, 10K and form 8-K.

ITEM 3 – DEFAULT UPON SENIOR SECURITIES

None.

ITEM 4 – MINE SAFETY DISCLOSURES

None.

ITEM 5 – OTHER INFORMATION

None.

ITEM 6 – EXHIBITS**Description of Exhibit Filing Reference**

Exhibit Number	Description of Exhibit	Filing Reference
31.01	Certification of Principal Executive Officer Pursuant to Rule 13a-14.	Filed herewith.
31.02	Certification of Principal Financial Officer Pursuant to Rule 13a-14.	Filed herewith.
32.01	CEO and CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act.	Filed herewith.
101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema Document.	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	

* The XBRL-related information in Exhibits 101 to this Quarterly Report on Form 10-Q shall not be deemed “filed” or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and is not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of those sections.

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, there unto duly authorized.

CMG HOLDINGS GROUP, INC.

Dated: November 15, 2024

By: /s/ Glenn Laken

Glenn Laken, Chief Executive Officer

CERTIFICATION

I, Glenn Laken, certify that:

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

Date: November 15, 2024

By:/s/ Glenn Laken
Glenn Laken
Principal Executive Officer

CERTIFICATION

I, Glen Laken, certify that:

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

Date: November 15, 2024

By:/s/ Glenn Laken
Glenn Laken
Principal Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of CMG Holdings Group, Inc.(the "Company"), on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities Exchange Commission on the date hereof (the "Report"), the undersigned Principal Executive Officer and Principal Financial and Accounting Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 15, 2024

By:/s/ Glenn Laken
Glenn Laken
Principal Executive Officer and Principal Financial Office