ADVANCED CREDIT TECHNOLOGIES INC
Form 10-K
March 12, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

or

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

Commission File Number: 333-170132

Advanced Credit Technologies, Inc.

(Exact name of registrant as specified in its charter)

Nevada	26-2118480
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

871 Venetia Bay Boulevard, #202 Venice, Florida	34285
(Address of principal executive offices)	(Zip Code)

(612)961-4536

(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act.

Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes [ ] No [X]

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 [X] 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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the 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.

Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer,""accelerated filer"and "smaller reporting company"in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [X]	Smaller reporting company [X]
Emerging Growth 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 [X]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of the date of this filing, there were 66,030,515 shares of the Issuer's common stock issued and outstanding and held by approximately 118 shareholders, six of which are deemed affiliates within the meaning of Rule 12b-2 under the Exchange Act.

As of the date of this filing, there were 30,000 shares of the Issuer's preferred stock issued and outstanding.

The aggregate market value of the 49,672,181 shares of voting common equity held by non-affiliates of the registrant, computed by reference to the closing price as reported as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2018) was approximately $7,947,548.

Advanced Credit Technologies, Inc.

FORM 10-K

For The Fiscal Year Ended December 31, 2018

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PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K and the documents incorporated by reference herein contain forward-looking statements that are not statements of historical fact and may involve a number of risks and uncertainties. These statements related to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by forward-looking statements.

In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “proposed,” “intended,” or “continue” or the negative of these te other comparable terminology. You should read statements that contain these words carefully, because they discuss our expectations about our future operating results or our future financial condition or state other “forward-looking” information. There may be events in the future that we are not able to accurately predict or control. Before you invest in our securities, you should be aware that the occurrence of any of the events described in this Annual Report could substantially harm our business, results of operations and financial condition, and that upon the occurrence of any of these events, the trading price of our securities could decline and you could lose all or part of your investment. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, growth rates, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this Annual Report to conform these statements to actual results.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- General economic and industry conditions;
- Out history of losses, deficits and negative operating cash flows;
- Our limited operating history;
- Industry competition;
- Environmental and governmental regulation;
- Protection and defense of our intellectual property rights;
- Reliance on, and the ability to attract, key personnel;
- Other factors including those discussed in “Risk Factors” in this annual report on Form 10-K and our incorporated documents.

You should keep in mind that any forward-looking statement made by us in this annual report or elsewhere speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this annual report after the date of filing, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this annual report or elsewhere might not occur.

In this annual report on Form 10-K, the terms “ACRT,” “Company,” “we,” “us” and “our” refer to Advanced Credit Technologies, Inc. and its wholly-owned subsidiary CyberloQ Technologies, LTD.

Item 1. Business

Company History

Advanced Credit Technologies Inc. (“ACRT”, ‘We” or the “Company”) was incorporated in Nevada on February 5, 2008. The Company has never been the subject of any bankruptcy, receivership or similar proceeding. The Company has never been involved in any material reclassification, merger, or consolidation.

On June 15, 2017, the Company created a private limited company in the United Kingdom named CyberloQ Technologies LTD. CyberloQ Technologies LTD is a wholly-owned subsidiary of the Company, and any business that the Company has in the United Kingdom will be transacted through CyberloQ Technologies LTD. However, to date CyberloQ Technologies LTD has had no activity, operational or otherwise.

Current Overview of the Company

ACRT is a development-stage technology company focused on fraud prevention and credit management.

The Company offers a proprietary software platform branded as CyberloQ™ . While previously the Company licensed CyberloQ, in the third quarter of 2017, the Company acquired the CyberloQ technology and is now the exclusive owner of CyberloQ.

CyberloQ is a banking fraud prevention technology that is offered to institutional clients in order to combat fraudulent transactions and unauthorized access to customer accounts. Through the use of a customer's smart-phone, CyberloQ uses a multi-factor authentication system to control access to a bank card, transaction type or amount, website, database or digital service. The mobile applications for CyberloQ have been built, and have been successfully integrated into the banking ecosystem.

In addition to CyberloQ, the Company offers a web-based proprietary software platform under the brand name Turnscor® which allows customers to monitor and manage their credit from the privacy of their own homes. Although individuals can sign-up for Turnscor on their own, the Company also intends to market Turnscor to certain institutional clients, where appropriate, in conjunction with CyberloQ as a value-added benefit to offer their customers.

Furthermore, in 2018 the Company introduced CyberloQ Vault, a secure cloud-based storage solution which allows users to store, retrieve and share content securely.

Finally, the Company is able to develop secure databases for clients by developing and attaching a private blockchain to the SQL database and further securing the database through use of the Company's CyberloQ™ technology. The blockchain being developed by the Company is a private blockchain and is an invitation-only network governed by a single entity. Entrants to the network require permission to read, write or audit the blockchain.

The Company currently has three full-time employees — its President, Vice-President and Chief Technology Officer. There are no other employees of the Company at this time.

Item 1A. Risk Factors

The Company qualifies as a smaller reporting company as defined by §229.10(f)(1) and therefore is not required to provide the information required by this Item. However, the Company does acknowledge that there are risks associated with the business of the Company.

We will be competing with a variety of companies, many of which have significantly greater financial, technical, marketing and other resources than us. If we fail to attract and retain a large base of customers for our products, or if our competitors establish a more prominent market position relative to ours, this will inhibit our ability to grow and successfully execute our business plan. For example, Wells Fargo has introduced an "on/off" feature for their customers, Discover Card has "Freeze It" functionality, and Ondot Systems has already been operating in the mobile card security space for quite some time. However, the Company believes that the multi-purpose functionality of CyberloQ, along with its multi-purpose applications will give the Company a distinct advantage by comparison. CyberloQ can be used in the banking system to protect debit/credit cards, in the Health Care industry to protect PII (Personal Identifying Information) now that medical records are kept digitally, and can protect corporate data bases in any industry from outside intrusion via geo-fencing. The Company believes that these distinct features, along with the ability to "White Label" the technology for marketing partners, give the Company a distinction in the marketplace. However, there can be no assurance that we will be able to successfully compete with other companies in the marketplace.

In addition, the Company could incur increased costs, decreased revenue, or suffer reputational damage in the event of a cyber-attack. The Company's business involves the collection, storage, processing and transmission of customers' personal data, including financial information. In the event that the Company's security measures are breached due to human error, malfeasance, system errors or vulnerabilities, or other irregularities, such breach could adversely affect our business through possible interruption of the Company's operations, improper disclosure of data, damage to the Company's reputation, and/or legal exposure.

Item 1B. Unresolved Staff CommentS

The Company qualifies as a smaller reporting company as defined by §229.10(f)(1) and therefore is not required to provide the information required by this Item.

Item 2. Properties

ACRT's virtual corporate office is located in the Gulf Coast Executive Business Center at 871 Venetia Bay Blvd Suite #202 Venice, FL 34285 and our telephone number is 612-961-4536. Rent is $50 per month including phone and internet.

ACRT does not presently hold any investments or interests in real estate, investments in real estate mortgages or securities of or interests in persons primarily engaged in real estate activities.

Item 3. Legal Proceedings

The Company is not currently a party to any legal proceedings. Nor is the Company a party to any administrative proceedings.

In addition, ACRT's officers and directors have not been convicted in any criminal proceedings nor have they been permanently or temporarily enjoined, barred, suspended or otherwise limited from involvement in any type of securities or banking activities.

Item 4. Mine Safety Disclosures

None.

PART II

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

Our common stock currently trades on the OTC Bulletin Board under the symbol "ACRT." The following table states the range of the high and low bid-prices per share of our common stock for each of the calendar quarters for fiscal year 2018, as reported by the OTC Bulletin Board. These quotations represent inter-dealer prices, without retail mark-up, markdown, or commission, and may not represent actual transactions. The last price of our common stock as reported on the OTC Bulletin Board on December 31, 2018 was $0.12 per share. As of December 31, 2018, there were 118 shareholders of record of our common stock. This number does not include beneficial owners from whom shares are held by nominees in street name.

Fiscal Year 2018	High	Low
First Quarter	$0.30	$0.18
Second Quarter	$0.24	$0.13
Third Quarter	$0.20	$0.12
Fourth Quarter	$0.17	$0.07

Dividend Policy and Holders

No dividends have been paid to date on our common stock and no change of this policy is under consideration by our board of directors. Our board of directors is not required to declare or pay dividends on our securities. The payment of dividends in the future will be determined by our board of directors in light of conditions then existing, including our earnings, financial requirements, general business conditions, reinvestment opportunities, and other factors. There are otherwise no restrictions on the payment of dividends existing at this time. We had 118 stockholders of record of our common stock on December 31, 2018.

Item 6. Selected Financial Data

The Company qualifies as a smaller reporting company as defined by §229.10(f)(1) and therefore is not required to provide the information required by this Item.

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

Liquidity, Capital Resources and Material Changes in Financial Condition

As of December 31, 2018, our assets were $580,688 compared to $799,527 in assets as of December 31, 2017. This decrease in the total assets is primarily attributed to two factors. First, the Company had greater accumulated depreciation on the Cyberloq™ technology in light of the fact that there was an entire year of depreciation taken in 2018 as opposed to only a half-year (approximately) of depreciation in 2017 since the asset was acquired by the Company mid-year. As a result, the value of the Company’s the Company’s long-lived assets decreased from $670,279 as of December 31, 2017 to $550,679 as of December 31, 2018. The balance of the decrease in Company assets can be attributed to a decrease in cash on hand from $112,799 as of December 31, 2017 to $21,009 as of December 31, 2018.

As of December 31, 2018, our liabilities were $94,436 compared to $205,128 in liabilities as of December 31, 2017. This change in the Company’s financial condition was due to a decrease in loans from related parties from $145,000 as of December 31, 2017 to $0 as of December 31, 2018. This decrease was partially offset by an increase of $39,585 in unearned revenue associated with outstanding contracts.

Net cash used in operating activities for the year ending December 31, 2018 was $413,790 compared to net cash used in operating activities for the year ended December 31, 2017 of $564,077. Cash provided by or used by operating activities is driven by our net loss and adjusted by non-cash items as well as changes in operating assets and liabilities. Non-cash adjustments for the year ended December 31, 2018 include loss on settlement of debt of $12,000, depreciation of $120,050 and stock compensation of $442,311.

Net cash provided by financing activities of $322,000 for the year ended December 31, 2018 was due to $472,000 raised by issuing stock, offset by repayment of note principal of $150,000.

The Company had operating revenue of $10,415 in 2018 and is currently reliant on its ability to raise additional capital to continue execution of its business plan to move the Company forward towards profitability. The Company does not anticipate any significant decrease in its operating expenses for 2019. Unless the Company begins to generate operation revenue, it will be reliant on its ability to raise additional capital in order to continue its operations.

Results of Operations for the Year Ended December 31, 2018 and 2017

The Company experienced a net loss of $1,040,459 in the year ended December 31, 2018 compared to net loss of $559,900 in year ended December 31, 2017.

Since there was only a minimal change in gross revenues from 2017 to 2018 ($10,415), the increase in net loss was due to increases in operational expenses for the year ended December 31, 2018. This net increase in operating expenses of $387,530 was primarily due to increased costs related to stock compensation, depreciation, office supplies & expenses, and other operational expenses. These increased operating expenses were partially-offset by decreases in professional fees, research costs, officer compensation and travel & entertainment costs.

The Company had stock compensation expense of $442,311 for the period ended December 31, 2018, while there was $12,000 stock compensation expense for the period ended December 31, 2017. This increase in stock compensation expense was a result of accumulation of issuances of stock options to date to an independent contractor of the Company as compensation, stock issued to officers pursuant to the anniversary of employment agreements, and the continued expensing of warrants issued to one of the Company's directors.

The Company's depreciation expense was $120,050 for the year ended December 31, 2018, compared to $50,021 for the year ended December 31, 2017. This increase in depreciation was a result of the fact that the Company's acquired the CyberloQ™ technology in the third quarter of 2017 and therefore the depreciation in 2017 did not cover a full calendar year.

The Company's office supplies and expenses were $25,670 for the year ended December 31, 2018, compared to $10,828 for the year ended December 31, 2017. This increase in office supplies and expenses was due to one-time write-off of uncollectable advanced commissions.

The Company's other operating expenses were $19,007 for the year ended December 31, 2018, compared to $1,987 for the year ended December 31, 2017. This increase in other operating expenses was due to one-time expenses related to the updating of the Company's website and one-time expenses associated with the integration of the CyberloQ™ technology with the mobile platform app stores.

The Company’s professional fee expenses were $66,655 for the year ended December 31, 2018, compared to $91,523 for the year ended December 31, 2017. This decrease in professional fees is primarily due to the fact that the initial development of the Company’s Cyberloq™ technology is complete, and the Company is no longer incurring certain one-time costs associated with the build-out of the mobile applications for the Cyberloq™ technology.

The Company’s research and development expenses were $30,642 for the year ended December 31, 2018, compared to $76,673 for the year ended December 31, 2017. This decrease in research and development costs is primarily due to the fact that the initial development of the Company’s Cyberloq™ technology is complete, and the Company is no longer incurring certain one-time costs associated with the build-out of the mobile applications for the Cyberloq™ technology.

The Company’s cash compensation to officers was $295,489 for the year ended December 31, 2018, compared to $315,174 for the year ended December 31, 2017. This decrease was due to the Company issuing smaller bonuses to its officers in 2018 as compared to 2017.

The Company’s travel and entertainment expenses were $32,717 for the year ended December 31, 2018, compared to $88,368 for the year ended December 31, 2017. This decrease was due to decreased business travel during 2018.

The Company’s income/(loss) from the settlement of debt was ($12,000) for the year ended December 31, 2018, compared to $151,324 for the year ended December 31, 2017. This change was due to the fact that the Company only settled one debt through the issuance of stock in 2018.

As indicated previously, the Company had minimal revenues in 2018, and is currently reliant on its ability to raise additional capital to continue execution of its business plan to move the Company forward towards profitability. Whether or not there are any material changes in operational revenues or expenses in 2019 will be highly-dependent upon the Company’s ability to enter into material contracts with customers.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company qualifies as a smaller reporting company as defined by §229.10(f)(1) and therefore is not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

The Company’s Financial Statements are set forth below beginning on page F-1 of this Form 10-K.

Item 9. CHANGES in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. CONTROLS AND PROCEDURES

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that is designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

An evaluation was conducted under the supervision and with the participation of our management of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2018 in accordance with Committee of Sponsoring Organizations of the Treadway Commission's 2013 Integrated Framework. Based on that evaluation, our management concluded that our disclosure controls and procedures were not effective as of such date to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. In addition, due to its current size, the Company currently does not have sufficient staff to maintain appropriate segregation of duties, as it pertains to application and oversight of internal control processes. Material weaknesses have previously been identified, including lack of segregatoin of duties and lack of formal written policies and procedures surrounding financial close and reporting. However, the Company anticipates that as it grows and formalizes its internal control processes and procedures, it will add sufficient staff to perform internal control processes, as well as adequately provided oversight to ensure processes are working as designed. Such officer also confirmed that there was no change in our internal control over financial reporting during the three-month period ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Previously, on March 30, 2017 the Company entered into certain agreements with Swiss Venture Trust, a subsidiary of XCELL Security House, S.A. of Lausanne, Switzerland whose President, Lynnwood Farr, is a member of the Company's Board of Directors. On December 31, 2018 the agreements were mutually terminated by both parties since the projects contemplated by the agreements were no longer moving forward. The parties are in the process of renegotiating the details of their relationship, and the terms of any new contracts will be disclosed when finalized. There exists no other information required to be disclosed by us in a report on Form 8-K during the three-month period ended December 31, 2018, but not reported.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our directors and officers, as of the date of this filing, are set forth below. The directors hold office for their respective term and until their successors are duly elected and qualified. Vacancies in the existing Board are filled by a majority vote of the remaining directors. The officers serve at the will of the Board of Directors.

(a) & (b) Directors and executive officers:

Name	Age	Position	Director Since
Mark Carten	66	CTO & Director	April 19, 2017
Lynnwood Farr	77	Director	March 30, 2017

Enrico Giordano	60	Vice President & Director	Inception
Christopher Jackson	54	President, Sec., Treas. & Director	Inception
Rex Schuette	69	Director	September 25, 2017

The directors of the Company are elected to serve until the next annual shareholders' meeting or until their respective successors are elected and qualified. Officers of the Company hold office until the meeting of the Board of Directors immediately following the next annual shareholders' meeting or until removal by the Board of Directors.

(c) **Identification of certain significant employees**.

As of December 31, 2018, there were no persons who were not directors and/or executive officers that were expected to make significant contributions to the business of the Company.

(d) **Family relationships**.

There are no family relationships between any directors and/or executive officers.

(e) The business experience of the directors and executive officers.

Mark Carten. Mr. Carten is an owner of CartenTech, LLC and has been the driving force behind his company which has: developed communication kiosks for airports and military bases in Europe; developed photographic, computer hardware and software systems for counter intelligence uses in multiple countries for various government agencies, developed 3D laser measuring systems for the fiber optic and plastic injection molding industries; and developed over one-hundred websites and on-line database systems for various clients in the both the United States and Europe. Mr. Carten is the developer of the Company’s CyberloQ™ technology as well.

Lynnwood Farr. Mr. Farr brings a long and distinguished business acumen to the Company’s Board of Directors, and has been a leader in multiple industries over his storied career. Starting with General Dynamics of Canada as head of security in the mid 1960’s, Mr. Farr advanced himself all the way to CEO of General Dynamics of Canada by the 1980’s. Mr. Farr also directed Victor Shipbuilding in Canada, where he served as CEO and had oversight responsibility for the building of multi-million dollar submarines from start to finish procurement. His attention to detail has always been a big part of his success, and he received the highest of military security clearances during his tenures. More recently, Mr. Farr has served as the Chairman and President of XCELL since 2007, and he is the current President of SVT as well.

Enrico Giordano. Mr. Giordano is a founder and holds a BA degree in Mass Communications from the University of South Florida and has excelled in Mass Communication Law as his elective studies. Mr. Giordano has been a consultant for over 20 years and has worked with various types of deal structures, from helping structure the proposed sale and relocation of an NBA franchise to working with a structure on e-business companies and the web integration field that included associations with executives of corporations such as Compaq, Digital Equipment Corp., Apple Computer, VisiCorp, Fortress Technologies and IBM. From 2006 through 2007, Mr. Giordano worked on a consulting basis for SellaVision, Inc., a company involved with the infomercial and electronic retailing industry. From 2008 until present, has also been instrumental in structuring and negotiating on behalf of the Company. Mr. Giordano has already been successful in creating alliances that can be significant to the Company’s future growth potential. Mr. Giordano will devote most of his time to this effort, thus helping ensure the success of ACT. For the past two years all of Mr. Giordano’s time and efforts have been solely concentrated on the Company. From price point to structure as well as the marketing of the product to affiliate programs which are now ready to be rolled out. These are all part of the vision along with Mr. Jackson in order to bring to market a product that is reliable, affordable and one that can help thousands upon thousands of people in today’s economy.

Chris Jackson. Mr. Jackson is a founder and has served as the President and Chief Operating Officer since inception. Mr. Jackson attended Texas Lutheran University while seeking a degree in Marketing. He has been in sales management for the better part of 15 years. Mr. Jackson ran several automotive dealerships sales departments and has a keen awareness of the credit markets importance. During the past four years, Mr. Jackson has been involved with all aspects of the credit management software industry. From 2006 to 2007, Mr. Jackson worked for Mortgage Credit Specialists and since that time, has overseen the construction and implementation of company's technology platform. His personal hands on experience in the industry is key to the Company's long-term success and growth strategies. Mr. Jackson's main focus will be the implementation of sales strategies for growing the Company's revenues. Mr. Jackson devotes 100% of his time to revenue generation and sales support within the Company.

Rex Schuette. Mr. Schuette's vast experience and knowledge in the financial services sector will be instrumental in guiding the Company forward with its banking relationships. Mr. Schuette was an Executive Vice President and Chief Financial Officer of United Community Banks, Inc. ("United") for the past 16 years until his recent retirement in May of 2017. United is one of the largest full-service banks in the Southeast region of the United States, with over 168 offices and over $11 billion in assets. While at United, Mr. Schuette managed and directed all accounting, financial and reporting activities for the bank, and was also responsible for mergers and acquisitions, investor relations, strategic and capital planning. Prior to his time at United, Mr. Schuette spent sixteen years at State Street Corporation, a global financial services company, where he served as the company's Senior Vice President and Chief Accounting Officer. Mr. Schuette has also served as the Chief Financial Officer of Bank One (Lead Bank), Deputy Comptroller of Harris Trust Savings Bank, and Assistant Controller of the National Bank of Detroit. The knowledge and experience that Mr. Schuette brings to the Board will be an important and strategic component of the Company's continued growth in the banking industry, both domestically and abroad.

(f) Involvement in certain legal proceedings.

None.

(g) **Promoters and control persons**.

None.

Section 16(A) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than 10% of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and furnish us with copies of all Section 16(a) forms they file. Based on our review of the EDGAR database, We believe that there are no persons that are delinquent in filing the required forms for the year ended December 31, 2018.

Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. Our Code of Ethics is designed to deter wrongdoing and promote: (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in our other public communications; (iii) compliance with applicable governmental laws, rules and regulations; (iv) the prompt internal reporting of violations of our Code of Ethics to an appropriate person or persons identified in the code; and (v) accountability for adherence to our Code of Ethics. We will provide any person without charge a copy of our code of ethics upon receiving a written request which may be mailed to our office at 871 Venetia Bay Boulevard, #202, Venice, Florida 34285.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation of Officers

The following table sets forth certain information with respect to compensation paid to the Company's executive officers.

Name and Principal Position	Year	Salary	Bonus	Stock Awards		Option Awards	Non-Equity Instv. Plan Comp	Change in pension value & nonqualified deferred comp.earnings	All Other Comp	Total
Christopher Jackson	2018	$90,000	$13,000	$16,000	(1)	$ 0.00	$0.00	$ 0.00	$0.00	$119,000
President, Secretary,										
Treasurer & Director	2017	$90,000	$23,678	$0.00	(2)	$ 0.00	$0.00	$ 0.00	$0.00	$113,678
(PEO & PFO)										
Mark Carten	2018	$90,000	$2,488	$16,000	(1)	$ 0.00	$0.00	$ 0.00	$0.00	$108,488
CTO & Director	2017	$90,000	$0.00	$0.00	(2)	$ 0.00	$0.00	$ 0.00	$0.00	$99,985
Enrico Giordano	2018	$90,000	$10,000	$16,000	(1)	$ 0.00	$0.00	$ 0.00	$0.00	$116,000
VP & Director	2017	$90,000	$16,510	$0.00	(2)	$ 0.00	$0.00	$ 0.00	$0.00	$106,510

(1) The employment contracts for Mark Carten, Enrico Giordano and Christopher Jackson all provide that so long as they are in continuous service to the Company, on each annual anniversary date of their employment agreements they shall be issued 100,000 shares of the Company's common stock as an annual bonus.

(2) No stock bonuses were issued to officers in 2017 as the first anniversary of the employment contracts for Mark Carten, Enrico Giordano and Christopher Jackson did not occur until 2018.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information with respect to outstanding equity awards for the Company's executive officers as of December 31, 2018.

Name	Option Awards					Stock Awards
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	There are No Incentive-Based Stock Awards Outstanding
Mark Carten Chief Technical Officer	-	-	5,000,000 (1)	*	#	-
Enrico Giordano Vice President	-	-	5,000,000 (1)	*	#	-
Christopher Jackson President, Secretary and Treasurer	-	-	5,000,000 (1)	*	#	-

* at 110% of the average of the closing bid price for the ten days preceding the Company's achievement of each performance goal.

All of the options set forth in the above table are performance based and must be exercised within five(5) years of the date that they vest with the executive.

(1) The employment contracts for Mark Carten, Enrico Giordano and Christopher Jackson all include performance incentive stock options based upon the Company meeting certain performance conditions that can potentially result in the issuance of stock option awards of up to 5,000,000 shares each in the event that the Company reaches certain performance goals. Specifically, Mark Carten, Enrico Giordano and Christopher Jackson each shall be entitled to receive ten (10) stock option awards of 500,000 shares of the Company's common stock each, upon the Company achieving certain milestones (the "ISO Awards"). The first ISO Award will vest upon the Company achieving (cumulatively) $1,000,000 in Gross Revenues, and each additional ISO Award will vest upon the Company achieving the next $1,000,000 increment in cumulative Gross Revenue up to a total of 5,000,000 shares each.

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Compensation of Directors

The Company has not compensated any Board members for their participation on the Board and does not have any standard or other arrangements for compensating them for such services. The Company may issue shares of common stock or options to acquire shares of the Company's common stock to members of the Board in consideration for their services as members of the Board. The Company reimburses Directors for expenses incurred in connection with their attendance at meetings of the Board.

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

Security Ownership of Management and Certain Beneficial Owners

The following table indicates the number of shares of both our common and preferred stock that were beneficially owned as of December 31, 2018, by (1) each person known by us to be the owner of more than 5% of our outstanding shares of preferred stock, (2) our directors, (3) our executive officers, and (4) our directors and executive officers as a group. In general, "beneficial ownership" includes those shares a director or executive officer has sole or shared power to vote or transfer (whether or not owned directly) and rights to acquire common stock through the exercise of stock options or warrants exercisable currently or that become exercisable within 60 days. Except as indicated otherwise, the persons named in the table below have sole voting and investment power with respect to all shares shown as beneficially owned by them. We based our calculation of the percentage owned on 65,830,515 beneficially owned shares of common stock outstanding as of December 31, 2018, and 30,000 beneficially owned shares of preferred stock outstanding on December 31, 2018. The address of each director and executive officer listed below is c/o Advanced Credit Technologies, Inc., 5871 Venetia Bay Boulevard, #202, Venice, Florida 34285.

Title of Class	Name	Number of Common Shares Beneficially Owned	Percentage of Common Class		Number of Preferred Shares Beneficially Owned	Percentage of Preferred Class	
Directors & Officers	Mark Carten(1)(2)	5,000,000	7.6	%	10,000	33.33	%
Directors & Officers	Lynnwood Farr	0	*		0	*	
Directors & Officers	Enrico Giordano(2)	5,000,000	7.6	%	10,000	33.33	%

Directors & Officers	Christopher Jackson(2)	5,500,000	8.4 %	10,000	33.33 %
Directors & Officers	Rex Schuette(3)	2,525,000	3.8 %	0	*
	Officers & Directors as a group (5 persons)	18,025,000	27.3 %	30,000	100 %
5% Shareholders	Peter Lacey 81 Burnwaite Rd London SW65BQ United Kingdom	4,500,000	6.8 %	0	*

* Represents less than 1%

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The preferred shareholders vote together with the common stock as a single class and the holders of the preferred stock are entitled to 5,000 votes per share.

(1) Includes 4,000,000 shares of Common Stock held by Carten Tech LLC, of which Mark Carten has voting and dispositive control.

(2) The employment contracts for Mark Carten, Enrico Giordano and Christopher Jackson all include performance incentive stock options based upon the Company meeting certain performance conditions that can potentially result in the issuance of stock option awards of up to 5,000,000 shares each in the event that the Company reaches certain performance goals. Specifically, Mark Carten, Enrico Giordano and Christopher Jackson each shall be entitled to receive ten (10) stock option awards of 500,000 shares of the Company's common stock each, upon the Company achieving certain milestones (the "ISO Awards"). The first ISO Award will vest upon the Company achieving (cumulatively) $1,000,000 in Gross Revenues, and each additional ISO Award will vest upon the Company achieving the next $1,000,000 increment in cumulative Gross Revenue up to a total of 5,000,000 shares each. The shares vest at 110% of the average closing bid price and must be exercised within five(5) years of the vesting date.

(3) Rex Schuette also holds a warrant to potentially acquire an additional 625,000 shares of common stock that expires on June 28, 2019.

Securities Authorized for Issuance Under Executive Compensation Plans

As of December 31, 2018, the Company had equity compensation plans with Mark Carten, Enrico Giordano and Christopher Jackson. A summary table of the potential share issuances based upon these plans is set forth below:

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities

			reflected in column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Security Holders	15,000,000	*	1,000,000
Equity Compensation Plans Not Approved by Security Holders	0	n/a	0
Total	15,000,000	*	1,000,000

* The 15,000,000 in options set forth in the above table are exercisable at 110% of the average of the closing bid price for the ten days preceding the Company's achievement of each performance goal and must be exercised within five(5) years of the vesting date.

The employment contracts for Mark Carten, Enrico Giordano and Christopher Jackson all include performance incentive stock options based upon the Company meeting certain performance conditions. These performance incentive stock options were approved by the Company's Shareholders. The Company did not meet the requisite performance conditions in 2018, and it is unknown whether or not the Company will meet the requisite performance conditions in 2019. The options are exercisable in 500,000 increments upon the Company initially achieving (cumulatively) $1,000,000 in Gross Revenues, and each additional incentive stock option award will vest upon the Company achieving the next $1,000,000 increment in cumulative Gross Revenue.

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

Transactions with Related Persons

For the period ending December 31, 2018, there was one transaction with a related person. The Company paid $150,000 to CartenTech LLC in full satisfaction of the balance due on a note that emanated from the Company's acquisition of the CyberloQ™ banking fraud prevention technology (the "Technology") in 2017. The owner of CartenTech LLC is Mark Carten, the inventor of the Technology. Mark Carten is also a director and the Chief Technology Officer of Advanced Credit Technologies, Inc.

In addition, there is one unexercised warrant with a related person that remains outstanding. Prior to the period ending Decemer 31, 2018, Rex Schuette, one of the Company's directors, acquired two warrants to potentially acquire a total of 1,250,000 additional shares of common stock. One warrant to potentially acquire an additional 625,000 shares of common stock expired on June 19, 2018 and is no longer outstanding. The other warrant to potentially acquire an additional 625,000 shares of common stock expires on June 28, 2019 and the exercise price is $0.20 per share.

Promoters and Certain Control Persons

The Company has not had a promoter at any time during the last five fiscal years.

In addition, there are no parents of the Company.

Director Independence

The directors of the Company are also the executive officers of the Company as well as direct and/or beneficial shareholders of the Company and therefore are not independent directors. Members of the Company's management may become associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and directors of the Company. Insofar as the officers and directors are engaged in other business activities, management anticipates they will devote as much time to the Company's affairs as is reasonably needed.

The officers and directors are, so long as they are officers or directors of the Company, subject to the restriction that all opportunities contemplated by the Company's plan of operation which come to their attention, either in the performance of their duties or in any other manner, will be considered opportunities of, and be made available to the Company and the companies that they are affiliated with on an equal basis. A breach of this requirement will be a breach of the fiduciary duties of the officer or director. If the Company or the companies in which the officers and directors are affiliated with both desire to take advantage of an opportunity, then said officers and directors would abstain from negotiating and voting upon the opportunity. However, all directors may still individually take advantage of opportunities if the Company should decline to do so.

In addition, on November 2, 2017, the Company formally adopted a Related-Party Transactions Policy whereby the officers and directors of the Company are required to report to the Board of Directors any activity that would cause or appear to cause a conflict of interest on his or her part. All related-party transactions are subject to review, approval or ratification in accordance with the Related-Party Transactions Policy.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Effective May 19, 2017, the Company dismissed Yichien Yeh, CPA (“Yeh”) as the Company’s independent registered public accounting firm. Contemporaneous with the dismissal of Yeh, the Company engaged Fruci & Associates II, PLLC, 802 N. Washington, Spokane, Washington 99201, as its independent registered public accounting firm for the fiscal year ended December 31, 2017.

The following table sets forth fees billed to us for principal accountant fees and services during the years ended December 31, 2017 and December 31, 2018. All services provided by the Company’s independent registered accounting firm have been reviewed and approved by the Company’s Board of Directors.

	2017	2018
Audit Fees	$13,796	$19,500
Audit-Related Fees	$0	$0
Tax Fees	$0	$0
All Other Fees	$0	$0
Total:	$13,796	$0

PART IV

ITEM 15. EXHIBITS

Exhibits have been filed separately with the United States Securities and Exchange Commission in connection with the Annual Report on Form 10-K or have been incorporated into the report by reference.

Exhibit	Description
3.1(i)	Articles of Incorporation*
3.2(i)	Amended Articles of Incorporation dated May 4, 2010*
3.3(i)	Amended Articles of Incorporation dated May 5, 2017**
3.4(ii)	By-Laws***
14.1	Code of Ethics***
14.2	Related-Party Transactions Policy***
14.3	Anti-Corruption Policy***
16.1	Letter re Change in Certifying Accountant ****
31.1	Rule 13a-14(a) / 15d-14(a) Certification of Principal Executive Officer & Principal Financial Officer.*****
32.1	Section 1350 Certification of the Principal Executive Officer & Principal Financial Officer.*****

101.1	Interactive data files pursuant to Rule 405 of Regulation S-T.******

*	Incorporated by reference through the Registration Statement on form S-1 filed with the Commission on October 26, 2010. (101141203)
**	Incorporated by reference through the Quarterly Report on form 10-Q filed with the Commission on May 11, 2017. (17832815)
***	Incorporated by reference through the Current Report on form 8-Q filed with the Commission on November 6, 2017.
****	Incorporated by reference through the Current Report on form 8-Q filed with the Commission on May 19, 2017.
*****	Filed herewith. In addition, in accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.
******	Furnished herewith. XBRL (Extensible Business Reporting Language) information is furnished and not filed for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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SIGNATURES

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

	ADVANCED CREDIT TECHNOLOGIES, INC.
	By:
Date: March 12, 2019	Christopher Jackson President, Secretary, Treasurer and Director Principal Executive Officer Principal Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this report has been signed by the following persons in the capacities and on the dates indicated.

	ADVANCED CREDIT TECHNOLOGIES, INC.
	By:
Date: March 12, 2019	Mark Carten, Director
	By:
Date: March 12, 2019	Lynnwood Farr, Director
	By:
Date: March 12, 2019	Enrico Giordano, Director
	By:
Date: March 12, 2019	Christopher Jackson, Director
	By:
Date: March 12, 2019	Rex Schuette, Director

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Advanced Credit Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Advanced Credit Technologies, Inc. (“the Company”) as of December 31, 2018 and 2017, and the related consolidated statements of operations, changes in stockholders’ equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2018, 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 December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

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 incurred losses since inception resulting in a significant accumulated deficit and expects further losses as it continues to develop its business. These factors raise substantial doubt about the Company’s 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.

Fruci & Associates II, PLLC

We have served as the Company's auditor since 2017.

Spokane, Washington

March 11, 2019

Advanced Credit Technologies, Inc.

CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash	$21,009	$112,799
Advanced Commissions	-	16,000
Commitment Receivable	9,000	-
Total Current Assets	30,009	128,799
Fixed Assets		
Software and Computer Equipment, Net	550,679	670,728
Total Fixed Assets	550,679	670,728
Total Assets	$580,688	$799,527
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable and Accrued Expenses	$9,851	$10,128
Customer Prepayments	39,585	-
Accrued Expenses - Related Party	-	-
Loans Payable – Stockholders	45,000	50,000
Loans from Related Parties	-	145,000
Total Current Liabilities	94,436	205,128
Total Liabilities	94,436	205,128
Commitments and Contingencies	-	-
Stockholders' Equity (Deficit)		
Common stock: $0.001 par value,100,000,000 shares authorized; 65,830,515 and 61,982,181 shares issued and outstanding as of December 31, 2018 and December 31, 2017 respectively	$65,831	$61,982
Preferred Stock $0.001 per value - 30,000 shares authorized; issued and outstanding as of December 31, 2018 and 2017 respectively	30	30
Shares to be Issued: 3,633,333 common shares as of 12/31/18; 150,000 common shares as of 12/31/17	348,000	12,000

Stock Subscription Receivable	(150,000)	-
Additional Paid in Capital	$3,884,102	$3,141,639
Accumulated Deficit	(3,661,711)	(2,621,252)
Total Stockholders' Equity (Deficit)	486,252	594,399
Total Liabilities and Stockholders' Equity	$580,688	$799,527

See accompanying notes to financial statements

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Advanced Credit Technologies, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2018	2017
Revenue		
Service Revenue	$10,415	$-
Total Revenue	10,415	-
Operational Expense		
Professional Fees	66,655	91,523
Research	30,642	76,673
Stock Compensation	442,311	12,000
Officer's Compensation	295,489	315,174
Travel and Entertainment	32,717	88,368
Rent	675	600
Depreciation	120,050	50,021
Computer and Internet	5,018	3,530
Office Supplies and Expenses	25,670	10,828
Other Operating Expenses	19,007	1,987
Total Operating Expenses	1,038,234	650,704
Loss from Operations	(1,027,819)	(650,704)
Other Income (Expense)		
Gain (Loss) of Settlement of Debt	(12,000)	151,324
Interest	(640)	(60,520)
Total Other Income (Expenses)	(12,640)	90,804
Provision for Income Taxes	-	-
Net Loss	$(1,040,459)	$(559,900)
Loss per common share-Basic and diluted	$(0.016)	$(0.011)
Weighted Average Number of CommonShares Outstanding Basic and diluted	64,162,570	52,954,326

See accompanying notes to financial statements

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Advanced Credit Technologies, Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

For the Years Ended December 31, 2018 and December 31, 2017

	Common (Issued)		Common (Unissued)		Preferred Stock		Add'l Paid-In	Accum.	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance as of December 31, 2016	44,455,181	$44,455	-	$-	-	-	$1,732,926	$(2,061,352)	$(283,971)
Proceeds from Issuance of Common Stock	12,677,000	12,677	-	-	-	-	688,173	-	700,850
Unissued Common Stock	-	-	150,000	12,000	-	-	-	-	12,000
Preferred Stock	-	-	-	-	30,000	30	-	-	30
Shares issued for software	4,000,000	4,000	-	-	-	-	516,000	-	520,000
Shares issued for services	350,000	350	-	-	-	-	55,040	-	55,390
Shares issued for conversion of debt	500,000	500	-	-	-	-	149,500	-	150,000
Net loss for year ended December 31, 2017	-	-	-	-	-	-	-	(559,900)	(559,900)
Balance as of December 31, 2017	61,982,181	$61,982	150,000	$12,000	30,000	$30	$3,141,639	$(2,621,252)	$594,399

Proceeds from Issuance of Common Stock	3,203,334	3,204	-	-	-	-	318,797	-	322,001
Unissued Common Stock	-	-	3,633,333	348,000	-	-	-	-	348,000
Warrants Issued for Services	-	-	-	-	-	-	78,073	-	78,073
Shares issued for services	435,000	435	-	-	-	-	82,865	-	83,300
Options Isssued for Services	-	-	-	-	-	-	232,938	-	232,938
Stock subscriptions	-	-	-	(150,000)	-	-	-	-	(150,000)
Shares issued for conversion of debt	210,000	210	(150,000)	(12,000)	-	-	29,790	-	18,000
Net loss for year ended December 31, 2018	-	-	-	-	-	-	-	(1,040,459)	(1,040,459)
Balance as of December 31, 2018	65,830,515	$65,831	3,633,333	$198,000	30,000	$30	$3,884,102	$(3,661,711)	$486,252

See accompanying notes to financial statements

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Advanced Credit Technologies, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31,

	2018	2017
OPERATING ACTIVITIES		
Net loss	$(1,040,459)	$(559,900)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain (Loss) of Settlement of Debt	12,000	(151,324)
Depreciation	120,050	50,021
Stock Compensation	442,311	31,421
Change in Operating Assets and Liabilities:		
Advanced Commissions	16,000	(16,000)
Commitment Receivable	(9,000)	-
Accounts Payable and Accrued Expenses	5,723	81,705
Customer Prepayments	39,585	-
Due to Related Parties	-	-
Net Cash Used in Operating Activities	(413,790)	(564,077)
INVESTING ACTIVITIES		
Software	-	(50,750)
Net cash provided by (used) in investing activities	-	(50,750)
FINANCING ACTIVITIES		
Proceeds from Common Stock Issuance	322,000	700,850
Proceeds from Common Stock to be Issued	150,000	-
Repayment of Note Principal	(150,000)	(5,000)
Net Cash Provided by Financing Activities	322,000	695,850
Net Increase (Decrease) in Cash and Equivalents	(91,790)	81,023
Cash and Equivalents at Beginning of the Period	112,799	31,776
Cash and Equivalents at End of the Period	$21,009	$112,799
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	$(640)	$-
Income Taxes Paid	$-	$-
NON-CASH DISCLOSURES		
Company issued 60,000 shares of Stock for payment of $6,000 accrued expenses	$6,000	$-
Company issued 500,000 shares of Stock for retirement of debt of $150,000	$-	$150,000
Company issued 200,000 shares of Stock for vendor services of $19,400	$-	$19,500
Company issued 4,000,000 shares of Stock for payment of software valued at $520,000	$-	$520,000
Company issued a note for $150,000 as payment for software	$-	$150,000
Company issued 150,000 shares of Stock in settlement of accounts payable of $15,000	$-	$15,000

Company issued 150,000 shares of Stock for retirement of debt of $12,000	$12,000	$-

See accompanying notes to financial statements

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Advanced Credit Technologies, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

ACRT (“the Company’s TurnScor® and CyberloQ™ products”, “We” or the “Company”) is a development-stage technology company focused on fraud prevention and credit management. The Company was incorporated in the State of Nevada on February 25, 2008.

The Company offers a proprietary software platform branded as CyberloQ™ . While previously the Company licensed CyberloQ, in the third quarter of 2017, the Company acquired the CyberloQ technology and is now the exclusive owner of CyberloQ.

The CyberloQ Vault is a “cloud based’ security protocol that allows clients the ability to send/receive secure DATA without having to use traditional e-mail which is prone to a breach. This CyberloQ service uses CLOUD BASED encryption and a secure web portal to send/receive confidential DATA, the SENDER and RECEIVER both must have authenticated their position within the prescribed GEO coordinates as well as authenticate their mobile devices prior to SENDING/RECEIVING any DATA. Thus rendering a hack or breach utterly useless for the encrypted DATA is unusable without the CyberloQ authentication component.

In addition to CyberloQ, the Company offers a web-based proprietary software platform under the brand name Turnscor® which allows customers to monitor and manage their credit from the privacy of their own homes. Although individuals can sign-up for Turnscor on their own, the Company also intends to market Turnscor to certain institutional clients, where appropriate, in conjunction with CyberloQ as a value-added benefit to offer their customers.

Moreover, on March 30, 2017 the Company entered into certain agreements with Swiss Venture Trust, a subsidiary of XCELL Security House, S.A. of Lausanne, Switzerland whose President, Lynnwood Farr, is a member of the Company’s Board of Directors. On December 31, 2018 the agreements were mutually terminated by both parties since the projects contemplated by the agreements were no longer moving forward. The parties are in the process of renegotiating the details of their relationship, and the terms of any new contracts will be disclosed when finalized.

On June 15, 2017, the Company created a private limited company in the United Kingdom named CyberloQ Technologies LTD. CyberloQ Technologies LTD is a wholly-owned subsidiary of the Company, and any business that the Company has in the United Kingdom will be transacted through CyberloQ Technologies LTD. However, to date CyberloQ Technologies LTD has not had any operating activity or generated any revenue for the Company.

Basis of Presentation

The financial statements of the Company have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America and the rules of the Securities and Exchange Commission. All amounts are presented in U.S. dollars. The Company has adopted a December 31 fiscal year end.

Principles of Consolidation – The consolidated financial statements include the accounts of the Company and its wholly-owned or controlled operating subsidiaries. All intercompany accounts and transactions have been eliminated.

Reclassification

Certain reclassifications have been made to conform previously reported data to the current presentation. These reclassifications have no effect on our net income (loss) or financial position as previously reported.

Use of Estimates

In preparing these financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheets and revenues and expenses during the year reported. Actual results may differ from these estimates. 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.

Cash and Cash Equivalents

Cash equivalents are comprised of certain highly liquid investments with maturities of three months or less when purchased. The Company maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. As of December 31, 2018 and December 31, 2017, the Company had no in deposits in excess of federally-insured limits.

Research and Development, Software Development Costs, and Internal Use Software Development Costs

Software development costs are accounted for in accordance with ASC Topic No. 985. Software development costs are capitalized once technological feasibility of a product is established and such costs are determined to be recoverable. For products where proven technology exists, this may occur very early in the development cycle. Factors we consider in determining when technological feasibility has been established include (i) whether a proven technology exists; (ii) the quality and experience levels of the individuals developing the software; (iii) whether the software is similar to previously developed software which has used the same or similar technology; and (iv) whether the software is being developed with a proven underlying engine. Technological feasibility is evaluated on a product-by-product basis. Capitalized costs for those products that are canceled or abandoned are charged immediately to cost of sales. The recoverability of capitalized software development costs is evaluated on the expected performance of the specific products for which the costs relate.

Internal use software development costs are accounted for in accordance with ASC Topic No. 350 which requires the capitalization of certain external and internal computer software costs incurred during the application development stage. The application development stage is characterized by software design and configuration activities, coding, testing and installation. Training costs and maintenance are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality.

In accounting for website software development costs, we have adopted the provisions of ASC Topic No. 350. ASC Topic No. 350 provides that certain planning and training costs incurred in the development of website software be expensed as incurred, while application development stage costs are to be capitalized. During the periods ending December 31, 2018 and 2017, we expensed $30,642 and $0 in expenditures on research and development, respectively. Of the $30,642 paid in 2018, none was paid to related parties.

Fixed Assets, Intangibles and Long-Lived Assets

The Company records its fixed assets at historical cost. The Company expenses maintenance and repairs as incurred. Upon disposition of fixed assets, the gross cost and accumulated depreciation are written off and the difference between the proceeds and the net book value is recorded as a gain or loss on sale of assets. The Company depreciates its fixed assets over their respective estimated useful lives ranging from three to fifteen years.

The Company follows FASB ASC 360-10, *"Property, Plant, and Equipment,"* which established a "primary asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. For the periods ending December 31, 2018 and December 31, 2017 the Company had not experienced impairment losses on its long-lived assets.

Revenue Recognition

Effective January 1, 2018, the Company adopted the requirements of ASU No. 2014-09, *Revenue from Contracts with Customers: Topic 606* (ASU 2014-09 or ASC 606). The adoption of ASC 606 resulted in changes to the Company's accounting policies for revenue recognition previously recognized under ASC 605 (Legacy GAAP), as detailed below. However, since the Company had not earned any revenue prior to adopting ASC 606, this policy change had no effect on any financial statements from prior periods, thus no adjustments have been made to any prior periods related to the adoption of ASC 606.

Revenue Recognition Policy

Under ASC 606, the Company recognizes revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To achieve the core principle of ASC 606, the Company performs the following steps:

1) Identify the contract(s) with a customer;

2) Identify the performance obligations in the contract;

3) Determine the transaction price;

4) Allocate the transaction price to the performance obligations in the contract; and

5) Recognize revenue when (or as) we satisfy a performance obligation.

The Company derives its revenue from two sources: (1) subscription revenues, which are comprised of subscription fees from customers accessing the Company's TurnScor® and CyberloQ™ products and from customers purchasing additional support beyond the standard support that is included in the basic subscription fees; and (2) related professional services and other revenue, which consists primarily of certain performance obligations related to set-up, ingestion, consulting and training fees. The Company's subscription arrangements provide customers the right to access the Company's hosted software applications. Customers do not have the right to take possession of the Company's software during the hosting arrangement.

As of December 31, 2018, the Company has $0 in contract assets, however there is a commitment receivable of $9,000 from a customer's non-refundable two year (beginning August 28, 2018) service contract, as well as a contract liability of $39,585 to perform on that contract. The commitment receivable is past due, but has been fully received in January 2019. This contract liability will be reduced by $2,083 per month as the Company provides a non-exclusive, non-transferable license to use the CyberloQ Vault Services for the customer's internal purposes and earns and recognizes related revenue.

Fair Value Measurements

For certain financial instruments, including accounts receivable, accounts payable, accrued expenses, interest payable, advances payable and notes payable, the carrying amounts approximate fair value due to their relatively short maturities.

The Company has adopted FASB ASC 820-10, *"Fair Value Measurements and Disclosures."* FASB ASC 820-10 defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company did not identify any other non-recurring assets and liabilities that are required to be presented in the balance sheets at fair value in accordance with FASB ASC 815.

In February 2007, the FASB issued FAS No. 159, *"The Fair Value Option for Financial Assets and Financial Liabilities,"* now known as ASC Topic 825-10 *"Financial Instruments."* ASC Topic 825-10 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. FASB ASC 825-10 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company has adopted FASB ASC 825-10. The Company chose not to elect the option to measure the fair value of eligible financial assets and liabilities.

Segment Reporting

FASB ASC 280, *"Segment Reporting"* requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company determined it has one operating segment.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2018 and 2017 was $13,192 and $0 respectively.

Income Taxes

Deferred income taxes are provided using the liability method (in accordance with ASC 740) whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all-of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates of the date of enactment.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. 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 as 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 benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Applicable interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statements of operations. The Company is not aware of uncertain tax positions.

Earnings (Loss) Per Share

Earnings per share is calculated in accordance with the FASB ASC 260-10, “Earnings Per Share.” Basic earnings (loss) per share is based upon the weighted average number of common shares outstanding. Diluted earnings (loss) per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

At December 31, 2018 and December 31, 2017 the Company has 1,125,000 and 1,750,000 warrants as well as 1,200,000 and 0 options, issued (respectively) that can be exercised and could be dilutive to the existing number of shares issued and outstanding. However, due to the Company’s periods of losses, the basic weighted average is equal to the diluted weighted average shares outstanding.

The computation of earnings per share of common stock is based on the weighted average number of shares outstanding at the date of the financial statements.

Stock Based Compensation

The Company adopted FASB ASC Topic 718 – Compensation – Stock Compensation (formerly SFAS 123R), which establishes the use of the fair value-based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. For stock-based compensation the Company recognizes an expense in accordance with FASB ASC Topic 718 and values the equity securities based on the fair value of the security on the date of grant. Stock option and warrant awards are valued using the Black-Scholes option-pricing model, which according to ASC 820-10 is a level 3 value on the hierarchy.Black Scholes assumptions were calculated using stock price at grant date between $0.29 to $0.149; exercise prices between $0.15 to $0.20: life expectancy between 5 years to ½ year; and volatility ranging from 163% to 68%.

In accordance with ASC Topic 505, the Company accounts for stock issued to non-employees where the value of the stock compensation is based upon the measurement date as determined at either (a) the date at which a performance commitment is reached, or (b) at the date at which the necessary performance to earn the equity instruments is complete.

Recent Accounting Pronouncements

In July 2018, the FASB issued ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting. The amendments expand the scope of ASC 718, Compensation – Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees and to supersede the guidance in ASC 505-50, Equity-Based Payments to Non-Employees. The accounting for nonemployee awards will now be substantially the same as current guidance for employee awards. ASU 2018-07 impacts all entities that issue awards to nonemployees in exchange for goods or services to be used or consumed in the grantor's own operations, as well as to nonemployees of an equity method investee that provide goods or services to the investee that are used or consumed in the investee's operations. ASU 2018-07 aligns the measurement-date guidance for employee and nonemployee awards using the current employee model, meaning that the measurement date for nonemployee equity-classified awards generally will be the grant date, while liability-classified awards generally will be the settlement date. ASU 2018-07 is effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. The Company is considering the effect of this adoption to its financial reports.

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which revises the accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. The ASU also amends certain disclosure requirements associated with the fair value of financial instruments. The new guidance requires the fair value measurement of investments in equity securities and other ownership interests in an entity, including investments in partnerships, unincorporated joint ventures and limited liability companies (collectively, equity securities) that do not result in consolidation and are not accounted for under the equity method. Entities will need to measure these investments and recognize changes in fair value in net income. Entities will no longer be able to recognize unrealized holding gains and losses on equity securities they classify under current guidance as available for sale in other comprehensive income (OCI). They also will no longer be able to use the cost method of accounting for equity securities that do not have readily determinable fair values. Instead, for these types of equity investments that do not otherwise qualify for the net asset value practical expedient, entities will be permitted to elect a practicability exception and measure the investment at cost less impairment plus or minus observable price changes (in orderly transactions). The ASU also establishes an incremental recognition and disclosure requirement related to the presentation of fair value changes of financial liabilities for which the fair value option (FVO) has been elected. Under this guidance, an entity would be required to separately present in OCI the portion of the total fair value change attributable to instrument-specific credit risk as opposed to reflecting the entire amount in earnings. For derivative liabilities for which the FVO has been elected, however, any changes in fair value attributable to instrument-specific credit risk would continue to be presented in net income, which is consistent with current guidance. For the Company, this standard is effective beginning January 1, 2018 via a cumulative-effect adjustment to beginning retained earnings, except for guidance relative to equity securities without readily determinable fair values which is applied prospectively. This adoption has not affected the financial statements.

In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)". The amendments in this ASU are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations by amending certain existing illustrative examples and adding additional illustrative examples to assist in the application of the guidance. The effective date and transition of these amendments is the same as the effective date and transition of ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)”. Public entities should apply the amendments in ASU 2014-09 for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein. The Company adopted ASU 2016-08 in January 2018. Prior to that time the Company had no material income and the Company will report gross revenue and agent considerations as separate line items upon revenue receipt.

NOTE 2 – FIXED ASSETS

Software and computer equipment, recorded at cost, consisted of the following:

	December 31, 2018	December 31, 2017
Software and computer equipment	$720,750	$720,750
Less: accumulated depreciation	(170,071)	(50,022)
Property and equipment, net	$550,679	$670,728

Depreciation expense was $120,050 and $50,022 for the periods ended December 31, 2018 and 2017, respectively.

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NOTE 3 – GOING CONCERN

The Company has incurred losses since Inception resulting in an accumulated deficit of $3,661,711 as of December 31, 2018 that includes a loss of $1,040,459 for the year ended December 31, 2018. Further losses are anticipated in the development of its business. Accordingly, there is substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are issued.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that could result from the outcome of this uncertainty.

The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and, or, obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operating expenses. The Company intends to position itself so that it may be able to raise additional funds through the capital markets. In light of management's efforts, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

NOTE 4 – STOCKHOLDERS' DEFICIT

Common Stock

The Company has 100,000,000 shares of $.001 par value common stock authorized as of December 31, 2018 and December 31, 2017.

The Company has an agreement to issue 3,333,333 common shares for $300,000 by March 31, 2019. Currently, the Company has collected $150,000 towards that agreement, and is disclosing the full amount and the related 3,333,333 common shares as "To be Issued". Once the remaining stock subscription of $150,000 is collected, the Company will issue the entire 3,333,333 common shares. In addition, the Company has 300,000 shares of common stock to be issued to officers as of December, 31, 2019, these shares are valued at $48,000 and will be issued during the first quarter of 2019.

During fiscal year 2018, the Company received $322,000 in payment for 3,203,334 shares of common stock; received $83,300 in services for 435,000 shares of common stock. Also during the same period, the Company issued 60,000 shares of common stock in payment of $6,000 of accrued legal fees, recognizing a loss on settlement of debt of $12,000; and a conversion of $12,000 of debt into 150,000 shares, these shares were previously recorded as “Shares to be Issued” in the Balance Sheet. There were 65,830,515 shares of common stock issued and outstanding as of the period end.

In 2017, the Company received $700,850 in payment for 12,677,000 shares of common stock. Also in 2017, the Company issued 4,000,000 shares of common stock to acquire the Cyberloq™ technology, and 350,000 shares of common stock were issued as compensation for services. Furthermore, the company issued 500,000 shares of common stock for the conversion of debt. There were 61,982,181 shares of common stock issued and outstanding as of December 31, 2017.

Preferred Stock

The Company did not have any preferred stock prior to 2017. In April of 2017, the Company amended its articles of incorporation to create a new class of stock designated Series A Super Voting Preferred Stock consisting of thirty-thousand (30,000) shares at par value of $0.001 per share. Certain rights, preferences, privileges and restrictions were established for the Series A Preferred Stock as follows: (a) the amount to be represented in stated capital at all times for each share of Series A Preferred Stock shall be its par value of $0.001 per share; (b) except as otherwise required by law, holders of shares of Series A Preferred Stock shall vote together with the common stock as a single class and the holders of Series A Preferred Stock shall be entitled to five-thousand (5,000) votes per share of Series A Preferred Stock; and (c) in the event of any liquidation, dissolution or winding-up of the Company, either voluntary or involuntary, the holders of the Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of assets of the Corporation to the holders of the common stock, the original purchase price paid for the Series A Preferred Stock. All 30,000 shares of the Series A Super Voting Preferred Stock were issued in 2017.

NOTE 5 – COMMITMENTS

The Company rents office space on a month to month basis for its main office at 871 Venetia Bay Blvd Suite #202 Venice, FL 34285. Monthly rent for this space is $50. All conditions have been met and paid by the Company.

In 2015, in conjunction with a proposed TurnScor Card platform, the Company signed three Investor Royalty and Warrant Agreements with four parties. In exchange for the funds contributed by the four parties, the Company agreed to:

1. Pay the investors monthly residuals of 2.0% to 5% per month on the gross revenue after expenses generated by the Company’s primary platform in conjunction with the Company’s TurnScor Card;
2. Pay the investors a residual in perpetuity on 2% to 5% of all sub-platform revenue generated; and
3. Issue warrants to investors all of which have either been exercised or expired except for one individual that has two unexercised warrants: one to purchase 250,000 shares of common stock at $0.15 per share that expires in November of 2019, and another to purchase 250,000 shares of common stock at $0.20 per share that expires in November of 2020.

The Company does not plan to proceed with the TurnScor Card at this time.

During fiscal year 2018, the Company wrote off $17,646 in advanced commissions paid to a sales person who dissolved their contractor agreement with the Company.

NOTE 6 – RELATED PARTY TRANSACTIONS

Acquisition of Cyberloq™

During 2017, the Company acquired the CyberloQ™ banking fraud prevention technology. (the "Technology") Pursuant to the asset purchase agreement, the prior license agreement between the Company and CartenTech LLC was terminated, and the Company is now the exclusive owner of the CyberloQ™ banking fraud prevention technology along with all intellectual property rights associated with the Technology which is copyrighted with the United States Copyright Office. The owner of CartenTech LLC is Mark Carten, who is also a director of ACRT and its Chief Technology Officer. On July 28, 2017, the Company purchased the Technology with a value of $720,000. As consideration for the acquisition of and all rights to the Technology, CartenTech LLC received: (a) payment of $50,000, (b) a note for $150,000, and (c) 4,000,000 shares of the Company's common stock. The software is being depreciated over its useful life of six-years in conjunction with the Company's depreciation policy.

Issuance of Warrants/Options

The following is a summary of the warrants issued in connection with common stock:

Date	11/30/15	11/30/15	6/28/16	12/21/17	Weighted Avg.
Warrants	250,000	250,000	625,000	625.000	-
Exercise price	$0.15	$0.20	$0.20	$0.20	-
Expected life	4 year	5 year	3 year	6 months	-
Unexpired 12/31/17	250,000	250,000	625,000	625,000	$0.1929
Unexpired 12/31/18	250,000	250,000	625,000	0	$0.1889

The following is a summary of the options issued in connection with common stock:

Date	FY 2017	FY2018	Weighted Avg.
Options	100,000	1,100,000	-
Exercise price	$0.15	$0.15	-
Expected life	5 year	5 year	-
Unexpired 12/31/17	100,000	-	$ 0.15
Unexpired 12/31/18	100,000	1,100,000	$ 0.15

In 2016 and 2017, Rex Schuette, one of the Company's directors, was issued two warrants to potentially acquire a total of 1,250,000 additional shares of common stock. One warrant to potentially acquire an additional 625,000 shares of common stock expired on June 19, 2018, and the other warrant to potentially acquire an additional 625,000 shares of common stock expires on June 28, 2019. Both warrants are exercisable at $0.20 per share. The Company revalued the warrants based on information that has come forward that caused a recalculation of the 1,250,000 warrants value from the $51,592 (as disclosed in the December 31, 2017 footnote) to the corrected amount $96,643. This re-valuation had no material impact on 2017, given that the majority of expense was recorded in 2018 and 2019. The Company has issued non-qualified options to an independent contractor, during 2018 there have been 1,200,000 options issued to this contractor. All options are exercisable at $0.15 per share and have a 5 year life. All non-expired warrants are being expensed ratably through expiration; all non-expired options are expensed as stock compensation is vested. As of December 31, 2018, the remaining non-expired warrant amount to be expensed is $18,570; the amount expensed during the year for these warrants is $78,073 and for options is $232,938. The total number of warrants and options outstanding as of December 31, 2018 is 1,125,000 and 1,200,000 respectively.

Related Party Loans Payable

The following is a summary of related party loans payable:

	For the Periods Ended December 31, 2018	December 31, 2017
Loans payable - stockholders	$45,000	$50,000
Loans from related parties	$0	$145,000

<u>Loans Payable - Stockholders</u>

On December 29, 2014, the Company entered into a partially-convertible promissory note with a shareholder in the amount of $35,000. In January of 2015, the shareholder partially-exercised its conversion option, and in May of 2016 the shareholder exercised the remainder of its conversion option. In December 2017, the remaining unpaid principal and interest due on the note was settled in full for a $50,000 note and the Company recognized $151,324 in gain on settlement of debt. The $50,000 note has a current principle balance of $45,000, a stated interest rate of 0% and an extended due date of March 31, 2019.

On October 26, 2013 the Company issued a promissory note of $150,000. On September 28, 2017 the total amount of $160,900 was converted to 500,000 shares of stock for a value of $150,000 and recorded other income gain of $10,900 by the Company.

Loans from Related Parties

As set forth above, during 2017 the Company acquired the intellectual property and ownership rights to CyberloQ™ from Carten Tech, LLC. The owner was the Company's Chief Technology Officer, Mark Carten. The purchase included $50,000 in cash, a non-interest bearing note payable of $150,000, and 4,000,000 shares of Common Stock. The note has been paid in full, the balance of this note payable as of December 31, 2018 is $0.

NOTE 7 – CONVERTIBLE NOTES-STOCKHOLDERS

On June 26, 2012 the company issued a note to a shareholder for $12,000. Principal and interest were not originally recognized on this note in 2012. On December 29, 2017 this note was converted to 150,000 shares of common stock and the Company recognized the transaction as stock compensation expense upon such conversion.

NOTE 8 – INCOME TAXES

At December 31, 2018, the Company had available federal net operating loss carry forwards to reduce future taxable income. The amount available was approximately $2,880,927 for federal purposes. The federal net operating loss carry forwards begin to expire in 2028. Given the Company's history of net operating losses, management has determined that it is more likely than not that the Company will not be able to realize the tax benefit of the net operating loss carry forwards. Accordingly, the Company has recognized a valuation allowance that offsets the deferred tax asset for this benefit.

FASB ASC Topic 740 – Income Taxes (formerly SFAS 109) requires that the Company establish a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. Due to restrictions imposed by Internal Revenue Code Section 382 regarding substantial changes in ownership of companies with net operating loss carry forwards, the utilization of the Company's net operating loss carry- forward will likely be limited as a result of cumulative changes in stock ownership. The Company has not recognized a deferred asset and, as a result, the change in stock ownership will not result in any change to the valuation allowances. Upon the attainment of taxable income by the Company, management will assess the likelihood of realizing the tax benefit associated with the use of the carry forwards and will recognize a deferred tax asset at that time.

The provision for Federal income tax consists of the following:

	For the Year Ended December 31,	
	2018	2017
Federal income tax benefit attributable to:		
Net operating loss	$218,496	$136,491
Less: valuation allowance	$(218,496)	$(136,491)
Provision for Federal tax benefit	$-	$-

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The Tax Cuts and Jobs Act of 2018 will reduce the dollar value of the net operating loss carry-forwards due to the corporate tax rate decrease to 21%. However, the actual benefit will remain because, if allowed, the losses from prior years will offset taxable income in future years regardless of the tax rate. The cumulative tax effect at the expected rate of 21% of significant items comprising our net deferred tax amount is as follows:

	For the Year Ended December 31,	
	2018	2017
Deferred tax assets attributable to:		
Net operating loss carryover	$604,995	$837,351
Less: valuation allowance	$(604,995)	$(837,351)
Net deferred tax assets	$-	$-

The Company files income tax returns in the U.S. federal jurisdiction and various states. The Company is current on all income tax filings. The Company is subject to U.S. federal or state income tax examinations by tax authorities for three years following the filing of such returns. During the periods open to examination, the Company has net operating loss and tax credit carry forwards for U.S. federal and state tax purposes that have attributes from closed periods. Since these NOL's and tax credit carry forwards may be utilized in future periods, they remain subject to examination.

NOTE 9 – SUBSEQUENT EVENTS

As of January 7, 2019, the Company has received all remaining funds on the $9,000 commitment receivable.

On January 28, 2019, the Company entered into a contract with a software developing company in Poland for the creation of a blockchain network. The agreed upon fee is $15,750, and the completion date is estimated to be March 10, 2019.

On January 31, 2019, Advanced Credit Technologies, Inc. (the "Company") entered into an agreement with The Diabetic Help Centers LLC ("TDHC") to provide TDHC with an interactive database for use in the keeping and safeguarding of medical records. The Company will also be developing and attaching a private blockchain to the SQL database and further securing the database through use of the Company's CyberloQ™ technology. The January 14, 2019 contract stipulates an estimated completion date of Mid-March 2019, and the Company will charge $50,000 for the development as well as a monthly usage fee which are dependent on volume usage.

On February 22, 2019, the Company issued 200,000 shares of common stock at $0.10 per share, for a total of $20,000 cash.

As of February 22, 2019, the Company has received $75,000 of the $150,000 stock subscription receivable, leaving a balance in the stock subscription of $75,000.

Other than the foregoing, the Company is not aware of any subsequent events through the date of this filing that require disclosure or recognition in these financial statements.