

ADVANCED CREDIT TECHNOLOGIES INC  
Form 10-Q  
August 18, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended June 30, 2017

**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

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

871 Venetia Bay Boulevard, #220

Venice, Florida

34285

(Address of principal executive offices)

(Zip Code)

(612)961-4536

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or 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

Smaller reporting company

(Do not check if a smaller reporting company)

SEC 1296 (01-12) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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 August 18, 2017, there were 56,705,181 shares of the Issuer's common stock issued and outstanding.

ADVANCED CREDIT TECHNOLOGIES INC

FORM 10-Q

FOR THE FISCAL QUARTER ENDED JUNE 30, 2017

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### **Special Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 of Part I of this report include forward-looking statements. 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 terms or 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 Quarterly 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 Quarterly Report to conform these statements to actual results.

**PART I -- FINANCIAL INFORMATION**

## Item 1.

## Financial Statements.

Advanced Credit Technologies, Inc  
Balance Sheets

	As of June 30, 2017	As of December 31, 2016
	(Unaudited)	
Assets		
Current assets		
Cash	\$ 168,232	\$ 31,776
Advances Receivable	12,000	—
Total Current Assets	180,232	31,776
Total Assets	\$ 180,232	\$ 31,776
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued expenses	\$ 154,065	\$ 124,347
Loans payable – stockholders	191,400	191,400
Loans from related parties	—	—
Total Current Liabilities	345,465	315,747
Total Liabilities	345,465	315,747
Commitments and Contingencies		
Stockholders' Deficit		
Preferred Stock, \$0.001 par value, 30,000 shares authorized; 30,000 outstanding as of 6/30/17 and 0 as of 12-31-16 respectively	30	
Common stock,\$0.001 par value,100,000,000 shares authorized; 56,705,181 and 44,455,181 shares issued and outstanding in 2017 and 2016 respectively	52,705	44,455
Additional paid in capital	2,124,066	1,732,926
Accumulated deficit	(2,342,034)	(2,061,352)
Total stockholders' deficit	(165,233 )	(283,971 )
Total liabilities and stockholders' deficit	\$ 180,232	\$ 31,776

See accompanying notes to financial statements





Advanced Credit Technologies, Inc  
Statements of Operations  
(Unaudited)

	For the Six Months Ended		For the Three Months Ended	
	June 30, 2017		June 30, 2017	
	2017	2016	2017	2016
Revenues	\$—	\$700	\$—	\$700
Consulting revenue	—	—	—	—
Total Revenue	0	700	0	700
Operational Expense	—	—	—	—
Commission	206	—	—	—
Professional fee	47,534	29,375	2,793	22,130
Research and Development	1,800	115,000	—	115,000
Officer's compensation	168,944	117,934	71,975	48,805
Travel and entertainment	25,170	1,789	2,498	266
Rent	300	300	150	150
Computer and internet	788	1,365	965	861
Office supplies and expenses	4,535	3,145	543	239
Other Operating Expenses	1,116	615	576	450
Total operating expenses	250,422	269,523	79,500	187,901
Loss from operations	(250,422 )	(268,823 )	(79,500 )	(187,201 )
Interest expense	30,260	31,851	15,030	15,197
Provision for income taxes	—	—	—	—
Net loss	\$(280,682 )	\$(300,674 )	\$(94,530 )	\$(202,398 )
Loss per common share-Basic and diluted	\$(0.006 )	\$0.010	\$(0.002 )	\$(0.005 )
Weighted Average Number of Common Shares Outstanding Basic and diluted	48,127,159	38,006,429	51,050,737	38,894,159

See accompanying notes to financial statements

Advanced Credit Technologies, Inc  
Statements of Cash Flows  
(Unaudited)

	For the Six Month Period June 30, 2017 2017                  2016	
Operating Activities		
Net loss	\$(280,682)	\$(300,674)
Adjustments to reconcile net loss to net cash used in operating activities		
Advances Receivables	(12,000 )	
Stock issued for services	19,430	118,000
Officers Loan Paid		
Amortization of discount on notes payable		1,457
Accounts Accrued Interest Adjustment	—	—
Accounts payable and accrued expenses	29,708	21,669
Loan		
Net cash used in operating activities	(243,544)	(159,548)
Financing Activities		
Proceeds from common stock issuance	380,000	103,775
Amount Includes paid in capital Adjustment	—	—
	—	—
Capital contribution for profit sharing and warrant	—	40,000
Net cash provided by financing activities	380,000	143,775
Net increase (decrease) in cash and equivalents	136,456	(15,773 )
Cash and equivalents at beginning of the period	31,776	44,125
Cash and equivalents at end of the period	\$ 168,232	\$ 28,352
Supplemental cash flow information:	\$	
Interest paid	\$—	\$—
Income taxes paid	\$—	\$—

See accompanying notes to financial statements

Advanced Credit Technologies, Inc.  
Notes to Financial Statements  
(Unaudited)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Business**

On February 25, 2008, Advanced Credit Technologies, Inc. (the "Company") was incorporated in the State of Nevada, that focuses on fraud prevention and credit management by using our TurnScor software platform.

The Company offers a proprietary software platform branded as CyberloQ™ which 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.

In addition to CyberloQ, the Company offers a proprietary software platform under the brand name Turnscor® which allows customers to monitor and manage their credit from the privacy of their own homes.

**Basis of Presentation**

The accompanying unaudited condensed financial statements have been prepared in accordance with United States of America generally accepted accounting principles ("GAAP") and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's most recent Annual Financial Statements filed with the SEC on Form 10-K for fiscal year 2016.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and the results of operations for the interim period presented have been reflected herein. Operating results for the six month period ending June 30, 2017 are not necessarily indicative of the results that may be expected for the full year.

### 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. The Company has not experienced any losses related to this concentration of risk. As of June 30, 2017 and December 31, 2016, the Company had \$0 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 six months ending June 30, 2017 and 2016, we expensed \$1800 and \$25,000 expenditure on research and development, respectively.

During the six months ending June 30, 2017 and 2016, we have capitalized external and internal use software and website development costs totaling \$0 and \$0, respectively. The estimated useful life of costs capitalized is evaluated for each specific project and ranges from one to three years.

#### Advertising Expenses

Advertising costs are expensed as incurred. Advertising expenses included in the Statement of Operations for the three months ending June 30, 2017 and 2016 is \$0 and \$0, respectively.

#### Fixed 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 3 to 5 years.

#### Intangible and Long-Lived Assets

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 three months and six months ending June 30, 2017 and 2016, the Company had not experienced impairment losses on its long-lived assets.

#### Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed and determinable, and collectability is reasonably assured. Determining whether some or all of these criteria have been met involves assumptions and judgments that can have a significant impact on the timing and amount of revenue the Company reports.

#### 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 as of June 30, 2017 and December 31, 2016.

#### Income Taxes

Deferred income taxes are provided using the liability method 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.



### 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 June 30, 2017 and December 31, 2016, no potentially dilutive shares were 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 awards are valued using the Black-Scholes option-pricing model.

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 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. The Company is currently assessing this ASU's impacts on the Company's consolidated results of operations and financial condition.

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 is currently in the process of evaluating the impact of the adoption on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments, which is intended to reduce diversity in practice in how certain cash receipts and payments are presented and classified in the statement of cash flows. The standard provides guidance in a number of situations including, among others, settlement of zero-coupon bonds, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, and distributions received from equity method investees. The ASU also provides guidance for classifying cash receipts and payments that have aspects of more than one class of cash flows. For the Company, this ASU is effective January 1, 2018, with early adoption permitted. The standard requires application using a retrospective transition method. The Company is currently assessing this ASU's impact on its results of operations and financial condition.

In November 2016, the FASB issued ASU No. 2016-18, Restricted Cash, which clarifies guidance on the classification and presentation of restricted cash in the statement of cash flows. Under the ASU, changes in restricted cash and restricted cash equivalents would be included along with those of cash and cash equivalents in the statement of cash flows. As a result, entities would no longer present transfers between cash/equivalents and restricted cash/equivalents in the statement of cash flows. In addition, a reconciliation between the balance sheet and the statement of cash flows would be disclosed when the balance sheet includes more than one line item for cash/equivalents and restricted cash/equivalents. For the Company, this ASU is effective January 1, 2018, with early adoption permitted. Entities are required to apply the standard's provisions on a retrospective basis. The Company does not expect this ASU to have a material impact on the Company's consolidated results of operations and financial condition.

#### NOTE 2 – GOING CONCERN

The Company has incurred losses since Inception resulting in an accumulated deficit of \$2,342,034 as of June 30, 2017 that includes loss of \$280,682 for the six months ended June 30, 2017 and further losses are anticipated in the development of its business. Accordingly, there is substantial doubt about the Company's ability to continue as a going concern. 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 from the twelve month period after the financial statements are available to be issued.

#### NOTE 3 – STOCKHOLDERS' DEFICIT

Common Stock

The Company has 100,000,000 shares of \$.001 par value Common stock authorized as of June 30, 2017 and December 31, 2016. There were 52,705,181 and 44,455,181 shares outstanding as of June 30, 2017 and December 31, 2016, respectively.

Preferred Stock

The Company has 30,000 shares of \$.001 par value Series A Super Voting Preferred Stock authorized as of June 30, 2017. There were 30,000 shares of the Series A Super Voting Preferred Stock issued and outstanding as of June 30, 2017. The holders of the shares of Series A Preferred Stock are entitled to Five-Thousand (5,000) votes per share, and such shares are held by the Company's President, Vice-President, and Chief Technical Officer.

## NOTE 4 – RELATED PARTY TRANSACTIONS

Related Party Loans Payable

The following is a summary of related party loans payable:

	June 30, 2017	December 31, 2016
Liabilities		
Due to related parties	\$ 160,900	\$ 160,900
Notes payable to related parties	\$ 30,500	\$ 30,500

The following is a summary of related party loans payable:

Note Payable to Related Parties

On December 29, 2014, the Company, the Company entered into a promissory note with a shareholder in the amount of \$35,000. The promissory notes is with flat interest of \$9,500 payable on maturity date and \$167 a day after maturity date. The maturity date is 120 days after issuance of the note. The note is currently default on June 30, 2017. The unpaid principal of the note is \$30,500 on June 30, 2017 and December 31, 2016. Interest expense of the note is \$15,130 and \$15,197 for the three months ended June 30, 2017 and 2016, respectively.

The Company also issued stock option to the note holder to purchase 250,000 shares of the Company's common stock at \$0.25 per share one year from the issuance date of the promissory note. The fair value of the option grant estimated on the date of grant is \$0 based on the Black-Scholes option-pricing model. This option has expired.

Due to Related Parties

The Company has 2 outstanding NOTES, one for \$30,500 which is accruing interest in the amount of \$167 per day, the second NOTE is for \$160,900 and was assumed by a third party, the third party agreed to a ZERO interest NOTE. It is the Company's intent to have both of these NOTES resolved before the end of the calendar year.

NOTE 5 – CONVERTIBLE NOTES-STOCKHOLDERS

On September 14, 2015, the Company issued a \$10,000 convertible notes due on March 12, 2016 to its stockholder. The note bears no interest and is convertible to 125,000 shares at the rate of \$0.08 per share per the terms of the note. There was a beneficial conversion feature associated with the note. The value of beneficial conversion feature is \$1,250 and book as additional paid in capital. The interest resulting from amortization of discount on notes is \$0 and \$521 for the three months ended June 30, 2017 and 2016, respectively.

On September 18, 2015, the Company issued a \$8,990 convertible notes due on March 16, 2016 to its stockholder. The note bears no interest and is convertible to 112,375 shares at the rate of \$0.08 per share per the terms of the note. There was a beneficial conversion feature associated with the note. The value of beneficial conversion feature is \$2,248 and book as additional paid in capital. The interest resulting from amortization of discount on notes is \$0 and \$937 for the three months ended June 30, 2017 and 2016, respectively.



On October 14, 2015, the Company issued a \$8,000 convertible notes due on April 11, 2016 to its stockholder. The note bears no interest and is convertible to 80,000 shares at the rate of \$0.1 per share per the terms of the note.

All the above convertible notes were converted to 337,375 shares on November 15, 2016.

NOTE 6 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date financial statements were issued. No events have occurred subsequent to June 30, 2017 that require disclosure or recognition in these financial statements. The Company did however file an 8K on August 1, 2017. The Company acquired the intellectual property and ownership rights to CyberloQ from Carten Tech, LLC. The owner is the Company's Chief Technology Officer, Mark Carten, the purchase was for \$200,000 in cash, along with 4,000,000 shares of Common Stock.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion is intended to assist you in understanding our business and the results of our operations. It should be read in conjunction with the Condensed Consolidated Financial Statements and the related notes that appear elsewhere in this report as well as our Report on Form 10K filed with the Securities and Exchange Commission for the period ending December 31, 2016. Statements made in this Form 10-Q that are not historical or current facts are "forward-looking statements". These statements often can be identified by the use of terms such as "may," "will," "expect," "believe," "anticipate," "estimate," "approximate" or "continue," or the negative thereof. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management's best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties and important factors beyond our control that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.*

**Company Overview**

Advanced Credit Technologies Inc. ("ACRT", "We" or the "Company") 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 the Company is currently beta-testing the technology in the banking ecosystem.

In addition to CyberloQ, the Company offers a 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.

**Liquidity, Capital Resources and Material Changes in Financial Condition**

The following table sets forth our liquidity and capital resources as of June 30, 2017:



Cash and cash equivalents	\$ 168,232
Total assets	\$ 180,232
Total liabilities	\$ 345,465
Total shareholders' deficit	\$ 165,232

As of June 30, 2017, our current assets were \$180,232 as compared to \$31,776 in current assets as of December 31, 2016. This increase in current assets is primarily due to increased cash from financing activities as set forth below.

As of June 30, 2017, our current liabilities were \$345,465 as compared to \$315,747 in current liabilities as of December 31, 2016. This change in the Company's financial condition was related to increases in accounts payable and accrued interest of \$30,260.

During the six months ended June 30, 2017, the Company received \$380,000 of cash from financing activities compared to \$143,775 for the six months ended June 30, 2016.

The Company does not currently have any revenues, and is reliant on its ability to raise additional capital to continue execution of its business plan to move the Company forward towards profitability. If the Company does not generate sufficient revenues to support its operations over the next twelve months, the Company will possibly need to raise additional capital by issuing capital stock in exchange for cash in order to continue as a going concern.

We believe that the Company's minimum capital requirements for the next twelve months is \$750,000. With \$750,000, the Company is able to continue business operations and implement its expansion model. The Company plans to raise these funds through either debt or equity financing. However, there are no agreements to attain such financing in place at this time. The Company cannot assure any investor that, if needed, sufficient financing can be obtained or, if obtained, that it will be on reasonable terms.

#### ***Results of Operations for the Six Months Ended June 30, 2017 and 2016***

There have been no material changes in the results of Company's operations for the first and second quarters of 2017 as compared to the first and second quarters of 2016.

Company revenues were \$0.00 in the six months ended June 30, 2017, and as opposed to \$700 for the six months ended June 30, 2016.

During the six months ended June 30, 2017, we used \$243,524 of cash for operating activities compared to the use of \$185,133 of cash for operating activities during the six months ended June 30, 2016. The additional operational expenses can primarily be attributed to a number of factors. For a comparison of the three month period ending June 30, 2017 to June 30, 2016 our expenses have decreased by \$108,401. This is attributed to a one time research and development expense of \$115,000 in 2016 compared to ZERO in 2017. We also decreased our professional fees by \$19,337. We increased our expenses in the following areas, officer compensation of \$23,170, in related travel, computers, and rent by \$2766.

The Company paid officer compensation of \$168,944 during the six months ended June 30, 2017 as opposed to \$118,034 during the six months ended June 30, 2016. This increase in officer compensation was due to the Company hiring its Chief Technology Officer.

The Company paid travel expenses of \$25,170 during the six months ended June 30, 2017 as opposed to \$1,789 during the six months ended June 30, 2016. This increase in travel expenses was due to some officers of the Company making multiple sales trips overseas.

The foregoing increases in expenses were partially offset by a decrease in research and development costs. The Company paid research and development costs of \$1,800 during the six months ended June 30, 2017 as opposed to \$25,000 during the six months ended June 30, 2016. This decrease in research and development costs is primarily due to the fact that during 2016 the Company incurred certain one-time costs associated with the build-out of the mobile applications for the CyberloQ™ technology.

In light of the net increase in operating expenses for the six months ended June 30, 2017 when compared to the six month period ended June 30, 2016, the Company experienced a net loss from operations of \$271,252 for the six months ended June 30, 2017 as compared to net loss from operations of \$200,330 for the six months ended June 30, 2016.

### Item 3. 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 4.

### 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 June 30, 2017. 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. Such officer also confirmed that there was no change in our internal control over financial reporting during the three-month period

ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II -- OTHER INFORMATION

### Item 1.

### Legal Proceedings.

The Company is not a party to any legal proceedings.

### 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.

### Item 2.

### Unregistered Sales of Equity Securities and Use of Proceeds.

In the first six months of 2017, the Company raised \$379,990 for the operations of the Company through the unregistered sale of 8,050,000 shares of common stock.

All of the shares described above were issued by the Company in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended, provided by Section 4(2). All of the purchasers of the unregistered securities were all known to us and our management, through pre-existing business relationships, as long standing business associates, friends, and employees. All purchasers were provided access to all material information, which they requested, and all information necessary to verify such information and were afforded access to our management in connection with their purchases. All purchasers of the unregistered securities acquired such securities for investment and not with a view toward distribution, acknowledging such intent to us. All certificates or agreements representing such securities that were issued contained restrictive legends, prohibiting further transfer of the certificates or agreements representing such securities, without such securities either being first registered or otherwise exempt from registration in any further resale or disposition.

### Item 3.

### Defaults Upon Senior Securities.

The Company is in default with respect to a note issued to a stockholder that matured on April 29, 2015. The balance of the principal of this note is \$30,500. The interest totaled \$30,260 for the six months ended June 30, 2017.

The Company is in default with respect to two separate notes issued to Grandview Capital and BJ&T LLC. Both notes have matured as of October 26, 2014, and December 31, 2015. The balance of these notes plus accrued interest totals \$191,400 as of June 30, 2017.

Item 4.

Other Information.

For the period covered by this Form 10-Q, there was no information required to be disclosed in a report on Form 8-K that was not reported other than the fact than the unregistered sale of 4,500,000 shares of the Company's common stock on April 27, 2017 for a purchase price \$225,000. There were no material changes to the procedures by which security holders may recommend nominees to the Company's board of directors.

Item 5.

Exhibits.

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\*
- 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)

\*\*\* 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.

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: /s/ Christopher Jackson  
Christopher Jackson  
President, COO, Principal Executive  
Officer and

Date: August 18, 2017

Principal Financial Officer

