

ADVANCED CREDIT TECHNOLOGIES INC

Form 10-Q

August 11, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended June 30, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____.

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

(IRS Employer

Incorporation or Organization)

Identification No.)

871 Venetia Bay Blvd Suite #220

34285

Venice, FL.

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:(612) 961-4536

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 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. (Check one):

Large Accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

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

As of June 30, 2016, there were 40,409,943 shares of the issuer's common stock outstanding.

ADVANCED CREDIT TECHNOLOGIES INC
FORM 10-Q
FOR THE FISCAL QUARTER ENDED JUNE 30, 2016
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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

ITEM 1 FINANCIAL STATEMENTS

Advanced Credit Technologies Inc

Balance Sheet

(Unaudited)

	June 30, 2016 (Unaudited)	December 31 2015
Assets		
Current Assets		
Cash in bank	\$28,353	\$44,125
Total Assets	\$28,353	\$44,125
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued expenses	\$83,693	\$62,024
Loans payable – stockholders	191,400	191,400
Convertible notes -stockholders	26,990	25,533
Total Current Liabilities	302,083	278,957
Total Liabilities	302,083	278,957
Commitments and Contingencies		
Stockholders' Deficit		
Common stock,\$0.001 par value,100,000,000 shares authorized; 40,409,943 and 36,342,747 shares issued and outstanding	40,410	36,343
Common stock subscribed	-	-
Additional paid in capital	1,527,000	1,269,291
Accumulated deficit	(1,841,139)	(1,540,466)
Total stockholders' deficit	(273,730)	(234,832)
Total liabilities and stockholders' deficit	\$28,353	\$44,125
See accompanying notes to financial statements		

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Advanced Credit Technologies, Inc.
Statements of Operations
(Unaudited)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Revenues	\$700	\$1,599	\$700	\$2,267
Consulting revenue	-	-	-	-
	700	1,599	700	2,267
Operating expenses				
Professional fee	22,130	1,654	29,375	10,994
Research and Development	115,000	62,000	115,000	97,050
Officer's compensation	48,805	29,699	117,934	54,368
Travel and entertainment	266	-	1,789	-
Rent	150	300	300	900
Computer and internet	861	949	1,365	1,709
Office supplies and expenses	239	2,865	3,145	6,814
Other operating expenses	450	332	615	1,030
Total operating expenses	187,901	97,799	269,523	172,865
Loss from operations	(187,201)	(96,200)	(268,823)	(170,598)
Interest expense	15,197	-	31,851	-
Provision for income taxes	-	-	-	-
Net loss	\$(202,398)	\$(96,200)	\$(300,674)	\$(170,598)
Loss per common share-Basic and diluted	\$(0.01)	\$(0.00)	\$(0.01)	\$(0.01)
Weighted Average Number of Common Shares Outstanding Basic and diluted	38,894,159	24,610,401	38,006,429	24,610,401

See accompanying notes to financial statements

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

	For the Six Months Ended June 30	
	2016	2015
<u>Operating Activities</u>		
Net loss	\$(300,674)	\$(170,598)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock issued for services	118,000	-
Amortization of discount on notes payable	1,457	-
Accounts payable and accrued expenses	21,669	10,900
Net cash used in operating activities	(159,548)	(159,698)
<u>Financing Activities</u>		
Proceeds from common stock issuance	103,775	57,500
Capital contribution for profit sharing and warrant	40,000	87,500
Net cash provided by financing activities	143,775	145,000
Net increase (decrease) in cash and equivalents	(15,773)	(14,698)
Cash and equivalents at beginning of the period	44,125	14,788
Cash and equivalents at end of the period	\$28,353	\$90
<u>Supplemental cash flow information:</u>		
Interest paid	\$-	\$-
Income taxes paid	\$-	\$-

See accompanying notes to financial statements

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.

Advanced Credit Technologies, Inc. provides a state of the art credit management platform that is a web based delivery system. Industries that benefit from the Company's technology include realtors, auto dealers and loan originators.

Basis of Presentation

The accompanying unaudited condensed consolidated 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 2015.

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, 2016 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.

Net Loss per Common Share:

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, 2016 and December 31, 2015, 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, 2016 and 2015, we expensed \$115,000 and \$97,050 expenditure on research and development, respectively.

During the six months ending June 30, 2016 and 2015, 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 six months ending June 30, 2016 and 2015 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 six months ending June 30, 2016 and 2015, 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, 2016 and December 31, 2015.

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, 2016 and December 31, 2015, 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 April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, and in August 2015 issued ASU No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. Under ASU 2015-03, debt issuance costs reported on the consolidated balance sheet would be reflected as a direct deduction from the related debt liability rather than as an asset. While ASU 2015-03 addresses costs related to term debt, ASU No. 2015-15 provides clarification regarding costs to secure revolving lines of credit, which are, at the outset, not associated with an outstanding borrowing. ASU No. 2015-15 provides commentary that the SEC staff would not object to an entity deferring and presenting costs associated with

line-of-credit arrangements as an asset and subsequently amortizing them ratably over the term of the revolving debt arrangement. For the Company, ASU No. 2015-03 is effective January 1, 2016. The Company is currently assessing this standard's impact on the Company's results of operations and financial condition.

In November 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes, which requires entities to present deferred tax assets (DTAs) and deferred tax liabilities (DTLs), along with any related valuation allowance, as noncurrent in a balance sheet. This ASU eliminates current guidance requiring deferred taxes for each jurisdiction to be presented as a net current asset or liability and a net noncurrent asset or liability. As a result, each jurisdiction would have one net noncurrent DTA or DTL balance. The ASU does not change the existing requirement that only permits offsetting DTAs and DTLs within a particular jurisdiction. For the Company, this standard is effective January 1, 2017. The Company is currently assessing this standard's impact on the Company's results of operations and financial condition.

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 March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". The amendments are effective for public companies for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The Company is currently in the process of evaluating the impact of the adoption on its financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which modifies certain accounting aspects for share-based payments to employees including, among other elements, the accounting for income taxes and forfeitures, as well as classifications in the statement of cash flows. With respect to income taxes, under current guidance, when a share-based payment award such as a stock option or restricted stock unit (RSU) is granted to an employee, the fair value of the award is generally recognized over the vesting period. However, the related deduction from taxes payable is based on the award's intrinsic value at the time of exercise (for an option) or on the fair value upon vesting of the award (for RSUs), which can be either greater (creating an excess tax benefit) or less (creating a tax deficiency) than the compensation cost recognized in the financial statements. Excess tax benefits are recognized in additional paid-in capital (APIC) within equity, and tax deficiencies are similarly recognized in APIC to the extent there is a sufficient APIC amount (APIC pool) related to previously recognized excess tax benefits. Under the new guidance, all excess tax benefits/deficiencies would be recognized as income tax benefit/expense in the statement of income. The new ASU's income tax aspects also impact the calculation of diluted earnings per share by excluding excess tax benefits/deficiencies from the calculation of assumed proceeds available to repurchase shares under the treasury stock method. Relative to forfeitures, the new standard allows an entity-wide accounting policy election either to continue to estimate the number of awards that will be forfeited or to account for forfeitures as they occur. The new guidance also impacts classifications within the statement of cash flows by no longer requiring inclusion of excess tax benefits as both a hypothetical cash outflow within cash flows from operating activities and hypothetical cash inflow within cash flows from financing activities. Instead, excess tax benefits would be classified in operating activities in the same manner as other cash flows related to income taxes. Additionally, the new ASU requires cash payments to tax authorities when an employer uses a net-settlement feature to withhold shares to meet statutory tax withholding provisions to be presented as financing activity (eliminating previous diversity in practice). For the Company, this standard is required effective January 1, 2017. The Company is currently in the process of evaluating the impact of the adoption on its financial statements.

NOTE 2 – GOING CONCERN

The Company has incurred losses since Inception resulting in an accumulated deficit of \$1,841,139 as of June 30, 2016 that includes loss of \$300,674 for the six months ended June 30, 2016 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.

NOTE 3 – STOCKHOLDERS' DEFICIT

Common Stock

The Company has 100,000,000 shares of \$.001 par value Common stock authorized as of June 20, 2016 and December 31, 2015. There were 40,409,943 and 36,342,747 shares outstanding as of June 30, 2016 and December 31, 2015, respectively.

NOTE 4 – COMMITMENTS

The Company rents office space for its main office at 871 Venetia Bay Blvd Suite #220-230 Venice, FL 34285. Monthly rent for this space is \$50.00. All conditions have been met and paid by the company.

In 2015, the Company signed "Investor and Royalty and Agreement" with four parties. With the capital contributed by the four parties, the Company agrees to

1. Pay the investor monthly residuals of 2.5% 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 investor a residual in perpetuity on 2% to 5% of all "sub platform" revenue generated.

3. Issue the investor 2,000,000 common stock purchase warrants (500,000 one year warrants with \$0.05 exercise price; 500,000 two year warrants with \$0.05 exercise price; 500,000 three year warrants with \$0.1 exercise price; 250,000 four year warrants with \$0.15 exercise price; 250,000 six year warrants with \$0.2 exercise price). 500,000 purchase warrants expired as of June 30, 2016.

In 2015, the Company signed "Royalty Agreement" and "Advisory Agreement" with one individuals. With the consulting service provided by the individual, the Company agrees to

1. Pay the service providers monthly residuals of 5.75% 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 service provider a residual in perpetuity on 2.5% to 5% of all net "sub platform" revenue generated.

3. Issue the service provider 2,000,000 three year warrants with \$0.05 exercise.

NOTE 5 – RELATED PARTY TRANSACTIONS

Related Party Loans Payable

The following is a summary of related party loans payable:

	June 30, 2016	December 31, 2015
Liabilities		
Due to related parties	\$ 160,900	\$ 160,900
Notes payable to related parties	\$ 30,500	\$ 30,500

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 December 31, 2015. The unpaid principal of the note is \$30,500 on June 30, 2016 and December 31, 2015. Interest expense of the note is \$30,394 for the six months ended June 30, 2016.

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.

Due to Related Parties

Officer and shareholder of the Company advanced to the Company for operating use. The total amount owed as of June 30, 2016 and December 31, 2015 are \$160,900 and \$160,900, respectively.

NOTE 6 – 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 521 for the six months ended June 30, 2016.

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 937 for the six months ended June 30, 2016.

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 past due on June 30, 2016.

NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date financial statements were issued. No events have occurred subsequent to June 30, 2016 that require disclosure or recognition in these financial statements.

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

For the six and three months ended June 30, 2016 the Company reported a decrease in revenues compared to the six and three months ended June 30, 2015.

To date, the Company has implemented its business plan and is attempting to secure additional funding to continue the expansion process.

The Company's ability to expand operations is somewhat dependent upon capital to hire additional sales representatives without additional capital. If Company does not produce sufficient cash flow to support its operations over the next 12 months, the Company will need to raise additional capital by issuing capital stock in exchange for cash in order to continue as a going concern. There are no formal or informal agreements to attain such financing. The Company cannot assure any investor that, if needed, sufficient financing can be obtained or, if obtained, that it will be on reasonable terms.

Advanced Credit Technologies currently does not own any significant plant or equipment that it would seek to sell in the near future.

Advanced Credit Technologies management anticipates hiring employees or independent contractors over the next 12 months as the company expands. Currently, the Company believes the services provided by its officers and directors appear sufficient at this time.

The Company has no plans to seek a business combination with another entity in the foreseeable future, however, may entertain strategic acquisitions in the marketing and advertising sector which complements its business plan.

Operational Expenses

The operational expenses have increased for the six months ended June 30, 2016 totaling \$269,523 as compared to \$172,865 for the six months ended June 30, 2015. The increase was mainly due to an increase in research and development expenses.

The operational expenses have increased for the three months ended June 30, 2016 totaling \$187,901 as compared to \$97,799 for the three months ended June 30, 2015. The increase was mainly due to an increase in research and development expenses.

Liquidity and Capital Resources

We believe we need to raise additional capital to supplement our business expansions. The Company's minimum capital requirements for the next twelve (12) months is \$250,000. With 250,000, the Company is able to continue business operations and implement its expansion model. Any funding received over and above the estimated \$250,000 will accelerate the implementation of our expansion primarily by enabling us to hire additional sales representatives and to pay marketing and software development costs. The Company plans to raise these funds through either debt or equity financing.

Impact of Inflation

We believe that the rate of inflation has had negligible effect on us. We believe we can absorb most, if not all, increased non-controlled operating costs by operating our Company in the most efficient manner possible.

Liquidity and Capital Resources

The following table sets forth our liquidity and capital resources as of June 30, 2016:

Cash and cash equivalents	\$28,353
Total assets	28,353
Total liabilities	302,083
Total shareholders' deficit	273,730

Cash Flows from Operating Activities

During the six months ended June 30, 2016, we used \$159,548 of cash for operating activities compared to the use of \$159,698 of cash for operating activities during the six months ended June 30, 2015.

Cash Flows from Financing Activities

During the six months ended June 30, 2016, we received \$143,775 of cash from financing activities compared to \$145,000 for the six months ended June 30, 2015.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Cash and Cash Equivalents

We consider all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. We have no cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Intangible Assets

We evaluate the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. There was no impairment loss for the six months ended June 30, 2016.

Income Taxes

The Company accounts for income taxes as outlined in ASC 740 "Income Taxes", which was previously Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Fair Value of Financial Instruments

The Company considers that the carrying amount of financial instruments, including accounts payable, approximates fair value because of the short maturity of these instruments.

Share Based Payments

(included in ASC 718 "Compensation-Stock Compensation")

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which replaces SFAS No. 123 and supersedes APB Opinion No. 25. Under SFAS No. 123(R), companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees or independent contractors are required to provide services. Share-based compensation arrangements include stock options and warrants, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. In March 2005, the SEC issued Staff Accounting Bulletin No. 107, or "SAB 107". SAB 107 expresses views of the staff regarding the interaction between SFAS No. 123(R) and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payment arrangements for public companies. SFAS No. 123(R) permits public companies to adopt its requirements using one of two methods. On April 14, 2005, the SEC adopted a new rule amending the compliance dates for SFAS 123(R). Companies may elect to apply this statement either prospectively, or on a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods under SFAS 123.

The Company has fully adopted the provisions of SFAS No. 123(R) and related interpretations as provided by SAB 107. As such, compensation cost is measured on the date of grant as the fair value of the share-based payments. Such compensation amounts, if any, are amortized over the respective vesting periods of the share-based payments.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A smaller reporting company is not required to provide the information required by this Item 3.

ITEM 4 CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that the information required to be disclosed in the reports that we file under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of our current fiscal quarter covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level this current period. There has been no change in our internal controls over financial reporting as of our current accounting period that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II

ITEM 1 LEGAL PROCEEDINGS

The company has is not involved in any legal proceedings.

ITEM 1A RISK FACTORS

A smaller reporting company is not required to provide the information required by this Item.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company raised \$103,775, for the operations of the company through by the private sale of stock and issued 2,857,196 shares of common stock .

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

The Company has no Senior Securities or any other debt related to the business.

ITEM 4 (REMOVED AND RESERVED)

ITEM 5 OTHER INFORMATION

NONE

ITEM 6 EXHIBITS

31.1** Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1** Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The following financial information from Advanced Credit Technologies Inc Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 formatted in XBRL: (i) Balance Sheets at June 30, 2016 and December 31, 101.1 +2015 ; (ii) Statements of Operations for the six and three months ended June 30, 2016 and 2015 (iii) Statements of Cash Flows for the six months ended June 30,2016; (iv) Notes to the Financial Statements.

**In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 are being furnished and not filed.

+ Furnished herewith. XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, 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, on the __ day of August, 2016.

ADVANCED CREDIT
TECHNOLOGIES, INC.

By: /s/ Chris Jackson
Chris Jackson
President and Chief Operating 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.

Signature	Title
/s/ Chris Jackson	Principal Executive Officer
Chris Jackson	Principal Financial Officer
	Principal Accounting Officer and Director
/s/ Enrico Giordano	Treasurer and Director
Enrico Giordano	

