COMPETITIVE COMPANIES INC
Form 10-K
May 02, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2010

OR

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

COMPETITIVE COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Nevada	333-76630	65-1146821
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

19206 Huebner Rd., Suite 202
San Antonio, TX 78258
(Address of principal executive offices, including zip code)

(210) 233-8980
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.001 par value

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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. Yesþ No o

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 o No þ

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or 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	o	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	þ

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2010, based on a closing price of $0.08 was approximately $6,907,773.44 (computed by reference to the last sale price of a share of the registrant's common stock on that date as reported by OTC Bulletin Board).

The number of shares of common stock, $0.001 par value, outstanding on May 2, was 136,319,475 shares.

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements.” All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “estimate,” “intend,” “continue,” “believe,” “exp “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. Except for our ongoing securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement. Additionally, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 most likely do not apply to our forward-looking statements as a result of being a penny stock issuer. You should, however, consult further disclosures we make in future filings of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- Our current deficiency in working capital;
- Increased competitive pressures from existing competitors and new entrants;
- Our ability to market our services to new subscribers;
- Inability to locate additional revenue sources and integrate new revenue sources into our organization;
- Adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- Changes in U.S. GAAP or in the legal, regulatory and legislative environments in the markets in which we operate;
- Consumer acceptance of price plans and bundled offering of our services;
- Loss of customers or sales weakness;
- Technological innovations;
- Inability to efficiently manage our operations;
- Inability to achieve future sales levels or other operating results;
- Inability of management to effectively implement our strategies and business plan

- Key management or other unanticipated personnel changes;
- The unavailability of funds for capital expenditures; and
- The other risks and uncertainties detailed in this report.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see “Item 1A. Risk Factors” in this document.

COMPETITIVE COMPANIES, INC.
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

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PART I

Item 1. Business.

General Business Development

Competitive Companies, Inc. ("CCI") was originally incorporated in the state of Nevada in March 1998. CCI currently acts as a holding company for its operating subsidiaries, Competitive Communications, Inc. ("Competitive Communications"), an approved and regulated local and long distance telephone company, CCI Residential Services Inc. ("CCI Residential"), a non-regulated telephone company providing local and long distance telephone service, high-speed Internet and cable television service, DiscoverNet, Inc. ("DiscoverNet"), a company providing web hosting, dial-up, wireless and digital subscriber line ("DSL") internet services to businesses and residents within various markets throughout Wisconsin, the United States and Puerto Rico, DiscoverNet of Wisconsin, LLC, ("DiscoverNet, LLC"), a dormant entity available for future projects, Innovation Capital Management, Inc., ("ICM, Inc."), an investment company that focuses on raising capital and developing joint ventures and acquisitions, and Innovation Capital Management, LLC ("ICM, LLC"), a company that maintains management office operations. CCI and its subsidiaries (collectively referred to as the "Company," "we," or "us") provide telephone, cable television, long distance/inter-exchange, wireless, dial up and high-speed internet connections, and e-mail services.

On April 2, 2009, the Company entered into an acquisition agreement and plan of merger whereby the Company acquired 100% of the outstanding interest of four private companies under common control by the chief executive officer of Competitive Companies, Inc. Pursuant to the share exchange agreement, Competitive Companies, Inc. acquired 100% of the combined equity of DiscoverNet, ICM, Inc., ICM, LLC, and DiscoverNet, LLC in exchange for stock on a 10 to 1 basis, resulting in the issuance of 31,102,740 shares. The fair market value of the shares was $1,555,137 based on the closing stock price on April 2, 2009, the date of issuance.

On May 5, 2009, DiscoverNet filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. The Company attempted to file a reorganization plan that included the right to sell debtor notes. The Trustee reviewed the Plan and subsequently denied the Plan and on April 21, 2010 the U.S. Trustee filed a motion to convert the Chapter 11 to Chapter 7. DiscoverNet accepted the motion to convert and allowed an orderly dissolution of the Company's assets. It was determined that Associated Bank essentially had first lien on all assets and was able to recover the assets under the Chapter 7 liquidation rule. The final decree of liquidation of DiscoverNet, Inc. and DiscoverNet of Wisconsin, LLC under Chapter 7 of the federal bankruptcy laws in the United States Bankruptcy Court for the Western District of Wisconsin was effective on October 21, 2010.

Current Business Operations

During the year ended December 31, 2009, we provided telecommunications products and services that included primarily broadband internet services to residents in rural communities, as well as, dial-up internet services to businesses and residents within various markets throughout rural Wisconsin, the United States, and Puerto Rico. We operate in both a regulated and non-regulated environment. It is our intention in the future to provide bundled services to our customers and expand our revenue sources in the telecommunications industry. During 2009, we discontinued our services provided exclusively to apartment complexes.

Principal Products and Services

During the years ended December 31, 2010 and 2009, CCI's principal products and services included dial-up, DSL, and wireless broadband internet in the rural markets of Western Wisconsin.. CCI plans to expand its footprint of DSL and wireless internet services throughout North America utilizing funding resources generated through its wholly owned subsidiary, Innovation Capital Management ("ICM"). Essentially ICM was developed to organize capital resources utilizing its parent public status and applying for various government funding programs established by the Rural Utility Services under the Department of Agriculture. The Company has developed a proprietary software program designed to expedite the application process in order to reduce cost and generate multiple applications simultaneously.

The Company intends to negotiate definitive agreements to create new strategic alliances and acquisitions that would provide new services and products. Specifically, the Company hopes to provide wireless high speed internet, nationwide dial-up, broadband DSL, broadband satellite, web design services, discount cellular services, VoIP services and other similar services in the telecommunications industry.

CCI Residential Internet Services

CCI, through its wholly owned subsidiary, Wireless Wisconsin LLC, currently provides residential customers in Western Wisconsin dial-up, DSL, and wireless broadband services. Both DSL and dial-up internet are provided via a wholesale relationship with Ikano Wholesale. This wholesale relationship provides multiple territory access to many markets throughout North America and allows CCI to expand its coverage nationwide. The Company's local broadband wireless services are currently restricted to area located in Western Wisconsin with plans to expand through strategic acquisitions planned in 2011.

Wireless Wisconsin LLC

Wireless Wisconsin LLC currently provides web hosting, dial-up, wireless and DSL internet services to businesses and residents within various markets throughout Wisconsin, the United States and Puerto Rico. The Company operates primarily in rural markets, however, through its wholesale relationship with Ikano Wholesale, the Company can now offer DSL and dial-up internet services throughout much of North America. Ikano Wholesale has five (5) networks available to us for DSL and dial-up services.

- Network #1: AT&T/SBC. Subscriptions in Network #1 are available to clients in select areas of California (including the greater Los Angeles, San Francisco, San Diego and Sacramento areas) and Texas (including the greater San Antonio area). Clients must have local phone service through SBC to qualify for one of these subscriptions. Network #1 covers LATAs: 722, 730, 732, and 726

- Network #2: AT&T TAS. Subscriptions in Network #2 are available to clients in all areas that have local phone service provided by SBC. This includes clients in (Arkansas, Missouri, California, Nevada, Ohio, Illinois, Oklahoma, Indiana, Texas, Kansas, Wisconsin and Michigan.) Clients must have local phone service through SBC to qualify for one of these subscriptions. Network #2 covers LATAs: 320, 322, 324, 325, 326, 328, 330, 332, 334, 336, 338, 340, 342, 344, 346, 348, 350, 352, 354, 356, 358, 360, 362, 364, 366, 368, 370, 374, 376, 462, 520, 521, 522, 524, 526, 528, 530, 532, 534, 536, 538, 540, 542, 544, 546, 548, 550, 552, 554, 556, 558, 560, 562, 564, 566, 568, 570, 720, 721, 724, 728, 734, 736, 738, 740, 922, 923, 937, 938, 961, 973, 976, 977, 978, and 726.

- Network #3: Verizon. Subscriptions in Network #3 are available to clients in specific areas of California serviced by Verizon. Clients must have local phone service through Verizon to qualify for one of these subscriptions. Network # 3 covers LATAs: 730, 740, and 973.

- Network #8: Verizon TAS. Subscriptions in Network #8 are available to clients in specific areas of Arkansas, Washington DC, Delaware, Florida, Idaho, Illinois, Indiana, Massachusetts, Maryland, Maine, Michigan, Minnesota, North Carolina, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, Virginia, Vermont, Washington, Wisconsin and West Virginia serviced by Verizon. Clients must have local phone service through Verizon to qualify for one of these subscriptions. Network #8 covers LATAs: 226, 236, 250, 254, 332, 334, 336, 348, 350, 354, 366, 426, 552, 558, 570, 672, 674, 676, 924, 938, 952, 961, 126, 128, 130, 133, 134, 136, 138, 140, 220, 222, 224, 228, 230, 232, 234, 238, 242, 244, 246, 248, 252, 256, 132, 240, 254, 320, 324, 325, 326, 328, 338, 340, 344, 356, 360, 362, 364, 368, 376, 420, 432, 560, 670, 720, 728, 738, 922, 923, 927, 932, 937, 960, 978, 722, 730, 740, 973, 120, 124, and 122.

- Network #11: Qwest/COVAD. Subscriptions in Network #11 are available nationwide by Covad. Network #11 covers LATAs: 120, 122, 124, 126, 128, 130, 132, 133, 134, 136, 138, 140, 220, 222, 224, 226, 228, 230, 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256, 320, 322, 324, 325, 326, 328, 330, 332, 334, 336, 338, 340, 342, 344, 346, 348, 350, 352, 354, 356, 358, 360, 362, 364, 366, 368, 370, 374, 420, 422, 424, 426, 428, 430, 432, 434, 436, 438, 440, 442, 444, 446, 448, 450, 452, 454, 456, 458, 460, 462, 464, 466, 468, 470, 472, 474, 476, 477, 478, 480, 482, 486, 488, 490, 492, 520, 521, 522, 524, 526, 528, 530, 532, 534, 536, 538, 540, 542, 544, 546, 548, 550, 552, 554, 556, 558, 560, 562, 564, 566, 568, 570, 620, 624, 626, 628, 630, 632, 634, 635, 636, 638, 640, 644, 646, 648, 650, 652, 654, 656, 658, 660, 664, 666, 668, 670, 672, 674, 676, 720, 721, 722, 724, 726, 728, 730, 732, 734, 736, 738, 740, 820, 832, 834, 920, 922, 923, 924, 927, 928, 929, 932, 937, 938, 939, 949, 951, 952, 953, 956, 958, 960, 961, 974, 976, 977, and 978.

Additionally, we are able to set up both AT&T Networks to cover the listed subscription areas. The Verizon Networks are not yet set up and we would need to test our capabilities on the Verizon Networks. The Qwest/Covad network requires different equipment on the customer's end and we would need to develop support for this setup. This network would give us Nationwide Covad access, which offers services in Qwest Territories.

Texting Services

GetVext.com provides mobile subscribers with access to SMS, Twitter, Group Texting, and more without typing, by voice at any time on any mobile device including BlackBerry, iPhone, Windows Mobile, Symbian, Android, and all pre-paid phones. Subscribers compose and reply text messages all by voice - hands-free and eyes-free safely while driving, or any other time.

Currently, 50+ countries in the world that include the United States and Canada have legislation that strictly prohibits usage of cell phones while driving unless usage is "hands-free." In the United States, several states have already made it illegal, including but not limited to New York, New Jersey, Illinois, California, and Washington, DC.

GetVext.com is available to consumers and professionals, as well as telecommunications carriers and resellers worldwide in a number of languages including English (US & UK) and soon to come will be Spanish, Italian, and Germany.

Internet Services

CCI had been installing and offering high-speed internet service to selected apartment complex customers since May 2002. It offered high-speed internet access services via DSL. After accepting bids from other carriers, based on price and service quality, QWEST was selected as the carrier to provide internet service telephone lines at selected apartment complexes.

As a result of the acquisition with DiscoverNet, we have been able to integrate and expand our current internet services by providing "wireless" broadband internet services as well as web design services and network design services. This expansion has allowed us to reach a much broader market than we previously serviced.

Voice-over-Internet Protocol

VoIP uses the traditional technology of sending data packets over the internet to now transmit voices, through the compression of sound into data packets which are transmitted over data networks. Instead of establishing a specific connection between two devices and sending a message in "one piece," VoIP separates the message into smaller fragments called packets. These packets are transmitted separately over a decentralized network and upon reaching its final destination, are reassembled into the original message.

Discount Cellular Services

We have been able to expand our services to include cellular services as a result of the acquisition with DiscoverNet. In addition, we anticipate being able to offer AT&T, Verizon and T-mobile cellular services.

Principal Suppliers

During the year ended December 31, 2009, CCI had various suppliers for its dial up and high-speed internet connections offered through Ikano Wholesale. More specifically, it has contracts with Ikano to supply its DSL and dial-up services.

Competition and Market Overview

The telecommunications industry is highly competitive, rapidly evolving, and subject to technology changes. Additionally, there are numerous telecommunications service companies that conduct extensive advertising campaigns to capture market share. CCI believes that the principal competitive factors affecting its business will be pricing levels and clear pricing policies, customer service, and the variety of services offered. Its ability to compete effectively will depend upon its continued ability to maintain high-quality, market-driven services at prices generally equal to or below those charged by competitors. To maintain a competitive posture, CCI believes that it must be in a position to reduce its prices in order to meet reductions in rates, if any, by others. Any such reductions could reduce revenues. Many of CCI’s current and potential competitors have financial, personnel, and other resources, including brand name recognition as well as other competitive advantages.

CCI competes principally with traditional local phone companies serving an area, such as AT&T, BellSouth, and Verizon. While these types of providers have name recognition, CCI markets its ability to offer lower pricing and bundled packages of services with one bill and one point of contact.

CCI has not achieved and does not expect to achieve a significant market share for any of its resale services. Recent regulatory initiatives allow newer local phone companies such as our subsidiary, Competitive Communications, to connect with traditional local phone company facilities. Although this provides increased business opportunities for CCI, such connection opportunities have been, and likely will continue to be, accompanied by increased pricing flexibility for and relaxation of regulatory oversight of the traditional local telephone companies.

Traditional local telephone companies have long-standing relationships with regulatory authorities at the federal and state levels. While recent FCC administrative decisions and initiatives provide for increased business opportunities to telecommunication providers such as CCI, they also provide the traditional local telephone companies with increased pricing flexibility for their private line, special access and switched access services. However, wireless internet and VoIP services are currently non-regulated and cost much less than the standard hardwire services offered by the local phone companies. Therefore, CCI hopes to be able to move the majority of its business from the regulated arena and compete competitively with the traditional companies.

Voice-over-Internet Protocol

VoIP services first emerged in the mid 1990s but were not typically used for transmitting voice signals due to the potential for data packets to be delayed or lost, preventing a real-time transmission and possibly resulting in poor sound quality. Due to these glitches, VoIP did not receive a positive response early on and most consumers were not attracted to the idea of VoIP. However, as bandwidth increased and improvements in the packet technology occurred, the quality and reliability of VoIP were enhanced.

With new improvements, VoIP now allows a much higher volume of telecommunications traffic to flow at much higher speeds than do traditional circuits, while at a significantly lower cost. VoIP networks are less capital intensive to construct and much less expensive to maintain. VoIP networks are based on internet protocol and therefore can interface with web-based services, such as virtual portals, interactive voice response, and unified messaging packages. A VoIP network utilizes intellectual property to transmit a call from its origination point to CCI’s servers. The ability to minimize the use of established telecommunication lines reduces the cost of transmitting telephone calls for CCI and ultimately the customer.

Today, VoIP is increasingly used by residential and business users and offered through a wide array of service providers. Vonage and Skype are the most advertised and well-known of these VoIP providers. Some other providers are long distance phone companies, cable companies, and internet service providers. These types of providers differ in the type of networks used and the characteristics and features offered for VoIP communications services. However, we believe future competition could come from a variety of enterprises both in the internet and telecommunications industry and the existing competitors are likely to continue to expand their service offerings.

Customers

During the years ended December 31, 2010 and 2009, virtually all revenues were derived from the Company's internet operations in Eau Claire, Wisconsin.

Intellectual Property

CCI, through its acquisition of Innovation Capital Management, acquired 100% of its proprietary software rights to its RUS Application Program. This program essentially automates the application process for submission to RUS funding offered through the Department of Agriculture. To date, it has only submitted one application to RUS which was subsequently declined. However, the Company has made modifications to the software and expects to submit new applications with better results.

Personnel

As of December 31, 2010, we had five full-time employees. Currently, there are no organized labor agreements or union agreements between us and our employees.

Assuming we are able to pursue additional revenue through acquisitions and/or strategic alliances with those companies we have planned for 2011, we anticipate an increase of personnel and may need to hire additional employees. In the interim, we intend to use the services of independent consultants and contractors to perform various professional services when appropriate. We believe the use of third-party service providers may enhance our ability to control general and administrative expenses and operate efficiently.

Governmental Approval and Regulation

CCI generally is subject to all of the governmental regulations that regulate businesses generally such as compliance with regulatory requirements of federal, state, and local agencies and authorities, including regulations concerning workplace safety, labor relations, and disadvantaged businesses. In addition, the Company's operations are affected by federal and state laws relating to marketing practices in the telecommunications industry.

More specifically, CCI's telecommunication services business offered during the year ended December 31, 2010, were subject to state and local regulation. Traditionally, telephone services have been subject to extensive state regulation, while internet services have been subject to much less regulation. VoIP has elements that resemble traditional telephone companies as well as those that resemble the internet. Therefore, VoIP did not fit into either existing framework of regulation and until recently operated in an environment that was largely free of regulation.

However, the Federal Communications Commission, U.S. Congress, and various state regulatory bodies have begun to assert regulatory authority over VoIP providers and on a continuous basis are evaluating how VoIP will be regulated in the future. Some of the existing regulations for VoIP are applicable to the entire industry, while other rulings are limited to specific companies and/or categories of service. At this point in time, the application of rules to CCI and its competitors is speculative.

Federal Regulation

The FCC has authority to regulate and implement provisions of the Telecommunications Act of 1996. One of the provisions enacted by the FCC was the Universal Service Order, which requires telecommunications carriers providing interstate telecommunications services to periodically contribute to universal service support programs administered by the FCC. The periodic contribution requirements to the Universal Service Funds are currently assessed based on a percentage of each contributor's interstate end user telecommunications revenues reported to the FCC. The contribution rate factors are determined quarterly and carriers are billed for their contribution requirements each month based on projected interstate and international end-user telecommunications revenues, subject to periodic reconciliation. We pass these contributions through as a part of our services.

The FCC is considering several proposals that would fundamentally alter the basis upon which the Universal Service Fund contributions are determined and the means by which contributions can be recovered from customers. This may impact our service fees and the ability to recoup these contributions from our customers.

State Regulation

State regulatory agencies have jurisdiction when facilities and services are used to provide intrastate services. A portion of CCI's current traffic may be classified as intrastate and therefore subject to state regulation. CCI expects to offer more intrastate services as its business and product lines expand and state regulations are modified to allow increased local services competition. For other than shared tenant services, in order to provide intrastate services, CCI generally must obtain a certificate of public convenience and necessity from the state regulatory agency and comply with state requirements for telecommunications utilities, including state rate requirements.

State agencies require that CCI file periodic reports, pay various fees and assessments, and comply with rules governing quality of service, consumer protection, and similar issues. Although the specific requirements vary from state to state, they tend to be more detailed than the FCC's regulation because of the strong public interest in the quality of basic local exchange service. CCI will comply with all applicable state regulations, and as a general matter does not expect that these requirements of industry-wide applicability will harm the business. However, new regulatory burdens in a particular state may affect the profitability of services in that state.

Local Regulation

CCI's networks are subject to numerous local regulations such as building codes and licensing. Such regulations vary on a city-by-city and county-by-county basis. If CCI decides in the future to install its own fiber optic transmission facilities, it will need to obtain rights-of-way to publicly owned land. Since CCI is an approved public utility, such rights-of-way may be available to the Company on economically reasonable or advantageous terms.

Item 1A. Risk Factors.

Risks Relating with Our Business and Marketplace

We have incurred losses since inception and expect to incur losses for the foreseeable future. In addition, our poor financial condition raises substantial doubt about our ability to continue as a going concern.

Our net operating losses for the years ended December 31, 2010 and 2009 was $1,321,696 and $1,005,927, respectively. As of December 31, 2010, we only had $20,124 in cash available to finance our operations and a working capital deficit of $642,980. Capital requirements have been and will continue to be significant, and our cash requirements have exceeded cash flow from operations since inception. We are in need of additional capital to continue our operations and have been dependent on the proceeds of private placements of securities and recent loans to from an officer to satisfy working capital requirements. We will continue to be dependent upon the proceeds of future offerings or public offerings to fund development of products, short-term working capital requirements, marketing activities and to continue implementing the current business strategy. There can be no assurance that we will be able to raise the necessary capital to continue operations.

Our ability to continue as a going concern is dependent on our ability to raise funds to finance ongoing operations; however we may not be able to raise sufficient funds to do so. Our independent auditors have indicated that there is substantial doubt about our ability to continue as a going concern over the next twelve months. Because of these factors, an investor cannot determine if and when we will become profitable and therefore runs the risk of losing their investment.

If we are unable to obtain additional funding, our business operations will be harmed and if we do obtain additional financing our then existing stockholders may suffer substantial dilution.

We will require additional funds to expand our operations and believe the current cash on hand and the other sources of liquidity will not be sufficient enough to fund our operations through fiscal 2011. We anticipate that we will require approximately $400,000 to $500,000 to fund our continued operations for fiscal 2011 as well as be able to close on the intended acquisitions, depending on revenue from operations.

Additional capital will be required to effectively support the operations and to otherwise implement our overall business strategy. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. The inability to obtain additional capital will restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we are unable to obtain additional financing, we will likely be required to curtail our marketing and development plans and possibly cease our operations. Any additional equity financing may involve substantial dilution to our then existing stockholders.

We may acquire assets or other businesses in the future.

We may consider acquisitions of assets or other business as recently noted with executed LOIs. Any acquisition involves a number of risks that could fail to meet our expectations and adversely affect our profitability. For example:

- The acquired assets or business may not achieve expected results;
- We may incur substantial, unanticipated costs, delays or other operational or financial problems when integrating the acquired assets;
- We may not be able to retain key personnel of an acquired business;
- Our management's attention may be diverted; or
- Our management may not be able to manage the acquired assets or combined entity effectively or to make acquisitions and grow our business internally at the same time.

If these problems arise we may not realize the expected benefits of an acquisition.

Without realization of additional capital, it would be unlikely for us to continue as a going concern.

As a result of our deficiency in working capital at December 31, 2010, and other factors, our auditors have included an explanatory paragraph in their audit report regarding substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments as a result of this uncertainty. The going concern qualification may adversely impact our ability to raise the capital necessary for the continuation of operations.

Our limited resources may prevent us from retaining key employees or inhibit our ability to hire and train a sufficient number of qualified management, professional, technical and regulatory personnel.

Our success may also depend on our ability to attract and retain other qualified management and personnel familiar in telecommunications industry. Currently, we have a limited number of personnel that are required to perform various roles and duties as a result of our limited financial resources. We intend to use the services of independent consultants and contractors to perform various professional services, when appropriate to help conserve our capital. However, if and when we determine to acquire additional personnel, we will compete for such persons with other companies and other organizations, some of which have substantially greater capital resources than we do. We cannot provide any assurance that we will be successful in recruiting or retaining personnel of the requisite caliber or in adequate numbers to enable us to conduct our business.

Competition from companies with already established marketing links and brand recognition to our potential customers may adversely affect our ability to introduce and market our products.

The telecommunications industry is highly competitive. Many of our current and potential competitors have financial, personnel and other resources, including brand name recognition, substantially greater than ours, as well as other competitive advantages over us. Certain competitors may be able to secure product from vendors on more favorable terms, devote greater resources to marketing and promotional campaigns, and adopt more aggressive pricing than we will. There can be no assurance we will be able to compete successfully against these competitors, which ultimately may have a materially adverse effect on our business, results of operations, financial condition and potential products in the future.

We may not be able to provide our products and services if we do not connect or continue to connect with the traditional carriers, our primary competitors.

As a competitive carrier, we must coordinate with traditional carriers so that we can provide local service to customers on a timely and competitive basis. The Telecommunications Act created incentives for regional Bell operating companies to cooperate with competitive carriers and permit access to their facilities by denying such companies the ability to provide in-region long distance services until they have satisfied statutory conditions designed to open their local markets to competition. The regional Bell operating companies in our markets are not yet permitted by the FCC to offer long distance services. These companies may not be accommodating once they are permitted to offer long distance service. Currently AT&T is permitted to offer both local and long distance service in some of our mutual service areas, but we have not yet noticed any impact on our markets.

Many competitive carriers, including us, have experienced difficulties in working with traditional carriers with respect to initiating, connecting, and implementing the systems used by these competitive carriers to order and receive network elements and wholesale services and locating equipment in the offices of the traditional carriers.

If we cannot obtain the cooperation of a regional Bell operating company in a region, whether or not we have been authorized to offer long distance service, our ability to offer local services in such region on a timely and cost-effective basis will be harmed.

Risks Relating To Our Common Stock

If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board which would limit the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. More specifically, FINRA has enacted Rule 6530, which determines eligibility of issuers quoted on the OTC Bulletin Board by requiring an issuer to be current in its filings with the Commission. Pursuant to Rule 6530(e), if we file our reports late with the Commission three times in a two-year period or our securities are removed from the OTC Bulletin Board for failure to timely file twice in a two-year period then we will be ineligible for quotation on the OTC Bulletin Board for one year. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Our internal controls are inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of CCI; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of CCI are being made only in accordance with authorizations of management and directors of CCI, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of CCI's assets that could have a material effect on the financial statements.

We have a limited number of personnel that are required to perform various roles and duties. Furthermore, we have one individual, our Chief Executive Officer, who is responsible for monitoring and ensuring compliance with our internal control procedures. As a result, our internal controls are inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.

Because our common stock is deemed a low-priced "Penny" Stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment of our common stock. Until the trading price of the common stock rises above $5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

- Deliver to the customer, and obtain a written receipt for, a disclosure document;
- Disclose certain price information about the stock;
- Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
- Send monthly statements to customers with market and price information about the penny stock; and
- In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are in San Antonio, Texas, where we lease approximately 1,750 square feet of office space for approximately $2,800 per month. The lease expired on November 30, 2009, and has been extended on a month to month basis.

One of our subsidiary's operations is located in Eau Claire, Wisconsin, where we lease approximately 1,650 square feet of office and warehouse space for approximately $3,174 per month. The lease expired on October 31, 2009, and has been extended on a month to month basis.

One of our subsidiary's operations is located in Riverside, California, where we lease approximately 2,134 square feet of office and warehouse space for approximately $2,460 per month. The lease is for five years and expires in December 2011. Pursuant to the lease we have minimal annual rental increase for the duration of the five years, culminating at $2,945 for the last year of the lease. The Company is in default on the lease payments, has vacated the property and is in negotiations to settle the outstanding balance of unpaid lease payments and remaining lease obligations.

We do not intend to renovate, improve, or develop properties. However, if and when definitive agreements are executed with potential acquisitions, we may expand our office space and/or locations.

We are not subject to competitive conditions for property and currently have no property to insure. We have no policy with respect to investments in real estate or interests in real estate and no policy with respect to investments in real estate mortgages. Further, we have no policy with respect to investments in securities of or interests in persons primarily engaged in real estate activities.

Item 3. Legal Proceedings.

On May 5, 2009, DiscoverNet, Inc., a wholly owned subsidiary of the Company, filed petitions for relief under Chapter 11 of the federal bankruptcy laws in the United States Bankruptcy Court for the Western District of Wisconsin. Under Chapter 11, certain claims against DiscoverNet in existence prior to the filing of the petitions for relief under the federal bankruptcy laws are stayed while DiscoverNet continues business operations as debtor-in-possession. These claims are reflected in the December 31, 2009, balance sheet as “liabilities subject to compromise.” Additional claims (liabilities subject to compromise) may arise subsequent to the filing date resulting from rejection of executor contracts, including leases, and from the determination by the court (or agreed to by parties in interest) of allowed claims for contingencies and other disputed amounts. Claims secured against DiscoverNet’s assets also are stayed, although the holders of such claims have the right to move the court for relief from the stay. Secured claims are secured primarily by liens on DiscoverNet’s property, plant, and equipment.

DiscoverNet has received approval from the court to pay or otherwise honor certain of its prepetition obligations, including employee wages and product warranties. DiscoverNet has determined that there is insufficient collateral to cover the interest portion of scheduled payments on its prepetition debt obligations. Contractual interest on those obligations amounts to $6,549, which is $1,096 in excess of reported interest expense; therefore, DiscoverNet has discontinued accruing interest on these obligations. Refer to Note 7 of the notes to the financial statements for a discussion of the credit arrangements entered into subsequent to the Chapter 11 filings. A plan of reorganization was not adopted and DiscoverNet was subsequently converted to a Chapter 7 in September 2010 in which essentially all assets were liquidated and retrieved by Associated Bank.

Item 4. (Removed and Reserved).

PART II

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

Market Information

CCI’s common stock was approved for trading on the Financial Industry Regulatory Authority’s Over-the-Counter Bulletin Board market (OTC:BB) under the symbol CCOP on March 8, 2006. Our common stock has traded infrequently on the OTC:BB, which severely limits our ability to locate accurate high and low bid prices for each quarter within the last two fiscal years. The range of high and low bid quotations for each fiscal quarter within the last two fiscal years was as follows:

	December 31, 2010		December 31, 2009	
	High	Low	High	Low
1st Quarter	$0.120	$0.030	$0.110	$0.030

2nd Quarter	$0.120	$0.060	$0.061	$0.035
3rd Quarter	$0.120	$0.030	$0.160	$0.035
4th Quarter	$0.030	$0.010	$0.090	$0.030

The above quotations reflect inter-dealer prices, without retail markup, mark-down, or commission and may not necessarily represent actual transactions.

As of March 31, 2011, there were approximately 644 record holders of our common stock, not including shares held in "street name" in brokerage accounts which is unknown. As of March 31, 2011, there were approximately 136,319,475 shares of common stock outstanding on record.

Dividends

We have never declared or paid dividends on our Common Stock. We intend to follow a policy of retaining earnings, if any, to finance the growth of the business and do not anticipate paying any cash dividends in the foreseeable future. The declaration and payment of future dividends on the Common Stock will be at the sole discretion of the board of directors and will depend on our profitability and financial condition, capital requirements, statutory and contractual restrictions, future prospects and other factors deemed relevant.

Any cash dividends in the future to common stockholders will be payable when, as and if declared by our board of directors, based upon the board's assessment of:

- our financial condition;
- earnings;
- need for funds;
- capital requirements;
- prior claims of preferred stock to the extent issued and outstanding; and
- other factors, including any applicable laws.

Therefore, there can be no assurance that any dividends on the common stock will ever be paid.

Equity Compensation Plan Information

We currently maintain a stock incentive plan in which common stock may be granted to employees, directors, and consultants. During the year ended December 31, 2005, we cancelled 3,435,000 options which were previously outstanding as of December 31, 2004 and adopted our 2005 Stock Option Plan, whereby we then reissued 3,435,000 options plus an additional 3,237,000 options. All of the options, totaling 6,672,000, vest immediately with an exercise price of $0.10 per share and are exercisable through December 15, 2015. The stock option plan was adopted by our board of directors and has not been approved by our stockholders. The following table sets forth information as of December 31, 2010, regarding outstanding options granted under the plan and options reserved for future grant under the plan.

Plan Category	Number of shares to be issued upon exercise of outstanding stock options	Weighted-average exercise price of outstanding stock options	Number of shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by stockholders	-0-	-0-	-0-

Equity compensation plans not approved by stockholders	8,672,000	$0.09	1,328,000
Total	8,672,000	$0.09	1,328,000

Under our 2005 Stock Option Plan, adopted on December 2, 2005, an aggregate of 10,000,000 shares of common stock are reserved for issuance. This plan is intended to encourage directors, officers, employees and consultants to acquire ownership of CCI's common stock. The opportunity is intended to foster in participants a strong incentive to put forth maximum effort for the Company's continued success and growth, to aid in retaining individuals who put forth such effort, and to assist in attracting the best available individuals to CCI in the future. As of December 31, 2010, 1,328,000 shares remain available for issuance under this stock option plan.

Unregistered Issuance of Equity Securities

The following is a list of the issuance of securities by us during the fiscal year ending December 31, 2010 in transactions exempt from registration that were not previously included in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K, the proceeds of which were generally used for working capital:

Number of Shares	Dollar Amount/Value of Consideration	Services or Other Consideration	Date of Sale	Exemption from Registration
200,000	$2,000	Rescission Compensation	December 31, 2010	Rule 506
810,811	$6,000	Debenture Conversion	December 31, 2010	Rule 506
810,811	$6,000	Debenture Conversion	December 21, 2010	Rule 506
1,269,841	$8,000	Debenture Conversion	December 8, 2010	Rule 506
250,000	$5,000	Cash	November 23, 2010	Rule 506
1,138,614	$11,500	Debenture Conversion	November 10, 2010	Rule 506
1,250,000	$25,000	Cash	November 5, 2010	Rule 506
646,552	$7,500	Debenture Conversion	October 29, 2010	Rule 506
1,071,500	$21,430	Services	October 21, 2010	Rule 506
539,568	$7,500	Debenture Conversion	October 18, 2010	Rule 506
446,428	$10,000	Cash	October 13, 2010	Rule 506
471,698	$7,500	Debenture Conversion	October 6, 2010	Rule 506
950,570	$25,000	Cash	September 24, 2010	Rule 506
428,571	$6,000	Debenture Conversion	September 20, 2010	Rule 506
428,571	$6,000	Debenture Conversion	September 16, 2010	Rule 506
125,000	$5,000	Cash	August 25, 2010	Rule 506
53,215	$2,500	Acquisition	August 16, 2010	Rule 506
100,000	$3,500	Cash	August 16, 2010	Rule 506
5,250,000	$577,500	Services	August 16, 2010	Rule 506
125,000	$5,000	Cash		Rule 506

			August 16, 2010	
100,000	$5,000	Cash	August 5, 2010	Rule 506
87,500	$5,000	Cash	August 1, 2010	Rule 506
100,000	$5,000	Cash	July 30, 2010	Rule 506
125,000	$5,000	Cash	July 30, 2010	Rule 506
92,000	$4,600	Cash	July 26, 2010	Rule 506
90,000	$5,400	Cash	July 22, 2010	Rule 506
80,000	$5,000	Cash	July 8, 2010	Rule 506
400,000	$20,000	Cash	July 7, 2010	Rule 506
285,715	$31,429	Services	July 7, 2010	Rule 506
400,000	$20,000	Cash	July 6, 2010	Rule 506
500,000	$25,000	Cash	July 6, 2010	Rule 506
500,000	$25,000	Cash	July 6, 2010	Rule 506
3,734,858	$298,788	Acquisition	June 30, 2010	Rule 506
532,862	$42,629	Acquisition	June 30, 2010	Rule 506
187,500	$8,500	Cash	September 21, 2010	Rule 506
1,285,714	$60,000	Cash	September 21, 2010	Rule 506
533,332	$17,000	Cash	September 21, 2010	Rule 506
250,000	$15,000	Services	April 1, 2010	Rule 506
3,191,428	$76,949	Cash	November 4, 2010	Rule 506
3,000,000	$30,000	Acquisition	February 11, 2010	Rule 506

Issuer Purchases of Equity Securities

The Company did not repurchase any of its equity securities during the fourth quarter ended December 31, 2010.

Item 6. Selected Financial Data

Not applicable.

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

Overview

CCI is a Nevada corporation that acts as a holding company for its operating subsidiaries, as follows: (a) Competitive Communications, Inc. ("Competitive Communications"), which is an approved and regulated local and long distance telephone company, (b) CCI Residential Services Inc. ("CCI Residential"), which is a non-regulated telephone company providing local and long distance telephone, high-speed Internet, and cable television service to large apartment complexes, (c) DiscoverNet, Inc. ("DiscoverNet"), a company that provided web hosting, dial-up, wireless and DSL Internet services prior to being discharged in bankruptcy on October 21, 2010, (d) DiscoverNet of Wisconsin, LLC ("DiscoverNet, LLC"), a dormant entity that was discharged in bankruptcy on October 21, 2010, (e) Innovation Capital Management, Inc. ("ICM, Inc."), a company that focuses on raising capital and developing joint ventures and acquisitions, and (f) Innovation Capital Management, LLC ("ICM, LLC"), a company that maintains management office operations, and (g) Wisconsin Wireless, LLC ("WW"), a company that provides web hosting, dial-up, wireless and DSL Internet services to businesses and residents within various markets throughout Wisconsin, the United States and Puerto Rico.

The telecommunications products and services provided by us and our subsidiaries include local telephone services, domestic and international long distance services, enhanced voice, data and internet services, and cable TV service primarily to rural residential users and retail businesses. It is our intention in the future to provide bundled services to our customers as well as expand to customers beyond apartment complexes by providing additional services and options other than our current products.

Overview of Current Operations

Due to increased competition and our customers' expanded use of cellular telephones as their primary home telephone, we discontinued servicing apartment complexes in California and Alabama during 2009. As a result, we closed our office in California and moved our headquarters to San Antonio, Texas. The transition has enabled us to shift our focus to more contemporary revenue sources, such as, web hosting, dial-up, wireless and DSL internet services.

On April 2, 2009, we entered into an acquisition agreement and plan of merger whereby the Company acquired 100% of the outstanding interest of four private companies under common control by the Chief Executive Officer of CCI. Pursuant to the share exchange agreement, CCI acquired 100% of the combined equity of DiscoverNet, Inc., ICM, Inc., ICM, LLC and DiscoverNet, LLC. DiscoverNet, Inc. and DiscoverNet, LLC were subsequently discharged in bankruptcy under Chapter 7 on October 21, 2010.

On January 12, 2010 we acquired Voice Vision, Inc. ("VVI") in an effort to expand our voice over internet protocol ("VoIP") services. The acquisition was mutually rescinded on December 14, 2010.

Management continues to seek out mergers that will complement our business model and help us grow.

For the years ended December 31, 2010 and 2009, we incurred net losses of $788,957 and $1,071,545, respectively. Our accumulated deficit at the end of December 31, 2010 was $5,060,079. These conditions raise substantial doubt about our ability to continue as a going concern over the next twelve months.

Result of Operations for the Years Ended December 31, 2010 and 2009

The following income and operating expenses tables summarize selected items from the statement of operations for the year ended December 31, 2010 compared to the year ended December 31, 2009.

INCOME:

	The Year Ended December 31,		Increase/ (Decrease)	
	2010	2009	$	%
Revenues	$190,408	$ 254,549	$(64,141)	(25 %)
Cost of Sales	201,488	391,921	$(190,433)	(49 %)
Gross Profit (Loss)	$(11,080)	$ (137,372)	$(126,292)	(92 %)
Percentage of Revenue	(6 %)	(54 %)	$-	(48 %)

Revenues

Revenues for the year ended December 31, 2010 was $190,408 compared to revenues of $254,549 for the year ended December 31, 2009. This resulted in a decrease in revenues of $64,161, or 25%.

Regulations governed by the Federal Communications Commission were changed that allowed direct competitors to our telephone and cable services to compete with our customers in the apartment complexes that we serviced. As a result, we were unable to remain competitive with larger competitors and our customer base steadily diminished as customers' switched providers, ultimately, resulting in the closure of our office in California. Our acquisitions in April of 2009 enabled us to extend our operations to other regions, including Texas and Wisconsin.

Due to this change in the regulatory environment of our traditional business operations, we have begun to pursue and investigate alternative revenue sources.

Cost of sales

Cost of sales for the year ended December 31, 2010 was $201,488, a decrease of $190,433, or 49%, from $391,921 for the year ended December 31, 2009. We were able to reduce cost of sales significantly in 2010 with the closure of our California office, and are continuing to eliminate underutilized circuits. We have made continued efforts to continually manage and reduce costs, where applicable.

Gross profit as a percentage of revenue

Gross profit as a percentage of revenue increased from (54%) for the year ended December 31, 2009 to (6%) for the year ended December 31, 2010. Gross profit as a percentage of revenue increased due to our ability to reduce cost of sales on more than a pro rata basis with our reduction in revenues. Our fixed costs supporting the infrastructure of our telephone and cable services were reduced by completely cutting off services to our apartment complexes in California. In addition, the expanded operations from California to Wisconsin, as adopted with our acquisitions, have enabled us to operate at better margins than we were able to obtain in California. Overall our gross profit has improved as a result of being able to better manage our cost of sales in relation to our decrease in revenues.

EXPENSES:

Expenses:	For the Year Ended December 31, 2010	2009	Increase / Decrease 2010 Compared to 2009 $	%
General and administrative	$ 1,237,607	$ 533,031	$ 583,510	132 %
Salaries and wages	62,960	227,376	(164,416)	(72 %)
Consulting fees	-	12,590	(12,590)	(100 %)
Depreciation	13,387	36,916	(23,529)	(64 %)
Bad debts (recoveries)	(3,338)	58,642	(61,980)	(106 %)
Total operating expenses	1,310,616	868,555	442,061	51 %
Net operating (loss)	(1,321,696)	(1,005,927)	(315,769)	31 %
Other income (expenses):				
Other income	6,825	23,985	(17,160)	(72 %)
Other expense	-	(1,950)	(1,950)	(100 %)
Loss on disposal of equipment	-	(44,497)	(44,497)	(100 %)
Interest expense	(128,804)	(31,156)	97,648	313 %
Gain on reorganization	657,318	-	657,318	100 %
Professional fees	(2,600)	(12,000)	(9,400)	(78 %)
Total other income (expenses)	532,739	(65,618)	(425,404)	2,798 %
Net (loss)	$ (788,957)	$ (1,071,545)	$ (282,588)	(26 %)

General and Administrative expenses

General and administrative expenses were $1,237,607 for the year ended December 31, 2010, as compared to $533,031 for the year ended December 31, 2009. This resulted in an increase of $704,576 or 132%. The increase in our general and administrative expenses was largely a result of the additional costs incurred to promote our business through the dissemination of information to our shareholders, which was paid for with the issuance of 5,250,000 shares of common stock valued at $577,500 based on the fair market value of the common stock on the grant date.

Salaries and Wages

Salary and wage expenses were $62,960 for the year ended December 31, 2010, versus $227,376 of salary and wage expenses for the year ended December 31, 2009, which resulted in a decrease of $164,416, or 72%. The decrease in salary expense was a result of reductions in office personnel and foregone management wages. On July 1, and August 1, 2010 we entered into employment agreements with our management team. We previously paid management salaries as funds were available with no right to future remuneration.

Consulting Fees

Consulting fees were $0 for the year ended December 31, 2010, compared to $12,590 consulting fees for the year ended December 31, 2009, which resulted in a decrease of $12,590, or 100%. The significant decrease in consulting fees was a result of stock-based compensation being paid for professional services in the pursuit of finding financing and merger & acquisition candidates during 2009, which we did not similarly experience in 2010.

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Depreciation

Depreciation expenses were $13,387 for the year ended December 31, 2010, versus $36,916 for the year ended December 31, 2009, resulting in a decrease of $23,529 or 64%. The decreases are principally due to certain assets reaching the end of their depreciable life cycle. We anticipate the replacement of these assets in the near future as funds become available.

Bad Debt (Recoveries)

Bad debt expenses for the year ended December 31, 2010 were $(3,338) as compared to $58,642 for the same period of 2009, which resulted in a decrease of $61,980. Our decrease in bad debts expense for the year ended December 31, 2010 is a result of our discontinued support of our residential DSL and Cable services in 2009. As a result, our collectability became uncertain and we significantly wrote down our accounts receivable in the previous period. The increase in bad debts (recoveries) for the year ended December 31, 2010 compared to the year ended December 31, 2009 are due to collections from previously written off doubtful accounts.

Net Operating (Loss)

The net operating loss for the year ended December 31, 2010 was $1,321,696, versus a net operating loss of $1,005,927 for the year ended December 31, 2009. This resulted in a decrease of 31% when compared to the same period of 2009. Although we had a significant decrease in our salaries and wages, consulting fees, depreciation and bad debts during the 2010 year, we were unable to decrease our overall operating loss with all our other expenses. Our $64,141 reduction in revenues was not supported with equivalent reductions in operating costs. We expect significant improvements in our cost reduction efforts in 2011.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working capital at December 31, 2010 compared to December 31, 2009.

			Increase / (Decrease)	
	December 31, 2010	December 31, 2009	$	%
Current Assets	$25,738	$26,594	$(856)	(3%)
Current Liabilities	$668,718	$736,007	$(67,289)	(9%)
Working (Deficit)	$(642,980)	$(709,413)	$66,433	(9%)

While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development of alternative revenue sources. As of December 31, 2010, we had a working capital deficit of $642,980. Our poor financial condition raises substantial doubt about our ability to continue as a going concern and we have incurred losses since inception and may incur future losses.

On March 4, 2010 we received $50,000 in exchange for an unsecured convertible promissory note that carries an 8% interest rate, matured on December 5, 2010. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty eight percent (58%) of the average of the three lowest trading prices of the Company’s common stock for the ten (10) trading days prior to the conversion date, or $0.0001 per share, whichever is greater.

On May 11, 2010 we received $25,000 in exchange for an unsecured convertible promissory note that carries an 8% interest rate, matured on February 11, 2011. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty five percent (55%) of the average of the three lowest trading prices of the Company’s common stock for the ten (10) trading days prior to the conversion date, or $0.0001 per share, whichever is greater.

On July 9, 2010 we received $25,000 in exchange for an unsecured convertible promissory note that carries an 8% interest rate, matured on March 28, 2011. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty percent (50%) of the average of the three lowest trading prices of the Company's common stock for the ten (10) trading days prior to the conversion date, or $0.0001 per share, whichever is greater.

On November 22, 2010 we received $55,000 in exchange for an unsecured convertible promissory note that carries an 8% interest rate, matures on August 24, 2011. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty percent (50%) of the average of the three lowest trading prices of the Company's common stock for the ten (10) trading days prior to the conversion date, or $0.0001 per share, whichever is greater.

However, should we not be able to continue to secure additional financing when needed, we may be required to slow down or suspend our growth or reduce the scope of our current operations, any of which would have a material adverse effect on our business.

Our future capital requirements will depend on many factors, including the expansion of our wireless internet services in rural markets; VoIP services; additional marketing of the (800) services; the cost and availability of third-party financing for development; addition of new revenue sources; and administrative and legal expenses.

We anticipate that we will incur operating losses in the next twelve months. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks for us include, but are not limited to, an evolving and unpredictable business model; recognition of additional revenue sources; and the management of growth. To address these risks, we must, among other things, expand our customer base, implement and successfully execute our business and marketing strategy, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Going Concern

Our consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of $5,060,079 and a working capital deficit of $642,980 at December 31, 2010, and have reported negative cash flows from operations over the last five years. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months. The Company's ability to continue as a going concern must be considered in light of the problems, expenses, and complications frequently encountered by entrance into established markets and the competitive nature in which we operate.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. However, there can be no assurance that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

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 or operations, liquidity, capital expenditures or capital resources that is material to investors.

Recently Issued Accounting Standards

In December 2010, the FASB issued ASU 2010-29, “Business Combinations (Topic 805): Disclosure of supplementary pro forma information for business combinations.” This update changes the disclosure of pro forma information for business combinations. These changes clarify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. Also, the existing supplemental pro forma disclosures were expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. These changes become effective for the Company beginning January 1, 2011. The Company’s adoption of this update did not have an impact on the Company’s financial condition or results of operations.

In December 2010, the FASB issued ASU 2010-28, “Intangible –Goodwill and Other (Topic 350): When to perform Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts.” This update requires an entity to perform all steps in the test for a reporting unit whose carrying value is zero or negative if it is more likely than not (more than 50%) that a goodwill impairment exists based on qualitative factors, resulting in the elimination of an entity’s ability to assert that such a reporting unit’s goodwill is not impaired and additional testing is not necessary despite the existence of qualitative factors that indicate otherwise. These changes become effective for the Company beginning January 1, 2011. The adoption of this ASU did not have a material impact on our financial statements.

In April 2010, the FASB issued ASU No. 2010-18 regarding improving comparability by eliminating diversity in practice about the treatment of modifications of loans accounted for within pools under Subtopic 310-30 – Receivable – Loans and Debt Securities Acquired with Deteriorated Credit Quality (“Subtopic 310-30”). Furthermore, the amendments clarify guidance about maintaining the integrity of a pool as the unit of accounting for acquired loans with credit deterioration. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors. The amendments in this Update are effective for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. The amendments are to be applied prospectively. Early adoption is permitted. The adoption of this ASU did not have a material impact on our financial statements.

In April 2010, the FASB issued ASU 2010-13, “Compensation—Stock Compensation (Topic 718) - Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades (A consensus of the FASB Emerging Issues Task Force)” (“ASU 2010-13”). ASU 2010-13 clarifies that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity’s equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, such an award should not be classified as a liability if it otherwise qualifies as equity. This clarification of existing practice is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010, with early application permitted. The Company’s adoption of this update did not have an impact on the Company’s financial condition or results of operations.

In February 2010, the FASB issued ASU No. 2010-09 regarding subsequent events and amendments to certain recognition and disclosure requirements. Under this ASU, a public company that is a SEC filer, as defined, is not required to disclose the date through which subsequent events have been evaluated. This ASU is effective upon the issuance of this ASU. The adoption of this ASU did not have a material impact on our financial statements.

In January 2010, the FASB issued ASU No. 2010-06 regarding fair value measurements and disclosures and improvement in the disclosure about fair value measurements. This ASU requires additional disclosures regarding significant transfers in and out of Levels 1 and 2 of fair value measurements, including a description of the reasons for the transfers. Further, this ASU requires additional disclosures for the activity in Level 3 fair value measurements, requiring presentation of information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements. This ASU is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. We are currently evaluating the impact of this ASU; however, we do not expect the adoption of this ASU to have a material impact on our financial statements.

In June 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification (the "ASC"). The ASC has become the single source of non-governmental accounting principles generally accepted in the United States ("GAAP") recognized by the FASB in the preparation of financial statements. The ASC does not supersede the rules or regulations of the Securities and Exchange Commission ("SEC"), therefore, the rules and interpretive releases of the SEC continue to be additional sources of GAAP for the Company. The Company adopted the ASC as of July 1, 2009. The ASC does not change GAAP and did not have an effect on the Company's financial position, results of operations or cash flows.

In May 2009, the FASB issued ASC 855-10 entitled "Subsequent Events". Companies are now required to disclose the date through which subsequent events have been evaluated by management. Public entities (as defined) must conduct the evaluation as of the date the financial statements are issued, and provide disclosure that such date was used for this evaluation. ASC 855-10 provides that financial statements are considered "issued" when they are widely distributed for general use and reliance in a form and format that complies with GAAP. ASC 855-10 is effective for interim and annual periods ending after June 15, 2009 and must be applied prospectively. The adoption of ASC 855-10 upon inception did not have a significant effect on the Company's financial statements as of that date or for the period then ended. In connection with preparing the accompanying consolidated financial statements for the year ended December 31, 2009, management evaluated subsequent events through the date that such financial statements were issued (filed with the Securities and Exchange Commission).

Item 8. Financial Statements and Supplementary Data.

COMPETITIVE COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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Consolidated Statements of Operations for the years ended December 31, 2010 and 2009	26
Consolidated Statement of Stockholders' (Deficit) for the years ended December 31, 2010 and 2009	27
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Competitive Companies, Inc.

We have audited the accompanying balance sheets of Competitive Companies, Inc. as of December 31, 2010 and 2009 and the related statements of operations, changes in stockholders' (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Competitive Companies, Inc. as of December 31, 2010 and 2009, and the results of its operations, changes in stockholders' (deficit) and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has insufficient working capital, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ M&K CPAS, PLLC
www.mkacpas.com
Houston, Texas
May 2, 2011

Competitive Companies, Inc.
(Debtor-in-Possession from May 5, 2009 until October 21, 2010)
Consolidated Balance Sheets

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash	$ 20,124	$ 10,133
Accounts receivable, net of allowance of $4,500 and $18,000	2,814	13,611
Prepaid expenses	2,800	2,850
Total current assets	25,738	26,594
Property and equipment, net	8,403	29,745
Other assets:		
Deposits	3,003	1,366
Total assets	$ 37,144	$ 57,705
Liabilities and Stockholders' (Deficit)		
Liabilities Not Subject to Compromise		
Current liabilities:		
Accounts payable, including related party amounts of $1,325 and $4,325 at December 31, 2010 and 2009, respectively	$ 346,542	$ 441,078
Accrued expenses	78,011	57,984
Customer deposits	39,913	39,913
Deferred revenues	9,552	38,552
Notes payable	67,006	68,480
Convertible debentures, net of discounts of $59,306 and $-0- at December 31, 2010 and 2009, respectively	127,694	90,000
Total current liabilities	668,718	736,007
Liabilities Subject to Compromise (a)	-	390,075
Total liabilities	668,718	1,126,082
Stockholders' (deficit):		
Preferred stock, $0.001 par value 100,000,000 shares authorized:		
Class A convertible, no shares issued and outstanding with no liquidation value	-	-
Class B convertible, 1,495,436 shares issued and outstanding with no liquidation value	1,495	1,495
Class C convertible, 1,000,000 shares issued and outstanding with no liquidation value	1,000	1,000

Common stock, $0.001 par value, 500,000,000 shares authorized, 130,263,732 and 98,745,813 shares issued and outstanding at December 31, 2010 and 2009, respectively	130,264	98,746
Additional paid-in capital	4,293,746	2,710,583
Subscription payable, 200,000 and 8,194,506 shares at December 31, 2010 and 2009, respectively	2,000	390,921
Accumulated (deficit)	(5,060,079)	(4,271,122)
Total stockholders' (deficit)	(631,574)	(1,068,377)
Total liabilities and stockholders' (deficit)	$ 37,144	$ 57,705
(a) Liabilities subject to compromise consist of the following:		
Secured debt, 2.25% above "Money Rates", secured by a $250,000 life insurance policy		$ 142,009
Subordinated debentures, 8.5%		15,686
Subordinated debentures, 5%		10,000
Trade payables and other miscellaneous claims		222,380
		$ 390,075

The accompanying notes are an integral part of these financial statements

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Competitive Companies, Inc.
(Debtor-in-Possession from May 5, 2009 until October 21, 2010)
Consolidated Statements of Operations

	For the years ended December 31, 2010	2009
Revenue	$190,408	$254,549
Cost of sales	201,488	391,921
Gross profit (loss)	(11,080)	(137,372)
Expenses:		
General and administrative	1,237,607	533,031
Salaries and wages	62,960	227,376
Consulting fees	-	12,590
Depreciation	13,387	36,916
Bad debts	(3,338)	58,642
Total operating expenses	1,310,616	868,555
Net operating loss	(1,321,696)	(1,005,927)
Other income (expense):		
Other income	6,825	23,985
Other expense	-	(1,950)
Loss on disposal of fixed assets	-	(44,497)
Interest expense	(128,804)	(31,156)
Total other income (expense)	(121,979)	(53,618)
Net loss before reorganization items	(1,443,675)	(1,059,545)
Gain on reorganiztion under Chapter 7 bankruptcy, net	649,221	-
Forgiveness of debt under Chapter 11	8,097	
Professional fees	(2,600)	(12,000)
Net loss	$(788,957)	$(1,071,545)
Weighted average number of common shares outstanding - basic and fully diluted	113,691,468	85,233,678
Net loss per share - basic and fully diluted	$(0.01)	$(0.01)

The accompanying notes are an integral part of these financial statements

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Competitive Companies, Inc.
(Debtor-in-Possession from May 5, 2009 until October 21, 2010)
Consolidated Statement of Stockholders' (Deficit)

	Common Stock		Class A Preferred Stock		Class B Preferred Stock		Class C Preferred Stock		Add
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Pa
Balance, December 31, 2008	64,187,630	$64,188	-	$-	1,495,436	$1,495	1,000,000	$1,000	$2,9
Shares issued for cash	8,153,093	8,153	-	-	-	-	-	-	387
Shares issued for services	2,623,282	2,623	-	-	-	-	-	-	126
Shares issued for acquisitions	23,781,808	23,782	-	-	-	-	-	-	1,1
Beneficial conversion of convertible debt	-	-	-	-	-	-	-	-	8,9
Consideration paid in excess of fair value of acquisitions	-	-	-	-	-	-	-	-	(1,8
Net loss for the year ended December 31, 2009	-	-	-	-	-	-	-	-	-
Balance, December 31, 2009	98,745,813	$98,746	-	$-	1,495,436	$1,495	1,000,000	$1,000	$2,7
Shares issued for cash	11,605,543	11,606	-	-	-	-	-	-	375
Shares issued for acquisitions	7,320,935	7,321	-	-	-	-	-	-	358
Shares issued for conversion of debts	5,734,226	5,734	-	-	-	-	-	-	54,
Shares issued for services	6,857,215	6,857	-	-	-	-	-	-	638
Beneficial conversion of convertible debt	-	-	-	-	-	-	-	-	141
Options issued as consideration for recission of acquisitions	-	-	-	-	-	-	-	-	14,
Net loss for the year ended December 31, 2010	-	-	-	-	-	-	-	-	-
Balance, December 31, 2010	130,263,732	$130,264	-	$-	1,495,436	$1,495	1,000,000	$1,000	$4,2

The accompanying notes are an integral part of these financial statements

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Competitive Companies, Inc.
(Debtor-in-Possession from May 5, 2009 until October 21, 2010)
Consolidated Statements of Cash Flows

	For the years ended December 31, 2010	2009
Cash flows from operating activities		
Net (loss) before reorganization items	$(1,443,675)	$(1,059,545)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Provision for bad debts (recoveries)	(3,338)	58,642
Depreciation	13,387	36,916
Loss on disposal of fixed assets	-	44,497
Common stock issued for services	647,358	128,664
Common stock options issued for services	14,745	-
Debt forgiveness	(150,412)	-
Amortization of beneficial conversion feature	81,901	11,549
Decrease (increase) in assets:		
Accounts receivable	14,135	36,700
Prepaid expenses	50	2,952
Deposits	(1,637)	-
Increase (decrease) in liabilities:		
Accounts payable, including related party amounts of ($3,000) and $-0- at December 31, 2010 and 2009, respectively	(316,916)	271,618
Accrued expenses	22,109	18,866
Customer deposits	-	(4,757)
Deferred revenues	(29,000)	38,552
Net cash (used in) operating activities before reorganization items	(1,151,293)	(415,346)
Debt forgiveness on prepetition liabilities	8,097	-
Debt discharged in Chapter 7 bankruptcy	649,221	-
Professional fees paid for services rendered in connection with the Chapter 7 proceeding	(2,600)	(12,000)
Net cash (used in) operating activities	(496,575)	(427,346)
Cash flows from investing activities		
Purchase of equipment	(4,611)	(9,987)
Cash acquired in merger	-	25,273
Net cash provided by (used in) investing activities	(4,611)	15,286
Cash flows from financing activities		
Proceeds from short term and convertible debt	157,000	112,751
Principal payments on long term debt	(3,473)	(9,197)
Proceeds from sale of common stock	362,450	306,099
Principal payments on prepetition debt	(4,800)	(10,800)
Net cash provided by financing activities	511,177	398,853

Net increase (decrease) in cash	9,991	(13,207)
Cash - beginning	10,133	23,340
Cash - ending	$20,124	$10,133
Supplemental disclosures:		
Interest paid	$3,248	$12,279
Income taxes paid	$-	$-
Non-cash investing and financing activities:		
Value of shares issued for subscriptions payable	$390,922	$128,664
Beneficial conversion feature on short term debt	$141,207	$-
Cancellation of common stock	$(100)	$-
Value of shares issued for conversion of debt	$60,000	$-

The accompanying notes are an integral part of these financial statements

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Competitive Companies, Inc.
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Competitive Companies, Inc. ("CCI") was originally incorporated under the laws of the state of Nevada in March 1998, and shortly thereafter acquired all of the assets and assumed all of the liabilities of Competitive Communications, Inc. ("COMM"), which was incorporated under the laws of the state of California in February 1996. In January 2000, CCI Residential Services, Inc. ("CCIR") was formed. This entity, which is also a wholly owned subsidiary of CCI was formed to expand on residential services provided by COMM, while COMM focused on developing revenue streams from other services.

COMM and CCIR provided telephone, cable television, long distance/inter - exchange, and dial up and high-speed Internet connections and e-mail services, mainly to customers who lived in multi-tenant residential buildings. The Company's operations were located in Riverside, California and substantially all of its customers were California residents. COMM and CCIR ceased services to their California residents in 2009.

On May 5, 2005 the Company merged with CA Networks, Inc. ("CAN"), which was a development stage enterprise that was in the process of developing a business model in the same industry as Competitive. CAN was formed under the laws of the state of Wyoming on January 14, 2004. The combined companies maintained the name of CCI. The merged company (collectively "we," "us," or "ours") continued to be a provider of local telephone, long distance service and high speed internet service through Wireless Internet networks in all states it operates in, and also offered cellular service nationwide until 2006 when the assets of CAN were sold and operations were halted in Kentucky and Wyoming.

On April 2, 2009, the Company entered into an acquisition agreement and plan of merger whereby the Company acquired 100% of the outstanding interest of four private companies under common control by the CEO of Competitive Companies, Inc. Pursuant to the share exchange agreement, Competitive Companies, Inc. ("CCI") acquired 100% of the combined equity of DiscoverNet, Inc. ("DNI"), ICM, Inc. ("ICMI"), ICM, LLC ("ICML"), and DiscoverNet, LLC ("DNL") in exchange for stock on a 10 to 1 basis, resulting in the issuance of 31,102,740 shares. The fair market value of the shares was $1,555,137 based on the closing stock price on April 2, 2009, the date of grant (See Note 4).

On May 5, 2009, DiscoverNet, Inc. and DiscoverNet of Wisconsin, LLC, wholly owned subsidiaries of Competitive Companies, Inc. which were acquired on April 2, 2009 as described in Note 3 below, filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code., and were subsequently converted to Chapter 7. The bankruptcies were closed on October 21, 2010, and all matters relating to these entities were fully discharged.

CCI, with their remaining wholly-owned subsidiaries; COMM, CCIR, ICMI, and ICML (collectively referred to as the "Company") provide dial up and high-speed broadband internet services, mainly to customers in rural markets throughout Wisconsin, San Antonio, TX and Puerto Rico. The Company's operations are located in San Antonio, Texas and substantially all of its customers are Wisconsin and Texas residents.

Reclassifications
Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Use of Estimates
The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements.

The reported amounts of revenues and expenses during the reporting period may be affected by the estimates and assumptions we are required to make. Actual results could differ significantly from our estimates.

Cash and Cash Equivalents
CCI maintains cash balances in interest and non-interest-bearing accounts, which do not currently exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2010 and 2009.

Competitive Companies, Inc.
Notes to Financial Statements

Basis of Accounting
Our consolidated financial statements are prepared using the accrual method of accounting.

Principles of Consolidation
The consolidated financial statements include the accounts of CCI, and its wholly-owned subsidiaries, COMM, CCIR, DNI, ICMI, ICML, and DNL. All significant inter-company balances and transactions have been eliminated. CCI, COMM, CCIR, DNI, ICMI, ICML, and DNL will be collectively referred herein to as the "Company".

Revenue Recognition
Our revenue is recognized when (1) persuasive evidence of an arrangement exists; (2) delivery of our services has occurred; (3) our price to our customer is fixed or determinable; and (4) collectability of the sales price is reasonably assured. As such, we recognize revenues in the month in which we provide services. Services provided but not billed by the end of the year are reflected as unbilled receivables in the accompanying consolidated balance sheets. The Company defers any revenue from sales for which payment has been received, but services have not been provided.

Allowance for Doubtful Accounts
We evaluate the allowance for doubtful accounts on a regular basis through periodic reviews of the collectability of the receivables in light of historical experience, adverse situations that may affect our customers' ability to repay, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Accounts receivable are determined to be past due based on how recently payments have been received and those considered uncollectible are charged against the allowance account in the period they are deemed uncollectible. The allowance for doubtful accounts was $4,500 and $18,000 at December 31, 2010 and 2009, respectively.

Property and Equipment
Fixed assets are stated at the lower of cost or estimated net recoverable amount. The cost of property, plant and equipment is depreciated using the straight-line method based on the lesser of the estimated useful lives of the assets or the lease term based on the following life expectancy:

Furniture and fixtures	5 years
Telecommunication equipment and computers	5 – 10 years
Leasehold improvements	7 years

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which extend the useful life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. When assets are retired or sold, the cost and related accumulated depreciation and amortization are eliminated and any resulting gain or loss is reflected in operations.

Impairment of Long-Lived Assets
Long-lived assets held and used by Competitive are reviewed for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable or is impaired. Recoverability is assessed using undiscounted cash flows based upon historical results and current projections of earnings before interest and taxes. Impairment is measured using discounted cash flows of future operating results based upon a rate

that corresponds to the cost of capital. Impairments are recognized in operating results to the extent that carrying value exceeds discounted cash flows of future operations. The Company did not incur any losses due to impairment of long-lived assets for the years ended December 31, 2010 and 2009.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheets are estimated by management to approximate fair value primarily due to the short term nature of the instruments. The Company had no items that required fair value measurement on a recurring basis.

Competitive Companies, Inc.
Notes to Financial Statements

Goodwill and Other Intangible Assets
Goodwill and indefinite life intangible assets are recorded at fair value and not amortized, but are reviewed for impairment annually or more frequently if impairment indicators arise. As of December 31, 2010 and 2009 we had no goodwill or other intangible assets. The Company recognized impairment losses on goodwill of $373,018 and $-0- for the years ended December 31, 2010 and 2009, respectively, due to the fair value of the consideration paid in excess of the net assets acquired with the acquisition of Voice Vision, Inc.

Basic and Diluted Loss per Share
The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For 2010 and 2009, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Stock-Based Compensation
The Company adopted FASB guidance on stock based compensation upon inception at August 13, 2009. Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Stock issued for services totaled $647,358 and $128,664 for the years ended December 31, 2010 and 2009, respectively.

Advertising
We expense advertising costs as they are incurred. These expenses approximated $598,930 and $2,160 for the years ended December 31, 2010 and 2009, respectively, of which, $598,930 and $-0- consisted of stock based compensation pursuant to the issuance of a total of 6,321,500 and -0- shares, respectively.

Income Taxes
CCI recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. CCI provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Uncertain Tax Positions
In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

Competitive Companies, Inc.
Notes to Financial Statements

Recently Issued Accounting Pronouncements
In December 2010, the FASB issued ASU 2010-29, "Business Combinations (Topic 805): Disclosure of supplementary pro forma information for business combinations." This update changes the disclosure of pro forma information for business combinations. These changes clarify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. Also, the existing supplemental pro forma disclosures were expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. These changes become effective for the Company beginning January 1, 2011. The Company's adoption of this update did not have an impact on the Company's financial condition or results of operations.

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In April 2010, the FASB issued ASU No. 2010-18 regarding improving comparability by eliminating diversity in practice about the treatment of modifications of loans accounted for within pools under Subtopic 310-30 – Receivable – Loans and Debt Securities Acquired with Deteriorated Credit Quality ("Subtopic 310-30"). Furthermore, the amendments clarify guidance about maintaining the integrity of a pool as the unit of accounting for acquired loans with credit deterioration. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors. The amendments in this Update are effective for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. The amendments are to be applied prospectively. Early adoption is permitted. The adoption of this ASU did not have a material impact on our financial statements.

In April 2010, the FASB issued ASU 2010-13, "Compensation—Stock Compensation (Topic 718) - Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades (A consensus of the FASB Emerging Issues Task Force)" ("ASU 2010-13"). ASU 2010-13 clarifies that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, such an award should not be classified as a liability if it otherwise qualifies as equity. This clarification of existing practice is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010, with early application permitted. The Company's adoption of this update did not have an impact on the Company's financial condition or results of operations.

In February 2010, the FASB issued ASU No. 2010-09 regarding subsequent events and amendments to certain recognition and disclosure requirements. Under this ASU, a public company that is a SEC filer, as defined, is not required to disclose the date through which subsequent events have been evaluated. This ASU is effective upon the issuance of this ASU. The adoption of this ASU did not have a material impact on our financial statements.

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In January 2010, the FASB issued ASU No. 2010-06 regarding fair value measurements and disclosures and improvement in the disclosure about fair value measurements. This ASU requires additional disclosures regarding significant transfers in and out of Levels 1 and 2 of fair value measurements, including a description of the reasons for the transfers. Further, this ASU requires additional disclosures for the activity in Level 3 fair value measurements, requiring presentation of information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements. This ASU is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. We are currently evaluating the impact of this ASU; however, we do not expect the adoption of this ASU to have a material impact on our financial statements.

In June 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification (the "ASC"). The ASC has become the single source of non-governmental accounting principles generally accepted in the United States ("GAAP") recognized by the FASB in the preparation of financial statements. The ASC does not supersede the rules or regulations of the Securities and Exchange Commission ("SEC"), therefore, the rules and interpretive releases of the SEC continue to be additional sources of GAAP for the Company. The Company adopted the ASC as of July 1, 2009. The ASC does not change GAAP and did not have an effect on the Company's financial position, results of operations or cash flows.

In May 2009, the FASB issued ASC 855-10 entitled "Subsequent Events". Companies are now required to disclose the date through which subsequent events have been evaluated by management. Public entities (as defined) must conduct the evaluation as of the date the financial statements are issued, and provide disclosure that such date was used for this evaluation. ASC 855-10 provides that financial statements are considered "issued" when they are widely distributed for general use and reliance in a form and format that complies with GAAP. ASC 855-10 is effective for interim and annual periods ending after June 15, 2009 and must be applied prospectively. The adoption of ASC 855-10 upon inception did not have a significant effect on the Company's financial statements as of that date or for the period then ended. In connection with preparing the accompanying consolidated financial statements for the year ended December 31, 2009, management evaluated subsequent events through the date that such financial statements were issued (filed with the Securities and Exchange Commission).

Note 2 – Going Concern

Our consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of $5,060,079 and a working capital deficit of $642,980 at December 31, 2010, and have reported negative cash flows from operations over the last seven years. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months, and we expect to have ongoing requirements for capital investment to implement our business plan. Finally, our ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which we operate.

Since inception, our operations have primarily been funded through private equity financing, and we expect to continue to seek additional funding through private or public equity and debt financing.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. However, there can be no assurance that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

Our consolidated 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 might be necessary should we be unable to continue as a going concern.

Competitive Companies, Inc.
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Note 3 – Discharged Bankruptcy

On October 21, 2010 DiscoverNet, Inc. & DiscoverNet of Wisconsin, LLC, wholly owned subsidiaries of the Company, (the "Debtors") were discharged in bankruptcy under Chapter 7 of the federal bankruptcy laws in the United States Bankruptcy Court for the Western District of Wisconsin. The original petition was filed on May 5, 2009 under Chapter 11, whereby certain claims against the Debtor in existence prior to the filing of the petitions for relief under the federal bankruptcy laws were stayed while the Debtor continued business operations as a Debtor-in-Possession. These claims were reflected in the December 31, 2009, balance sheet as "liabilities subject to compromise." Claims secured against the Debtor's assets ("secured claims") were discharged in full on October 21, 2010.

As such, the Company has presented the financial statements and disclosures as a Debtor-in-Possession for the period from May 5, 2009 through October 21, 2010 in accordance with FASB ASC 852-10-15, "Financial Reporting by Entities in Reorganization under the Bankruptcy Code".

The following table summarizes the liquidation of DiscoverNet, Inc. and DiscoverNet of Wisconsin, LLC under Chapter 7 of the federal bankruptcy laws in the United States Bankruptcy Court for the Western District of Wisconsin on October 21, 2010:

	DiscoverNet of Wisconsin, LLC	DiscoverNet, Inc.	Total
Gain (loss) on reorganization under Chapter7 bankruptcy, net	$ (9,837)	$ 658,712	$ 649,221
Assets and liabilities liquidated in bankruptcy:			
Cash	$ -	$ (75)	$ (75)
Property and equipment, net	(9,837)	(2,646)	(12,483)
Deposits	-	(50)	(50)
Accounts payable	-	495,340	495,340
Deferred revenues	346	-	346
Notes payable	-	166,143	166,143
Net (assets) and liabilities liquidated in bankruptcy	$ (9,491)	$ 658,712	$ 649,221

Note 4 – Business Combinations

Acquisition – January 12, 2010
On January 12, 2010, the Company entered into a share exchange agreement and plan of merger whereby the Company acquired 100% of the outstanding interest of Voice Vision, Inc., a California corporation in the Voice over internet Protocol business ("VoiP"). Pursuant to the share exchange agreement, Competitive Companies, Inc. ("CCI") acquired 100% of the outstanding equity of Voice Vision, Inc. ("VVI") in exchange for ten million ("10,000,000") shares of CCI's common stock on a 1.91245 to 1 basis (i.e. one share of CCI common stock for every 1.91245 outstanding shares of VVI's common stock). The fair market value of the CCI shares was $300,000 based on the closing stock price on the January 12, 2010 grant date, however, the acquisition was mutually rescinded on December 14, 2010

prior to the issuance of the shares.

In accordance with the rescission agreement, CCI granted to VVI 200,000 shares of common stock, which have not yet been issued and, as such, are presented as a subscription payable of $2,000 at December 31, 2010, as well as, options to purchase 2,000,000 shares of common stock. The options are exercisable until December 31, 2012 at an exercise price of $0.07 per share. The total estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 317% and a call option value of $0.0074, was $14,745.

Competitive Companies, Inc.
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The Company had recognized the identifiable assets acquired and liabilities assumed as follows:

		January 12, 2010
Consideration:		
Equity instruments (10,000,000 shares issued of CCI1)	$	300,000
Fair value of total consideration exchanged	$	300,000
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Cash	$	-
Accounts payable and accrued expenses		(73,018)
Consideration paid in excess of fair value2		373,018
Total identifiable net assets	$	300,000

1 The fair value of the 10,000,000 shares of common stock issued as consideration paid for 100% of VVI was determined on the basis of the closing market price of CCI's common shares on the grant date of January 12, 2010.

2 The consideration paid in excess of the fair value of assets acquired and liabilities assumed has been recorded as goodwill and expensed due to impairment.

The following table summarizes the deconsolidation of Voice Vision, Inc. on December 31, 2010 pursuant to the rescission agreement:

		Voice Vision, Inc.
Gain on deconsolidation pursuant to rescission agreement	$	6,825
Assets and liabilities deconsolidated in rescission:		
Cash	$	(25)
Accounts payable		78,032
Accrued expenses		1,836
Common stock		1,211,362
Additional paid in capital		18,532
Retained earnings		(1,302,912)
Net (assets) and liabilities deconsolidated in rescission	$	6,825

Acquisitions - April 2, 2009
On April 2, 2009, the Company entered into a share exchange agreement and plan of merger whereby the Company acquired 100% of the outstanding interest of four private companies under common control by the CEO of Competitive Companies, Inc. Pursuant to the share exchange agreement, Competitive Companies, Inc. (CCI) acquired 100% of the combined equity of DiscoverNet, Inc. (DNI), Innovation Capital Management, Inc. (ICMI), Innovation Capital Management, LLC (ICML), and DiscoverNet, LLC (DNL) in exchange for stock on a 10 to 1 basis, resulting in the issuance of 31,102,740 shares of CCI's common stock. The fair market value of the shares was $1,555,137

based on the closing stock price on April 2, 2009, the date of grant.

Competitive Companies, Inc.
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The Company has recognized the identifiable assets acquired and liabilities assumed as follows:

	April 2, 2009
Consideration:	
Equity instruments (31,102,740 shares issued of CCI1)	$ 1,555,137
Fair value of total consideration exchanged	$ 1,555,137
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Cash	$ 25,273
Accounts receivable and intercompany loans	40,328
Equipment	44,746
Other current assets	2,804
Accounts payable and accrued expenses	(249,964)
Long term debt	(198,290)
Consideration paid in excess of fair value2	1,890,240
Total identifiable net assets	$ 1,555,137

1 The fair value of the 31,102,740 common shares issued as consideration paid for 100% of DNI, ICMI, ICML & DNL was determined on the basis of the closing market price of CCI's common shares on the grant date of April 2, 2009.

2 The consideration paid in excess of the fair value of assets acquired and liabilities assumed has been allocated towards additional paid in capital due to the related party nature of the companies acquired (under common management by the Company's CEO, William H. Gray).

The unaudited supplemental pro forma results of operations of the combined entity had the date of the acquisitions been January 1, 2009 are as follows:

	Combined Pro Forma: For the year ended December 31, 2009
Expenses:	
Revenue	$ 367,343
Cost of sales	488,160
Gross profit (loss)	(120,817)
Operating expenses	1,156,332
Net operating (loss)	(1,227,149)
Other income (expense)	(58,517)
Chapter 7 reorganization income (expense)	-

Net (loss)	$	(1,335,666)
Weighted average number of common shares Outstanding – basic and fully diluted		96,814,862
Net (loss) per share – basic and fully diluted	$	(0.01)

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Management believes the communications network, management team and other assets acquired will enable the Company to enhance its business model and enable the Company to take advantage of opportunities in the fast changing telecommunications industry.

Note 5 – Related Party

On August 16, 2010 the Company issued 5,250,000 shares of restricted common stock to a former CEO for business development services provided. The total fair value of the common stock was $577,500 based on the closing price of the Company's common stock on the date of grant.

On June 30, 2010, CCI issued 3,734,858 shares to the Company's CEO, William H. Gray, in satisfaction of the remaining outstanding shares owed to Mr. Gray in accordance with the April 2, 2009 acquisition of four entities under Mr. Gray's control.

On April 8, 2010, CCI cancelled and returned to treasury 100,000 shares of its $.001 par value common stock previously held by a wholly owned subsidiary.

On February 11, 2010, CCI issued 3,000,000 shares to the Company's CEO, William H. Gray, in partial satisfaction of the April 2, 2009 acquisition of four entities under Mr. Gray's control.

From time to time the Company has received loans from its Chief Executive Officer, William H. Gray. The total of the unsecured, interest free, demand notes was $-0- and $1,474 at December 31, 2010 and December 31, 2009, respectively.

The Company had unreimbursed expenses owed to its former Chief Executive Officer, Jerry Woods in the amounts of $4,325 and $1,325 at December 31, 2010 and December 31, 2009, respectively. The amounts due were included in accounts payable on the balance sheets.

Subsidiary formation
On July 23, 2010, the Board of Directors approved the formation of a wholly owned subsidiary of Competitive Companies, Inc. under the laws of the State of Wisconsin. The entity, named "Wireless Wisconsin LLC", was formed to extend wireless internet services to rural Wisconsin residents.

Board of director resignation
On July 21, 2010, the former CEO, Jerald L. Woods, resigned from the Board of Directors. No replacement has been identified as of the date of this filing.

Employment agreements
On August 1, 2010, CCI entered into a three year employment agreement with the Company's CEO, William Gray. The terms of the agreement include a fixed annual salary of $120,000, payable bi-monthly, with annual increases of 7%, effective on January 1st of each year. In addition, Mr. Gray was granted a monthly automobile allowance of $500. The Company may elect to satisfy payment in shares of common stock in lieu of cash on a monthly basis using the average closing price for the 20 consecutive trading days immediately preceding the end of the month.

On July 1, 2010, CCI entered into an employment agreement with the Company's President, Dr. Raymond Powers. The terms of the agreement include a fixed annual salary of $60,000, payable bi-monthly. Dr. Powers' employment is "at will" and is terminable by either party upon notice. The Company may elect to satisfy payment in shares of common stock in lieu of cash on a monthly basis using the average closing price for the 20 consecutive trading days immediately preceding the end of the month.

Competitive Companies, Inc.
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On January 30, 2009, during the annual meeting of shareholders, a new CEO was elected. Mr. William Gray was elected to replace Jerald L. Woods. During the meeting a new board of directors was elected by a majority of the shareholders. The following board members were elected:

William Gray	Ray Powers
Larry Griffin	David Hewitt
Jerald Woods*	Michael Benbow***
(* Resigned July 21, 2010)	(*** Resigned June 15, 2009)
Tonni Lyn Smith-Atkins**	
(** Resigned March 17, 2009)	

On August 1, 2009, the board of directors appointed former CEO, Henri Hornby to serve on the Board of Directors. Mr. Hornby subsequently resigned on October 27, 2009.

On April 2, 2009 we consummated an acquisition of four companies under common control by our CEO, William H. Gray. The following companies became wholly owned subsidiaries of Competitive Companies, Inc. and are consolidated in these financial statements:

DiscoverNet, Inc.	ICM, Inc.
ICM, LLC	DiscoverNet, LLC

On January 7, 2009, the Company capitalized website development costs in the amount of $9,987. The website development services were provided by DiscoverNet, Inc., a company under common control by the CEO, Bill Gray. The Company believes this to have taken place in an arm’s length transaction prior to the acquisition, and the amount capitalized represents the equivalent purchase price from a third party vendor.

During 2009 the Company repaid loans from the former Officer and board member, Jerald L. Woods. The total of these unsecured demand loans, carrying an 18% interest rate, were $4,500 at December 31, 2008 and were repaid in full during 2009, along with accrued interest of $5,996.

During 2009 Jerald L. Woods was also repaid $6,754 for unreimbursed expenses that he previously paid on behalf of the Company. An unpaid accounts payable balance of $4,325 remains outstanding as of December 31, 2009.

Note 6 – Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company’s financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short term nature of the instruments. The Company had no other items that required fair value measurement on a recurring basis.

The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

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Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following table provides a summary of the fair values of assets and liabilities as of December 31, 2010:

	Carrying Value December 31, 2010	Fair Value Measurements at December 31, 2010 Level 1	Level 2	Level 3
None	$ -	$ -	$ -	$ -

The following table provides a summary of the fair values of assets and liabilities as of December 31, 2009:

	Carrying Value December 31, 2009	Fair Value Measurements at December 31, 2009 Level 1	Level 2	Level 3
None	$ -	$ -	$ -	$ -

Note 7 – Property and Equipment

Property and equipment consist of the following:

	December 31, 2010	2009
Telecommunication equipment and computers	$ 4,611	$ 29,666
Furniture and fixtures	9,150	47,383
Software	-	19,647
	13,761	96,696
Less accumulated depreciation	(5,358)	(66,951)
	$ 8,403	$ 29,745

Depreciation expense totaled $13,387 and $36,916 for 2010 and 2009, respectively. The Company disposed of $16,448 and $284,406 of fixed assets that were no longer in service during 2010 and 2009, respectively. A loss of $-0- and $44,497 resulted from the disposal as of December 31, 2010 and 2009, respectively. Total assets of $71,099 with a net book value of $12,483 were discharged with the Chapter 7 Bankruptcy on October 21, 2010. The loss of $12,483 is included in the net gain on reorganization under Chapter 7 bankruptcy as presented in the statement of operations for the year ended December 31, 2010.

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Note 8 – Notes Payable

Notes payable consists of the following at December 31, 2010 and 2009, respectively:

	December 31, 2010	December 31, 2009
Related party, unsecured promissory note, interest free, due on demand.	$ -	$ 1,474
Unsecured promissory note carries an 8% interest rate, matured on March 2, 2010. Currently in default.	30,000	30,000
Unsecured promissory note carries an 8% interest rate, matured on June 15, 2009. Currently in default.	10,000	10,000
Unsecured promissory note carries an 8% interest rate, matured on June 15, 2009. Currently in default.	10,000	10,000
Secured line of credit, including accrued interest, carries a variable interest rate at 2.25% above "Money Rates". The line matured on March 17, 2009, and the debt was discharged in bankruptcy under Chapter 7 on October 21, 2010. The $140,458 carrying amount of the note was discharged in bankruptcy and included in the net gain on reorganization under Chapter 7 bankruptcy as presented in the statement of operations for the year ended December 31, 2010.	-	142,009
Unsecured promissory note, including accrued interest, carries an 8.5% interest rate, matured on October 1, 2010, and the debt was discharged in bankruptcy under Chapter 7 on October 21, 2010. The $19,438 carrying amount of the note, including accrued interest of $3,752, was discharged in bankruptcy and included in the net gain on reorganization under Chapter 7 bankruptcy as presented in the statement of operations for the year ended December 31, 2010.	-	15,686
Unsecured, interest free promissory note carries a 5% late fee penalty in the event the Company is more than 10 days late with monthly payments of $1,000 beginning on September 1, 2008, matured on June 6, 2009, and the debt was discharged in bankruptcy under Chapter 7 on October 21, 2010. The $11,566 carrying amount of the note, including accrued interest of $1,566, was discharged in bankruptcy and included in the net gain on reorganization under Chapter 7 bankruptcy as presented in the statement of operations for the year ended December 31, 2010.	-	10,000
Unsecured note payable in default to a stockholder, with interest at 8%, and monthly principal and interest payments of $683, matured on February 23, 2011. Currently in default.	17,006	17,006
Total notes payable	67,006	236,175
Less: liabilities subject to compromise	-	167,695
Less: current portion	67,006	68,480

Notes payable, less current portion	$ -	$ -

Competitive Companies, Inc.
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Note 9 – Convertible Debentures

Convertible debentures consist of the following at December 31, 2010 and 2009, respectively:

	December 31, 2010	December 31, 2009
Unsecured convertible promissory note carries an 8.75% interest rate, matured on July 16, 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to eighty percent (80%) of the volume weighted average price of the Company's common stock for the twenty two (22) trading days prior to the conversion date, or $0.06 per share, whichever is greater. Currently in default.	$ 50,000	$ 50,000
Unsecured convertible promissory note carries an 8.75% interest rate, matured on December 26, 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to eighty percent (80%) of the volume weighted average price of the Company's common stock for the twenty two (22) trading days prior to the conversion date, or $0.001 per share, whichever is greater. Currently in default.	10,000	10,000
Unsecured convertible promissory note carries an 8.75% interest rate, matured on December 15, 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to eighty percent (80%) of the volume weighted average price of the Company's common stock for the twenty two (22) trading days prior to the conversion date, or $0.001 per share, whichever is greater. Currently in default.	10,000	10,000
Unsecured convertible promissory note carries an 8.75% interest rate, matured on December 15, 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to eighty percent (80%) of the volume weighted average price of the Company's common stock for the twenty two (22) trading days prior to the conversion date, or $0.001 per share, whichever is greater. Currently in default.	5,000	5,000
Unsecured convertible promissory note carries an 8.75% interest rate, matured on May 11, 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to eighty percent (80%) of the volume weighted average price of the Company's common stock for the twenty two (22) trading days prior to the conversion date, or $0.001 per share, whichever is greater. Currently in default.	10,000	10,000

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Unsecured convertible promissory note carries an 8.75% interest rate, matured on April 30, 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to eighty percent (80%) of the volume weighted average price of the Company's common stock for the twenty two (22) trading days prior to the conversion date, or $0.001 per share, whichever is greater. Currently in default.	5,000	5,000
Unsecured convertible promissory note carries an 8% interest rate, matured on February 11, 2011. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty eight percent (55%) of the average of the three lowest trading prices of the Company's common stock for the ten (10) trading days prior to the conversion date, or $0.0001 per share, whichever is greater. Currently in default.	17,000	-
Unsecured convertible promissory note carries an 8% interest rate, matured on March 28, 2011. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty eight percent (50%) of the average of the three lowest trading prices of the Company's common stock for the ten (10) trading days prior to the conversion date, or $0.0001 per share, whichever is greater. Currently in default.	25,000	-
Unsecured convertible promissory note carries an 8% interest rate, matures on August 24, 2011. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty eight percent (50%) of the average of the three lowest trading prices of the Company's common stock for the ten (10) trading days prior to the conversion date, or $0.0001 per share, whichever is greater. Currently in default.	55,000	-
Total convertible debt	187,000	90,000
Less: discount on beneficial conversion feature	(59,306)	-
Convertible debentures	$127,694	$90,000

In addition, the Company recognized and measured the embedded beneficial conversion feature present in the convertible debt by allocating a portion of the proceeds equal to the intrinsic value of the feature to additional paid-in-capital. The intrinsic value of the feature was calculated on the commitment date using the effective conversion price of the convertible debt. This intrinsic value is limited to the portion of the proceeds allocated to the convertible debt.

The aforementioned accounting treatment resulted in a total debt discount equal to $141,207. The discount was amortized over a six month period, from the date of issuance until the stated redemption date of the debt.

According to the terms of the Convertible Promissory Notes, the number of shares that would be received upon conversion was 30,212,331 shares at December 31, 2010.

The Company recorded financial expenses in the amount of $81,901 and $-0- attributed to the amortization of the aforementioned debt discount during the years ended December 31, 2010 and 2009, respectively.

Competitive Companies, Inc.
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During the year ended December 31, 2010, 5,734,226 shares were issued pursuant to $60,000 of debt conversions.

The Company recorded interest expense in the amount of $128,804 and $31,156 for the years ended December 31, 2010 and 2009, respectively.

Note 10 – Stockholders' Equity

On January 30, 2009, the shareholders of the Company voted to increase the authorized common shares of the Company from 70,000,000 authorized shares of common stock to 500,000,000 authorized shares of common stock. Additionally, the shareholders voted to increase the authorized preferred shares of the Company from 10,000,000 authorized shares of preferred stock to 100,000,000 authorized shares of preferred stock. As a result of this vote, the Company filed an amendment to its Articles of Incorporation to reflect this change.

Convertible Class A Preferred Stock
In consummation of the May 5, 2005 merger with CA Networks as disclosed in Note 1, the Company repurchased 4,000,000 Class "A" preferred stock for $40,000. Therefore, there was no outstanding Class "A" preferred stock at December 31, 2010 or 2009, respectively.

Convertible Class B Preferred Stock
We currently have 1,495,436 shares of Class B convertible preferred stock issued and outstanding which can be converted into shares of our common stock.

Convertible Class C Preferred Stock
We currently have 1,000,000 shares of Class C convertible preferred stock issued and outstanding which can be converted into shares of our common stock. All of the shares are held by one stockholder.

Common Stock
On December 31, 2010, CCI granted 200,000 shares of its $0.001 par value common stock as compensation for the rescission of an acquisition agreement entered into on January 12, 2010. The shares have not been issued as of the date of this report and are recorded as a subscription payable in the amount of $2,000 based on the closing price of the Company's common stock on the date of grant.

On December 21, 2010, CCI issued 810,811 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $6,000. The note was converted in accordance with the conversion terms, therefor no gain or loss has been recognized.

On December 8, 2010, CCI issued 1,269,841 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $8,000. The note was converted in accordance with the conversion terms, therefor no gain or loss has been recognized.

On November 23, 2010, CCI sold 250,000 shares of its $0.001 par value common stock for proceeds of $5,000 to an individual investor.

On November 10, 2010, CCI issued 1,138,614 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $11,500. The note was converted in accordance with the conversion terms, therefor no gain or loss has been recognized.

On November 5, 2010, CCI sold 1,250,000 shares of its $0.001 par value common stock for proceeds of $25,000 to an individual investor.

On October 29, 2010, CCI issued 646,552 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $7,500. The note was converted in accordance with the conversion terms, therefor no gain or loss has been recognized.

On October 21, 2010, the Company issued 1,071,500 shares of restricted common stock to a company for public relation services provided. The total fair value of the common stock was $21,430 based on the closing price of the Company’s common stock on the date of grant.

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On October 18, 2010, CCI issued 539,568 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $7,500. The note was converted in accordance with the conversion terms, therefor no gain or loss has been recognized.

On October 13, 2010, CCI sold 446,428 shares of its $0.001 par value common stock for proceeds of $10,000 to an individual investor.

On October 6, 2010, CCI issued 471,698 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $7,500. The note was converted in accordance with the conversion terms, therefor no gain or loss has been recognized.

On September 24, 2010, CCI sold 950,570 shares of its $0.001 par value common stock for proceeds of $25,000 to an individual investor.

On September 20, 2010, CCI issued 428,571 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $6,000. The note was converted in accordance with the conversion terms, therefor no gain or loss has been recognized.

On September 16, 2010, CCI issued 428,571 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $6,000. The note was converted in accordance with the conversion terms, therefor no gain or loss has been recognized.

On August 25, 2010, CCI sold 125,000 shares of its $0.001 par value common stock for proceeds of $5,000 to an individual investor.

On August 16, 2010, CCI issued 53,215 shares to an individual in accordance with the April 2, 2009 acquisition of four entities under Mr. Gray’s control that had been outstanding as subscriptions payable. All unissued shares pursuant to the acquisition have now been issued with this final issuance.

On August 16, 2010, CCI issued 100,000 shares of its $0.001 par value common stock previously outstanding as a subscription payable in the amount of $5,000.

On August 16, 2010, the Company issued 5,250,000 shares of restricted common stock to a former CEO for business development services provided. The total fair value of the common stock was $577,500 based on the closing price of the Company’s common stock on the date of grant.

On August 16, 2010, CCI sold 125,000 shares of its $0.001 par value common stock for proceeds of $5,000 to an individual investor.

On August 9, 2010, CCI sold 100,000 shares of its $0.001 par value common stock for proceeds of $5,000 to an individual investor.

On August 5, 2010, CCI sold 100,000 shares of its $0.001 par value common stock for proceeds of $5,000 to an individual investor.

On August 1, 2010, CCI issued 87,500 shares of its $0.001 par value common stock previously outstanding as a subscription payable in the amount of $3,500.

On July 30, 2010, CCI sold 100,000 shares of its $0.001 par value common stock for proceeds of $5,000 to an individual investor.

On July 30, 2010, CCI sold 125,000 shares of its $0.001 par value common stock for proceeds of $5,000 to an individual investor.

On July 26, 2010, CCI sold 92,000 shares of its $0.001 par value common stock for proceeds of $4,600 to an individual investor.

Competitive Companies, Inc.
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On July 22, 2010, CCI sold 90,000 shares of its $0.001 par value common stock for proceeds of $5,400 to an individual investor.

On July 8, 2010, CCI sold 80,000 shares of its $0.001 par value common stock for proceeds of $5,000 to an individual investor.

On July 7, 2010, CCI sold 400,000 shares of its $0.001 par value common stock for proceeds of $20,000 to an individual investor.

On July 7, 2010, the Company issued 285,715 shares of free trading common stock to the Company's securities counsel for legal services rendered. The total fair value of the common stock was $31,429 based on the closing price of the Company's common stock on the date of grant.

On July 6, 2010, CCI sold 400,000 shares of its $0.001 par value common stock for proceeds of $20,000 to an individual investor.

On July 6, 2010, CCI sold 500,000 shares of its $0.001 par value common stock for proceeds of $25,000 to an individual investor.

On July 6, 2010, CCI sold 500,000 shares of its $0.001 par value common stock for proceeds of $25,000 to an individual investor.

On June 30, 2010, CCI issued 3,734,858 shares to the Company's CEO, William H. Gray, in satisfaction of the remaining outstanding shares owed to Mr. Gray in accordance with the April 2, 2009 acquisition of four entities under Mr. Gray's control that had been outstanding as subscriptions payable.

On June 30, 2010, CCI issued a total of 532,862 shares to three individuals in accordance with the April 2, 2009 acquisition of four entities under Mr. Gray's control that had been outstanding as subscriptions payable.

During the three months ending June 30, 2010, CCI received subscriptions payable of $8,500 from a total of two individual investors in exchange for a total of 187,500 shares of its $0.001 par value common stock. The shares were subsequently issued in August of 2010.

During the three months ending June 30, 2010, CCI received $60,000 in exchange for a total of 1,285,714 shares of its $0.001 par value common stock from a total of eight individual investors.

During the three months ending June 30, 2010, the Company issued a total of 533,332 shares of common stock to two individual investors that had purchased the Company's common stock prior to March 31, 2010, which was previously recorded as stock subscriptions payable in the total amount of $17,000.

On April 8, 2010, CCI cancelled and returned to treasury 100,000 shares of its $0.001 par value common stock previously held by a wholly owned subsidiary.

On April 1, 2010, the Company issued 250,000 shares of restricted common stock to a consultant for business development services provided. The total fair value of the common stock was $15,000 based on the closing price of the Company's common stock on the date of grant.

During the three months ending March 31, 2010 the Company issued a total of 873,571 shares of common stock to six individual investors that had purchased the Company's common stock prior to December 31, 2009, which was previously recorded as stock subscriptions payable in the total amount of $24,875.

Competitive Companies, Inc.
Notes to Financial Statements

During the three months ending March 31, 2010, CCI received $76,949 in exchange for a total of 3,191,428 shares of its $0.001 par value common stock from a total of twenty one individual investors.

During the three months ending March 31, 2010, CCI received subscriptions payable of $17,000 from a total of two individual investors in exchange for a total of 533,332 shares of its $0.001 par value common stock. The shares were subsequently issued in April of 2010.

On February 11, 2010, CCI issued 3,000,000 shares to the Company's CEO, William H. Gray, in partial satisfaction of the April 2, 2009 acquisition of four entities under Mr. Gray's control. The Company issued the remaining 3,734,858 shares to Mr. Gray on June 30, 2010 as part of the acquisition.

On January 12, 2010, CCI issued a subscription payable for 10,000,000 shares as payment on the acquisition of Voice Vision, Inc. The fair market value of the shares totaled $300,000 based on the closing stock price on the date of grant. The subscription payable was cancelled with the rescission of the acquisition on December 31, 2010.

On December 18, 2009, the Company sold 320,000 shares of common stock as a subscription payable to an investor in exchange for proceeds of $8,000. The shares were issued on March 12, 2010.

On November 18, 2009, the Company sold 200,000 shares of common stock to an investor in exchange for proceeds of $5,000.

On November 16, 2009, the Company sold 33,330 shares of common stock to an investor in exchange for proceeds of $1,000.

On November 14, 2009, the Company sold 150,000 shares of common stock as a subscription payable to an investor in exchange for proceeds of $3,750. The shares were issued on March 12, 2010.

On November 12, 2009, the Company sold 100,000 shares of common stock as a subscription payable to an investor in exchange for proceeds of $2,500. The shares were issued on January 15, 2010.

On October 30, 2009, the Company sold 142,857 shares of common stock as a subscription payable to an investor in exchange for proceeds of $5,000. The shares were issued on March 12, 2010.

On October 29, 2009, the Company sold 142,857 shares of common stock as a subscription payable to an investor in exchange for proceeds of $5,000. The shares were issued on March 12, 2010.

On October 29, 2009, the Company sold 400,000 shares of common stock to an investor in exchange for proceeds of $10,000.

On October 29, 2009, the Company issued 1,000,000 shares of common stock pursuant to the share exchange agreement dated April 2, 2009.

On October 27, 2009, the Company issued 250,000 free trading (S-8) shares of common stock for accounting services rendered. The fair market value of the shares was $10,000 based on the closing stock price on the grant date.

On October 16, 2009, the Company sold 17,857 shares of common stock as a subscription payable to an investor in exchange for proceeds of $625. The shares were issued on March 12, 2010.

On October 15, 2009, the Company sold 25,000 shares of common stock to an investor in exchange for proceeds of $1,000.

On October 13, 2009, the Company sold 75,000 shares of common stock to an investor in exchange for proceeds of $9,300.

On September 18, 2009, the Company sold 510,564 shares of common stock to an investor in exchange for proceeds of $25,528.

Competitive Companies, Inc.
Notes to Financial Statements

On September 18, 2009, the Company sold 100,000 shares of common stock to an investor in exchange for proceeds of $5,000.

On August 24, 2009, the Company sold 100,000 shares of common stock to an investor in exchange for proceeds of $5,000.

On August 24, 2009, the Company issued 50,000 shares of common stock to an investor that had purchased the Company’s common stock on January 19, 2009 in exchange for proceeds of $2,500.

On August 24, 2009, the Company issued 643,115 shares of common stock pursuant to the share exchange agreement dated April 2, 2009.

On August 21, 2009, the Company sold 1,048,439 shares of common stock to an investor in exchange for proceeds of $52,422.

On August 21, 2009, the Company sold 20,000 shares of common stock to an investor in exchange for proceeds of $1,000.

On August 21, 2009, the Company sold 20,000 shares of common stock to an investor in exchange for proceeds of $1,000.

On August 17, 2009, the Company sold 100,000 shares of common stock to an investor in exchange for proceeds of $5,000

On August 14, 2009, the Company sold 40,000 shares of common stock to an investor in exchange for proceeds of $2,000.

On August 14, 2009, the Company sold 60,000 shares of common stock to an investor in exchange for proceeds of $3,000.

On August 13, 2009, the Company sold 100,000 shares of common stock to an investor in exchange for proceeds of $5,000.

On August 10, 2009, the Company sold 160,000 shares of common stock to an investor in exchange for proceeds of $8,000.

On August 4, 2009, the Company sold 100,000 shares of common stock to an investor in exchange for proceeds of $5,000.

On July 29, 2009, the Company sold 150,000 shares of common stock to an investor in exchange for proceeds of $6,000.

On July 29, 2009, the Company sold 400,000 shares of common stock to an investor in exchange for proceeds of $20,000.

On July 15, 2009, the Company issued a total of 910,000 free trading (S-8) shares of common stock for accounting services rendered. The fair market value of the shares was $45,500 based on the closing stock price on the grant date.

On July 15, 2009, the Company issued a total of 1,463,282 free trading (S-8) shares of common stock for legal services rendered. The fair market value of the shares was $73,164 based on the closing stock price on the grant date.

On July 15, 2009, the Company issued 285,710 shares of common stock pursuant to the share exchange agreement dated April 2, 2009.

Competitive Companies, Inc.
Notes to Financial Statements

On May 1, 2009, the Company issued 21,852,983 of the 31,102,740 shares granted as part of the share exchange agreement on April 2, 2009.

On April 12, 2009, the Company sold 124,000 shares of common stock to an investor in exchange for proceeds of $6,200.

On April 10, 2009, the Company issued 100,000 shares of common stock to an individual investor that had purchased the Company's common stock on March 28, 2007, which was previously recorded as a stock subscription payable in the total amount of $10,000.

On April 2, 2009, the Company authorized the issuance of 31,102,740 shares of common stock in exchange for a total of 3,110,274 shares (10:1) of four private companies, representing 100% of their outstanding equity as part of a share exchange agreement. The four acquired entities are consolidated in the financial statements herein. The total fair value of the common stock was $1,555,137.

On March 31, 2009, the Company issued a total of 2,080,280 shares of common stock to seven individual investors that had purchased the Company's common stock during the year ending December 31, 2008, which was previously recorded as stock subscriptions payable in the total amount of $104,014.

On March 25, 2009, the Company sold 100,000 shares of common stock as a subscription payable to an investor in exchange for proceeds of $5,000. The shares were issued on April 10, 2009.

On March 25, 2009, the Company sold 100,000 shares of common stock as a subscription payable to an investor in exchange for proceeds of $5,000. The shares were issued on April 10, 2009.

On March 18, 2009, the Company sold 23,480 shares of common stock as a subscription payable to an investor in exchange for proceeds of $1,174. The shares were issued on April 10, 2009.

On March 3, 2009, the Company sold 100,000 shares of common stock as a subscription payable to an investor in exchange for proceeds of $5,000. The shares were issued on April 10, 2009.

On March 3, 2009, the Company sold 70,000 shares of common stock as a subscription payable to an investor in exchange for proceeds of $3,500. The shares were issued on April 10, 2009.

On February 27, 2009, the Company sold 400,000 shares of common stock as a subscription payable to an investor in exchange for proceeds of $20,000. The shares were issued on April 10, 2009.

On February 5, 2009, the Company sold 400,000 shares of common stock to an investor in exchange for proceeds of $20,000.

On January 19, 2009, the Company sold 160,000 shares of common stock to an investor in exchange for proceeds of $8,000. On August 24, 2009 the Company issued 50,000 shares, and the remaining 110,000 shares were issued on November 16, 2009.

On January 14, 2009, the Company sold 540,000 shares of common stock to an investor in exchange for proceeds of $27,000.

On January 5, 2009, the Company sold 60,000 shares of common stock to an investor in exchange for proceeds of $3,000.

On January 5, 2009, the Company sold 120,000 shares of common stock to an investor in exchange for proceeds of $6,000.

On January 1, 2009, the Company sold 22,000 shares of common stock to an investor in exchange for proceeds of $1,100.

Competitive Companies, Inc.
Notes to Financial Statements

Note 11 – Common Stock Options

On December 31, 2010, the Company issued options to purchase 2,000,000 shares of common stock as part of the rescission agreement which rescinded the January 12, 2010 acquisition of Voice Vision, Inc. The options are exercisable until December 31, 2012 at an exercise price of $0.07 per share. The total estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 317% and a call option value of $0.0074, was $14,745.

During the year ended December 31, 2005, Company cancelled 3,435,000 options outstanding at December 31, 2004 and adopted 2005 Stock Option Plan (the "Plan"). The Plan authorizes the issuance of stock options and other awards to acquire up to a maximum 10,000,000 shares of the Company's common stock (less the number of shares issuable upon exercise of options granted by the Company under all other stock incentive plans on the date of any grant under the Plan). The Plan provides for the grant of incentive stock options (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended), options that are not incentive stock options, stock appreciation rights and various other stock-based grants.

On December 15, 2005, the Company granted employees and directors options to purchase 6,672,000 shares of common stock exercisable at $0.10 with a ten-year life. Because the Company stock was not trading at the grant date, and the Company issued all shares at $0.10 in 2005, which was equal to the exercise price. The Company granted 2,000,000 and -0- options during the years ended December 31, 2010 and 2009, respectively.

	Shares Underlying Options Outstanding			Shares Underlying Options Exercisable	
Range of Exercise Prices	Shares Underlying Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Options Exercisable	Weighted Average Exercise Price
$0.07 - $0.10	8,672,000	4.28	$ 0.09	8,672,000	$ 0.09

The following is a summary of activity of outstanding stock options under the 2005 Stock Option Plan:

	Number Of Shares	Weighted Average Exercise Price
Balance, December 31, 2008	6,672,000	$ 0.10
Options cancelled	-	-
Options granted	-	-
Options exercised	-	-
Balance, December 31, 2009	6,672,000	$ 0.10
Options cancelled	-	-
Options granted	2,000,000	0.07

Options exercised	-		-
Balance, December 31, 2010	8,672,000	$	0.10
Exercisable, December 31, 2010	8,672,000	$	0.10

Competitive Companies, Inc.
Notes to Financial Statements

Note 12 – Future Minimum Lease Payments

We lease our office space and facility in Banbury Texas under a non-cancelable 1-year operating lease expiring September 30, 2011. The lease provides for minimum monthly rental payments of $770.

Future minimum lease payments required under operating leases are as follows:

Year Ending December 31,	Amount
2011	$ 6,930

Rent expense was $40,419 and $66,718 for the years ended December 31, 2010 and 2009, respectively.

Note 13 – Income Taxes

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

For the years ended December 31, 2010 and 2009, the Company incurred net operating losses and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At December 31, 2010, the Company had approximately $5,982,700 of federal and state net operating losses. The net operating loss carry forwards, if not utilized, will begin to expire in 2025.

The components of the Company's deferred tax asset are as follows:

	December 31, 2010	December 31, 2009
Deferred tax assets:		
Net operating loss carry forwards	$ 2,093,950	$ 1,745,000
Total deferred tax assets	2,093,920	1,745,000
Net deferred tax assets before valuation allowance	2,093,950	1,745,000
Less: Valuation allowance	(2,093,950)	(1,745,000)
Net deferred tax assets	$ -	$ -

Based on the available objective evidence, including the Company's history of its loss, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at December 31, 2010 and 2009.

A reconciliation between the amounts of income tax benefit determined by applying the applicable U.S. and State statutory income tax rate to pre-tax loss is as follows:

	December 31, 2010	December 31, 2009
Federal and state statutory rate	35 %	35 %
Change in valuation allowance on deferred tax assets	(35 %)	(35 %)

50

Competitive Companies, Inc.
Notes to Financial Statements

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

Note 14 – Subsequent Events

On January 10, 2011, CCI issued 2,812,500 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $18,000.

On March 15, 2011, CCI issued 3,243,243 shares of its $0.001 par value common stock pursuant to a convertible debenture conversion request in the amount of $12,000.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer during the year ended December 31, 2010, William Gray, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Report. Based on that evaluation, Mr. Gray concluded that our disclosure controls and procedures are not effective, which are discussed below in more detail, in timely alerting him to material information relating to us required to be included in our periodic SEC filings and in ensuring that information required to be disclosed by us in the reports that we file or submit under the Act is accumulated and communicated to our management, including our principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our consolidated financial statements included in this annual report have been prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2010. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. Based upon this evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2010 for the following reasons.

- The Company does not have an independent board of directors or audit committee or adequate segregation of duties;
- All of our financial reporting is carried out by our financial consultant; and
- We do not have an independent body to oversee our internal controls over financial reporting and lack segregation of duties due to the limited nature and resources of the Company.

We intend to rectify these weaknesses by implementing an independent board of directors and hiring of additional accounting personnel once we have additional resources to do so.

The material weaknesses identified did not result in the restatement of any previously reported financial statements or any other related financial disclosures, nor does management believe that it had any effect on the accuracy of our financial statements for the current reporting period.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting through the date of this report or during the quarter ended December 31, 2010, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

No Attestation Report by Independent Registered Accountant

The effectiveness of our internal control over financial reporting as of December 31, 2010 has not been audited by our independent registered public accounting firm by virtue of our exemption from such requirement as a smaller reporting company.

Item 9B. Other Information.

On December 14, 2010, the Company and Voice Vision, Inc. mutually rescinded the acquisition agreement pursuant to which the Company was to have acquired 100% of the outstanding equity of Voice Vision, Inc. The closing of that transaction had not occurred.

DiscoverNet, Inc. Bankrupcty

On May 5, 2009, DiscoverNet, Inc. entered in a voluntary Chapter 11 Bankruptcy. On April 21, 2010, the Trustee issued a motion to convert the Chapter 11 to Chapter 7 liquidation. The motion was passed and DiscoverNet was ordered to liquidate its assets. Essentially all assets were encumbered by Associated Bank and claimed.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance.

The members of the board of directors of the Company will serve until the next annual meeting of stockholders, or until their successors have been elected. The officers serve at the pleasure of the board of directors. Officers are elected by the board of directors and their terms of office are, except to the extent governed by employment contract, at the discretion of the board. Information as to the directors and executive officers of the Company is as follows:

NAME	AGE	POSITION
William H. Gray	60	Chief Executive Officer and Director
David Hewitt	65	Director
Larry Griffin	58	Director
Ray Powers	64	President and Director

Duties, Responsibilities, and Experience

William Gray has been a director of CCI since November 2008 and the Chief Executive Officer of CCI since February 10, 2009. Additionally, Mr. Gray is the founder of Innovation Capital Management, Inc. (“ICM”), a Delaware Corporation formed in May 2008. ICM is involved in managing investment securities design and development. ICM is also the owner of ICM LLC and DiscoverNet, Inc. DiscoverNet, Inc. is a full service Internet Service Provider currently deploying wireless broadband Internet throughout western Wisconsin and was incorporated in July 1996. Mr. Gray has been the President and Chief Executive Officer of DiscoverNet since May of 1997 and has been chiefly responsible for the funding of DiscoverNet since inception. Most recently, DiscoverNet has developed a proprietary propagation software capable of designing tier one wireless networks via the web. ICM intends to offer this unique software to other Wireless Internet Service Providers as part of its planned investment and acquisition program. Mr. Gray is highly skilled and experienced in designing investment securities, developing financial forecast, structuring mergers and acquisitions, writing business plans and drafting private placement memorandum. Mr. Gray has managed investment securities exceeding $100 million.

Mr. Gray's qualifications:

- Leadership experience – Mr. Gray has been our chairman and chief executive officer since February 2009 and he is the founder of Innovation Capital Management, Inc.
    - Finance experience – Mr. Gray has designed and developed multiple securities investment products and programs as well as complex financial projection and proforma models. He has extensive knowledge with accounting systems such as QuickBooks. Additionally, he has substantial experience with Industry billing systems and financial software integration. Mr. Gray has setup and established the Company's accounting, billing and merchant integration systems for the Company.
- Industry experience – Mr. Gray has more than fifteen (15) years of experience and been intricately involved in the Internet Industry almost since inception starting in 1995.
- Education experience - Mr. Gray attended Navarro Jr. College, Howard Payne University and Texas A&M University with a major in Psychology and a minor in Sociology.

David Hewitt has been a director of CCI since December 2001. Prior to joining CCI through the merger with Huntington Telecommunications, Inc., he was the Co-Founder and President of Huntington Partners, Inc., which was a development and investment company providing capital and management for real estate and business venture investments as well as an affiliate to the general partner of Huntington Telecommunicaitons. Currently, Mr. Hewitt is the Managing Member of Southwind Realty Group, LLC, which focuses on the acquisition and redevelopment of infill residential properties in Southern California. From 1999 to 2005, Mr. Hewitt was a founder, Chairman, and a Director of Silverwood Investments, LLC, a real estate investment company focused on apartment property development throughout California. From 1989 to 1992, he was Co-Founder and Managing Director of Trilateral Company, a real estate firm. He has an MBA with Distinction from Amos Tuck School of Business Administration at Dartmouth College and a BA from University of Rochester.

Larry Griffin has been a director of CCI since 2009. Mr. Griffin is the IT Director for Diamondback Management, Inc. since 2005 and prior to that worked as an independent contractor from 1998 to 2005. Additionally, he was the Director of Network Development O.S. for WorldCom from 1988 to 1997. At WorldCom, Mr. Griffin was responsible for WorldCom's redesign and development of its integrated billing systems during the Company's accelerated telecom acquisitions in the mid 1990's. Mr. Griffin was the chief architect with the sub-system of the DEX (Digital Switch) switches to allow account codes to be validated against a common database from any switch in the DEX network. He led the design and development of a switch update and CDR collection systems for the DEX network. Mr. Griffin hopes to advise CCI on its integrated billing systems for future subscriber acquisitions.

Dr. Ray Powers was appointed to the Company's board of directors on November 25, 2008 and later President on February 10, 2009. Mr. Powers' business leadership experience spans over 30 years in a Fortune 200 corporate environment of AT&T/US West/Quest followed by accomplishments in a variety of enterprise scenarios. Dr. Powers began his career at AT&T in 1965 and continued to work in various capacities for AT&T and its successors until 1996. Currently, Dr. Powers is the chief consultant for Strategic Alliance Enterprises, Inc., which provides new technology communications products and services and serves in a consulting role in project management, development of business plans and process improvement initiatives. Prior to his consulting work, from 2004 to 2006, Dr. Powers served as the Executive Vice President and Chief Operating Officer of Corban Networks, Inc., which is a communications industry service provider specializing in wireless communications. From 1998 to 2004, Dr. Powers served as the President and Chief Executive Officer of Compass Corporate Holdings, Inc., which through its subsidiaries provided technology services, technology management and project management consulting. Dr. Powers has served on several companies' board of directors and currently sits on the Board of Strategic Alliance Enterprises, Inc., Worldwide Communications Associates, Inc., and the Executive Initiative Institute. Dr. Powers holds a Bachelor of Science from Arizona State University, a MBA in Technology Management and a Doctorate in Educational Leadership from the University of Phoenix. Dr. Powers is also an adjunct professor for both undergraduate and graduate level courses at the University of Phoenix.

Election of Directors and Officers

Directors are elected to serve until the next annual meeting of stockholders and until their successors have been elected and qualified. Officers are appointed to serve until the meeting of the board of directors following the next annual meeting of stockholders and until their successors have been elected and qualified.

Involvement in Certain Legal Proceedings

No Executive Officer or Director of the Company has been the subject of any order, judgment, or decree of any Court of competent jurisdiction, or any regulatory agency permanently or temporarily enjoining, barring suspending or otherwise limiting him from acting as an investment advisor, underwriter, broker or dealer in the securities industry, or as an affiliated person, director or employee of an investment company, bank, savings and loan association, or insurance company or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any securities.

No Executive Officer or Director of the Company has been convicted in any criminal proceeding (excluding traffic violations) or is the subject of a criminal proceeding which is currently pending.

No current Executive Officer or Director of the Company is the subject of any pending legal proceedings.

Limitation of Liability and Indemnification of Officers and Directors

Under Nevada General Corporation Law and our articles of incorporation, our directors will have no personal liability to us or our stockholders for monetary damages incurred as the result of the breach or alleged breach by a director of his “duty of care.” This provision does not apply to the directors’ (i) acts or omissions that involve intentional misconduct or a knowing and culpable violation of law, (ii) acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director, (iii) approval of any transaction from which a director derives an improper personal benefit, (iv) acts or omissions that show a reckless disregard for the director’s duty to the corporation or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director’s duties, of a risk of serious injury to the corporation or its shareholders, (v) acts or omissions that constituted an unexcused pattern of inattention that amounts to an abdication of the director’s duty to the corporation or its shareholders, or (vi) approval of an unlawful dividend, distribution, stock repurchase or redemption. This provision would generally absolve directors of personal liability for negligence in the performance of duties, including gross negligence.

The effect of this provision in our articles of incorporation is to eliminate the rights of CCI and our stockholders (through stockholder’s derivative suits on behalf of CCI) to recover monetary damages against a director for breach of his fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior) except in the situations described in clauses (i) through (vi) above. This provision does not limit nor eliminate the rights of CCI or any stockholder to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director’s duty of care. In addition, our Articles of Incorporation provide that if Nevada law is amended to authorize the future elimination or limitation of the liability of a director, then the liability of the directors will be eliminated or limited to the fullest extent permitted by the law, as amended. Nevada General Corporation Law grants corporations the right to indemnify their directors, officers, employees and agents in accordance with applicable law. Our bylaws provide for indemnification of such persons to the full extent allowable under applicable law. These provisions will not alter the liability of the directors under federal securities laws.

We intend to enter into agreements to indemnify our directors and officers, in addition to the indemnification provided for in our bylaws. These agreements, among other things, indemnify our directors and officers for certain expenses (including attorneys’ fees), judgments, fines, and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of CCI, arising out of such person’s services as a director or officer of CCI, any subsidiary of CCI or any other company or enterprise to which the person provides services at the request of CCI. We believe that these provisions and agreements are necessary to attract and retain qualified directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling CCI pursuant to the foregoing provisions, CCI has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Board Committees

Director Independence. The board of directors has analyzed the independence of each director and has concluded that currently Messrs. Hewitt and Griffin are considered independent directors in accordance with the director independence standards of the NYSE Amex Equities, and has determined that they have not had a material relationship with CCI that would impair their independence from management.

Audit Committee. Currently, we do not have an audit committee. At this time, the board of directors will perform the necessary functions of an audit committee, such as: recommending an independent registered public accounting firm to audit the annual financial statements; reviewing the independence of the independent registered public accounting firm; review of the financial statements and other required regulatory financial reporting; and reviewing management's policies and procedures in connection with its internal control over financial reporting.

Additionally, we do not have a financial expert. We believe the cost related to retaining a financial expert at this time is prohibitive. However, at such time the Company has the financial resources a financial expert will be hired.

Compensation Committee. We currently do not have a compensation committee of the board of directors. Until a formal committee is established our board of directors will review all forms of compensation provided to our executive officers, directors, consultants and employees, including stock compensation. The board makes all compensation decisions for the Executives and approves recommendation regarding equity awards to all elected officers of CCI. Decisions regarding the non-equity compensation of other executive officers are made by the board.

Nominating Committee. We do not have a Nominating Committee or Nominating Committee Charter. Our board of directors performs some of the functions associated with a Nominating Committee. We elected not to have a Nominating Committee during the year ended December 31, 2010, in that we had limited operations and resources.

Director Nomination Procedures. Generally, nominees for Directors are identified and suggested by the members of the board or management using their business networks. The board has not retained any executive search firms or other third parties to identify or evaluate director candidates in the past and does not intend to in the near future. In selecting a nominee for director, the board or management considers the following criteria:

- whether the nominee has the personal attributes for successful service on the board, such as demonstrated character and integrity; experience at a strategy/policy setting level; managerial experience dealing with complex problems; an ability to work effectively with others; and sufficient time to devote to the affairs of the Company;

- whether the nominee has been the chief executive officer or senior executive of a public company or a leader of a similar organization, including industry groups, universities or governmental organizations;

- whether the nominee, by virtue of particular experience, technical expertise or specialized skills or contacts relevant to the Company's current or future business, will add specific value as a board member; and

- whether there are any other factors related to the ability and willingness of a new nominee to serve, or an existing board member to continue his service.

The board or management has not established any specific minimum qualifications that a candidate for director must meet in order to be recommended for board membership. Rather, the board or management will evaluate the mix of skills and experience that the candidate offers, consider how a given candidate meets the board's current expectations with respect to each such criterion and make a determination regarding whether a candidate should be recommended to the stockholders for election as a Director. During 2010, the Company received no recommendation for Directors from its stockholders.

Report of the Audit Committee

Our board of directors has reviewed and discussed our audited financial statements for the fiscal year ended December 31, 2010 with senior management. The board of directors has also discussed with M&K CPAS, PLLC, our independent auditors, the matters required to be discussed by the statement on Auditing Standards No. 61 (Communication with Audit Committees) and received the written disclosures and the letter from M&K required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees). The board of directors has discussed with M&K the independence of M&K as our auditors. Finally, in considering whether the independent auditors provision of non-audit services to us is compatible with the auditors' independence for M&K, our board of directors has recommended that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 for filing with the United States Securities and Exchange Commission. Our board of directors did not submit a formal report regarding its findings.

BOARD OF DIRECTORS
William H. Gray
David Hewitt
Larry Griffin
Ray Powers

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the United States Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate this report in future filings with the Securities and Exchange Commission, in whole or in part, the foregoing report shall not be deemed to be incorporated by reference into any such filing.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires executive officers and directors, and persons who beneficially own more than ten percent of an issuer's common stock, which has been registered under Section 12 of the Exchange Act, to file initial reports of ownership and reports of changes in ownership with the SEC. Executive officers, directors and greater-than-ten-percent beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based upon a review of the copies of such forms furnished to us and written representations from our executive officers and directors, we believe that as of December 31, 2010, they were not all current in their filings.

Code of Ethics

A code of ethics relates to written standards that are reasonably designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to, the Commission and in other public communications made by an issuer;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- Accountability for adherence to the code.

On December 18, 2005, we adopted a written code of ethics that governs all of our officers, and more specifically our principal executive officer, principal financial officer and principal accounting officer directors, employees and contractors. The code of ethics relates to written standards that are reasonably designed to deter wrongdoing and to promote the above mentioned objectives. Anyone can obtain a copy of the Code of Ethics by contacting the Company. The Company will post any amendments to the Code of Ethics, as well as any waivers that are required to be disclosed by the rules of either the Securities and Exchange Commission or FINRA.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of compensation for our executive officers identified in the Summary Compensation Table ("Named Executive Officers"), and executive officers that we may hire in the future. As more fully described below, our board of directors makes all decisions for the total direct compensation of our executive officers, including the Named Executive Officers. We do not have a compensation committee, so all decisions with respect to management compensation are made by the whole board.

Compensation Program Objectives and Rewards

Our compensation philosophy is based on the premise of attracting, retaining, and motivating exceptional leaders, setting high goals, working toward the common objectives of meeting the expectations of customers and stockholders, and rewarding outstanding performance. Following this philosophy, we consider all relevant factors in determining executive compensation, including the competition for talent, our desire to link pay with performance, the use of equity to align executive interests with those of our stockholders, individual contributions, teamwork, and each executive's total compensation package. We strive to accomplish these objectives by compensating all executives with compensation packages consisting of a combination of competitive base salary and incentive compensation.

The compensation received by our Named Executive Officers is based primarily on the levels at which we can afford to retain them and their responsibilities and individual contributions. Our compensation policy also reflects our strategy of minimizing general and administration expenses and utilizing independent professional consultants. To date, we have not applied a formal compensation program to determine the compensation of the Named Executives Officers. In the future, as we and our management team expand, our board of directors expects to form a compensation committee comprised of independent directors and apply the compensation philosophy and policies described in this section of the 10K.

The primary purpose of the compensation and benefits we consider is to attract, retain, and motivate highly talented individuals who will engage in the behavior necessary to enable us to succeed in our mission, while upholding our values in a highly competitive marketplace. Different elements are designed to engender different behaviors, and the actual incentive amounts which may be awarded to each Named Executive Officer are subject to the annual review of our compensation committee who will make recommendations regarding compensation to our board of directors. The following is a brief description of the key elements of our planned executive compensation structure.

- Base salary and benefits are designed to attract and retain employees over time.
- Incentive compensation awards are designed to focus employees on the business objectives for a particular year.
- Equity incentive awards, such as stock options and non-vested stock, focus executives' efforts on the behaviors within the recipients' control that they believe are designed to ensure our long-term success as reflected in increases to our stock prices over a period of several years, growth in our profitability and other elements.
- Severance and change in control plans are designed to facilitate a company's ability to attract and retain executives as we compete for talented employees in a marketplace where such protections are commonly offered. We currently have not given separation benefits to any of our Name Executive Officers.

Benchmarking

We have not yet adopted benchmarking but may do so in the future. When making compensation decisions, our board of directors may compare each element of compensation paid to our Named Executive Officers against a report showing comparable compensation metrics from a group that includes both publicly-traded and privately-held companies. Our board believes that while such peer group benchmarks are a point of reference for measurement, they are not necessarily a determining factor in setting executive compensation. Each executive officer's compensation relative to the benchmark varies based on the scope of responsibility and time in the position. We have not yet formally established our peer group for this purpose.

The Elements of Our Compensation Program

Base Salary

Executive officer base salaries are based on job responsibilities and individual contribution. Our board of directors reviews the base salaries of our executive officers, including our Named Executive Officers, considering factors such as corporate progress toward achieving objectives (without reference to any specific performance-related targets) and individual performance experience and expertise. None of our Named Executive Officers have employment agreements with us. Additional factors reviewed by our board of directors in determining appropriate base salary levels and raises include subjective factors related to corporate and individual performance. For the year ended December 31, 2010, all executive officer base salary decisions were approved by the board of directors.

Our board of directors determines base salaries for the Named Executive Officers at the beginning of each fiscal year, and the board proposes new base salary amounts, if appropriate, based on its evaluation of individual performance and expected future contributions. We do not have a 401(k) Plan, but if we adopt one in the future, base salary would be the only element of compensation that would be used in determining the amount of contributions permitted under the 401(k) Plan.

Incentive Compensation Awards

The Named Executives have not been paid bonuses and our board of directors has not yet established a formal compensation policy for the determination of bonuses. If our revenue grows and bonuses become affordable and justifiable, we expect to use the following parameters in justifying and quantifying bonuses for our Named Executive Officers and other officers of CCI: (1) the growth in our revenue, (2) the growth in our earnings before interest, taxes, depreciation and amortization, as adjusted ("EBITDA"), and (3) our stock price. The board has not adopted specific performance goals and target bonus amounts for any of its fiscal years, but may do so in the future.

Equity Incentive Awards

Effective December 2, 2005, our board of directors adopted our. 2005 Stock Option Plan under which a total of 10,000,000 shares of our common stock have been reserved for issuance as restricted stock or pursuant to the grant and exercise of stock options. Our 2005 Stock Option Plan has not been approved by our shareholders. We believe equity incentive awards motivate our employees to work to improve our business and stock price performance, thereby further linking the interests of our senior management and our stockholders. The board considers several factors in determining whether awards are granted to an executive officer, including those previously described, as well as the executive's position, his or her performance and responsibilities, and the amount of options or other awards, if any, currently held by the officer and their vesting schedule. Our policy prohibits backdating options or granting them retroactively.

Benefits and Prerequisites

At this stage of our business we have limited benefits and no prerequisites for our employees other than health insurance and vacation benefits that are generally comparable to those offered by other small private and public companies or as may be required by applicable state employment laws. We do not have a 401(k) Plan or any other retirement plan for our Named Executive Officers. We may adopt these plans and confer other fringe benefits for our executive officers in the future.

Separation and Change in Control Arrangements

We do not have any employment agreements with our Named Executive Officers or any other executive officer or employee of CCI. None of them are eligible for specific benefits or payments if their employment or engagement terminates in a separation or if there is a change of control.

Executive Officer Compensation

The following table sets forth the compensation of our executive officers for the years ended December 31, 2010 and 2009 respectively:

Summary Compensation Table

Name and Principal Position	Year	Salary	Stock Awards (4)(5)	All Other Compensation	Total
William Gray, Chief Executive Officer	2010	$93,375	$-0-	$2,500(6)	$95,875
and Chairman (1)	2009	$79,099	$-0-	$-0-	$79,099
Jerald Woods, Former Chief Executive	2010	$-0-	$-0-	$0-	$-0-
Officer (2)	2009	$-0-	$-0-	$11,006	$11,006
Ray Powers, President and Director (3)	2010	$27,500	$-0-	$-0-	$27,500
	2009	$-0-	$-0-	$19,500	$19,500

(1) Mr. Gray was appointed as Chief Executive Officer on February 10, 2009.

(2) On February 10, 2009, Mr. Woods resigned from his position as Chief Executive Officer.

(3) Dr. Ray Powers was appointed President on February 10, 2009.

(4) On October 29, 2009, Mr. Ray Powers received 1,000,000 shares of common stock pursuant to the acquisition on April 2, 2009. The shares were not issued as compensation expense.

(5) Mr. Gray was granted 6,734,858 shares of common stock pursuant to the acquisition on April 2, 2009. On February 11, 2010 there were 3,000,000 shares issued, of which Mr. Gray subsequently exchanged 500,000 shares in a private transaction. The remaining 3,734,858 shares were issued on June 30, 2010. The shares were not issued as compensation expense.

(6) Commencing August 1, 2010, Mr. Gray receives an automobile allowance of $500 per month.

Employment Agreements

During the year ended December 31, 2010, we did not have any employment agreements or understandings in place with our executive officers. There are no compensatory plans or arrangements, including payments to be received from the Company, with respect to any person associated with the Company which would in any way result in payments to any such person because of his resignation, retirement, or other termination of such person’s employment with the Company or its subsidiaries, or any change in control of the Company, or a change in the person’s responsibilities following a change in control of the Company.

Outstanding Equity Awards

During the year ended December 31, 2010, we did not grant any equity awards to our officers and/or directors.

Option Exercises and Stock Vested

None of our executive officers exercised any stock options or acquired stock through vesting of an equity award during the fiscal year ended December 31, 2010.

Director Compensation and Other Arrangements

As a result of having limited resources during most of 2010, we did not provide compensation to our board of directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table presents information, to the best of our knowledge, about the beneficial ownership of our common stock on March 31, 2011, held by those persons known to beneficially own more than 5% of our capital stock and by our directors and executive officers. The percentage of beneficial ownership for the following table is based on 136,319,475 shares of common stock outstanding as of March 31, 2011.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock over which the stockholder has sole or shared voting or investment power. It also includes (unless footnoted) shares of common stock that the stockholder has a right to acquire within 60 days after March 31, 2011, through the exercise of any option, warrant or other right. The percentage ownership of the outstanding common stock, however, is based on the assumption, expressly required by the rules of the Securities and Exchange Commission, that only the person or entity whose ownership is being reported has converted options or warrants into shares of our common stock.

Name of Officer or Director (1)	Number of Common Shares	Percent Beneficially Owned (2)
William Gray, Chief Executive Officer and Director	6,234,858	4.6%
Ray Powers	1,000,000	*
David Hewitt	1,000,000	*
Larry Griffin	0	0
All Officers and Directors as a Group (4 persons)	8,234,858	6.0%
Henri R. Hornby	10,266,666	7.5%
Jerald Woods	7,198,886	5.3%

* Denotes less than 1%.

(1) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). The address of each person is in the care of the Company.

(2) Figures are rounded to the nearest percent.

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Item 13. Certain Relationships and Related Transactions, and Director Independence.

On April 2, 2009, we consummated an acquisition of four companies under common control by our CEO, William H. Gray. The following companies became wholly owned subsidiaries of Competitive Companies, Inc. and are consolidated in these financial statements:

DiscoverNet, Inc.	ICM, Inc.
ICM, LLC	DiscoverNet, LLC

As a result of the shares exchanged in this transaction, Mr. Gray was granted 6,734,858 shares of common stock, of these, 3,000,000 shares were issued on February 11, 2010, of which Mr. Gray subsequently exchanged 500,000 shares in a private transaction. The remaining 3,734,858 shares have not yet been issued. In addition, on October 29, 2009, the Company's President and Director, Mr. Ray Powers, was issued a total of 1,000,000 shares as a result of these acquisitions.

Item 14. Principal Accounting Fees and Services.

Audit Fees

The aggregate fees billed for professional services rendered by M&K CPAs, PLLC for the audit of our annual financial statements and review of the financial statements included in our Form 10-Qs or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for fiscal years 2010 and 2009 were $38,750 and $37,500, respectively.

Audit-Related Fees

The aggregate fees billed by M&K CPAs, PLLC for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of the registrant's financial statements for the fiscal years 2010 and 2009 were $-0- and $-0-, respectively.

Tax Fees

The aggregate fees billed by M&K CPAs, PLLC for professional services rendered by the principal accountant for the fiscal years 2010 and 2009 were $-0- and $-0-, respectively.

All Other Fees

There were no other fees to be billed by M&K CPAs, PLLC for the fiscal years 2010 and 2009 other than the fees described above.

Pre-Approval Policies and Procedures of Audit and Non-Audit Services of Independent Registered Public Accounting Firm

Until we appoint an audit committee, our board of directors' policy in the future is to pre-approve, typically at the beginning of our fiscal year, all audit and non-audit services, other than de minimis non-audit services, to be provided by an independent registered public accounting firm. These services may include, among others, audit services, audit-related services, tax services and other services and such services are generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the full board of directors regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. As part of the board's review, the board will evaluate other known potential engagements of the independent auditor, including the scope of work proposed to be performed and the proposed fees, and approve or reject each service, taking into account whether the services are permissible under applicable law and the possible impact of each non-audit service on the independent auditor's independence from management. At board meetings throughout the year, the auditor and management may present subsequent services for approval. Typically, these would be services such as due diligence for an acquisition, that would not have been known at the beginning of the year.

Our board of directors has considered the provision of non-audit services provided by our independent registered public accounting firm to be compatible with maintaining their independence. Until we appoint an audit committee, our board of directors will continue to approve all audit and permissible non-audit services provided by our independent registered public accounting firm.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as a part of this report of Form 10-K:

1. The financial statements listed in the "Index to Financial Statements" at page F-1 are filed as part of this report.
2. Financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.
3. Exhibits included or incorporated herein: See index to Exhibits.

(b) Exhibits

			Incorporated by reference			
Exhibit	Exhibit Description	Filed herewith	Form	Period ending	Exhibit	Filing date
2.1	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2		2	01/11/02
2.2	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2/A		2.2	08/02/02
2.3	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2/A		2.2	04/24/03
2.4	Plan and agreement of reorganization between Competitive Companies, Inc. and CCI Acquisition Corp		8-K		10.1	05/09/05
3(i)	Articles of Competitive Companies, as amended		SB-2		3(I)	01/11/02

3(ii)	Bylaws of Competitive Companies		SB-2	3(II)	01/11/02
4	Rights and Preferences of Preferred Stock		SB-2	4	01/11/02
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X			
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X			
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act	X			
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act	X			

SIGNATURES

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

COMPETITIVE COMPANIES, INC.

Date: May 2, 2011	By:	/s/ William Gray William Gray, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ William Gray William Gray	Chief Executive Officer, Principal Accounting Officer, and Director	May 2, 2011
/s/ Ray Powers Ray Powers	President and Director	May 2, 2011
/s/ Larry Griffin Larry Griffin	Director	May 2, 2011
David Hewitt	Director	