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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) 4 OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2017**

Commission File Number **000-49709**

CARDIFF INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Florida	**84-1044583**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

401 East Las Olas Blvd., Suite 1400, Ft. Lauderdale, FL 33301
(Address of principal executive offices)

(844) 628-2100
(Registrant's telephone no., including area code)

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

Securities registered pursuant to Section 12(g) of the Exchange Act: Par Value $0.001 Common Stock Indicate by check mark if registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒.

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K is contained in this form and no disclosure will 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. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one)

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter. $1,378,430.

Common shares outstanding at April 16, 2018 is 70,715,527 with a par value of $0.001.

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For purposes of this report, unless otherwise indicated or the context otherwise requires, all references herein to “Cardiff International,” “the Company”, “we,” “us,” and “our,” refer to Cardiff International, Inc., a Florida corporation, and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Report”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward- looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “plan,” “might,” “will,” “expect,” “predict,” “project,” “forecast,” “potential,” “continue” negatives thereof or similar expressions. Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements.

We cannot predict all of the risks and uncertainties. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. These forward-looking statements are found at various places throughout this Report and include information concerning possible or assumed future results of our operations, including statements about potential acquisition or merger targets; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future acquisitions, future cash needs, future operations, business plans and future financial results, and any other statements that are not historical facts.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward- looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

PART I

Item 1. DESCRIPTION OF BUSINESS.

History of the Business

Legacy Card Company ("Legacy") was formed as a Limited Liability Company on August 29, 2001. On April 18, 2005, Legacy converted from a California Limited Liability Company to a Nevada Corporation. On November 10, 2005, Legacy merged with Cardiff International, Inc. ("Cardiff", the "Company"), a publicly held corporation in Colorado. On August 27, 2014 Cardiff redomiciled to Florida.

In the first quarter of 2013, it was decided to restructure Cardiff into a holding company enabling businesses to take advantage of the power of a public company. Cardiff began targeting the acquisition of undervalued, niche companies with high growth potential, income-producing commercial real estate properties, and high return investments, all designed to pay a dividend to our shareholders. The reason for this strategy was to protect our shareholders by acquiring profitable small- to minimum-sized businesses with little to no debt, seeking support with both financing and management that had the ability to offer a return to investors. The plan is to establish new classes of preferred stock to streamline voting rights, negate debt, and acquire new businesses. By December of 2013, we were able to reduce more than 90% of all its debt; by July of 2014, we had completed the acquisition of three businesses: We Three, LLC; Romeo's NY Pizza; and Edge View Properties, Inc. We delayed the filing of its Annual Report on Form 10-K ("Form 10-K") for the year ended December 31, 2015 due to difficulty obtaining information from another acquisition, which was subsequently unwound. By December of 2016 we completed the acquisition of 3 additional businesses and have 2 currently pending lender approvals.

<u>BUSINESS DEVELOPMENTS</u>

The following business developments have been reported in our reports filed with the Securities and Exchange Commission (the "SEC"), which are referenced in Part IV, Item 15, of this Annual Report:

FDR Enterprises, Inc. acquired on August 10, 2016;
Refreshment Concepts, LLC acquired on August 10, 2016;
Repicci's Franchise Group, LLC acquired on August 10, 2016;
On May 25, 2017 the Company terminated its auditing firm KLJ & Associates
July 11, 2017 increased authorized common shares to 500,000,000 at par value of $0.001
July 20, 2017 Engaged Malone Bailey as Cardiff's new auditors
July 24, 2017 Unwound the [purchase of CSSC acquisition

Current Business Operations

Cardiff is a public holding company, much like a cooperative, leveraging proven management in private companies that become subsidiaries under our umbrella. Our focus is not based on a specific industry or geographic location, but rather on a proven management, market, and historical operating margin. We target acquisitions of mature, high growth, niche companies. Cardiff's strategy identifies and empowers select income-producing middle market private businesses and commercial real estate properties.

The target company's management team typically maintains control of the day to day operations. Acquisitions become standalone autonomous subsidiaries that gain the advantages of a publicly traded company without losing their independent management control. Management enjoys the advantage of improved valuation, liquidity, synergies, and support, along with diversification and asset appreciation through collective subsidiary performance. Diversification and pooled resources leverage value and mitigate risk.

Cardiff provides these companies both 1) the enhanced ability to raise money for operations or expansion, and 2) an equity exit and liquidity strategy for the owner, heirs, and/or Investors.

For investors, Cardiff provides a diversified lower risk to protect and safely enhance their investment by continually adding assets and holdings.

Cardiff employs a merge, acquire, and hold strategy to maximize value and potential of private, often family run, enterprises while providing diversification and risk mitigation for all shareholders.

Cardiff is led by strong and talented roster of executives and advisors providing expert acquisition, market guidance and added value for subsidiaries and investors. To date, Cardiff consists of the following whole-owned subsidiaries:

We Three, LLC (Affordable Housing Initiative) acquired on May 15, 2014; Romeo's NY Pizza acquired on June 30, 2014;
Edge View Properties, Inc acquired on July 16, 2014; FDR Enterprises, Inc. acquired on August 10, 2016;
Repicci's Franchise Group, LLC acquired on August 10, 2016; Refreshment Concepts, LLC acquired on August 10, 2016.

Organization

We are comprised of one parent corporation and six subsidiaries. Operations are primarily conducted through the subsidiaries of the Company.

Employees

Collectively, Cardiff currently has approximately 40 employees and anticipates hiring additional personal with new acquisitions.

Competition

We are a Small Cap holding company enabling businesses to take advantage of the power of a public company. Cardiff began targeting the acquisition of undervalued, niche companies with high growth potential, income-producing commercial real estate properties, and high return investments, all designed to pay a dividend to our shareholders. The reason for this strategy was to protect our shareholders by acquiring profitable small- to minimum-sized businesses with little to no debt, seeking support with both financing and management that had the ability to offer a return to investors. The plan is to establish new classes of preferred stock to streamline voting rights, negate debt, and acquire new businesses.

Proprietary Information

We own the following trademarks: Cardiff USA; Mission Tuition, Collaborative Governance, Legacy Card and Small Cap Rescue.

Government Regulation

We do not expect to be subject to material governmental regulation. However, it is our policy to fully comply with all governmental regulation and regulatory authorities.

Research and Development

We have spent funds on research and development for our proprietary software system related to Social Media, as well as building a new website representing the Company's new direction, keeping investors more informed, etc. We plan to spend further funds on research and development activities in the future as the development of our software continues.

Environmental Compliance

We believe that we are not subject to any material costs for compliance with any environmental laws.

How to Obtain our SEC Filings

We file annual, quarterly, and special reports, proxy statements, and other information with the Securities Exchange Commission (SEC). Reports, proxy statements and other information filed with the SEC can be inspected and copied at the public reference facilities of the SEC at 100 F Street N.E., Washington, DC 20549. Such material may also be accessed electronically by means of the SEC's website at www.sec.gov.

Our investor relations department can be contacted at our principal executive office located at, 401 East Las Olas Blvd. Unit 1400, Fort Lauderdale, FL 33301. Our telephone number is (844-628-2100).

Item 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this document before deciding to invest in shares of our common stock.

The occurrence of any of the following risks could materially and adversely affect our business, financial condition and operating result. In this case, the trading price of our common stock could decline and you might lose all or part of your investment.

During our startup phase we were not profitable and generated minimal revenue and no profit.

As of this filing, though still not profitable, Cardiff is generating revenue which helps mitigate the risk. Currently we have a small amount of consolidated stockholders' equity. As a result, though pleased with our current results, we may never become profitable, and could go out of business.

Through inception until December 2014, we have restructured ourselves into a holding company and have acquired seven additional businesses; We Three, Inc. d/b/a Affordable Housing Initiative, Romeo's NY Pizza, Edge View Properties, FDR Enterprises, Inc. Repicci's Franchise Group and Refreshment Concepts.

Future sales will no longer depend on missiontuition.com, but will be derived from our new acquisitions. We cannot guarantee we will ever develop substantial revenue from our subsidiary companies and there is no assurance that we will achieve profitability.

Because we had incurred operating losses from our inception, we still consider ourselves a going concern.

For the fiscal years ended December 31, 2016 and December 31, 2015, our accountants have expressed concern about our ability to continue as a going concern due to our continued net losses and need for additional capital. However, we believe our ability to achieve and maintain profitability and positive cash flow is dependent upon:

- our ability to acquire profitable businesses within CDIF; and
- our ability to generate substantial revenues; and
- our ability to obtain additional financing

Based upon current plans, we may incur operating losses in future periods. Also, we expect approximately $600,000 in operating costs to be incurred over the next twelve months. We cannot guarantee that we will be successful in generating sufficient revenues or obtaining other financing in the future to cover these operating costs. Additionally, financing may not be available on terms favorable to the Company. Failure to generate sufficient revenues may cause us to go out of business.

Since we are an early stage company that has generated minimal revenue, an investment in our shares is highly risky and could result in a complete loss of your investment if we are unsuccessful in our business plans.

We were incorporated in August 2001 and have focused all of our efforts on the development of our product and we have generated minimal amounts revenue. Further, there is no guarantee that we will be successful in realizing revenues or in achieving or sustaining positive cash flow at any time in the future. Any such failure could result in the possible closure of our business or force us to seek additional capital through loans or additional sales of our equity securities to continue business operations, which would dilute the value of any shares you hold, and could result in the loss of your entire investment.

Future acquisitions are important to our success. We may not be able to successfully integrate our acquisitions into our operations.

The acquisition of new companies is central to our business model and critically important to our success. Although we generally seek companies that have positive cash flows, we cannot be certain that the company's acquired will remain cash flow positive and could possibly lose revenues. In addition, there are no assurances that the acquisitions acquired will continue as profitable businesses and could adversely affect our business and any possible revenues.

Successful implementation of our business strategy depends on factors specific to acquiring successful businesses. Adverse changes in our acquisition process could undermine our business strategy and have a material adverse effect on our business, financial condition, and results of operations and cash flow:

- The competitive environment in the specific field of business acquired; and
- Our ability to acquire the right businesses that meet customers' needs; and
- Our ability to establish, maintain and eventually grow market share in a competitive environment.

There are no substantial barriers to acquire established businesses and because we can acquire businesses in all types of industries, there is no guarantee the Company will acquire additional businesses, which could severely limit our proposed sales and revenues. If we cannot acquire established businesses, it could result in the loss of your investment.

Since we have no copyright protection, unauthorized persons may attempt to copy aspects of our business, including our governance design or functionality, services or marketing materials. Any encroachment upon our corporate information, including the unauthorized use of our brand name, the use of a similar name by a competing company or a lawsuit initiated against us for infringement upon another company's proprietary information or improper use of their copyright, may affect our ability to create brand name recognition, cause customer confusion and/or have a detrimental effect on our business. Litigation or proceedings before the U.S. or International Patent and Trademark Offices may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets and domain name and/or to determine the validity and scope of the proprietary rights of others. Any such infringement, litigation or adverse proceeding could result in substantial costs and diversion of resources and could seriously harm our business operations and/or results of operations. As a result, an investor could lose his or her entire investment.

The loss of the services of the current officers and directors could severely impact our business operations and future development, which could result in a loss of revenues and one's ability to ever sell any shares.

Our performance is substantially dependent upon the professional expertise of the current officers and board of directors. Each has extensive expertise in business development and acquisitions and we are dependent on their abilities. If they are unable to perform their duties, this could have an adverse effect on business operations, financial condition and operating results if we are unable to replace them with other individuals qualified to develop and market our business. The loss of their services could result in a loss of revenues, which could result in a reduction of the value of any shares you hold as well as the complete loss of your investment.

Our stock has limited liquidity.

Our common stock trades on the OTCQB market. Trading volume in our shares may be sporadic and the price could experience volatility. If adverse market conditions exist, you may have difficulty selling your shares.

The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, including the following:

- actual or anticipated fluctuations in our operating results;
- changes in financial estimates by securities analysts or our failure to perform in line with such estimates;
- changes in market valuations of other companies, particularly those that market services such as ours;
- announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- introduction of product enhancements that reduce the need for our products;
- departure of key personnel.

In general, buying low-priced penny stocks is very risky and speculative. Our shares are defined as a penny stock under the Securities and Exchange Act of 1934, and rules of the Commission. You may not able to sell your shares when you want to do so, if at all.

Our shares are defined as a penny stock under the Securities and Exchange Act of 1934, and rules of the Commission. The Exchange Act and such penny stock rules generally impose additional sales practice and disclosure requirements on broker-dealers who sell our securities to persons other than certain accredited investors who are, generally, institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000 or annual income exceeding
$200,000, or $300,000 jointly with spouse, or in transactions not recommended by the broker-dealer. For transactions covered by the penny stock rules, a broker- dealer must make a suitability determination for each purchaser and receive the purchaser's written agreement prior to such sale. In addition, the broker-dealer must make certain mandated disclosures in penny stock transactions, including the actual sale or purchase price and actual bid and offer quotations, the compensation to be received by the broker-dealer and certain associated persons, and deliver certain disclosures required by the Commission. Consequently, the penny stock rules may affect the ability of broker-dealers to make a market in or trade our common stock and may also affect your ability to resell any shares you may purchase in the public markets.

Because of our size and limited resources, we may have difficulty establishing adequate management, legal and financial controls, which we are required to do in order to comply with U.S. GAAP and securities laws, and which could cause a materially adverse impact on our financial statements, the trading of our common stock and our business.

We are a small holding company that lacks the financial resources and qualified personnel to implement and sustain adequate internal controls As a result, we may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet proper internal control standards. Therefore, we may, in turn, experience difficulties in implementing and maintaining adequate internal controls as required under Section 404 of the Sarbanes-Oxley Act of 2002. This may result in significant deficiencies or material weaknesses in our internal controls which could impact the reliability of our financial statements and prevent us from complying with SEC rules and regulations and the requirements of the Sarbanes-Oxley Act of 2002. Any such deficiencies, material weaknesses or lack of compliance could result in restatements of our historical financial information, cause investors to lose confidence in our reported financial information, have an adverse impact on the trading price of our common stock, adversely affect our ability to access the capital markets and our ability to recruit personnel, lead to the delisting of our securities from the stock exchange on which they are traded, lead to litigation claims, thereby diverting management’s attention and resources, and which may lead to the payment of damages to the extent such claims are not resolved in our favor, lead to regulatory proceedings, which may result in sanctions, monetary or otherwise, and have a materially adverse effect on our reputation and business.

We do not expect to pay dividends on common stock in the foreseeable future.

We have not paid any cash dividends with respect to our common stock, and it is unlikely that we will pay any dividends on our common stock for the year. Earnings, if any, that we may realize will be retained in the business for further development and expansion.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company had operating leases of $115,862 and $160.840 for the year ended December 31, 2017 and 2016, respectively, consisting of the followings.

	For the year ended	
	December 31, 2017	December 31, 2016
Restaurants	$ 60,564	$ 83,309
Lot	48,049	62,364
Office	6,917	14,835
Equipment Rentals	332	332
Total	$ 115,862	$ 160,840

The Company has property leases that are renewable on an annual basis, with no long term property leases.

Edge View Properties consists of 30 prime acres of land; 23.5 acres zoned MDR (Medium Density Residential) with 12 lots already platted and 48 lots zoned HDR (High Density Residential), 4 acres of dedicated river front property zoned for recreation on the Salmon River, Idaho's premier whitewater river and 2.5 acres zoned for commercial use. All land is in the city limits of Salmon and adjacent to the Frank church Wilderness Park (the largest wilderness park in the lower 48 states).

ITEM 3. LEGAL PROCEEDINGS.

We are not a party to any material legal proceedings, nor is our property the subject of any material legal proceeding.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Holders

As of December 31, 2017 there were 853 record holders of our common stock, and there were 64,414,091 shares of our common stock outstanding.

Public Market for Common Stock

Our common stock, par value $.001 per share (the "Common Stock"), is currently quoted on the OTCQB under the symbol "CDIF". The OTCBB is a quotation service that displays real-time quotes, last-sale prices, and volume information in over-the-counter, or the OTC, equity securities. An OTCBB equity security generally is any equity that is not listed or traded on a national securities exchange. The following table shows, for the periods indicated, the high and low bid prices per share of our common stock as reported by the OTCBB quotation service. These bid prices represent prices quoted by broker-dealers on the OTCBB quotation service. The quotations reflect inter-dealer prices, without retail mark-up, mark- down or commissions, and may not represent actual transactions.

	High Close	Low Close
December 31 December 31, 2017		
1st Quarter	$ .13	$ .04
2nd Quarter	$ .16	$ .07
3rd Quarter	$ .11	$ .05
4th Quarter	$ .06	$ .02
December 31 December 31, 2016		
1st Quarter	$ .24	$ .05
2nd Quarter	$ .59	$ .08
3rd Quarter	$ .22	$ .06
4th Quarter	$ ..25	$ .07

The market price of our common stock will be subject to significant fluctuations in response to variations in our quarterly operating results, general trends in the market, and other factors, over many of which we have little or no control. In addition, broad market fluctuations, as well as general economic, business and political conditions, may adversely affect the market for our common stock, regardless of our actual or projected performance.

The Securities Enforcement and Penny Stock Reform Act of 1990

The Securities and Exchange Commission has also adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system).

A purchaser is purchasing penny stock which limits the ability to sell the stock. The shares offered by this prospectus constitute penny stock under the Securities and Exchange Act. The shares will remain penny stocks for the foreseeable future. The classification of penny stock makes it more difficult for a broker-dealer to sell the stock into a secondary market, which makes it more difficult for a purchaser to liquidate his/her investment. Any broker-dealer engaged by the purchaser for the purpose of selling his or her shares in us will be subject to Rules 15g-1 through 15g-10 of the Securities and Exchange Act. Rather than creating a need to comply with those rules, some broker-dealers will refuse to attempt to sell penny stock.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the Commission, which:

- contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of the Securities Act of 1934, as amended;
- contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the bid and ask price;
- contains a toll-free telephone number for inquiries on disciplinary actions;
- defines significant terms in the disclosure document or in the conduct of trading penny stocks; and
- contains such other information and is in such form (including language, type, size and format) as the Securities and Exchange Commission shall require by rule or regulation;

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, to the customer:

- the bid and offer quotations for the penny stock;
- the compensation of the broker-dealer and its salesperson in the transaction;
- the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements will have the effect of reducing the trading activity in the secondary market for our stock because it will be subject to these penny stock rules. Therefore, stockholders may have difficulty selling their securities.

Dividend Policy

We have not previously declared or paid any dividends on our common stock and do not anticipate declaring any dividends in the foreseeable future. The payment of dividends on our common stock is within the discretion of our board of directors. We intend to retain any earnings for use in our operations and the expansion of our business. Payment of dividends in the future will depend on our future earnings, future capital needs and our operating and financial condition, among other factors that our board of directors may deem relevant. We are not under any contractual restriction as to our present or future ability to pay dividends.

ITEM 6. SELECTED FINANCIAL DATA

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management’s Discussion and Analysis or Plan of Operation contains forward-looking statements that involve future events, our future performance and our expected future operations and actions. In some cases, you can identify forward-looking statements by the use of words such as “may”, “will”, “should”, “anticipate”, “believe”, “expect”, “plan”, “future”, “intend”, “could”, “estimate”, “predict”, “hope”, “potential”, “continue”, or the negative of these terms or other similar expressions. These forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties. Our actual results or actions may differ materially from these forward-looking statements for many reasons, including, but not limited to, the matters discussed in this report under the caption “Risk Factors”. We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. We undertake no obligation to publicly update any forward looking-statements, whether as a result of new information, future events or otherwise.

The following discussion of our consolidated financial condition and consolidated results of operations should be read in conjunction with our consolidated financial statements and the related notes included in this report.

The following table provides selected financial data about us for the fiscal years ended December 31, 2017 and December 31, 2016. For detailed financial information, see the audited Financial Statements included in this report.

Balance Sheet Data:

		December 31, 2017	December 31 2016
Cash	$	68,986	62,948
Total assets	$	1,309,061	2,472,009
Total liabilities	$	4,900,340	4,071,306
Shareholders' equity (deficit)	$	(3,591,279)	(1,599,297)
Operating Data:			
Revenues	$	1,744,655	1,150,251
Operating Expenses	$	3,230,474	2,512,794
Net (Loss)	$	(5,000,319)	(2,254,492)

Segment reporting for the years ended December 31, 2017 and 2016 were as follows:

	For the years ended			
		December 31 ,2017		December 31, 2016
Revenues:				
We Three	$	193,601	$	152,120
Romeo's NY Pizza		592,445		603,787
Repicci's Group		954,854		369,416
Others		3,754		24,928
Consolidated revenues	$	1,744,654	$	1,150,251
Cost of Sales:				
We Three	$	155,416	$	145,795,
Romeo's NY Pizza		429,778		404,181
Repicci's Group		771,213		246,797
Others		–		–
Consolidated cost of sales	$	1,356,407	$	797,073
Income (Loss) before taxes				
We Three	$	(4,494)	$	(16,201)
Romeo's NY Pizza		(141,128)		(32,594)
Repicci's Group		(41,652)		(229,985)
Others		(4,813,045)		(1,975,712)
Consolidated loss before taxes	$	(5,000,319)	$	(2,254,492)

		As of December 31, 2017		As of December 31, 2016
Assets:				
We Three	$	235,532	$	216,433
Romeo's NY Pizza		58,438		19,241
Repicci's Group		293,216		411,606
Others		721,875		1,824,729
Combined assets	$	1,309,061	$	2,472,009

Results of Operations

Revenues. We had revenues in the amount of $1,744,655 and $1,150,251 for the years ended December 31, 2017 and 2016, respectively. The increase in revenue was primarily associated with increases in sales of ice cream. We expect revenue to increase during 2017, as we will realize a full operating cycle for our current operating subsidiaries and planned expansion.

Cost of Goods Sold. We had costs of sales in the amount of $1,356,408 and $797,073 for the years ended December 31, 2017 and 2016, respectively. The increase in cost of sales were also primarily attributable to increase in sales of ice cream locations during the year.

Operating Expenses. Operating expenses consisted of depreciation, amortization and general and administrative expenses. We had operating expenses of $3,230,474 and $2,512,794 for the years ended December 31, 2017 and 2016, respectively. The operating expenses in 2016 were primarily attributable to the issuance of 7,728,589 shares of common stock for marketing, management and financial strategies, resulting in non-cash stock based compensation of $1,020,602 during the December 31, 2016. Comparatively, we had non-cash stock based compensation of $501,567 in 2017 due to the issuance of 1,306,907 shares of common stock during the year and we had a loss due to impairment of goodwill of $932,529 and loss on disposal of assets of $17,647 from our Romeo's Pizza stores, Other operating expenses remained relatively fixed for the year.

Non-employee stock compensation. During the years ended December 31, 2017 and 2016, we issued a total of 1,306,907 and 7,728,589 shares of common stock, respectively, to four different consultants for marketing, management and financial strategies. The fair value of the stock issuance was determined by the fair value of the Company's common stock on the grant date, at prices ranging from $0.05-$0.11 per share. Accordingly, we recognized stock based compensation of $501,567 and $1,020,602 for the years ended December 31, 2017 and 2016, respectively, in connection with these issuances. These amounts are included in our financial statements.

Change in value of derivative liability. During the years ended December 31, 2017 and 2016 the change in value of derivative liability amounted to $(1,386,055) and $1,731, respectively. In 2017, we issued 10 convertible promissory notes totaling $705,177, all of which were convertible into shares of the Company's common stock at discount to the market. As a result, we had change in value of derivative liability amounted to $1,386,055 We premeasured the fair value of the converted amount at the conversion date and increased the derivative liabilities to $2,419,337, which was credited to additional paid-in capital at the conversion.

Interest Expense during the years end December 31, 2017 and 2016, interest expense amounted to $111,606 and $48,789, respectively. The increase in interest was a result of new borrowings in 2017.

Net Loss. As a result of the foregoing, we had a net loss of $5,00,319 for the December 31 December 31, 2017, which is compared to the net loss for the December 31 December 31, 2016 of $2,254,492.

Our activities have a focus on growing revenue. We plan to continue this strategy into 2018.

To try to operate at a break-even level based upon our current level of proposed business activity, we believe that we must generate approximately $20,000,000 in revenue per year. Each dollar of revenue is not directly tied to increasing costs. We believe that we can become profitable without incurring additional costs under our current operating cost structure. However, if our forecasts are inaccurate, we will need to raise additional funds. In the event that we need additional capital, our directors have orally agreed to loan such funds as may be necessary through December 31, 2017 for working capital purposes, although they have no obligation to do so.

On the other hand, if we decide that we cannot operate at a profit in our current configuration, we may choose to scale back our operations to operate at break-even with a smaller level of business activity, while adjusting our overhead to meet the revenue from current operations. In such event, we will probably not be profitable. In addition, we expect that we will need to raise additional funds if we decide to pursue more rapid expansion, the development of new or enhanced services or products, appropriate responses to competitive pressures, or the acquisition of complementary businesses or technologies, or if we must respond to unanticipated events that require us to make additional investments. We cannot assure that additional financing will be available when needed on favorable terms, or at all.

We expect to incur operating losses in future periods because we will be incurring expenses and not generating sufficient revenues. We expect approximately $600,000 in operating costs over the next twelve months. We cannot guarantee that we will be successful in generating sufficient revenues or other funds in the future to cover these operating costs. Failure to generate sufficient revenues or additional financing when needed could cause us to go out of business.

Liquidity and Capital Resources

As of December 31, 2017, we had cash and cash equivalents of $68,986 and a working capital deficit of $4,709,734. As of December 31, 2016, we had cash and cash equivalents of $62,948 and a working capital deficit of $3,897,131.

Net cash used for operating activities was $(663,830) for the December 31 December 31, 2017, which was comparable to the net cash used in operating activities of $(198,135) for the December 31 December 31, 2016. The increase in the amount of net cash used in operating activities in 2016 compared to last year was primarily attributable to a greater amount of non-cash items during the 2016 such as common stock issued for services, accrued expenses and loss on impairment of Goodwill.

Net cash used in investing activities was $14,468 for the December 31, 2017 compared with cash provided by investing activities of $12,972 during the December 31 December 31, 2016. The cash flows provided by investing activities in 2016 was primarily attributable to the purchase of fixed assets in, offset by the cash from disposal of fixed assets in the discontinued operations.

Cash flows provided by financing activities were $684,336 for the December 31 December 31, 2017, which compares to cash flows provided by financing activities of $176,519 for the December 31 December 31, 2016. These cash flows were related to sales of stock in the amounts of $40,000 and $136,500 during the years ended December 31, 2017 and 2016, respectively. In addition, during 2017, we had $705,177 in proceeds from notes payable, of which $-0- was with a related party. These amounts were partially offset by repayments of $53,341 to certain notes payable. Comparatively, during 2016, financing activities provided $28,264 in proceeds from notes payable, which included $11,124 from a related party related party, partially offset by note payable repayments of $61,279 during the year.

Over the next twelve months we expect significant capital costs to develop operations since we have plans for acquisitions in 2018. Our operating costs of will primarily be used for operations.

There can be no assurance that we will be able to obtain sufficient capital from debt or equity transactions or from operations in the necessary time frame or on terms acceptable to us. Should we be unable to raise sufficient funds, we may be required to curtail our operating plans and possibly relinquish rights to portions of our technology or products. In addition, increases in expenses or delays in product development may adversely impact our cash position and may require cost reductions. No assurance can be given that we will be able to operate profitably on a consistent basis, or at all, in the future.

In order to continue our operations, development of our products, and implementation of our business plan, we need additional financing. We are currently attempting to obtain additional working capital in a term loan transaction.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements with any party.

Plan of Operation

In first quarter of 2013, it was decided that we restructure into a new holding company who adopted a new business model known as "Collaborative Commonwealth™" a new form of governance enabling businesses to take advantage of the power of a public Company. Targeting the acquisition of undervalued, niche companies with high growth potential, income-producing commercial real estate properties and high return investments, all designed to pay a dividend to our shareholders. The reason for this was to protect our shareholders by acquiring small to minimum size businesses seeking support with both financing and management. The plan was to establish new classes of Preferred stock to streamline voting rights, negate debt and acquire new businesses. By December of 2013 the Company negated 90% plus of all debt; by May of 2014 we acquired three businesses, We Three, LLC; Romeo's NY Pizza and Edge View Properties, Inc. In August 2016, we completed additional three acquisitions, FDR Enterprises, Inc.; Repicci's Franchise Group, LLC and Refreshment Concepts, LLC.

Recent Developments

As of this filing, we have acquired We Three, LLC (d/b/a Affordable Housing Initiative) ("AHI"), Romeo's NY Pizza Chain, Edge View Properties, Inc., FDR Enterprises, Inc., Repicci's Franchise Group, LLC and Refreshment Concepts, LLC.

Current Business Operations

Cardiff International, Inc., is currently structured as a company with holdings of various companies.

The following milestones are estimates only. The working capital requirements and the projected milestones are approximations only and subject to adjustment based on sales, costs and needs.

CARDIFF INTERNATIONAL, INC. is a public Holding company utilizing a new form of Collaborative Governance™*. Cardiff targets acquisitions of undervalued, niche companies with high growth potential, income-producing businesses, including commercial real estate properties all of which offer high returns for our investors. Our goal is to provide a form of governance enabling businesses to take advantage of the power of a public company without losing management control. Cardiff provides companies the ability to raise money and investors a low risk environment that protects their investment.

MISSION TUITION (www.missiontuition.com): Cardiff through Mission Tuition has built one of the largest merchant shopping networks in America consisting of all the top name merchants; offering in-store savings and coupon savings with local, regional and national merchants throughout America. With each purchase members earn rebates which goes directly into their educational savings account. Our Tax-Free educational savings program provides a platform for families to start an "educational savings" program that encourages regular and daily use of the program. The Mission Tuition program helps families save for college. Mission Tuition encourages members to contribute to their educational savings with contribution from work, family members or just rebates generated by online and in-store purchases. The Mission Tuition program leverages the two biggest economic forces in society — consumer spent and the cost of education — to create the most unique value-added rewards program in decades. Cardiff's *missiontuition.com* helps solve a real need for America's families – saving for your child's college education.

WE THREE, LLC (D/B/A AFFORDABLE HOUSING INITIATIVE) ("AHI"): AHI is located in Maryville, Tennessee. AHI acquires both mobile homes and mobile home parks offering an alternative to traditional housing. Their mobile home business is a popular option for a homeowner wishing to avoid large down payments, expensive maintenance costs, monthly mortgage payments and high property taxes. If bad credit is an issue preventing people from purchasing a traditional house, AHI will provide a financial leasing option with "O" interest on the lease providing a "lease to own" option for their family home. Most homes are 3 bedroom/2bath homes making the dream of owning a home possible.

ROMEO'S NY PIZZA, INC.: Romeo's NY Pizza - Established in Paterson, New Jersey in 1945. Romeo's NY Pizza makes authentic NY pizza, making their dough in-house, using the finest cheese and ingredients available. No soggy crust or watered down pizza sauce, only the best. They also serve Chicken Wings, Philly Steak Subs, Calzones and Salads.

EDGE VIEW PROPERTIES LLC: Edge View Properties consists of 30 prime acres of land; 23.5 acres zoned MDR (Medium Density Residential) with 12 lots already platted and 48 lots zoned HDR (High Density Residential), 4 acres of dedicated river front property zoned for recreation on the Salmon River, Idaho's premier whitewater river and 2.5 acres zoned for commercial use. All land is in the city limits of Salmon and adjacent to the Frank church Wilderness Park (the largest wilderness park in the lower 48 states).

REPICCI'S GROUP: Repicci's Group offers franchisees for the operation of "Repicci's Italian Ice" franchises. These franchised stores specialize in the distribution of nonfat frozen confections.

The number of franchise agreements in force as of December 31, 2016 was 48, five of which are "mobile" unites.

The Company obligates itself to each franchisee to perform the following services:

1. Designate an exclusive territory;
2. Provide guidance and approval for selection and location of site;
3. Provide initial training of franchisee and employees;
4. Provide a company manual and other training aids.

The Company has developed a new "Mobile Franchise Opportunity". The total investment for the new opportunity ranges from $155,600 to $165,000, as follows:
$125,000 for a new Mercedes Sprinter Van, customized for the franchisee, $25,000 for the franchise fee, the balance for product. The Company's obligation is as above, except for Item #3, training is specific to the new opportunity.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. We base our estimates on experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that may not be readily apparent from other sources. On an on-going basis, we evaluate the appropriateness of our estimates and we maintain a thorough process to review the application of our accounting policies. Our actual results may differ from these estimates.

We consider our critical accounting estimates to be those that (1) involve significant judgments and uncertainties, (2) require estimates that are more difficult for management to determine, and (3) may produce materially different results when using different assumptions. We have discussed these critical accounting estimates, the basis for their underlying assumptions and estimates and the nature of our related disclosures herein with the audit committee of our Board of Directors. We believe our accounting policies specific to share-based compensation expense and estimation of the fair value of derivative liability involve our most significant judgments and estimates that are material to our consolidated financial statements. They are discussed further below.

Derivative Liability

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses the probability weighted average Lattice Binomial models to value the derivative instruments at inception and on subsequent valuation dates through the December 31, 2017 reporting date. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Share-based compensation expense

We account for the issuance of stock, stock options and warrants for services from employees and non-employees based on an estimate of the fair value of options and warrants issued using the Black-Scholes pricing model. This model's calculations include the exercise price, the market price of shares on grant date, weighted average assumptions for risk-free interest rates, expected life of the option or warrant, expected volatility of our stock and expected dividend yield.

The amounts recorded in the financial statements for share-based expense could vary significantly if we were to use different assumptions. For example, the assumptions we have made for the expected volatility of our stock price have been based on the historical volatility of our stock, measured over a period generally commensurate with the expected term. If we were to use a different volatility than the actual volatility of our stock price, there may be a significant variance in the amounts of share-based compensation expense from the amounts reported.

Inflation

We do not believe that inflation will negatively impact our business plans.

Seasonality.

We do not expect our revenues to be impacted by seasonal demands for our services.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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INDEX TO FINANCIAL STATEMENTS

CARDIFF INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016
(AUDITED)

	December 31,2017	December 31, 2016
ASSETS		
Current assets		
Cash	$ 68,986	$ 62,948
Accounts receivable-net	63,061	32,008
Inventory-net	46,928	42,229
Prepaid and other	11,631	36,990
Total current assets	190,606	174,175
Property and equipment, net of accumulated depreciation of $1,030,232 and $838,736, respectively	491,473	736,672
Land	603,000	603,000
Intangible assets, net	15,561	–
Deposits	6,660	1,528
Due from related party	1,820	–
Investment	–	24,105
Goodwill	–	932,529
Total assets	$ 1,309,061	$ 2,472,009
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 193,239	$ 65,901
Accrued expenses	291,826	529,975
Accrued expenses - related parties	472,750	1,187,750
Interest payable	312,192	231,452
Accrued payroll taxes	2,047	41,783
Due to officers and shareholders	77,640	503,127
Line of credit	15,498	10,000
Common stock to be issued	500	500
Series H preferred shares to be issued	–	728,907
Notes payable, unrelated party	215,979	259,320
Notes payable - related party	120,128	166,695
Convertible notes payable, net of debt discounts of $348,307 and $21,833, respectively	598,339	157,452
Convertible notes payable - related party	165,000	165,000
Derivative Liability	2,419,337	–
Income Tax payable	15,865	23,444
Total current liabilities	4,900,340	4,071,306
Long-term liabilities		
Total liabilities	4,900,340	4,071,306

	December 31,2017	December 31, 2016
Shareholders' equity (deficit)		
Preferred stock		
Preferred Stock all classes	8,849	5,480
Preferred Stock Series A - 4 Shares authorized, with par value of $.001, 1 and 1 share issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series B - 10,000,000 shares authorized, with par value of $.001, 2,798,205 and 4,836,031 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series C - 500 shares authorized, with par value of $.0.001, 117 and 118 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series D - 800,000 shares authorized, with par value of $.001, 400,000 and 400,000 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series E - 1,000,000 shares authorized, with par value of $.001, 241,199 and 241,199 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series F - 800,000 shares authorized, with par value of $.001, 280,069 and 280,069 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series F-1- 800,000 shares authorized, with par value of $.001, 57,194 and 172,751 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series G - 20,000,000 shares authorized, with par value of $.001, 0 and 0 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series H - 4,859,379 shares authorized, with par value of $.001, 4,859,379 and 0 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series H-1- 3,000,000 shares authorized, with par value of $.001, 0 and 0 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series I - 20,000,000 shares authorized, with par value of $.001, 203,655 and 0 shares issued and outstanding at December 31, 2017 and December 31, 2016		–
Preferred Stock Series J - 10,000,000 shares authorized, with par value of $.001, 0 and 0 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series J1 - 7,500,000 shares authorized, with par value of $.001, 0 and 0 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series K - 9,607,840 shares authorized, with par value of $.001, 0 and 0 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Preferred Stock Series K1 - 35,000,000 shares authorized, with par value of $.001, 0 and 0 shares issued and outstanding at December 31, 2017 and December 31, 2016		
Common stock; 500,000,000 shares authorized with $0.001 par value; 64,414,091 and 25,223,578 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively	66,031	25,224
Additional paid-in capital	46,795,517	43,831,356
Accumulated deficit	(50,461,676)	(45,461,357)
Total shareholders' equity (deficit)	(3,591,279)	(1,599,297)
Total liabilities and shareholders' equity (deficit)	$ 1,309,061	$ 2,472,009

The accompanying notes are an integral part of these financial statements

CARDIFF INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(AUDITED)

	For The Years Ended December 31, 2017	December 31, 2016
REVENUE		
Rental income	$ 193,601	$ 152,120
Sales of pizza	592,445	603,787
Sales of ice cream	954,854	369,416
Other	3,754	24,928
Total revenue	1,744,655	1,150,251
COST OF SALES (Exclusive of depreciation shown separately below)		
Rental business	155,416	145,795
Pizza restaurants	429,778	404,481
Ice cream stores	771,213	246,797
Other	–	–
Total cost of sales	1,356,408	797,073
GROSS MARGIN	388,247	353,178
OPERATING EXPENSES		
Depreciation and amortization expense	246,325	–
Goodwill Impairment	932,529	–
Selling, general and administrative	2,051,620	2,512,194
Total operating cost	3,230,474	2,512,194
INCOME (LOSS) FROM OPERATIONS	(2,842,227)	(2,159,616)
OTHER INCOME (EXPENSE)		
(Loss) Gain from extinguishment of debt	(46,009)	3,000
Change in value of derivative liability	(1,386,055)	1,731
Interest expense	(111,606)	(48,789)
Amortization of debt discounts	(596,775)	(45,667)
Loss on Impairment of Goodwill	–	(5,151)
Loss on disposal of assets	(17,647)	–
Total other income (expenses)	(2,158,092)	(94,876)
NET INCOME (LOSS) FOR THE PERIOD	$ (5,000,319)	$ (2,254,492)
INCOME (LOSS) PER COMMON SHARE		
-BASIC AND DILUTED	$ (0.12)	$ (0.17)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES - BASIC AND DILUTED	43,405,712	13,600,570

The accompanying notes are an integral part of these financial statements

CARDIFF INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 and 2017

	Preferred Stock Series A		Preferred Stock Series B, D, E, F, F-1, H, I		Preferred Stock, Series C		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance December 31, 2012	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**4,766**	**$ 8,639,161**	**$ 1,700,214**	**$ (15,147,952)**	**$ (4,808,577)**
Common stock issued for cash, $0.006 average per share	–	–	–	–	–	–	718	107,750	–	–	107,750
Common stock issued for financing	–	–	–	–	–	–	910	213,800	–	–	213,800
Common stock issued upon conversion of convertible debenture	–	–	–	–	–	–	1,149	65,874	–	–	65,874
Common stock issued for officer compensation	–	–	–	–	–	–	75,234	2,257,018	–	–	2,257,018
Series B preferred shares issued for cash,$2.50 per share	–	–	28,000	100,000	–	–	–	–	–	–	28,000
Series B preferred shares issued upon conversion of convertible debt	–	–	5,071,478	5,071,478	–	–	–	–	–	–	5,071,478
Series B preferred shares issued for non-employee stock compensation	–	–	6,152,993	6,152,993	–	–	–	–	–	–	6,152,993
Series C preferred shares issued upon conversion of convertible debt	–	–	–	–	4,320	4,320	–	–	–	–	4,320
Series C preferred shares issued for non-employee compensation	–	–	–	–	9,180	9,180	–	–	–	–	9,180
Net loss	–	–	–	–	–	–	–	–	–	(10,982,795)	(10,982,795)
Balance December 31, 2013	**1**	**$ –**	**4,576,701**	**$ 4,577**	**79**	**$ –**	**83,586**	**$ 84**	**$ 24,317,127**	**$ (26,130,747)**	**$ (1,808,959)**

CARDIFF INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 and 2017
(continued)

	Preferred Stock Series A		Preferred Stock Series B, D, E, F, F-1, H, I		Preferred Stock, Series C		Common Stock		Additional Paid-in Capital	Accumulated Deficiency	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Common stock issued for debt conversion - Asher	–	–	–	–	–	–	2,496	2	32,008	–	32,010
Common stock issued for debt conversion	–	–	–	–	–	–	15,400	15	3,835	–	3,850
Common stock issued for services	–	–	–	–	–	–	4,427,200	4,427	10,178,133	–	10,182,560
Common stock issued for debt conversion	–	–	–	–	–	–	400,000	400	670	–	1,070
Series B preferred shares issued for cash, $2.50 per share	–	–	81,993	82	–	–	–	–	204,901	–	204,983
Series B & C preferred shares issued for services	–	–	611,999	612	1	–	–	–	1,529,388	–	1,530,000
Series C preferred shares issued for cash, $2.50 per share	–	–	–	–	33	–	–	–	83	–	83
Series D preferred shares issued for Romeo's NY Pizza	–	–	400,000	400	–	–	–	–	999,600	–	1,000,000
Series E preferred shares issued for Edge View Properties	–	–	241,199	241	–	–	–	–	602,759	–	603,000
Series F preferred shares issued for We Three LLC	–	–	280,069	280	–	–	–	–	699,894	–	700,174
Series F-1 preferred shares issued for cash, 2.50 per share	–	–	156,503	157	–	–	–	–	391,091	–	391,248
Reclassification of derivative liability associated with debt conversion	–	–	–	–	–	–	–	–	132,981	–	132,981
Net loss	–	–	–	–	–	–	–	–	–	(13,131,697)	(13,131,697)
Balance December 31, 2014	**1**	**$ –**	**6,348,464**	**$ 6,348**	**113**	**$ –**	**4,928,682**	**$ 4,929**	**$ 39,092,469**	**$ (39,262,444)**	**$ (158,698)**

CARDIFF INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 and 2017
(continued)

	Preferred Stock Series A		Preferred Stock Series B, D, E, F, F-1, H, I		Preferred Stock, Series C		Common Stock		Additional Paid- in Capital	Accumulated Deficiency	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Common stock issued for PF B conversion	–	–	(325,862)	(326)	–	–	1,610,206	1,610	(1,284)	–	–
Series B preferred shares issued for cash, $2.50 per share	–	–	33,197	33	–	–	–	–	82,460	–	82,493
Series C preferred shares issued for cash, $2.50 per share	–	–	–	–	3	–	–	–	8	–	8
Series F-1 preferred shares issued for cash, $4.00 per share	–	–	6,249	6	1	–	–	–	24,994	–	25,000
Series F-1 preferred shares issued for cash, $2.50 per share	–	–	9,999	10	1	–	–	–	24,990	–	25,000
Reclassification of derivative liabilities due to BCF	–	–	–	–	–	–	–	–	10,008	–	10,008
Contributed capital	–	–	–	–		–	–	–	187,500	–	187,500
Cancellation of common stock	–	–	–	–	–	–	(188,000)	(188)	188	–	–
Common stock issued for services	–	–	–	–	–	–	2,512,000	2,512	3,133,608	–	3,136,120
Common stock issued for note conversion	–	–	–	–	–	–	300,000	300	1,200	–	1,500
Common stock issued for cash, $0.10 per share	–	–	–	–	–	–	250,000	250	24,750	–	25,000
Net loss	–	–	–	–	–	–	–	–	–	(3,944,421)	(3,944,421)
Balance December 31, 2015	**1**	**$ –**	**6,072,047**	**$ 6,072**	**118**	**$ –**	**9,412,888**	**$ 9,413**	**$ 42,580,891**	**$ (43,206,865)**	**$ (610,489)**

CARDIFF INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 and 2017
(continued)

	Preferred Stock Series A		Preferred Stock Series B, D, E, F, F-1, H, I		Preferred Stock, Series C		Common Stock		Additional Paid-	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Deficiency	Total
Issuance of common stock to be issued	–	–	–	–	–	–	90,000	90	4,410	–	4,500
Common stock issued for services	–	–	–	–	–	–	7,728,589	7,729	1,012,873	–	1,020,602
Common stock issued for cash	–	–	–	–	–	–	1,159,116	1,159	135,341	–	136,500
Conversion of Series B Preferred Stock	–	–	(591,997)	(592)	–	–	2,959,985	2,960	(2,368)	–	–
Conversion of convertible notes payable	–	–	–	–	–	–	3,873,000	3,873	20,492	–	24,365
Intrinsic value due to BCF	–	–	–	–	–	–	–	–	67,500	–	67,500
Reclassified Derivative liabilities to Additional Paid in Capital	–	–	–	–	–	–	–	–	12,217	–	12,217
Net loss	–	–	–	–	–	–	–	–	–	(2,254,492)	(2,254,492)
Balance December 31, 2016	**1**	**$ –**	**5,480,050**	**$ 5,480**	**118**	**$ –**	**25,223,578**	**$ 25,224**	**$ 43,831,356**	**$ (45,461,357)**	**$ (1,599,297)**

CARDIFF INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 and 2017
(continued)

	Preferred Stock Series A		Preferred Stock Series B, D, E, F, F-1, H, I		Preferred Stock, Series C		Common Stock		Additional Paid-	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Deficiency	Total
Common stock issued for payment of accrued salary	–	–	–	–	–	–	20,000,000	20,000	1,465,600	–	1,485,600
Common stock for services	–	–	–	–	–	–	350,000	350	69,850	–	70,200
Common stock issued for cash	–	–	–	–	–	–	100,000	100	9,900	–	10,000
Conversion of convertible notes payable	–	–	–	–	–	–	9,484,095	9,485	134,454	–	143,939
Common stock issued for debt settlement	–	–	–	–	–	–	2,244,075	2,244	533,724	–	535,968
Common stock issued for services - settlement agreement	–	–	–	–	–	–	(950,000)	(950)	2,948	–	1,998
Warrants Granted	–	–	–	–	–	–	–	–	912,573	–	912,573
Common stock issued for services - related party	–	–	–	–	–	–	906,907	907	71,555	–	72,462
Conversion of Series B Preferred Stock	–	–	(1,627,732)	(1,628)	–	–	8,138,660	8,139	(6,511)	–	(0)
Cancellation of common stock	–	–	–	–	–	–	(500,000)	(500)	(2,000)	–	(2,500)
Series B Preferred Stock issued for debt settlement	–	–	24,000	24	–	–	–	–	21,756	–	21,780
Preferred B issued for services	–	–	15,906	16	–	–	–	–	6,338	–	6,354
Conversion of Series C Preferred Stock	–	–	–	–	(1)	–	100,000	100	(100)	–	–
Conversion of Series F1 Preferred Stock	–	–	(115,955)	(116)	–	–	579,785	580	(463)	–	0
Series H Preferred Stock issued for acquisition	–	–	4,859,379	4,859	–	–	–	–	724,048	–	728,907
Issuance of Series I Preferred Stock	–	–	203,655	204	–	–	–	–	19,796	–	20,000
Conversion of Series I Preferred Stock - Bow	–	–	–	10	–	–	352,691	353	9,637	–	10,000
Shareholders contribution - Cam	–	–	–	–	–	–	–	–	24,061	–	24,061
Reclassified Derivative liabilities to Additional Paid in Capital	–	–	–	–	–	–	–	–	(1,033,005)	–	(1,033,005)
Net loss	–	–	–	–	–	–	–	–	–	(5,000,319)	(5,000,319)
Balance December 31, 2017	**1**	**$ –**	**8,839,303**	**$ 8,849**	**117**	**$ –**	**66,029,791**	**$ 66,031**	**$ 46,795,517**	**$ (50,461,676)**	**$ (3,591,279)**

The accompanying notes are an integral part of these financial statements

CARDIFF INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(AUDITED)

	2017	2016
Net (loss) from continuing operations	$ (5,000,319)	$ (2,254,492)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation	268,211	174,859
Loss (gain) from disposal of fixed assets	–	5,151
Loss (gain) from debt forgiveness	–	(3,000)
Loss (gain) from impairment of goodwill	932,529	–
Loss on disposal of assets	17,647	–
Gain from debt extinguishment	46,009	–
Amortization of loan discount	596,775	45,667
Change in value of derivative liability	1,386,055	(1,731)
Stock based compensation	402,994	1,020,602
Warrants compensation	98,573	–
Convertible note issued for conversion cost reimbursement	9,500	–
Convertible note issued for services rendered	80,000	157,000
(Increase) decrease in:		
Accounts receivable	(31,053)	56,028
Deposits	(5,072)	5,422
Prepaids and other	25,359	(12,384)
Increase(decrease) in inventory	(4,699)	(8,205)
Increase (decrease) in:		
Accounts payable	127,336	(23,780)
Accrued expenses	(347,629)	337,430
Accrued expenses - related party	–	–
Interest payable	98,315	42,084
Taxes payable	(7,579)	23,444
Accrued payroll taxes	(39,736)	(2,230)
Accrued officers' salaries	700,600	240,000
Net cash used in operating activities	(663,830)	(198,135)
INVESTING ACTIVITIES		
Purchase of intangible assets	(5,000)	–
Disposal of fixed assets	–	31,637
Purchase of fixed assets	(9,468)	(18,665)
Net cash provided by (used in) investing activities	(14,468)	12,972
FINANCING ACTIVITIES		
Due from / to related party	(37,059)	62,674
Proceeds from sales of stock	40,000	136,500
Shareholder Contributions	24,061	0
Proceeds from convertible notes payable	705,177	17,500
Proceeds from notes payable -related party	–	11,124
Proceeds from line of credit	5,498	10,000
(Repayments to) convertible notes payable	(43,341)	–
(Repayments to) notes payable	(10,000)	(61,279)
Net cash provided by financing activities	684,336	176,519
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,038	(8,644)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	62,948	71,592
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 68,986	$ 62,948

	2017	2016
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock to be issued for settlement of accrued expense	$ 1,415,600	$ –
Common stock issued upon conversion of notes payable	$ 143,863	$ 24,365
Series H preferred shares issued for Repicci Group	$ 728,907	$ –
Conversion of preferred stock to common stock	$ 9,171	$ –
Reclass derivative liabilities to APIC	$ 1,033,004	$ –
Cash carried over from acquisition	$ –	$ 40,033

The accompanying notes are an integral part of these financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Legacy Card Company ("Legacy") was formed as a Limited Liability Company on August 29, 2001. On April 18, 2005, Legacy converted from a California Limited Liability Company to a Nevada Corporation. On November 10, 2005, Legacy merged with Cardiff International, Inc. ("Cardiff", the "Company"), a publicly held corporation. In the first quarter of 2013, it was decided to restructure Cardiff into a holding company that adopted a new business model enabling businesses to take advantage of the power of a public company. Cardiff began targeting the acquisition of undervalued, niche companies with high growth potential, income-producing commercial real estate properties, and high return investments, all designed to pay a dividend to the Company's shareholders. The reason for this strategy was to protect the Company's shareholders by acquiring profitable small- to minimum-sized businesses with little to no debt, seeking support with both financing and management that had the ability to offer a return to investors. The plan is to establish new classes of preferred stock to streamline voting rights, negate debt, and acquire new businesses. By December of 2013, the Company had negated more than 90% of all its debt; by December 31, 2016, the Company had completed the acquisition of six businesses: We Three, LLC; Romeo's NY Pizza; Edge View Properties, Inc.; FDR Enterprises, Inc.; Refreshment Concepts, LLC; and Repicci's Franchise Group, LLC.

Description of Business

To date, the Company is not aware of any other domestic holding company using the same business philosophy or governing policies. The Company's business footprint is to acquire strong companies that meet the following criteria: (1) in business for a minimum of two years; (2) profitable; (3) good management team; (4) little to no debt; and (5) assets of a minimum of $1,000,000. Cardiff continues to practice all business ethics under the Securities Exchange Act of 1934 ("1934 Act") and acknowledges that there are more than 43 successful Business Development Companies subject to the Investment Company Act of 1940 ("1940 Act"), all of which may be considered competition to Cardiff and that are established and available to the public for investment. These companies offer experienced management, dividends and financial security.

To date, Cardiff consists of the following whole-owned subsidiaries:

We Three, LLC (Affordable Housing Initiative) acquired on May 15, 2014;
Romeo's NY Pizza acquired on June 30, 2014;
Edge View Properties, Inc. acquired on July 16, 2014;
FDR Enterprises, Inc. acquired on August 10, 2016;
Refreshment Concepts, LLC acquired on August 10, 2016;
Repicci's Franchise Group, LLC acquired on August 10, 2016.

Principles of Consolidation

The consolidated financial statements include the accounts of Cardiff International, Inc., and its wholly-owned subsidiaries: We Three, LLC; Romeo's NY Pizza; Edge View Properties, Inc.; FDR Enterprises, Inc.; Refreshment Concepts, LLC and Repicci's Franchise Group, LLC. All significant intercompany accounts and transactions are eliminated in consolidation. Certain prior period amounts may have been reclassified for consistency with the current period presentation. These reclassifications would have no material effect on the reported financial results.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Management uses its historical records and knowledge of its business in making estimates. Accordingly, actual results could differ from those estimates.

Revenue Recognition

In general, the Company recognizes revenue on an accrual basis. Revenue is generally realized or realizable and earned when all of the following criteria are met:

1) persuasive evidence of an arrangement exists between the Company and our customer(s);
2) services have been rendered;
3) our price to our customer is fixed or determinable; and
4) collectability is reasonably assured.

Rental Income

The Company's rental income is derived from the mobile home leases. The expired leases are considered month-to-month leases. In accordance with section 605- 10-S99-1 of the FASB Accounting Standards Codification for revenue recognition, the cost of property held for leasing by major classes of property according to nature or function, and the amount of accumulated depreciation in total, is presented in the accompanying consolidated balance sheets as of December 31, 2017 and 2016. There are no contingent rentals included in income in the accompanying statements of operations. With the exception of the month-to-month leases, revenue is recognized on a straight-line basis and amortized into income on a monthly basis, over the lease term.

Restaurant Sales

Revenue from restaurant sales is recognized when food and beverage products are sold. The Company reports revenue net of sales taxes collected from customers and remitted to governmental taxing authorities.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is reported on the balance sheet at gross amounts due to the Company. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. As of December 31, 2017 and 2016, the Company had accounts receivable of $63,115 and $32,008, respectively. Accounts receivables are primarily generated from our subsidiaries We Three and Repicci's in their normal course of business.

Inventory

Inventory consists of finished goods purchased, which are valued at the lower of cost or market value, with cost being determined on the first-in, first-out (FIFO) method. The Company periodically reviews historical sales activity to determine potentially obsolete items and also evaluates the impact of any anticipated changes in future demand.

Property and Equipment

Property and equipment are carried at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation and amortization of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

Classification	Useful Life
Equipment, furniture and fixtures	5 - 7 years
Leasehold improvements	10 years or lease term, if shorter

During the years ended December 31, 2017 and 2016, depreciation and amortization expense was $246,325 and $174,859, respectively.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived brands are not amortized, but are evaluated for impairment annually or when indicators of a potential impairment are present. Our impairment testing of goodwill is performed separately from our impairment testing of indefinite-lived intangibles. The annual evaluation for impairment of goodwill and indefinite-lived intangibles is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. The Company believe such assumptions are also comparable to those that would be used by other marketplace participants. During year-ended December 31, 2017, the company had Goodwill impairment of $932,529, related to its acquisitions of FDR Enterprises, Inc.; Refreshment Concepts, LLC; and Repicci's Franchise Group, LLC. (collectively referred to as "Repicci's Group"). The Company based this decision on impairment testing off the underlying assets, expected cash flows, decreased asset value and other factors.

Valuation of long-lived assets

In accordance with the provisions of Accounting Standards Codification ("ASC") Topic 360-10-5, "*Impairment or Disposal of Long-Lived Assets* ", all long-lived assets such as plant and equipment and construction in progress held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of assets to estimated discounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. During year-ended December 31, 2017, the company had Goodwill impairment of $932,529, related to its acquisitions of FDR Enterprises, Inc.; Refreshment Concepts, LLC; and Repicci's Franchise Group, LLC. (collectively referred to as "Repicci's Group"). The Company based this decision on impairment testing off the underlying assets, expected cash flows, decreased asset value and other factors.

Valuation of Derivative Instruments

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 815-10, *Derivatives and Hedging ("ASC 815-10")* , requires that embedded derivative instruments be bifurcated and assessed, along with freestanding derivative instruments such as convertible promissory notes, on their issuance date to determine whether they would be considered a derivative liability and measured at their fair value for accounting purposes. The Company evaluates all of it financial instruments, including stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then revalued at each reporting date, with changes in the fair value reported as charges or credits to income.

For option based simple derivative financial instruments, the Company uses the Lattice Binomial option pricing model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period.

Beneficial Conversion Feature

For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount.

When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument (offset to additional paid in capital) and amortized to interest expense over the life of the debt.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value in the Consolidated Balance Sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs), and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level Input Definition

Level 1	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level 2	Inputs, other than quoted prices included in Level 1, which are observable for the asset or liability through corroboration with market data at the measurement date.
Level 3	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table presents certain investments and liabilities of the Company's financial assets measured and recorded at fair value on the Company's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2017 and 2016.

	Level 1	Level 2	Level 3	Total
Fair Value of Derivative Liability – December 31, 2017	$ –	$ –	$ 2,419,337	$ 2,419,337

	Level 1	Level 2	Level 3	Total
Fair Value of Derivative Liability – December 31, 2016	$ –	$ –	$ –	$ –

Stock-Based Compensation – Employees

The Company accounts for its stock based compensation in which the Company obtains employee services in share-based payment transactions under the recognition and measurement principles of the fair value recognition provisions of section 718-10-30 of the FASB Accounting Standards Codification. Pursuant to paragraph 718-10-30-6 of the FASB Accounting Standards Codification, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur.

If the Company is a newly formed corporation or shares of the Company are thinly traded, the use of share prices established in the Company's most recent private placement memorandum (based on sales to third parties), or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

The fair value of share options and similar instruments is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

- Expected term of share options and similar instruments: The expected life of options and similar instruments represents the period of time the option and/or warrant are expected to be outstanding. Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and employees' expected exercise and post-vesting employment termination behavior into the fair value (or calculated value) of the instruments. Pursuant to paragraph 718-10-S99-1, it may be appropriate to use the simplified method, i.e., expected term = ((vesting term + original contractual term) / 2), if (i) A company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term due to the limited period of time its equity shares have been publicly traded; (ii) A company significantly changes the terms of its share option grants or the types of employees that receive share option grants such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term; or (iii) A company has or expects to have significant structural changes in its business such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term. The Company uses the simplified method to calculate expected term of share options and similar instruments as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.

- Expected volatility of the entity's shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for the Company to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected contractual life of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

- Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected term of the share options and similar instruments.

- Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the share options and similar instruments.

Generally, all forms of share-based payments, including stock option grants, warrants and restricted stock grants and stock appreciation rights are measured at their fair value on the awards' grant date, based on estimated number of awards that are ultimately expected to vest.

The expense resulting from share-based payments is recorded in general and administrative expense in the statements of operations.

<u>Stock-Based Compensation – Non Employees</u>

<u>Equity Instruments Issued to Parties Other Than Employees for Acquiring Goods or Services</u>

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of Sub-topic 505-50 of the FASB Accounting Standards Codification ("Sub-topic 505-50").

Pursuant to ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur. If the Company is a newly formed corporation or shares of the Company are thinly traded the use of share prices established in the Company's most recent private placement memorandum, or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

The fair value of share options and similar instruments is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

- Expected term of share options and similar instruments: Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and holder's expected exercise behavior into the fair value (or calculated value) of the instruments. The Company uses historical data to estimate holder's expected exercise behavior. If the Company is a newly formed corporation or shares of the Company are thinly traded the contractual term of the share options and similar instruments is used as the expected term of share options and similar instruments as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.

- Expected volatility of the entity's shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for the Company to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected contractual life of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

- Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected term of the share options and similar instruments.

- Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the share options and similar instruments.

Pursuant to ASC paragraph 505-50-25-7, if fully vested, non-forfeitable equity instruments are issued at the date the grantor and grantee enter into an agreement for goods or services (no specific performance is required by the grantee to retain those equity instruments), then, because of the elimination of any obligation on the part of the counterparty to earn the equity instruments, a measurement date has been reached. A grantor shall recognize the equity instruments when they are issued (in most cases, when the agreement is entered into). Whether the corresponding cost is an immediate expense or a prepaid asset (or whether the debit should be characterized as contra-equity under the requirements of paragraph 505-50-45-1) depends on the specific facts and circumstances. Pursuant to ASC paragraph 505-50-45-1, a grantor may conclude that an asset (other than a note or a receivable) has been received in return for fully vested, non-forfeitable equity instruments that are issued at the date the grantor and grantee enter into an agreement for goods or services (and no specific performance is required by the grantee in order to retain those equity instruments). Such an asset shall not be displayed as contra-equity by the grantor of the equity instruments.

The transferability (or lack thereof) of the equity instruments shall not affect the balance sheet display of the asset. This guidance is limited to transactions in which equity instruments are transferred to other than employees in exchange for goods or services. Section 505-50-30 provides guidance on the determination of the measurement date for transactions that are within the scope of this Subtopic.

Pursuant to Paragraphs 505-50-25-8 and 505-50-25-9, an entity may grant fully vested, non-forfeitable equity instruments that are exercisable by the grantee only after a specified period of time if the terms of the agreement provide for earlier exercisability if the grantee achieves specified performance conditions. Any measured cost of the transaction shall be recognized in the same period(s) and in the same manner as if the entity had paid cash for the goods or services or used cash rebates as a sales discount instead of paying with, or using, the equity instruments. A recognized asset, expense, or sales discount shall not be reversed if a share option and similar instrument that the counterparty has the right to exercise expires unexercised.

Pursuant to ASC paragraph 505-50-30-S99-1, if the Company receives a right to receive future services in exchange for unvested, forfeitable equity instruments, those equity instruments are treated as unissued for accounting purposes until the future services are received (that is, the instruments are not considered issued until they vest). Consequently, there would be no recognition at the measurement date and no entry should be recorded.

Income Taxes

Income taxes are determined in accordance with ASC Topic 740, "Income *Taxes*" ("ASC 740"). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

For the years ended December 31, 2017 and 2016, the Company did not have any interest and penalties associated with tax positions. As of December 31, 2017 and 2016, the Company did not have any significant unrecognized uncertain tax positions.

Earnings (Loss) per Share

FASB ASC Subtopic 260, *Earnings Per Share* ("ASC 260"), provides for the calculation of "Basic" and "Diluted" earnings per share. Basic earnings per common share is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per common share is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, warrants, and debts convertible into common shares. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury stock method. Under the treasury stock method, an increase in the fair market value of the Company's Common Stock can result in a greater dilutive effect from potentially dilutive securities.

The following table sets forth the computation of basic and diluted earnings per common share for the years ended December 31, 2017 and 2016. During a period of net loss, all potentially dilutive securities are anti-dilutive. Accordingly, for the years ended December 31, 2017 and 2016, potentially dilutive securities have been excluded from the computations since they would be anti-dilutive. However, these dilutive securities could potentially dilute earnings per share in the future:

	For the years ended December 31, 2017	December 31, 2016
Numerator:		
Net (loss)	$ (500,000,319)	$ (2,254,492)
Denominator:		
Weighted-average shares outstanding	43,405,712	13,600,570
Basic earnings (loss) per share	$ (0.12)	$ (0.17)

Going Concern

The accompanying consolidated financial statements have been prepared using the going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The Company has sustained operating losses since its inception and has negative working capital and an accumulated deficit. These factors raise substantial doubts about the Company's ability to continue as a going concern. As of December 31, 2017, the Company had shareholders' deficit of $3,591,279. The accompanying consolidated financial statements do not reflect any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classifications of liabilities that might result if the Company is unable to continue as a going concern. As a result, the Company's independent registered public accounting firm, in its report on the Company's December 31, 2017 consolidated financial statements, has raised substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern and the appropriateness of using the going concern basis is dependent upon, among other things, additional cash infusions. Management has prospective investors and believes the raising of capital will allow the Company to pursue new acquisitions. There can be no assurance that the Company will be able to obtain sufficient capital from debt or equity transactions or from operations in the necessary time frame or on terms acceptable to it. Should the Company be unable to raise sufficient funds, it may be required to curtail its operating plans. In addition, increases in expenses may require cost reductions. No assurance can be given that the Company will be able to operate profitably on a consistent basis, or at all, in the future. Should the Company not be able to raise sufficient funds, it may cause cessation of operations.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," on revenue recognition. This guidance provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The original effective date of this guidance was for interim and annual reporting periods beginning after December 15, 2016, early adoption is not permitted, and the guidance must be applied retrospectively or modified retrospectively. In July 2015, the FASB approved an optional one-year deferral of the effective date. As a result, we expect to adopt this guidance on January 1, 2018.

The adoption has had an immaterial impact to our comparative net income and as such comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. We expect the impact of the adoption of the new standard to be immaterial to our net income on an ongoing basis.

A majority of our sales revenue continues to be recognized when products sold to customers or service has been rendered.

In February 2016, the FASB issued an accounting standards update which modifies the accounting for leasing arrangements, particularly those arrangements classified as operating leases. This update will require entities to recognize the assets and liabilities arising from operating leases on the balance sheet. This guidance is effective for fiscal and interim periods beginning after December 15, 2018 and is required to be applied retrospectively to all leasing arrangements. We are currently assessing the effects this guidance may have on our financial statements.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial position, results of operations or cash flows.

2. ACQUISITIONS

On August 10, 2016, the Company completed the acquisitions of FDR Enterprises, Inc.; Refreshment Concepts, LLC; and Repicci's Franchise Group, LLC. (collectively referred to as "Repicci's Group"). Pursuant to the acquisition agreement, the Company agreed to issue 4,859,379 shares of Series H Preferred Stock as consideration for the acquisition of Repicci's Group. The combined book value of Repicci's Group was $(203,622) as set forth below. Based on the price of $.15 per share for the Series H Preferred Stock, which was determined by the market price of common stock at $.12 per share on the acquisition date multiplied by the conversion ratio of 1:1.25, the fair value of the stock issuance of Series H Preferred Stock was $728,907, resulting in the goodwill of $932,529. The 4,859,379 shares of Series H Preferred Stock were issued subsequently to the date of this report. Accordingly, the Company recorded Series H Preferred Stock to be issued of $728,907 in the consolidated balance sheet as of December 31, 2016. During year-ended December 31, 2017, the company had Goodwill impairment of $932,529, related to its acquisitions of FDR Enterprises, Inc.; Refreshment Concepts, LLC; and Repicci's Franchise Group, LLC. (collectively referred to as "Repicci's Group"). The Company based this decision on impairment testing off the underlying assets, expected cash flows, decreased asset value and other factors.

		Fair Value
Cash	$	40,033
Accounts receivable		87,982
Inventory		34,024
Other assets		38,566
Property and equipment		389,373
Goodwill		932,529
Liabilities		(415,563)
Notes payable – related parties		(378,037)
Total	$	728,907

Repicci's Group offers franchisees for the operation of "Repicci's Italian Ice" franchises. These franchised stores specialize in the distribution of nonfat frozen confections. The results of the operations for Repicci's Group have been included in the consolidated financial statements since the date of the acquisitions (August 10, 2016). The following table presents the unaudited pro forma results of continuing operations for December 31, 2016, as if the acquisitions had been consummated at the beginning of the period presented. The pro forma results of continuing operations are prepared for comparative purposes only and do not necessarily reflect the results that would have occurred had the acquisitions occurred at the beginning of the period presented or the results which may occur in the future. The Pro forma adjustments are to eliminate all significant intercompany accounts and transactions within Repicci's Group.

CARDIFF INTERNATIONAL, INC.
Pro Forma Combined Statement of Operations
For the year ended December 31, 2016

	CDIF and subsidiaries	F.D.R Enterprises	Refreshment Concept LLC	Repicci's Franchise Group	Pro forma adjustment	Pro forma combined total
REVENUE						
Rental income	$ 152,120	$ –	$ –	$ –	$ –	$ 152,120
Sales of pizza	603,787	–	–	–	–	603,787
Sales of ice cream	–	342,123	489,022	278,098	(95,974)	1,013,269
Other	24,928	–	–	–	–	24,928
Total revenue	780,835	342,123	489,022	278,098	–	1,794,104
COST OF SALES						
Rental business	145,795	–	–	–	–	145,795
Pizza restaurants	404,481	–	–	–	–	404,481
Ice cream stores	–	225,514	419,550	172,681	(62,127)	755,618
Other	–	–	–	–	–	–
Total cost of sales	550,276	225,514	419,550	172,681	–	1,305,894
GROSS MARGIN	230,559	116,609	69,472	105,417	–	488,210
OPERATING EXPENSES	2,180,974	120,342	137,833	175,663	–	2,614,812
GAIN (LOSS) FROM OPERATIONS	(1,950,415)	(3,733)	(68,361)	(70,246)	–	(2,126,602)
OTHER INCOME (EXPENSE)						
Gain on settlement of debt	3,000	–	–	–	–	3,000
(Loss) gain on disposal of fixed asset	(5,151)	–	–	–	–	(5,151)
Amortization of debt discounts	(45,667)	–	–	–	–	(45,667)
Change in value of derivative liability	1,731	–	–	–	–	1,731
Interest expense	(44,533)	(1,987)	(4,736)	(1,005)	–	(52,261)
Total other income (expenses)	(90,620)	(1,987)	(4,736)	(1,005)	–	(98,348)
NET INCOME (LOSS) FOR THE PERIOD	(2,041,035)	(5,720)	(73,097)	(71,251)	(33,847)	(2,224,950)
INCOME (LOSS) PER COMMON SHARE						
- Basic	$ (0.15)	**	**	**	$ –	$ (0.16)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES						
- Basic						13,600,570

** Less than $.01

3. PLANT AND EQUIPMENT, NET

Plant and equipment, net as of December 31, 2017 and 2016 was $736,672 and $736,672, respectively, consisting of the following:

	December 31, 2017	December 31, 2016
Furniture, fixture and equipment	953,404	903,249
Leasehold improvements	290,929	672,159
	1,243,671	1,575,408
Less: accumulated depreciation	(717,260)	(838,736)
Plant and equipment, net	491,473	736,672

During the years ended December 31, 2017 and 2016 depreciation expense was $246,325 and $174,859, respectively.

During the December 31 December 31, 2017, the Company disposed fixed assets for discontinued operations of $101,434, resulting accelerated depreciation expense of $101,434 from disposal of fixed assets.

During the December 31 December 31, 2016, the Company disposed fixed asset for cash payment of $31,637, resulting in loss of $5,151 from disposal of fixed assets. And the Company purchased a vehicle for $3,974 and other fixed assets for $14,691.

4. LAND

As of December 31, 2017 and 2016, the Company had land of $603,000 located in Salmon, Idaho with area of approximately 30 acres, which was in connection with the acquisition of Edge View Properties, Inc. in July 2014. The Company issued 241,199 shares of Series E Preferred Stock as consideration for this acquisition. Based on the price of $2.50 per share, the acquisition consideration represents a $603,000 valuation. The land is currently vacant and is expected to be developed into residential community. The value of the land is not subject to be depreciated.

5. ACCRUED EXPENSES

As of December 31, 2017 and 2016, the Company had accrued expenses of $764,576 and $1,717,725, respectively, consisted of the following:

	December 31, 2017	December 31, 2016
Accrued salaries	–	670,381
Accrued salaries – related party	447,500	742,500
Lease payable – related party	25,250	25,250
Accrued expenses - other	291,826	279,594
Total	764,576	1,717,725

6. RELATED PARTY TRANSACTIONS

Due to Officers and Officer Compensation

Refreshment Concepts, LLC leases its premises from its prior owner under a month-to-month lease at the rate of $1,500 per month. As of December 31, 2017 and December 31, 2016, the Company had lease payable of $25,250 to the related party.

On January 24, 2017, the Company issued 2,010,490 shares of Common Stock to settle $402,098 due to the prior owner of Refreshment Concepts LLC, pursuant to the Acquisition Agreement, dated August 10, 2016. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.24 per share, resulting in loss from extinguishment of debt in amount of $80,420. As of December 31, 2017 and December 31, 2016, in addition to the lease payable of $25,250, the outstanding balance due (included in notes payable to related parties on the financial statements) to the same prior owner was $44,189 and $57,695, respectively.

On January 24, 2017, the Company issued 173,585 shares of Common Stock to settle $34,717 due to the prior owner of Repicci's Franchise Group LLC, pursuant to the Acquisition Agreement, dated August 10, 2016. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.24 per share, resulting in loss from extinguishment of debt in amount of $6,943. As of December 31, 2017 and December 31, 2017, the outstanding balance due (included in notes payable to related parties on the financial statements) to the same prior owner was $2,074 and $40,550, respectively.

During the second quarter of 2017, the prior owner of Repicci's Franchise Group LLC submitted a subscription agreement to the Company regarding the purchase of 90,909 shares of the Company's Series I Preferred Stock by cash payment of $10,000, which was collected during the second quarter of 2017. The transaction was independently negotiated between the Company and the related party. The proceeds from the subscription agreement mitigated the Company's cash pressure in short term. The 90,909 shares of Series I Preferred Stock were issued as of December 31, 2017.

During the second quarter of 2017, the Company issued 906,907 shares of Common Stock to a related party for services rendered. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.0799 per share. Accordingly, the Company recognized stock based compensation of $72,462 to the consolidated statements of operations for the December 31 December 31, 2017.

The Company borrows funds from Daniel Thompson, who is a Shareholder and Officer of the Company. The terms of repayment stipulate the loans are due 24 months after the launch of the Legacy Tuition Card (or prior to such date) at an annual interest rate of six percent. As of December 31, 2017 and December 31, 2016, the Company had $88,953 and $84,540 due (included in notes payable to related parties on the financial statements) to Daniel Thompson, respectively.

In addition, the Board of Directors of the Company approved to increase Daniel Thompson's compensation to $25,000 per month from $20,000 effective January 1, 2017. Accordingly, a total salary of $300,00 and $180,000 were accrued and reflected as an expense to Daniel Thompson during the year ended December 31, 2017 and 2016, respectively. The Company issued 10,000,000 shares of Common Stock for forgiveness of $800,000 in accrued salaries. The accrued salaries payable to Daniel Thompson was $112,500 and $742,500 as of December 31, 2017 and December 31, 2016, respectively.

The Company had an employment agreement with a former Chief Operating Officer, Mr. Levy, whereby the Company provided for compensation of $15,000 per month in 2015 and $10,000 per month in 2016. Mr. Levy resigned on June 7, 2016. A total salary of $0 and $90,000 were accrued and reflected as an expense during the year ended December 31, 2017 and 2016, respectively. The Company issued 1,000,000 shares of Common Stock for forgiveness of $80,000 in accrued salaries. The total balance due to Mr. Levy for accrued salaries at December 31, 2017 and December 31, 2016 were $160,000 and $240,000, respectively.

The Company had an employment agreement with the Chief Operating Officer, Mr. Roberts, whereby the Company provided for compensation of $10,000 per month effective in June 2016. A total salary of $60,000 and $0 were accrued and reflected as an expense during the year ended December 31, 2017 and 2016, respectively. The total balance due to Mr. Roberts for accrued salaries at December 31, 2017 and December 31, 2016 were $-0- and $60,000, respectively. In addition, the Company agreed to grant Mr. Roberts stock options for a minimum of 300,000 shares of the Company's common stock at an exercise price of 50% of the current last ten (10) day stock average per share, and 600,000 shares of common stock as a key officer employment incentive to be earned and vested on a pro rata basis at 25,000 shares per month for twenty-four (24) months. The fair value of both 300,000 options and 600,000 shares were determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.226 per share. Accordingly, the accrued expense was $135,600 as of December 31, 2017. On August 8, 2017, Mr. Roberts accepted the offer from the Company to issue 1,000,000 common shares to supersede all his options and warrants in the employment agreement. Additionally, the Company issued 1,000,000 shares of Common Stock as a bonus to Mr. Roberts for his past service to the Company. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.07 per share. Accordingly, the Company recognized stock based compensation of $70,000 to the consolidated statements of operations for the year ended December 31, 2017.

The Board of Directors of the Company approved to increase Chief Executive Officer, Mr. Cunningham's compensation to $25,000 per month from $15,000 effective January 1, 2017. A total salary of $300,000 and $135,000 were accrued and reflected as an expense during the year ended December 31, 2017 and 2016, respectively. The Company issued 5,000,000 shares of Common Stock for forgiveness of $400,000 in accrued salaries. The total balance due to Mr. Cunningham for accrued salaries at December 31, 2017 and December 31, 2016 were $335,000 and $360,000, respectively.

Notes Payable – Related Party

The Company has entered into several unsecured loan agreements with related parties (see below; Footnote 7, Notes Payable – Related Party; and Footnote 7, Convertible Notes Payable – Related Party).

7. NOTES PAYABLE

Notes payable at December 31, 2017 and December 31, 2016 are summarized as follows:

	December 31, 2017	December 31, 2016
Notes Payable – Unrelated Party	$ 215,979	$ 259,320
Notes Payable – Related Party	120,128	166,695
Total	336,107	426,015
Current portion	(336,107)	(426,015)
Long-term portion	$ –	$ –

Notes Payable – Unrelated Party

On March 12, 2009, the Company entered into a preferred debenture agreement (Note 5) with a shareholder for $20,000. The note bore interest at 12% per year and matured on September 12, 2009. In conjunction with the preferred debenture, the Company issued 2,000,000 warrants to purchase its Common Stock, exercisable at $0.10 per share and expired on March 12, 2014. As a result, of the warrants issued, the Company recorded a $20,000 debt discount during 2009 which has been fully amortized. The Company assigned all of its receivables from consumer activations of the rewards program as collateral on this debenture. On March 24, 2011, the Company amended the note and the principal balance was reduced to $15,000. The Company was due to pay annual principal payments of $5,000 plus accrued interest beginning March 12, 2012. On July 20, 2011, the Company repaid $5,000 of the note. No warrants had been exercised before the expiration. As of December 31, 2017, the Company was in default on this debenture. The balance of the note was $10,989 and $10,989 at December 31, 2017 and December 31, 2016, respectively.

As of December 31, 2017, the Company had lease payable of $126,381 in connection with 2 capital leases on 2 Mercedes Sprinter Vans for the ice cream section. There are purchase options at the end of all lease terms that are based on the fair market value of the vans at the time.

The balance of $120,128 in notes payable to unrelated party was due to the auto loan for the vehicles used in the Pizza restaurants and Repicci's Group and for daily operations.

Notes Payable – Related Party

On September 7, 2011, the Company entered into an unsecured Promissory Note agreement ("Note 1") with a related party for $50,000. Note 1 bears interest at 8% per year and matures on September 7, 2016. Interest is payable annually on the anniversary of Note 1, and the principal and any unpaid interest will be due upon maturity. In conjunction with Note 1, the Company issued 2,500,000 shares of its Common Stock to the lender. As a result of the shares issued in conjunction with Note 1, the Company recorded a $50,000 debt discount during 2011. The balance of Note 1, net of debt discount, was $50,000 and $50,000 at December 31, 2017 and December 31, 2016, respectively. Note 1 is currently in default.

On November 17, 2011, the Company entered into an unsecured Promissory Note agreement ("Note 2") with a related party for $50,000. Note 2 bears interest at 8% per year and matures on November 17, 2016. Interest is payable annually on the anniversary of Note 2, and the principal and any unpaid interest will be due upon maturity. In conjunction with Note 2, the Company issued 2,500,000 shares of its Common Stock to the lender. As a result of the shares issued in conjunction with Note 2, the Company recorded a $50,000 debt discount during 2011. The balance of Note 2, net of debt discount, was $50,000 and $50,000 at December 31, 2017 and December 31, 2016, respectively. Note 2 is currently in default.

On August 4, 2015, the Company entered into a an unsecured Promissory Note agreement ("Note 3") with a related party for $19,500. Note 3 bears interest at 6% per year and matures on December 31, 2016. Interest is payable annually on the anniversary of Note 3, and the principal and any unpaid interest will be due upon maturity. The Company repaid $10,500 to the related party in 2016; therefore, the balance of Note 3 was $-0- as of December 31, 2017 and December 31, 2016, respectively.

As of December 31, 2017 and December 31, 2016, the Company also had an unsecured note payable of $120,128 and $57,695, respectively, to the prior owner of Repicci's Group.

The following is a schedule showing the future minimum loan payments in the future 5 years.

Year ending December,		
2017	$	0
2018		336,107
2019		0
2020		0
2021		0
Total	$	336,107

8. CONVERTIBLE NOTES PAYABLE

Some of the Convertible Notes issued as described below included an anti-dilution provision that allowed for the adjustment of the conversion price. The Company considered the guidance provided by the FASB in "Determining Whether an Instrument Indexed to an Entity's Own Stock," the result of which indicates that the instrument is not indexed to the issuer's own stock. Accordingly, the Company determined that, as the conversion price of the Notes issued in connection therewith could fluctuate based future events, such prices were not fixed amounts. As a result, the Company determined that the conversion features of the Notes issued in connection therewith are not considered indexed to the Company's stock and characterized the value of the conversion feature of such notes as derivative liabilities upon issuance.

Convertible notes at December 31, 2017 and December 31, 2016 are summarized as follows:

		December 31, 2017		**December 31, 2016**
Convertible Notes Payable – Unrelated Party	$	861,875	$	179,285
Convertible Notes Payable – Related Party		165,000		165,000
Discount on notes		(263,536)		(21,833)
Total - Current	$	763,339	$	322,452

Convertible Notes Payable – Unrelated Party

On April 17, 2014, the Company entered into an unsecured Convertible Note ("Note 4") in the amount of $9,000. Note 4 was convertible into Common Shares of the Company at $0.005 per share at the option of the holder. Note 4 bore interest at eight percent per year, matured on June 17, 2014, and was unsecured. All principal and unpaid accrued interest was due at maturity. The Company is currently in default on Note 4. During the year end December 31, 2016, the note holder converted $3,715 principal and $1,310 accrued interest payable into 1,005,000 shares of common stock at a conversion price of $0.005 per share. And $3,000 of principal is forgiven by the note holder. In addition, the Company agreed to reimburse the holder's certificate processing cost by adding $1,000 to the principal for each note conversion pursuant to an addendum, dated February 3, 2016. During the first quarter of 2017, the note holder converted $2,785 principal, $1,000 processing cost reimbursement and $102 accrued interest into 777,400 shares of common stock at a conversion price of $0.005 per share. The balance of Note 4 was $2,785 as of December 31, 2016, which was paid in full as of December 31, 2017.

On July 29, 2015, the Company entered into an 8% convertible promissory note ("Note 6") with an unrelated entity in the amount of $10,000. Note 6 bears interest at eight percent per year, matured on November 26, 2015. The derivative liabilities were reclassified as additional paid in capital due to the conversion price become fixed price as of January 1, 2016.

Note 6 and accrued interest totaled $11,666 was paid in full by cash on May 1, 2017. The principal balance on Note 6 at December 31, 2016 and 2017 was $10,000 and zero, respectively.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
5/1/2017	$ 95,001	0.50	$0.01	$0.1050	111%	0.0098

On February 9, 2016, the Company entered into a 15% convertible line of credit ("Note 7") with an unrelated entity in the amount up to $50,000. On February 9, 2016, the Company received $17,500 cash for the line of credit, matured on February 9, 2017, and unsecured. Note 7 is convertible into common shares of the Company at the conversion ratio of $0.03 or 50% discount of the lowest closing price on the primary trading market on which Company's common stock is quoted for the last five trading days prior to the conversion date, whichever is lower. The Company determined that the conversion features contained in Note 7 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2016 and December 31, 2017, respectively.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2016	$ 74,750	0.11	$0.03	$0.2250	221%	0.0062
12/31/2017	$ 32,467	0.09	$0.03	$0.0595	174%	0.0153

Note 7 is currently in default and principal of $6,000 was converted into 200,000 shares of common stock at the end of 2016. During the year ended December 31, 2017, the Company recorded interest expense, late fee and default interest related to Note 7 in total amount of $9,258 and amortization of debt discounts in amount of $-0-. The balance of Note 7 was $11,500 with unamortized debt discount of $3,500 as of December 31, 2016, and $-0- without unamortized debt discount as of December 31, 2017.

On October 28, 2016, the Company received $25,000 cash pursuant to the terms of Note 7, matures on October 28, 2017 (“Note 7-1”). Note 7-1 was entitled to conversion after April 28, 2017 which met the requirements for liability classification under ASC 815.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 26,614	0.08	$0.03	$0.0594	126%	0.012

During the year ended December 31, 2017, the Company recorded interest expense related to Note 7-1 in amount of $11,454and amortization of debt discount in amount of $0-0. This resulted in an unamortized debt discount of $-0- as of December 31, 2017. The balance of Note 7-1 was $25,000 as of December 31, 2017 and December 31, 2016, respectively.

On March 8, 2016, the Company entered into a 15% convertible promissory note in the principal of $50,000 (“Note 8”) with an unrelated entity for services rendered. Note 8 is matured on March 8, 2017, and unsecured. This Note is convertible into common shares of the Company at the conversion ratio of $0.03 or 50% discount of the lowest closing price on the primary trading market on which Company's common stock is quoted for the last five trading days prior to the conversion date, whichever is lower. The Company determined that the conversion features contained in Note 8 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company’s balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

On February 16, 2017, a portion of principal of $6,000 was converted into 200,000 shares of common stock at a conversion price of $0.03 per share.

On April 13, 2017, a portion of principal of $12,853, including $1,000 conversion cost reimbursement, plus accrued interest of $12,247 were converted into 836,667 shares of common stock at a conversion price of $0.03 per share.

On May 4, 2017, a portion of principal of $6,000, including $2,000 conversion cost reimbursement, plus accrued interest of $70 were converted into 202,333 shares of common stock at a conversion price of $0.03 per share.

On July 6, 2017, a portion of principal of $119,147, including $1,000 conversion cost reimbursement, were converted into 704,733 shares of common stock at a conversion price of $0.03 per share.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2016, February 16, 2017, April 13, 2017, May 4, 2017, July 6, 2017 and December 31, 2017, respectively.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2016	$ 325,001	0.18	$0.03	$0.2250	221%	0.0062
2/16/2017	$ 62,000	0.05	$0.03	$0.3400	173%	0.0051
4/13/2017	$ 53,554	0.10	$0.03	$0.1550	111%	0.0076
5/4/2017	$ 18,000	0.16	$0.03	$0.1200	111%	0.0071
7/6/2017	$ 31,913	0.33	$0.03	$0.0800	126%	0.0114
12/31/2017	$ 28,232	0.09	$0.03	$0.0595	126%	0.0153

Note 8 was in default with principal balance of $12,294 as of December 31, 2017. During the year ended December 31, 2017, the Company recorded late fee and default interest related to Note 8 in total amount of $8,748 and amortization of debt discounts in amount of $0-. The balance of Note 8 was $50,000 with unamortized debt discount of $18,333 as of December 31, 2016, and without unamortized debt discount as of December 31, 2017. The fair value of total $165,467 was credited to additional paid in capital on the conversion dates.

On September 12, 2016, the Company entered into a 10% convertible promissory note in the principal of $80,000 ("Note 9") with an unrelated entity for services rendered. Note 9 is matured on September 12, 2017, and unsecured. This Note is convertible into common shares of the Company at the conversion ratio of $0.03 or 50% discount of the lowest closing bid price on the primary trading market on which Company's common stock is quoted for the last five trading days prior to the conversion date, whichever is lower. The Company determined that the conversion features contained in Note 9 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	**Fair Value**	**Term (Years)**	**Assumed Conversion Price**	**Market Price on Issuance Date**	**Volatility Percentage**	**Risk-free Rate**
12/31/2017	$ 225,855	0.09	$0.03	$0.0595	174%	0.0153

As a result, Note 9 was discounted in the amount of $80,000 and amortized over the remaining life of this Note. As of September 12, 2017, the note was in default. During the year ended December 31, 2017, the Company recorded late fee and default interest related to Note 9 in total amount of $15,655 and amortization of debt discounts in amount of $80,000. The balance of Note 9 was $80,000 without unamortized debt discount as of December 31, 2016, and $80,000 with unamortized debt discount of $0 as of December 31, 2017.

On January 24, 2017, the Company entered into a 10% convertible promissory note in the principal of $80,000 ("Note 10") with an unrelated entity for services rendered. Note 10 is matured on January 24, 2018, and unsecured. This Note is convertible into common shares of the Company at the conversion ratio of $0.25 or 50% discount of the lowest closing bid price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date, whichever is lower. As of July 24, 2017 this Note is convertible into common shares of the Company as described above. The Company determined that the conversion features contained in Note 10 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

On October 25, 2017, a portion of principal of $15,000, plus $1,500 conversion cost reimbursement, were converted into 1,434,782 shares of common stock at a conversion price of $0.0115 per share.

On November 6, 2017, a portion of principal of $10,000, plus $1,500 conversion cost reimbursement, were converted into 1,212,121 shares of common stock at a conversion price of $0.0825 per share.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 155,275	0.07	$0.03	$0.0595	174%	0.0153

As a result, Note 10 was discounted in the amount of $80,000 and amortized over the remaining life of this Note. During the year ended December 31, 2017, the Company recorded amortization of debt discounts in amount of $35,555.56. The balance of Note 10 was $80,000 without debt discount as of December 31, 2016. During the year ended December 31, 2017, the Company recorded interest expense related to Note 10 in amount of $5,494. The balance of Note 10 was $55,000 with unamortized debt discount of $20,444 as of December 31, 2017.

On January 24, 2017, the Company entered into a 15% convertible line of credit ("Note 11") with an unrelated entity in the amount up to $250,000. On January 24, 2017, the Company received $50,000 cash for the line of credit, is matured on January 24, 2018, and unsecured. Note 11 is convertible into common shares of the Company at the conversion ratio of $0.25 or 50% discount of the lowest closing price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date, whichever is lower. However, Note 11 is convertible after 6 months of the effective date of this Note, which is July 27, 2017. The Company determined that the conversion features contained in Note 10 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 141,159	0.07	$0.03	$0.0595	174%	0.0153

As a result, Note 11 was discounted in the amount of $50,000 and amortized over the remaining life of this Note. During the year ended December 31, 2017, the Company recorded amortization of debt discounts in amount of $21,806. The balance of Note 11 was $0 without debt discount as of December 31, 2016. During the year ended December 31, 2017, the Company recorded interest expense related to Note 11 in amount of $7,042. The balance of Note 11 was $50,000 with unamortized debt discount of $20,444 as of December 31, 2017.

On February 21, 2017, the Company received $25,000 cash pursuant to the terms of Note 11, is matured on February 21, 2018 ("Note 11-1"). Note 11 is convertible into common shares of the Company at the conversion ratio of $0.25 or 50% discount of the lowest closing price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date, whichever is lower. However, Note 11-1 is convertible after 6 months of the effective date of this Note, which is August 21, 2017. The Company determined that the conversion features contained in Note 11-1 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 70,580	0.14	$0.03	$0.0595	174%	0.0153

As a result, Note 11-1 was discounted in the amount of $25,000 and amortized over the remaining life of this Note. During the year ended December 31, 2017, the Company recorded amortization of debt discounts in amount of $9,167. The balance of Note 11-1 was $0 without debt discount as of December 31, 2016. During the year ended December 31, 2017, the Company recorded interest expense related to Note 11 in amount of $3,260. The balance of Note 11-1 was $25,000 with unamortized debt discount of $6,389 as of December 31, 2017.

On March 16, 2017, the Company received $40,000 cash pursuant to the terms of Note 11, is matured on March 16, 2018 ("Note 11-2"). Note 11-2 is convertible into common shares of the Company at the conversion ratio of $0.25 or 50% discount of the lowest closing price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date, whichever is lower. However, Note 11-2 is convertible after 6 months of the effective date of this Note, which is September 16, 2017. The Company determined that the conversion features contained in Note 11-2 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 112,929	0.21	$0.03	$0.0595	174%	0.0153

As a result, Note 11-2 was discounted in the amount of $40,000 and amortized over the remaining life of this Note. During the year ended December 31, 2017, the Company recorded amortization of debt discounts in amount of $11,778. The balance of Note 11-2 was $0 without debt discount as of December 31, 2016. During the year ended December 31, 2017, the Company recorded interest expense related to Note 11-2 in amount of $3,260. The balance of Note 11-2 was $40,000 with unamortized debt discount of $10,222 as of December 31, 2017.

On April 6, 2017, the Company entered into a 15% convertible promissory note with an unrelated entity in the amount $50,000 ("Note 12"). Note 12 is matured on April 6, 2018, and unsecured. This Note is convertible into common shares of the Company at the conversion ratio of $0.25 or 50% of the lowest trading price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date, whichever is lower. However, Note 12 is convertible after 6 months of the effective date of this Note, which is October 6, 2017. The Company determined that the conversion features contained in Note 12 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

On November 8, 2017, a portion of principal of $6,503, plus $1,500 conversion cost reimbursement and $1,036 in interest, were converted into 1,095,636 shares of common stock at a conversion price of $0.0825 per share.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 122,803	0.26	$0.03	$0.0595	174%	0.0153

As a result, Note 12 was discounted in the amount of $50,000 and amortized over the remaining life of this Note. During the year ended December 31, 2017, the Company recorded amortization of debt discounts in amount of $11,944. The balance of Note 12 was $0 without debt discount as of December 31, 2016. During the year ended December 31, 2017, the Company recorded interest expense related to Note 12 in amount of $5,043. The balance of Note 12 was $43,478 with unamortized debt discount of $31,553 as of December 31, 2017.

On April 21, 2017, the Company entered into a Securities Purchase Agreement with an unrelated entity, pursuant to which the purchasers agreed to pay the Company an aggregate of up to $600,000 for an aggregate of up to 660,000 in Principal Amount of Notes. The first tranche of $330,000 was closed simultaneously ("Note 13-1"). The proceeds of $300,000, net of $30,000 Original Issuance Discount, was received by the Company. Note 13-1 is convertible into common shares of the Company at the conversion ratio of 60% of the lowest trading price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date. The Company determined that the conversion features contained in Note 13-1 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

On October 23 2017, a portion of principal of $5,000, plus $250 in interest, were converted into 383,772 shares of common stock at a conversion price of $0.013680 per share.

On November 14, 2017, a portion of principal of $7,500, plus $375 in interest, were converted into 795,455 shares of common stock at a conversion price of $0.00990 per share.

On December 7, 2017, a portion of principal of $10,000, plus $500 in interest, were converted into 714,286 shares of common stock at a conversion price of $0.01470 per share.

On December 27, 2017, a portion of principal of $20,000, plus $1,000 in interest, were converted into 1,125,402 shares of common stock at a conversion price of $0.013680 per share.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 628,650	0..30	$0.030	$0.0595	174%	0.0153

In addition, in connection with this Securities Purchase Agreement, the Company granted purchasers 2,357,143 warrants with exercise price of $0.14 per share ("Warrants A"), 1,885,715 warrants with exercise price of $0.175 per share ("Warrants B") and 1,571,429 warrants with exercise price of $0.21 per share ("Warrants C"). Warrants A, B and C are exercisable on the grant date and expire in three years, each of which represents 100% of the Principal Amount at the Closing divided by the respective exercise price.

The fair value of these warrants was measured using the Black-Scholes valuation model at the grant date. The table below sets forth the assumptions for Black-Scholes valuation model on April 21, 2017.

Reporting Date	Fair Value	Term (Years)	Exercise Price	Market Price on Grant Date	Volatility Percentage	Risk-free Rate
4/21/2017	$814,000	3	$0.14 - $0.21	$0.14	676%	0.0177

As a result, Note 13-1 was discounted in the amount of $330,000 and amortized over the remaining life of this Note. During the year ended December 31, 2017, the Company recorded interest expenses related to Note 13-1 in amount of $10,142 and amortization of debt discounts in amount of $232,833. The balance of Note 13-1 was $287,500 with unamortized debt discount of $54,667 as of December 31, 2017.

On October 6, 2017, the Company entered into a 12% convertible promissory note with an unrelated entity in the amount $82,500, which included an original issue discount of $6,600, for net cash to the company of $75,900 ("Note 14"). Note 14 is matured on July 6, 2018, and unsecured. This Note is convertible into common shares of the Company at the conversion ratio of 40% of the lowest trading price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date. Note 12 is convertible after 9 months of the effective date of this Note, which is October 6, 2018. Neither derivative liability accounting nor beneficial conversion feature will be considered before Note 14 is entitled for conversion. During the year ended December 31, 2017, the Company recorded interest expense related to Note 14 in amount of $2,365. The balance of Note 14 was $82,500 without unamortized debt discount as of December 31, 2017.

On November 2, 2017, the Company entered into a 8% convertible promissory note with an unrelated entity in the amount $54,600, with original issue discount of $2,100 for net cash to the company of $52,500 ("Note 15"). Note 15 is matured on November 2, 2018, and unsecured. This Note is convertible into common shares of the Company at the conversion rate of 60% of the lowest trading price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date, whichever is lower. The Company determined that the conversion features contained in Note 15 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 119,403	0.95	$0.03	$0.0595	207%	0.0176

As a result, Note 15 was discounted in the amount of $54,600 and amortized over the remaining life of this Note. During the year ended December 31, 2017, the Company recorded amortization of debt discounts in amount of $8,948. The balance of Note 15 was $0 without debt discount as of December 31, 2016. During the year ended December 31, 2017, the Company recorded interest expense related to Note 15 in amount of $716. The balance of Note 15 was $45,719 with unamortized debt discount of $31,553 as of December 31, 2017.

On November 27, 2017, the Company entered into a 12% convertible promissory note with an unrelated entity in the amount $53,800 ("Note 16"). Note 16 is matured on November 27, 2018, and unsecured. This Note is convertible into common shares of the Company at the conversion ratio of 60% of the lowest trading price on the primary trading market on which Company's common stock is quoted for the last 20 trading days prior to the conversion date. Note 14 is convertible after 12 months of the effective date of this Note, which is November 27, 2018. Neither derivative liability accounting nor beneficial conversion feature will be considered before Note 16 is entitled for conversion. During the year ended December 31, 2017, the Company recorded interest expense related to Note 16 in amount of $610. The balance of Note 16 was $53,800 without unamortized debt discount as of December 31, 2017.

On December 14, 2017, the Company entered into a 8% convertible promissory note with an unrelated entity in the amount $43,478, with original issue discount of $4,378 for net cash to the company of $40,000 ("Note 17"). Note 17 is matured on December 14, 2018, and unsecured. This Note is convertible into common shares of the Company at the conversion rate of 60% of the lowest trading price on the primary trading market on which Company's common stock is quoted for the last ten trading days prior to the conversion date, whichever is lower. The Company determined that the conversion features contained in Note 17 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 95,083	0.95	$0.03	$0.0595	207%	0.0176

As a result, Note 17 was discounted in the amount of $43,478 and amortized over the remaining life of this Note. During the year ended December 31, 2017, the Company recorded amortization of debt discounts in amount of $2,053. The balance of Note 17 was $0 without debt discount as of December 31, 2016. During the year ended December 31, 2017, the Company recorded interest expense related to Note 17 in amount of $164. The balance of Note 15 was $43,378 with unamortized debt discount of $41,425 as of December 31, 2017.

Convertible Notes Payable – Related Party

On April 21, 2008, the Company entered into an unsecured Convertible Debenture ("Debenture 1") with a shareholder in the amount of $150,000. Debenture 1 was convertible into Common Shares of the Company at $0.03 per share at the option of the holder no earlier than August 21, 2008. Debenture 1 bore interest at 12% per year, matured in August 2009, and was unsecured. All principal and unpaid accrued interest was due at maturity. In conjunction with the Debenture 1, the Company also issued warrants to purchase 5,000,000 shares of the Company's Common Stock at $0.03 per share. The warrants expired on April 20, 2013. As a result, of issued warrants, the Company recorded a $150,000 debt discount during 2008 which has been fully amortized. The Company was in default on Debenture 1, and no warrants had been exercised before expiration. The balance of Debenture 1 was $150,000 and $150,000 at December 31, 2017 and December 31, 2016, respectively. The Company recorded interest expense related to Debenture 1 in amount of $18,000 and $13,500 during the year ended December 31, 2017 and 2016, respectively.

On March 11, 2009, the Company entered into an unsecured Convertible Debenture ("Debenture 2") with a shareholder in the amount of $15,000. Debenture 2 was convertible into Common Shares of the Company at $0.03 per share at the option of the holder. Debenture 2 bore interest at 12% per year, matured on March 11, 2014, and was unsecured. All principal and unpaid accrued interest was due at maturity. The Company was in default on Debenture 2. The balance of Debenture 2 was $15,000 and $15,000 at December 31, 2017 and December 31, 2016, respectively. The Company recorded interest expense related to Debenture 2 in amount of $1,800 and $1,350 during the years ended December 31, 2017 and 2016, respectively.

Resulting from the tainted issue by the derivative financial instrument of the convertible notes, The Company determined that the conversion features contained in Debenture 1 and Debenture 2 carrying value represents an embedded derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Binomial-Lattice valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Binomial-Lattice valuation model on December 31, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	$ 465,826	0.09	$0.03	$0.0595	174%	0.0153

The following is a schedule showing the future minimum convertible loan payments in the future 5 years.

Year ending December,	
2017	$ 0
2018	1,026,875
2019	0
2020	0
2021	0
Total	$ 1,026,875

As of December 31, 2017, the Company's derivative liabilities are embedded derivatives associated with the Company's convertible notes payable (see Note 8). Due to the Notes' conversion feature, the actual number of shares of common stock that would be required if a conversion of the note as described in Note 8 was made through the issuance of the Company's common stock cannot be predicted. As a result, the conversion feature requires derivative accounting treatment and will be bifurcated from the note and "marked to market" each reporting period through the statement of operations.

The Company used the Binomial-Lattice valuation model to measure the fair value of the derivative liabilities as $2,419,337 on December 31, 2017 and will subsequently remeasure the fair value at the end of each period and record the change of fair value in the consolidated statement of operation during the corresponding period.

10. FAIR VALUE MEASUREMENT

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1 – Observable inputs that reflect quoted market prices in active markets for identical assets or liabilities.
- Level 2 Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The carrying amounts of the Company's financial assets and liabilities, such as cash, prepaid expenses, other current assets, accounts payable & accrued expenses, certain notes payable and notes payable – related party, approximate their fair values because of the short maturity of these instruments.

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed in note 8. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed in Note 8 are that of volatility and market price of the underlying common stock of the Company.

As of December 31, 2017 and December 31, 2016, the Company did not have any derivative instruments that were designated as hedges.

The derivative liability as of December 31, 2017, in the amount of $2,419,337 has a level 3 classification.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities for the year ended December 31, 2017:

		Debt Derivative
Balance, December 31, 2016	$	–
Total (gains) losses		
Initial fair value of debt derivative at note issuance		2,441,029
Mark-to-market at December 31, 2017:		59,988
Transfers out of Level 3 upon conversion or payoff of notes payable		(81,680)
Balance, December 31, 2017	$	2,419,337
Net loss for the year included in earnings relating to the liabilities held during the year ended December 31, 2017	$	1,386,055

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. During the year ended December 31, 2017, the Company's stock price decreased from initial valuation. As the stock price decreases for each of the related derivative instruments, the value to the holder of the instrument generally decreases. Stock price is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments.

The Company used the Binomial-Lattice valuation model to measure the fair value of the derivative liabilities as $2,419,337 on December 31, 2017, and will subsequently remeasure the fair value at the end of each period, and record the change of fair value in the consolidated statement of operation during the corresponding period. The Company recorded a gain in change of derivative liability of $1,380,476 for the year ended December 31, 2017.

11. PAYROLL TAXES

The Company previously reported that it has failed to remit payroll tax payments since 2006, as required by various taxing authorities. Payroll taxes and estimated penalties were accrued in recognition of accrued salaries subsequently settled via stock issue and other agreements that did not result in reportable or taxable payroll transactions. These accruals were reversed for prior years, and a similar estimated accrual established for 2017 and 2016. As of December 31, 2017 and December 31, 2016, the Company estimated the amount of taxes, interest, and penalties that the Company could incur as a result of payroll related taxes and penalties to be $2,047 and $41,783, respectively.

12. NET LOSS PER SHARE

Basic net loss per share is computed using the weighted average number of common shares outstanding during the years. There were no dilutive earnings per share for the year ended December 31, 2017 and 2016 due to net loss during the periods.

The following table sets forth the computation of basic net loss per share for the periods indicated:

	For the year ended December 31, 2017	December 31, 2016
Numerator:		
Net (loss)	$ (5,000,319)	$ (2,254,492)
Denominator:		
Weighted-average shares outstanding – Basic and diluted	43,405,712	13,600,570
Earnings (loss) per share – Basic and diluted	$ (0.12)	$ (0.17)

This does not include the potential dilutive effect if all exercisable warrants were exercised or conversions of convertible notes and convertible preferred stock as described below as of December 31, 2017:

Principal conversion	24,8331,819
Interest conversion	16,571,047
Warrants	800,000
Preferred Stock conversion	202,150,993
Total	244,585,312

13. CAPITAL STOCK

During the first quarter of 2017, the Company filed Amended Articles of Incorporation with the Secretary of State of Florida to amend the rights and privileges for series of Preferred Stock, and to authorize the issuance of Series I, F1, G1, H1, J1 and K1 Preferred Stock, which was effective on April 26, 2017.

Series A Preferred Stock

The Company has designated four shares of preferred stock as Series A Preferred Stock (“Series A”), with a par value of $.0001 per share, of which one share of preferred stock was issued and outstanding as of December 31, 2017. Series A is authorized to have four shares which do not bear dividends and converts to common shares at four times the sum of: all shares of Common Stock issued and outstanding at time of conversion plus all shares of Series B Preferred Stock issued and outstanding at time of conversion divided by the number of issued Class A shares at the time of conversion, and have voting rights four times the sum of: all shares of Common Stock issued and outstanding at time of voting plus all shares of Series B Preferred Stocks issued and outstanding at time of voting divided by the number of Class A shares issued at the time of voting.

Series B Preferred Stock

The Company has designated 10,000,000 shares of preferred stock as Series B Preferred Stock ("Series B"), with a par value $0.001 and $2.50 price per share, of which 2,804,205 shares of Series B preferred stock were issued and outstanding as of December 31, 2017. Shares of Series B are anti-dilutive to reverse splits. The conversion rate of shares of Series B, however, would increase proportionately in the case of forward splits, and may not be diluted by a reverse split following a forward split. Series B is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series B converts to 5 shares of Common Stock. The price of each share of Series B may be changed either through a majority vote of the Board of Directors through a resolution at a meeting of the Board of Directors, or through a resolution passed at an Action Without Meeting of the unanimous Board of Directors, until such time as a listed secondary and/or listed public market develops for the shares.

During the year ended December 31, 2016, 1,621,732 shares of Series B Preferred Stock were converted into 8,108,660 shares of Common Stock of the Company per the preferred shareholder's instruction.

During the first quarter of 2017, 1,406,829 shares of Series B Preferred Stock were converted into 7,034,145 shares of Common Stock of the Company per the preferred shareholder's instruction.

On March 30, 2017, the Company issued 24,000 shares of Series B Preferred Stock to settle legal expenses of $60,000. Based on the price of $.9075 per share for the Series B Preferred Stock, which was determined by the market price of common stock at $.1815 per share on the issuance date multiplied by the conversion ratio of 1:5, the fair value of the stock issuance of Series B Preferred Stock was $21,780, resulting in gain from extinguishment of debt in amount of $38,220.

During the second quarter of 2017, 193,904 shares of Series B Preferred Stock were converted into 969,520 shares of Common Stock of the Company per the preferred shareholder's instruction.

On June 27, 2017, the Company issued 15,906 shares of Series B Preferred Stock to 2 different consultants for services rendered. Based on the price of $.3995 per share for the Series B Preferred Stock, which was determined by the market price of common stock at $.0799 per share on the issuance date multiplied by the conversion ratio of 1:5, the fair value of the stock issuance of Series B Preferred Stock was $6,354, which was recorded as stock based compensation during the six months ended June 30, 2017.

During the third quarter of 2017, 20,999 shares of Series B Preferred Stock were converted into 104,995 shares of Common Stock of the Company per the preferred shareholder's instruction.

During the fourth quarter of 2017, 6,000 shares of Series B Preferred Stock were converted into 30,000 shares of Common Stock of the Company per the preferred shareholder's instruction.

Series C Preferred Stock

The Company has designated 500 shares of preferred stock as Series C Preferred Stock ("Series C"), with a par value of $.001 per share, of which 117 shares were issued and outstanding as of December 31, 2017. Shares of Series C are non-dilutive to reverse splits. The conversion rate of shares of Series C, however, would increase proportionately in the case of forward splits, and may not be diluted by a reverse split following a forward split. Each one share of Series C converts to 100,000 shares of Common Stock. Each share of Series C shall have one vote for any election or other vote placed before the shareholders of the Company. The price of each share of Series C may be changed either through a majority vote of the Board of Directors through a resolution at a meeting of the Board of Directors, or through a resolution passed at an Action Without Meeting of the unanimous Board of Directors, until such time as a listed secondary and/or listed public market develops for the shares. Shares of Series C may not be converted into shares of Common Stock for a period of: a) six months after purchase, if the Company voluntarily or involuntarily files public reports pursuant to Section 12 or 15 of the Securities Exchange Act of 1934; or b) 12 months if the Company does not file such public reports.

During the first quarter of 2017, 1 share of Series C Preferred Stock were converted into 100,000 shares of Common Stock of the Company per the preferred shareholder's instruction.

Blank Check Preferred Stock

As of December 31, 2017, the Company has designated 100,000,000 shares of Blank Check Preferred Stock, of which 5,991,507 shares have been issued with Designations, Rights & Privileges. The following Series have been assigned from the inventory of Blank Check Preferred Shares. The amount of Blank Check Preferred Stock is 94,008,493 as of December 31, 2017.

Series D Preferred Stock

The Company has designated 800,000 shares of preferred stock as Series D Preferred Stock ("Series D"), with a par value of $.001 per share, of which 400,000 shares were issued and outstanding as of December 31, 2017. Series D is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series D converts to 5 shares of Common Stock.

On June 30, 2014, the Company completed the acquisition of Romeo's NY Pizza. The Company issued 400,000 shares of Series D Preferred Stock ("Series D") as consideration for this acquisition. Based on the price of $2.50 per share, the acquisition consideration represents a $1,000,000 valuation. Shares of Series D are anti-dilutive to reverse splits. The conversion rate of shares of Series D, however, would increase proportionately in the case of forward splits, and may not be diluted by a reverse split following a forward split. Each one share of Series D shall have voting rights equal to one vote of Common Stock. With respect to all matters upon which stockholders are entitled to vote or to which stockholders are entitled to give consent, the holders of the outstanding shares of Series D shall vote together with the holders of Common Stock, without regard to class, except as to those matters on which separate class voting is required by applicable law or the Corporation's Certificate of Incorporation or Bylaws. The initial price of each share of Series D shall be $2.50.

There was no change in Series D Preferred Stock during the year ended December 31, 2017 and 2016.

Series E Preferred Stock

The Company has designated 1,000,000 shares of preferred stock as Series E Preferred Stock ("Series E"), with a par value of $.001 per share, of which 241,199 shares were issued and outstanding as of June 30, 2017. Series E is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series E converts to 5 shares of Common Stock.

On July 11, 2014, the Company completed the acquisition of Edge View Properties, Inc. The Company issued 241,199 shares of Series E Preferred Stock ("Series E") as consideration for this acquisition. Based on the price of $2.50 per share, the acquisition consideration represents a $603,000 valuation. Shares of Series E are anti-dilutive to reverse splits. The conversion rate of shares of Series E, however, would increase proportionately in the case of forward splits, and may not be diluted by a reverse split following a forward split. Each one share of Series E shall have voting rights equal to one vote of Common Stock. With respect to all matters upon which stockholders are entitled to vote or to which stockholders are entitled to give consent, the holders of the outstanding shares of Series E shall vote together with the holders of Common Stock, without regard to class, except as to those matters on which separate class voting is required by applicable law or the Corporation's Certificate of Incorporation or Bylaws. The initial price of each share of Series E shall be $2.50.

There was no change in Series E Preferred Stock during the year ended December 31, 2017 and 2016.

Series F Preferred Stock

The Company has designated 800,000 shares of preferred stock as Series F Preferred Stock ("Series F"), with a par value of $.001 per share, of which 280,069 shares were issued and outstanding as of December 31, 2017. Series F is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series F converts to 5 shares of Common Stock.

There was no change in Series F Preferred Stock during the year ended December 31, 2017 and 2016.

The Company has designated 800,000 shares of preferred stock as Series F1 Preferred Stock ("Series F1"), with a par value of $.001 per share, of which 57,194 shares were issued and outstanding as of December 31, 2017. Series F1 is "non-Voting stock". Each one share of Series F1 converts to 5 shares of Common Stock.

On May 15, 2014, the Company completed the acquisition of We Three, LLC (d/b/a Affordable Housing Initiative) ("AHI"). The Company issued 280,069 shares of Series F Preferred Stock ("Series F") as consideration for this acquisition. The fair value of We Three LLC was $1,000,000. Based on the price of $2.50 per share for the Series F Preferred Stock, the fair value of the stock issuance of Series F Preferred Stock was $700,174, resulting in the gain of $299,826 on investment in We Three, which was offset the goodwill impairment at the end of 2014. In addition, the Company sold 156,503 shares of Series F-1 Preferred Stock (Series F-1"), to various investors at a price of $2.50 per share, or totaled $391,248 in cash. Shares of Series F are anti-dilutive to reverse splits. The conversion rate of shares of Series F, however, would increase proportionately in the case of forward splits, and may not be diluted by a reverse split following a forward split. Each one share of Series F shall have voting rights equal to five votes of Common Stock. With respect to all matters upon which stockholders are entitled to vote or to which stockholders are entitled to give consent, the holders of the outstanding shares of Series F shall vote together with the holders of Common Stock, without regard to class, except as to those matters on which separate class voting is required by applicable law or the Corporation's Certificate of Incorporation or Bylaws. The initial price of each share of Series F shall be $2.50.

During the first quarter of 2017, 31,997 shares of Series F1 Preferred Stock were converted into 159,985 shares of Common Stock of the Company per the preferred shareholder's instruction.

During the second quarter of 2017, 42,640 shares of Series F1 Preferred Stock were converted into 213,200 shares of Common Stock of the Company per the preferred shareholder's instruction.

During the third quarter of 2017, 41,318 shares of Series F1 Preferred Stock were converted into 206,600 shares of Common Stock of the Company per the preferred shareholder's instruction.

Series G Preferred Stock

The Company has designated 20,000,000 shares of preferred stock as Series G Preferred Stock ("Series G"), with a par value of $.001 per share, of which 0 share was issued and outstanding as of December 31, 2017. Series G is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series G converts to 1.25 shares of Common Stock.

The Company has designated 10,000,000 shares of preferred stock as Series G1 Preferred Stock ("Series G1"), with a par value of $.001 per share, of which 0 share was issued and outstanding as of December 31, 2017. Series G1 is "non-Voting stock". Each one share of Series G1 converts to 1.25 shares of Common Stock.

There was no change in Series G and G1 Preferred Stock during the year ended December 31, 2017 and 2016.

Series H Preferred Stock

The Company has designated 4,859,379 shares of preferred stock as Series H Preferred Stock ("Series H"), with a par value of $.001 per share, of which 4,859,379 shares were issued and outstanding as of December 31, 2017. Series H is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series H converts to 1.25 shares of Common Stock.

The Company has designated 3,000,000 shares of preferred stock as Series H1 Preferred Stock ("Series H1"), with a par value of $.001 per share, of which 0 share was issued and outstanding as of December 31, 2017. Series H1 is "non-Voting stock". Each one share of Series H1 converts to 1.25 shares of Common Stock.

On August 10, 2016, the Company completed the acquisitions of FDR Enterprises, Inc.; Refreshment Concepts, LLC; and Repicci's Franchise Group, LLC. (collectively referred to as "Repicci's Group"). Pursuant to the acquisition agreement, the Company agreed to issue 4,859,379 shares of Series H Preferred Stock as consideration for the acquisition of Repicci's Group. The combined book value of Repicci's Group was $(203,622). Based on the price of $.15 per share for the Series H Preferred Stock, which was determined by the market price of common stock at $.12 per share on the acquisition date multiplied by the conversion ratio of 1:1.25, the fair value of the stock issuance of Series H Preferred Stock was $728,907, resulting in the goodwill of $932,529 which was offset with loss on goodwill impairment during the quarter ended December 31, 2017. The 4,859,379 shares of Series H Preferred Stock were issued during the first quarter of 2017.

There was no change in Series H and H1 Preferred Stock during the year ended December 31, 2016.

Series I Preferred Stock

The Company has designated 20,000,000 shares of preferred stock as Series I Preferred Stock ("Series I"), with a par value of $.001 per share, of which 112,746 shares was issued and outstanding as of December 31, 2017. Series I is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series I converts to 1.50 shares of Common Stock.

During the first quarter of 2017, one investor submitted a subscription agreement to the Company regarding the purchase of 29,412 shares of the Company's Series I Preferred Stock by cash payment of $10,000, which was collected during the first quarter of 2017. During the second quarter of 2017, the same investor submitted a subscription agreement to the Company regarding the purchase of 83,334 shares of the Company's Series I Preferred Stock by cash payment of $10,000. The transactions were independently negotiated between the Company and the investor. The proceeds from the subscription agreement mitigated the Company's cash pressure in short term. The total 112,746 shares of Series I Preferred Stock were issued during the second quarter of 2017.

During the second quarter of 2017, a related party submitted a subscription agreement to the Company regarding the purchase of 90,909 shares of the Company's Series I Preferred Stock by cash payment of $10,000, which was collected during the second quarter of 2017. The transaction was independently negotiated between the Company and the related party. The proceeds from the subscription agreement mitigated the Company's cash pressure in short term.

The 90,909 shares of Series I Preferred Stock was issued as of December 31, 2017. During the third quarter of 2017, 90,909 shares of Series I Preferred Stock were converted into 352,691 shares of Common Stock of the Company per the preferred shareholder's instruction.

Series J Preferred Stock

The Company has designated 10,000,000 shares of preferred stock as Series J Preferred Stock ("Series J"), with a par value of $.001 per share, of which 0 share was issued and outstanding as of December 31, 2017. Series J is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series J converts to 1.25 shares of Common Stock.

The Company has designated 7,500,000 shares of preferred stock as Series J1 Preferred Stock ("Series J1"), with a par value of $.001 per share, of which 0 share was issued and outstanding as of June 30, 2017. Series J1 is "non-Voting stock". Each one share of Series J1 converts to 1.25 shares of Common Stock.

There was no change in Series J and J1 Preferred Stock during the year ended December 31, 2017 and 2016.

Series K Preferred Stock

The Company has designated 9,607,840 shares of preferred stock as Series K Preferred Stock ("Series K"), with a par value of $.001 per share, of which 0 share was issued and outstanding as of December 31, 2017. Series K is awarded "Voting Right" at the ratio of 1 vote per share owned. Each one share of Series K converts to 1.25 shares of Common Stock.

The Company has designated 35,000,000 shares of preferred stock as Series K1 Preferred Stock ("Series K1"), with a par value of $.001 per share, of which 0 share was issued and outstanding as of December 31, 2017. Series K1 is "non-Voting stock". Each one share of Series K1 converts to 1.25 shares of Common Stock.

There was no change in Series K and K1 Preferred Stock during the year ended December 31, 2017 and 2016.

Common Stock

2017

On February 10, 2017, the Company entered into a consulting agreement with an unrelated party, pursuant to which the Company agreed to issue total 800,000 shares to the consultant in four allotments, or 200,000 shares each, for consulting services related to marketing and business development. During the first quarter of 2017, 250,000 shares were issued. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.235 per share. During the second quarter of 2017, the difference of 150,000 shares were not issued as of the date of the Report. The fair value of the 150,000 shares was $15,600, or approximately $.104 per share. During the third quarter of 2017, the third installment of 200,000 shares were not issued as of the date of the Report. The fair value of the 200,000 shares was $27,475, or approximately $.1099 per share. Accordingly, the Company recognized stock based compensation of $101,825 to the consolidated statements of operations for the year ended December 31, 2017 and recorded $43,075 as accrued expenses in the consolidated balance sheet as of December 31, 2017.

During the first quarter of 2017, the note holder converted $2,785 principal, $1,000 processing cost reimbursement and $102 accrued interest into 777,400 shares of common stock at a conversion price of $0.005 per share.

During the first quarter of 2017, the note holder converted $6,000 principal into 200,000 shares of common stock at a conversion price of $0.03 per share.

On January 24, 2017, the Company issued 173,585 shares of Common Stock to settle $34,717 due to the prior owner of Repicci's Franchise Group LLC, pursuant to the Acquisition Agreement, dated August 10, 2016. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.24 per share, resulting in loss from extinguishment of debt in amount of $6,943.

On January 24, 2017, the Company issued 2,010,490 shares of Common Stock to settle $402,098 due to the prior owner of Refreshment Concepts LLC, pursuant to the Acquisition Agreement, dated August 10, 2016. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.24 per share, resulting in loss from extinguishment of debt in amount of $80,420.

On March 20, 2017, the Company issued 60,000 shares of Common Stock to settle consulting fees of $15,000. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.1965 per share, resulting in gain from extinguishment of debt in amount of $3,210.

On July 11, 2017 the Company's Board of Directors approved a resolution to increase the authorized common share. During the first quarter of 2017, one investor submitted a subscription agreement to the Company regarding the purchase of 100,000 shares of Common Stock by cash payment of $10,000. The transaction was independently negotiated between the Company and the investor. The proceeds from the subscription agreement mitigated the Company's cash pressure in short term.

During the second quarter of 2017, the Company issued 100,000 shares of Common Stock to an attorney for legal services. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.1145 per share. Accordingly, the Company recognized stock based compensation of $11,450 to the consolidated statements of operations for the six months ended June 30, 2017.

During the second quarter of 2017, the Company issued 906,907 shares of Common Stock to a related party for services rendered. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.0799 per share. Accordingly, the Company recognized stock based compensation of $72,462 to the consolidated statements of operations for the six months ended June 30, 2017.

During the second quarter of 2017, the Company redeemed 500,000 shares from a shareholder for a cash payment of $2,500. The 500,000 shares were return to the treasury for cancellation and the $2,500 was recorded as accrued liabilities in the consolidated balance sheet as of June 30, 2017.

During the second quarter of 2017, the note holders converted $18,853 principal, including $3,000 processing cost reimbursement, and $12,317 accrued interest into 1,039,000 shares of common stock at a conversion price of $0.03 per share.

On September 15, 2017, the Company issued 19,000,000 shares of Common Stock to settle $1,415,600 in accrued salaries to current and former officers of the Company. Additionally, the Company issued 1,000,000 shares to a former employee as a one time bonus, valued at $70,000. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.07 per share. Accordingly, the Company reduced its accrued expenses by $1,415,600 and stock based compensation by $70,000.

During the quarter ended December 31, 2017, the Company issued 6,761,454 shares of common stock for the conversion of unpaid convertible notes principal and processing cost reimbursement and interest in the amount of $81,664 at a prices ranging from $0.00825 to $0.01470 per share.

During the fourth quarter of 2017, 6,000 shares of Series B Preferred Stock were converted into 30,000 shares of Common Stock of the Company per the preferred shareholder's instruction.

During the fourth quarter of 2017, the company issued 1,508 shares of Common Stock for a correction of a prior period conversion of Series B Preferred Stock.

During the quarter ended December 31, 2017, the Company negotiated an agreement to cancel 500,000 shares previously issued to a third party consultant for services and to issue 25,000 shares of common stock for services rendered. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.0699 per share. Accordingly, the Company calculated the stock based compensation of $1,748 at its fair value and included it in the consolidated statements of operations for the year ended December 31, 2017.

14. WARRANTS

Pursuant to the same consulting agreement, dated February 10, 2017, in addition to the 800,000 shares of common stock, the Company agreed to grant total 800,000 warrants to the consultant for consulting services related to marketing and business development. The initial allotment of 200,000 warrants were granted during the first quarter of 2017. The second allotment of 200,000 warrants were granted during the second quarter of 2017. The third allotment of 200,000 warrants were granted during the third quarter of 2017. The fourth allotment of 200,000 warrants were granted during the fourth quarter of 2017. The fair value of these warrants was measured using the Black-Scholes valuation model at the grant date. The table below sets forth the assumptions for Black-Scholes valuation model on February 10, 2017, May 10, 2017, August 10, 2017 and December 10, 2017, respectively.

Reporting Date	Fair Value	Term (Years)	Exercise Price	Market Price on Grant Date	Volatility Percentage	Risk-free Rate
2/10/2017	$47,000	3	$0.50	$0.235	535%	0.0147
5/10/2017	20,799	3	$0.50	$0.104	506%	0.0156
8/10/2017	21,980	3	$0.50	$0.1099	1124%	0.0149
11/10/2017	8,794	2.5	$0.50	$0..0440	467%	0.0179

Accordingly, the Company recorded warrant expenses of $98,573 during the year ended December 31, 2017.

On April 21, 2017, the Company entered into a Securities Purchase Agreement with an unrelated entity, pursuant to which the purchasers agreed to pay the Company an aggregate of up to $600,000 for an aggregate of up to 660,000 in Principal Amount of Notes. The first tranche of $330,000 was closed simultaneously ("Note 13-1"). The proceeds of $300,000, net of $30,000 Original Issuance Discount, was received by the Company.

In addition, in connection with this Securities Purchase Agreement, the Company granted purchasers 2,357,143 warrants with exercise price of $0.14 per share ("Warrants A"), 1,885,715 warrants with exercise price of $0.175 per share ("Warrants B") and 1,571,429 warrants with exercise price of $0.21 per share ("Warrants C"). Warrants A, B and C are exercisable on the grant date and expire in three years, each of which represents 100% of the Principal Amount at the Closing divided by the respective exercise price.

The fair value of these warrants was measured using the Black-Scholes valuation model at the grant date. The table below sets forth the assumptions for Black-Scholes valuation model on April 21, 2017.

Reporting Date	Fair Value	Term (Years)	Exercise Price	Market Price on Grant Date	Volatility Percentage	Risk-free Rate
4/21/2017	$814,000	3	$0.14 - $0.21	$0.14	676%	0.0177

Accordingly, the Company recorded warrant expenses of $814,000 during the year ended December 31, 2017.

The following tables summarize all warrant outstanding as of December 31, 2017, and the related changes during this period.

	Number of Warrants	Weighted Average Exercise Price
Stock Warrants		
Balance at January 1, 2017	–	$ –
Granted	6,414,287	0.201
Exercised	–	–
Expired	–	–
Balance at December 31, 2017	6,414,287	0.21
Warrants Exercisable at December 31, 2017	6,414,287	$ 0.21

15. STOCK OPTIONS

The Company agreed to grant Mr. Roberts stock options for a minimum of 300,000 shares of the Company's common stock at an exercise price of 50% of the current last ten (10) day stock average per share, and 600,000 shares of common stock as a key officer employment incentive to be earned and vested on a pro rata basis at 25,000 shares per month for twenty-four (24) months. The fair value of both 300,000 options and 600,000 shares were determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.226 per share. Accordingly, the accrued expense was $135,600 as of December 31, 2017. On August 8, 2017, Mr. Roberts accepted the offer from the Company to issue 1,000,000 common shares to supersede all his options and warrants in the employment agreement. Additionally, the Company issued 1,000,000 shares of Common Stock as a bonus to Mr. Roberts for his past service to the Company. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.07 per share. Accordingly, the Company recognized stock based compensation of $70,000 to the consolidated statements of operations for the year ended December 31, 2017.

After the cancellation of the above transaction, there were no stock options issued as of December 31, 2017.

16. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company had operating leases of $115,862 and $160,840 for the year ended December 31, 2017 and 2016, respectively, consisting of the followings.

	For the year ended December 31, 2017	December 31, 2016
Restaurants	$ 60,564	$ 83,309
Lot	48,049	62,364
Office	6,917	14,835
Equipment Rentals	332	332
Total	$ 115,862	$ 160,840

The Company has property leases that are renewable on an annual basis, with no long term property leases.

We have an employment agreement, renewed May 15, 2014, with the Chairman, Mr. Thompson amended on January 1, 2017, whereby we provide for compensation of $25,000 per month.

We have an employment agreement with the Chief Executive Officer, Mr. Cunningham, amended on January 1, 2017, whereby we provide for compensation of $25,000 per month.

We have an employment agreement with the Chief Operating Officer, Mr. Roberts, effective June 2016, whereby we provide for compensation of $10,000 per month.

There are no other stock option plans, retirement, pension, or profit sharing plans for the benefit of our sole officer and director other than as described herein.

17. INCOME TAXES

At December 31, 2017, the Company had federal and state net operating loss carry forwards of approximately $50,300,000 that expire in various years through the year 2037.

Due to operating losses, there is no provision for current federal or state income taxes for the years ended December 31, 2017 and 2016.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for federal and state income tax purposes.

The Company's deferred tax asset at December 31, 2017 and 2016 consists of net operating loss carry forwards calculated using federal and state effective tax rates equating to approximately $19,680,050 and $17,745,000, respectively, less a valuation allowance in the amount of approximately $19,680,050 and $17,745,000, respectively. Because of the Company's lack of earnings history, the deferred tax asset has been fully offset by a valuation allowance in both 2017 and 2016. The valuation allowance increased by approximately $1,935,050 for the year ended December 31, 2017.

The Company's total deferred tax asset as of December 31, 2017 and 2016 is as follows:

	2017	2016
Deferred tax assets	$ 19,680,050	$ 17,745,000
Valuation allowance	(19,680,050)	(17,745,000)
Net deferred tax asset	$ –	$ –

The reconciliation of income taxes computed at the federal and state statutory income tax rate to total income taxes for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Income tax computed at the federal statutory rate	34%	34%
Income tax computed at the state statutory rate	5%	5%
Valuation allowance	(39%)	(39%)
Total deferred tax asset	0%	0%

18. SEGMENT REPORTING

The Company has four reportable operating segments as determined by management using the “management approach” as defined by the authoritative guidance on *Disclosures about Segments of an Enterprise and Related Information*: (1) Mobile home lease (We Three), (2) Company-owned Pizza Restaurants (Romeo’s NY Pizza), and (3) “Repicci’s Italian Ice” franchised stores. These segments are a result of differences in the nature of the products and services sold. Corporate administration costs, which include, but are not limited to, general accounting, human resources, legal and credit and collections, are partially allocated to the three operating segments. Other revenue consists of nonrecurring items.

The mobile home lease segment establishes mobile home business as an option for a homeowner wishing to avoid large down payments, expensive maintenance costs, monthly mortgage payments and high property taxes. If bad credit is an issue preventing people from purchasing a traditional house, the Company will provide a financial leasing option with "0" interest on the lease providing a "lease to own" option for their family home.

The Company-owned Pizza Restaurant segment includes sales and operating results for all Company-owned restaurants. Assets for this segment include equipment, furniture and fixtures for the Company-owned restaurants.

Repicci’s Group offers franchisees for the operation of “Repicci’s Italian Ice” franchises. These franchised stores specialize in the distribution of nonfat frozen confections.

The number of franchise agreements in force as of December 31, 2017 was 48, five of which are “mobile” units.

The Company obligates itself to each franchisee to perform the following services:

1. Designate an exclusive territory;

2. Provide guidance and approval for selection and location of site;

3. Provide initial training of franchisee and employees;

4. Provide a company manual and other training aids.

The Company has developed a new “Mobile Franchise Opportunity”. The total investment for the new opportunity ranges from $155,600 to $165,000, as follows: $125,000 for a new Mercedes Sprinter Van, customized for the franchisee, $25,000 for the franchise fee, the balance for product. The Company’s obligation is as above, except for Item #3, training is specific to the new opportunity.

	For the Years Ended December 31,	
	2017	2016
Revenues:		
We Three	$ 193,601	$ 152,120
Romeo’s NY Pizza	592,445	603,787
Repicci’s Group	954,854	369,416
Others	3,754	24,928
Consolidated revenues	$ 1,744,654	$ 1,150,251
Cost of Sales:		
We Three	$ 155,416	$ 145,795,
Romeo’s NY Pizza	429,778	404,181
Repicci’s Group	771,213	246,797
Others	–	–
Consolidated cost of sales	$ 1,356,407	$ 797,073
Income (Loss) before taxes		
We Three	$ (4,494)	$ (16,201)
Romeo’s NY Pizza	(141,128)	(32,594)
Repicci’s Group	(41,652)	(229,985)
Others	(4,509,422)	(1,975,712)
Consolidated loss before taxes	$ (5,000,319)	$ (2,254,492)

	As of December 31, 2017	As of December 31, 2016
Assets:		
We Three	$ 235,532	$ 216,433
Romeo’s NY Pizza	58,438	19,241
Repicci’s Group	293,216	411,606
Others	721,875	1,824,729
Combined assets	$ 1,309,061	$ 2,472,009

19. SUBSEQUENT EVENTS

In accordance with ASC Topic 855-10, the Company has analyzed its operations subsequent to December 31, 2016 to the date these consolidated financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these financial statements other than those specified below.

On April 3, 2018, the Board of Directors of Cardiff International, Inc., increased the authorized to One Billion (1,000,000,000) shares of Common Stock, par value of $0.001.

Stock issuance:

Subsequent to December 31, 2017, 7,945,437 shares were issued for debt conversion.

Subsequent to December 31, 2017, 50,000 shares were issued for Series B Preferred Stock conversion.

Subsequent to December 31, 2017, 6,074,224 shares were issued for Series H Preferred Stock conversion.

Subsequent to December 31, 2017, 136,364 shares were issued for Series I Preferred Stock conversion.

Subsequent to December 31, 2016, 1,195,411 shares were issued for services rendered.

Notes payable:

On January 19, 2018 the Company entered into a 12% convertible line of credit with an unrelated entity in the amount of $83,500. The Company received $83,500 cash pursuant to the terms of this Note as of the date of this Report.

On February 20, 2018 the Company entered into a 8% convertible line of credit with an unrelated entity in the amount of $78,500. The Company received $78,500 cash pursuant to the terms of this Note as of the date of this Report.

On March 28, 2018 the Company entered into a 8% convertible line of credit with an unrelated entity in the amount of $100,000. The Company received $100,000 cash pursuant to the terms of this Note as of the date of this Report.

On April 9, 2018 the Company entered into a 10% convertible line of credit with an unrelated entity in the amount of $145,000. The Company received $145,000 cash pursuant to the terms of this Note as of the date of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There were no disagreements related to accounting principles or practices, financial statement disclosure, internal controls or auditing scope or procedure during the two fiscal years and interim periods, including the interim periods up through the date the relationship ended.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that are filed and submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that are filed under the Exchange Act is accumulated and communicated to management, including the principal executive officer, as appropriate to allow timely decisions regarding required disclosure. Under the supervision of and with the participation of its executive officer, the Company has evaluated the effectiveness of its disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this Annual Report. Based on that evaluation, the sole executive officer of the Company has concluded that, as of the end of the period covered in this Annual Report, these disclosure controls and procedures were ineffective.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules forms, and that such information is accumulated and communicated to our management, including our principal executive officer (our president) and our principal accounting and financial officer (our chief financial officer and treasurer) to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluation the cost-benefit relationship of possible controls and procedures.

Our management does not expect that our disclosure controls or our internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, but no absolute, assurance that the objectives of a control system are met. Further, any control system reflects limitations on resources and benefits of a control system must be considered relative to its costs. These limitations also include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of a control. A design of a control system is also based upon certain assumptions about potential future condition; over time controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

As of December 31, 2017, the year-end period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president and chief financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this annual report.

There have been no significant changes in our internal controls over financial reporting that occurred during the fiscal year ended December 31, 2017 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

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 Exchange Act, and assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. 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. A material weakness is a deficiency or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weaknesses:

1. As of December 31, 2017, our controls over the control environment were not effective. Specifically, we have not developed and effectively communicated to our employees our accounting policies and procedure. This has resulted in inconsistent practices. Further, the Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial experts as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

2. As of December 31, 2017, our controls over financial statement disclosure were not effective. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our consolidated financial statements. Accordingly, management has determined that this corn deficiency constitutes a material weakness.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2017, based on the criteria established in “2013 Internal Control-Integrated Framework” issued by COSO.

This annual report does not include an attestation report of the company’s independent registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the company’s registered public accounting firm pursuant to temporary rules of the SEC that permit the company to provide only management’s report.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the fiscal year ended December 31, 2017 that have affected, or are reasonably likely to affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Officers and Directors

Our directors will serve until successors are elected and qualified. Our four officers are elected by the Board of Directors to a term of one year and serve until a successor is duly elected and qualified, or until that person is removed from office. Our Board of Directors has no nominating, or compensation committees. Our Board of Directors have three members.

The name, address, age and position of our sole officer and director is set forth below:

Name and Address	Age	Positions
Daniel Thompson	67	Chairman of the Board of Directors
Alex Cunningham	60	Chief Executive Officer and President
Dr. Rolan Roberts II	37	Chief Operating Officer

Background of our officers and directors

Daniel Thompson, 67, Chairman of the Board of Directors. In June of 2010 Thompson was previously appointed Chairman and CEO of Cardiff International, Inc. Formerly a television and entertainment industry professional with a 30-year career that embraces network and cable advertising sales programming production and product placement, Mr. Thompson was president of Creative Entertainment Services, which he founded and successfully sold in a transaction. Mr. Thompson also co-founded and successfully sold an industry service company – Creative Television Marketing, a producer of short-form advertising concepts: Closed- Captioning Sponsorships, 10-Second Promotional Advertising vehicles, and network Game Show Merchandising. He also oversaw new business for A Creative Group, a full service entertainment marketing company. Mr. Thompson also founded CableRep USA, a media sales firm specializing in local market cable advertising, which he sold to Cox Cable in 1981. Mr. Thompson attended Wayne State University, Bellevue College, and College of Continuing Studies at University of Nebraska at Omaha.

Alex Cunningham, 60, Chief Executive Officer and President. Mr. Cunningham has agreed to join the Cardiff family in June of 2015. Mr. Cunningham's background is in Business Development. His focus is on identifying prospects for franchising, mergers and acquisitions specializing in structuring one or multiple franchise acquisitions; and/or franchising existing businesses. He is a founder of Fran Consult, Inc. a business development company representing over 300 Franchise operations; owner, managing partner at AH Cunningham & Associates, LLC 2006 - Present; Profit Management Consulting, Inc., founder, President & CEO 1996-2005; managed projects and staff of 85 for 20 years for over 2000 private or closely held middle-market companies throughout 24 states. He was a partner at London Capital Corporation 1991 - 1996; President & CFO at Vance Communications, Inc. 1988-1991. Honors and Awards: 2010 Consultant of the Year - Franchise, Inc. National Association of Franchise Consultants. MBA - Crummer Graduate School of Business Rollins College - Winter Park, Florida; BBA's - Finance and Business Administration University of Kentucky - Lexington, Kentucky.

Dr. Rolan Roberts II, 37, Chief Operating Officer. Dr. Roberts II turned around large, established companies and has created high growth revenue organizations. Dr. Roberts has passionately led with excellence a multi-billion, publicly-held database company along with healthcare, technology, manufacturing and direct sales companies. He has led nearly 1,500 employees at a given time servicing clients such as Capital One, IndyMac Bank, State Farm, Allstate, Nationwide along with federal and state government agencies.

Dr. Roberts has authored 4 business and leadership books, holds an MBA from Liberty University, a doctorate degree in International Business & Entrepreneurship from California InterContinental University and was recognized as the "Top 100 Most Influential Floridians" of 2015. He has served on several industry and civic non-profit boards along with founding a non-profit that serves entrepreneurs in crisis.

- Successfully led the turnaround, rebranding, and new product line of a 29-year old, $250MM life sciences company.
- Developed market-disrupting products in a startup environment by partnering with cancer treatment centers prior to a successful exit strategy.
- Led multi-site, geographically-dispersed team of 1,000 and crisis management response as senior executive for a multi-billion, publicly- held company.
- Recognized for superior interpersonal and communication skills, outstanding team leadership and an authority in the consumer, healthcare and technology fields.
- Recognized as "Top 100 Most Influential Floridians" of 2015.

Professional Accomplishments

- Recognized as “Top 100 Most Influential Floridians” of 2015 by Insight Magazine.
- Best-selling author who has received international exposure for books based on corporate leadership and personal development.
- Professional speaker and TV host with authentic, charismatic and dynamic personality.
- Participated and starred in leadership movie titled “The Journey” with Brian Tracy.
- Produced two seven-disc audio programs on personal excellence and corporate sales growth.
- Advisor/Strategist to political and business leaders.
- Licensed private pilot.

Audit Committee Financial Expert

The functions of the Audit Committee are currently carried out by our Board of Directors. Our Board of Directors has determined that we do not have an audit committee financial expert on our Board of Directors carrying out the duties of the Audit Committee. The Board of Directors has determined that the cost of hiring a financial expert to act as a director and to be a member of the Audit Committee or otherwise perform Audit Committee functions outweighs the benefits of having a financial expert on the Audit Committee. Our Board of Directors has three members.

Code of Ethics

We have not adopted a code of ethics that applies to our President, Chief Executive Officer, Secretary, Treasurer, Chief Financial Officer, or persons performing similar functions, because of the small number of persons involved in the management of the Company.

Compliance with Section 16 (a) of the Exchange Act

Under Section 16(a) of the Exchange Act, requires that our directors and executive officers and persons who beneficially own more than 10% of our Common Stock (referred to herein as the “Reporting Persons”) file with the SEC various reports as to their ownership of and activities relating to our Common Stock. Such Reporting Persons are required by the SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based solely upon our review of the copies of the forms we have received and representations that no other reports were required, we believe that all Reporting Persons complied on a timely basis with all filing requirements applicable to them with respect to transactions during fiscal year ended October 31, 2013 except as stated below.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

		Annual Compensation				Long-Term Compensation		
						Awards	Payouts	
Names Executive Officer and Principal Position	Year	Salary (US$)	Bonus (US$)	Other Annual Compensation (US$)	Under Options/ SARs Granted (#)	Restricted Shares or Restricted Share/Units (US$)	LTIP Payouts (US$)	Other Annual Compensation (US$)
Daniel Thompson	2014	300,000	0	0	0	2,257,018	0	0
Chairman of the Board of Directors	2015	240,000	0	0	0	0	0	0
	2016	240,000	0	0	0	360,000	0	0
	2017	300,000	0	0	0	0	0	0
Alex Cunningham	2014	0	0	0	0	0	0	0
President and Chief Executive Officer	2015	180,000	0	0	0	0	0	0
	2016	180,000	0	0	0	580,000	0	0
	2017	300,000	0	0	0	0	0	0
Dr. Rolan Roberts II	2014	0	0	0	0	0	0	0
Chief Operating Officer	2015	0	0	0	0	0	0	0
	2016	60,000	0	0	0	0	0	0
	2017	100,000	0	0	0	205,600	0	0

Employment Agreements

We have an employment agreement, renewed May 15, 2014, with the Chairman, Mr. Thompson amended on January 1, 2017, whereby we provide for compensation of $25,000 per month.

We have an employment agreement with the Chief Executive Officer, Mr. Cunningham, amended on January 1, 2017, whereby we provide for compensation of $25,000 per month.

We have an employment agreement with the Chief Operating Officer, Mr. Roberts, effective June 2016, whereby we provide for compensation of $10,000 per month.

There are no other stock option plans, retirement, pension, or profit sharing plans for the benefit of our sole officer and director other than as described herein.

Long-Term Incentive Plan Awards

We do not have any long-term incentive plans that provide compensation intended to serve as incentive for performance.

Compensation of Directors

Our directors do not receive any compensation for serving as members of the Board of Directors.

Indemnification

Under our Articles of Incorporation and Bylaws of the corporation, we may indemnify an officer or director who is made a party to any proceeding, including a lawsuit, because of his position, if he acted in good faith and in a manner he reasonably believed to be in our best interest. We may advance expenses incurred in defended a proceeding. To the extent that the officer or director is successful on the merits in a proceeding as to which he is to be indemnified, we must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defended the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Florida.

Regarding indemnification for liabilities arising under the Securities Act of 1933, which may be permitted to directors or officers under Nevada law, we are informed that, in the opinion of the Securities and Exchange Commission, indemnification is against public policy, as expressed in the Act and is, therefore, unenforceable.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding our shares of common stock beneficially owned as of December 31, 2017, for (i) each stockholder known to be the beneficial owner of 5% or more of our outstanding shares of common stock, (ii) each named executive officer and director, and (iii) all executive officers and directors as a group. A person is considered to beneficially own any shares: (i) over which such person, directly or indirectly, exercises sole or shared voting or investment power, or (ii) of which such person has the right to acquire beneficial ownership at any time within 60 days through an exercise of stock options or warrants. Unless otherwise indicated, voting and investment power relating to the shares shown in the table for our directors and executive officers is exercised solely by the beneficial owner or shared by the owner and the owner’s spouse or children.

Name of Beneficial Owner and Address	**Amount and Nature of Beneficial Ownership of Common Stock**	**Percent of Common Stock (1)**
Daniel Thompson 401 East Las Olas Blvd. Unit 1400 Ft. Lauderdale, Florida	16,003,562	24.84%
Alex Cunningham 401 East Las Olas Blvd. Unit 1400 Ft. Lauderdale, Florida	9,000,000	13.97%
All directors and officers and 5% stockholders as a group	**25,003,562**	**38.81%**

(1) Based on 25,223,578 shares of common stock issued and outstanding as of December 31, 2017.

Note: Daniel Thompson also owns 1 share of Preferred “A”, 720,000 shares of Preferred “B” and 1 share of Preferred “C”; and Alex Cunningham also owns 9,999 shares of Preferred “B” and 1 share of Preferred “C”, respectively.

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

The Company borrows funds from Daniel Thompson, who is a Shareholder and Officer of the Company. The terms of repayment stipulate the loans are due 24 months after the launch of the Legacy Tuition Card (or prior to such date) at an annual interest rate of six percent. As of December 31, 2017 and 2016, the Company had $88,953 and $84,540 due to Daniel Thompson.

Refreshment Concepts, LLC leases its premises from its prior owner under a month-to-month lease at the rate of $1,500 per month. As of December 31, 2017, the Company had lease payable of $25,250 to the related party.

On January 24, 2017, the Company issued 2,010,490 shares of Common Stock to settle $402,098 due to the prior owner of Refreshment Concepts LLC, pursuant to the Acquisition Agreement, dated August 10, 2016. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.24 per share, resulting in loss from extinguishment of debt in amount of $80,420. As of December 31, 2017 and December 31, 2016, in addition to the lease payable of $25,250, the outstanding balance due (included in notes payable to related parties on the financial statements) to the same prior owner was $44,189 and $57,695, respectively.

On January 24, 2017, the Company issued 173,585 shares of Common Stock to settle $34,717 due to the prior owner of Repicci's Franchise Group LLC, pursuant to the Acquisition Agreement, dated August 10, 2016. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.24 per share, resulting in loss from extinguishment of debt in amount of $6,943. As of December 31, 2017 and December 31, 2017, the outstanding balance due (included in notes payable to related parties on the financial statements) to the same prior owner was $2,074 and $40,550, respectively.

During the second quarter of 2017, the prior owner of Repicci's Franchise Group LLC submitted a subscription agreement to the Company regarding the purchase of 90,909 shares of the Company's Series I Preferred Stock by cash payment of $10,000, which was collected during the second quarter of 2017. The transaction was independently negotiated between the Company and the related party. The proceeds from the subscription agreement mitigated the Company's cash pressure in short term. The 90,909 shares of Series I Preferred Stock were issued as of December 31, 2017.

During the second quarter of 2017, the Company issued 906,907 shares of Common Stock to a related party for services rendered. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.0799 per share. Accordingly, the Company recognized stock based compensation of $72,462 to the consolidated statements of operations for the December 31 December 31, 2017.

In addition, the Board of Directors of the Company approved to increase Daniel Thompson's compensation to $25,000 per month from $20,000 effective January 1, 2017. Accordingly, a total salary of $300,00 and $180,000 were accrued and reflected as an expense to Daniel Thompson during the year ended December 31, 2017 and 2016, respectively. The Company issued 10,000,000 shares of Common Stock for forgiveness of $800,000 in accrued salaries. The accrued salaries payable to Daniel Thompson was $112,500 and $742,500 as of December 31, 2017 and December 31, 2016, respectively.

The Company had an employment agreement with a former Chief Operating Officer, Mr. Levy, whereby the Company provided for compensation of $15,000 per month in 2015 and $10,000 per month in 2016. Mr. Levy resigned on June 7, 2016. A total salary of $0 and $90,000 were accrued and reflected as an expense during the year ended December 31, 2017 and 2016, respectively. The Company issued 1,000,000 shares of Common Stock for forgiveness of $80,000 in accrued salaries. The total balance due to Mr. Levy for accrued salaries at December 31, 2017 and December 31, 2016 were $160,000 and $240,000, respectively.

The Company had an employment agreement with the Chief Operating Officer, Mr. Roberts, whereby the Company provided for compensation of $10,000 per month effective in June 2016. A total salary of $60,000 and $0 were accrued and reflected as an expense during the year ended December 31, 2017 and 2016, respectively. The total balance due to Mr. Roberts for accrued salaries at December 31, 2017 and December 31, 2016 were $-0- and $60,000, respectively. In addition, the Company agreed to grant Mr. Roberts stock options for a minimum of 300,000 shares of the Company's common stock at an exercise price of 50% of the current last ten (10) day stock average per share, and 600,000 shares of common stock as a key officer employment incentive to be earned and vested on a pro rata basis at 25,000 shares per month for twenty-four (24) months. The fair value of both 300,000 options and 600,000 shares were determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.226 per share. Accordingly, the accrued expense was $135,600 as of December 31, 2017. On August 8, 2017, Mr. Roberts accepted the offer from the Company to issue 1,000,000 common shares to supersede all his options and warrants in the employment agreement. Additionally, the Company issued 1,000,000 shares of Common Stock as a bonus to Mr. Roberts for his past service to the Company. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.07 per share. Accordingly, the Company recognized stock based compensation of $70,000 to the consolidated statements of operations for the year ended December 31, 2017.

The Board of Directors of the Company approved to increase Chief Executive Officer, Mr. Cunningham's compensation to $25,000 per month from $15,000 effective January 1, 2017. A total salary of $300,000 and $135,000 were accrued and reflected as an expense during the year ended December 31, 2017 and 2016, respectively. The Company issued 5,000,000 shares of Common Stock for forgiveness of $400,000 in accrued salaries. The total balance due to Mr. Cunningham for accrued salaries at December 31, 2017 and December 31, 2016 were $335,000 and $360,000, respectively.

During the third quarter of 2016, the Company issued 1,000,000 shares of common stock to Mr. Cunningham as bonus. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.22 per share. Accordingly, the Company calculated the stock based compensation of $220,000 at its fair value and included it in the consolidated statements of operations for the year ended December 31, 2016.

During the fourth quarter of 2016, the Company issued total 6,000,000 shares of common stock to Mr. Thompson and Mr. Cunningham, or 3,000,000 shares each, for services rendered. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.12 per share. Accordingly, the Company calculated the stock based compensation of $720,000 at its fair value and included it in the consolidated statements of operations for the year ended December 31, 2016.

On September 15, 2017, the Company issued 19,000,000 shares of Common Stock to settle $1,415,600 in accrued salaries to current and former officers of the Company. Additionally, the Company issued 1,000,000 shares to a former employee as a one time bonus, valued at $70,000. The fair value of this stock issuance was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately $0.07 per share. Accordingly, the Company reduced its accrued expenses by $1,415,600 and stock based compensation by $70,000.

Conversion of equity

During the fourth quarter of 2017, 6,000 shares of Series B Preferred Stock were converted into 30,000 shares of Common Stock of the Company per the preferred shareholder's instruction.

During the fourth quarter of 2017, the company issued 1,508 shares of Common Stock for a correction of a prior period conversion of Series B Preferred Stock.
During the year ended December 31, 2016, 591,997 shares of Series "B" Preferred Stock were converted into 2,959,985 shares of Common Stock of the Company per the preferred shareholder's instruction.

ITEM 14. PRINCIPAL LEGAL AND ACCOUNTING FEES AND SERVICES

The aggregate fees billed for the years ended December 31, 2017 and 2016 for professional services rendered by the principal accountant for the audit of its annual financial statements included in Form 10-K ("Audit Fees"), (2) tax compliance, advice, and planning ("Tax Fees"), and (iv) other products or services provided ("Other Fees") and for professional services rendered by company's legal attorney:

	Year Ended December 31, 2017	Year Ended December 31 2016
Legal and Accounting Fees	$ 20,000	$ 20,000
Tax Fees	0	0
All Other Fees	10,500	10,500
Total	$ 30,500	$ 30,500

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Description
3.1	Articles of Incorporation, (incorporated by reference to the Company's Form 10 filed with the SEC on March 27, 2002
3.2	Articles of Amendment, (incorporated by reference to the Company's Form 10 filed with the SEC on March 27, 2002
3.3	Articles of Amendment, (incorporated by reference to the Company's Form 10 filed with the SEC on March 27, 2002
3.4	Articles of Amendment adopted July 18, 2012, (incorporated by reference to the Company's Form 8-K/A filed with the SEC on August 9, 2012
3.5	Articles of Incorporation dated August 22, 2014, (incorporated by reference to the Company's Form 8-K filed with the SEC on September 15, 2014
3.6	Bylaws, filed with the Company's Form 8-K on September 15, 2014
31.1	Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema
101.CAL	XBRL Taxonomy Calculation Linkbase
101.DEF	XBRL Taxonomy Definition Linkbase
101.LAB	XBRL Taxonomy Label Linkbase
101.PRE	XBRL Taxonomy Presentation Linkbase

*Previously filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the Registrant and in the capacities on this 17th day of April 2018.

CARDIFF INTERNATIONAL, INC.

/s/ Alex Cunningham
Alex Cunningham
Chief Executive Officer

/s/ Alex Cunningham
Alex Cunnningham
(Duly Authorized, Principal Executive and Principal Financial Officer)

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

Signature	Title	Date
/s/ Daniel Thompson Daniel Thompson	Chairman of the Board of Directors	April 17, 2018

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alex Cunningham, certify that:

1) I have reviewed this annual report of Cardiff International, Inc. on Form 10-K;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have;

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure the material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation.
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: April 17, 2018

/s/ Alex Cunningham
Alex Cunningham
Chief Executive Officer and Principal Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cardiff International, Inc. (the Company") on Form 10-K for the period ended herein as filed with the Securities and Exchange Commission (the "Report"), I. Alex Cunningham, Chief Executive Officer and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

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

(2) The information contained in the Report fully presents, in all material respects, the financial condition and results of operations or the Company.

Cardiff International, Inc.

By: /s/ Alex Cunningham
Alex Cunningham
Chief Executive Officer and Principal Accounting Officer

Date: April 17, 2018