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

FORM 10-Q

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

For the quarterly period ended **June 30, 2019**

Commission File Number **000-49709**

CARDIFF LEXINGTON CORPORATION
(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 Las Olas Blvd., Unit 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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Exchange Act: Par Value $0.001 Common Stock

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 every Interactive Data File required to be submitted 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 such files)
Yes ☒ No ☐

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 ☒

Common Stock outstanding at August 19, 2019 is 186,633,464 shares of $0.001 par value Common Stock.

FORM 10-Q

CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES CARDIFF LEXINGTON CORPORATION

For the Quarter ending June 30, 2019

The following consolidated financial statements and schedules of the registrant are submitted herewith:

PART I - FINANCIAL INFORMATION
Item 1 - Financial Statements

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2019 AND DECEMBER 31, 2018

		June 30, 2019 (Unaudited) All Companies except Red Rock		December 31, 2018 (Audited)
ASSETS				
Current assets				
Cash	$	176,064	$	118,307
Accounts receivables - net		267,319		64,345
Inventory - net		3,079		3,079
Prepaids and other assets		62,831		46,596
Total current assets		509,293		232,327
Property and equipment, net of accumulated depreciation of $399,262 and $495,331, respectively		282,809		381,301
Land		603,000		603,000
Intangible assets, net		–		–
Goodwill		3,958,897		2,092,048
Deposits		19,600		24,600
Right of use - assets		381,088		–
Other assets		19,352		7,790
Total assets	$	5,774,039	$	3,341,066
LIABILITIES AND SHAREHOLDERS' (DEFICIT)				
Current liabilities				
Accounts payable and accrued expense	$	662,312	$	1,094,521
Accrued expenses - related parties		1,002,000		747,000
Interest payable		516,873		366,297
Right of use - liability		381,088		–
Due to officers and shareholders		152,356		137,816
Deferred Income		345,529		1,036,039
Line of credit		1,999		1,999
Common stock to be issued		500		500
Notes payable, unrelated party		66,796		676,477
Notes payable - related party		310,242		265,242
Convertible notes payable, net of debt discounts of $132,548 and $201,024, respectively		722,084		785,776
Net, liabilities of discontinued operations		2,149,013		–
Convertible notes payable - related party		165,000		165,000
Derivative Liability		6,865,667		1,870,625
Total current liabilities		13,341,459		7,147,292
Other Liabilities				
Convertible notes payable, net of current portion and net of debt discounts of $933,607 and $0, respectively		83,009		1,040,000
Total liabilities	$	13,424,468	$	8,187,292
Shareholders' (deficit)				
Preferred stock				
Preferred Stock all classes		–		
Preferred Stock Series A - 4 Shares authorized, with par value of $0.0001, 1 and 1 share issued and outstanding at June 30, 2019 and December 31, 2018		–		–
Preferred Stock Series B- 10,000,000 shares authorized, with par value of $.001, 2,773,206 and 2,773,206 shares issued and outstanding at June 30, 2019 and December 31, 2018		2,773		2,773
Preferred Stock Series C- 10,000 shares authorized, with par value of $.0.00001, 119 and 119 shares issued and outstanding at June 30, 2019 and December 31, 2018		–		–
Preferred Stock Series D- 1,000,000 shares authorized, with par value of $.001, 400,000 shares issued and outstanding at June 30, 2019 and December 31, 2018		400		400
Preferred Stock Series E- 2,000,000 shares authorized, with par value of $.001, 241,199 shares issued and outstanding at June 30, 2019 and December 31, 2018		241		241
Preferred Stock Series F- 500,000 shares authorized, with par value of $.001, 280,069 shares issued and outstanding at June 30, 2019 and December 31, 2018		280		280
Preferred Stock Series F-1- 500,000 shares authorized, with par value of $.001, 57,193 shares issued and outstanding at June 30, 2019 and December 31, 2018		57		57
Preferred Stock Series G- 2,000,000 shares authorized, with par value of $.001, 18,571,428 and -0- shares issued and outstanding at June 30, 2019 and December 31, 2018		18,571		–
Preferred Stock Series H- 4,859,379 shares authorized, with par value of $.001, -0- and -0- shares issued and outstanding at June 30, 2019 and December 31, 2018		–		–
Preferred Stock Series H-1- 3,000,000 shares authorized, with par value of $.001, -0- shares issued and outstanding at June 30, 2019 and December 31, 2018		–		–
Preferred Stock Series I- 20,000,000 shares authorized, with par value of $.001, 195,000,000 and -0- shares issued and outstanding at June 30, 2019 and December 31, 2018		195,000		–

Preferred Stock Series J- 10,000,000 shares authorized, with par value of $.001,- 0- shares issued and outstanding at June 30, 2019 and December 31, 2018	–	–
Preferred Stock Series J1- 7,500,000 shares authorized, with par value of $.001, -0- shares issued and outstanding at June 30, 2019 and December 31, 2018	–	–
Preferred Stock Series K-10,937,500 shares authorized, with par value of $.001, 8,200,562 shares issued and outstanding at June 30, 2019 and December 31, 2018	8,200	8,200
Preferred Stock Series K1-35,000,000 shares authorized, with par value of $.001, 1,447,157 shares issued and outstanding at June 30, 2019 and December 31, 2018	1,447	1,447
Preferred Stock Series L-100,000,000 shares authorized, with par value of $.001, 98,307,692 shares issued and outstanding at June 30, 2019 and December 31, 2018	98,308	98,308
Preferred I Shares to be issued	–	200,000
Common stock; 7,500,000,000 shares authorized with $0.001 par value;100,342,687 and 602,826 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively (reflects post reverse stock split of 1500:1)	100,343	603
Additional paid-in capital	53,445,201	50,220,067
Accumulated deficit	(61,521,250)	(55,378,603)
Total shareholders' (deficit)	(7,650,429)	(4,846,226)
Total liabilities and shareholders' (deficit)	$ 5,774,039	$ 3,341,066

The accompanying notes are an integral part of these condensed consolidated financial statements

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2019 AND JUNE 30, 2018
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30, 2019	THREE MONTHS ENDED JUNE 30, 2018	SIX MONTHS ENDED JUNE 30 2019	SIX MONTHS ENDED JUNE 30 2018
REVENUE				
Rental income	$ 43,500	$ 47,386	$ 96,378	$ 98,663
Food and beverage	167,349	156,719	315,146	304,015
Sales of ice cream	–	148,326	–	207,389
Sales to franchisees	–	–	–	–
Ice cream	76,271	85,282	94,843	93,075
Franchise fees	2,022	120,000	9,378	120,000
Royalty fees	10,840	3,150	17,539	6,300
Tax Services	901,301	–	1,528,528	–
Total revenue	1,201,283	560,863	2,061,812	829,442
COST OF SALES				
Rental business	54,456	75,079	121,619	113,488
Food and beverage	199,717	114,391	349,360	212,847
Ice cream stores	–	198,575	–	280,730
Tax Services	382,866	–	585,999	–
Total cost of sales	637,039	376,912	1,056,978	595,922
GROSS MARGIN	564,244	183,951	1,004,834	233,520
OPERATING EXPENSES				
Depreciation and amortization expense	6,581	10,870	11,318	14,128
Selling, general and administrative	875,625	557,777	1,535,597	976,292
Total operating expenses	882,206	579,790	1,546,915	1,001,563
LOSS FROM OPERATIONS	(317,962)	(395,839)	(542,081)	(768,042)
OTHER INCOME (EXPENSE)				
Other income	100,674	1,580	102,816	1,580
Bad debt expense	(68,049)	–	(68,049)	–
Change in value of derivative liability	(372,156)	51,396	(4,295,382)	581,686
Gain/(loss) on sale of assets	–	15,070	–	15,070
Interest expense	(71,568)	(42,556)	(170,827)	(91,922)
Conversion cost reimbursement	(3,000)	–	(13,520)	–
Conversion cost penalty	–	–	(532,496)	–
Amortization of debt discounts	(437,991)	(233,520)	(522,360)	(434,960)
Total other income (expenses)	(852,090)	(208,030)	(5,499,818)	71,454
Loss from Discontinued Operations	(100,748)	–	(100,748)	–
NET (LOSS) FOR THE PERIOD	$ (1,270,800)	$ (603,869)	$ (6,142,647)	$ (696,588)
(LOSS) PER COMMON SHARE -BASIC AND DILUTED FOR CONTINUED OPERATIONS	$ (0.03)	$ (10.76)	$ (0.04)	$ (13.62)
(LOSS) PER COMMON SHARE -BASIC AND DILUTED FOR DISCONTINUED OPERATIONS	(0.00)*	NA	$ (0.00)*	NA
WEIGHTED AVERAGE NUMBER OF COMMON SHARES – BASIC AND DILUTED	37,927,962	56,123	155,129,015	51,129

* Less than $0.00

The accompanying notes are an integral part of these condensed consolidated financial statements

CARDIFF LEXINGTON CORPORATION (FORMERLY CARDIFF INTERNATIONAL, INC.)
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' (DEFICIENCY)
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2018
(UNAUDITED)

	Preferred Stock Series A		Preferred Stock Series B, D, E, F, F-1, H, I		Preferred Share s to be issued		Preferred Stock, Series C		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance December 31, 2017	**1**	**$ –**	**8,839,303**	**8,849**	**–**	**–**	**117**	**$ –**	**44,808**	**45**	**$ 45,674,137**	**$ (49,113,352)**	**$ (3,430,321)**
Conversion of Series B Preferred Stock	–	–	**(10,000)**	(10)	–	–	–	–	33	0	10	–	–
Conversion of Series I Preferred Stock	–	–	**(203,655)**	(204)	–	–	–	–	204	0	204	–	–
Conversion of Series H Preferred Stock	–	–	**(4,859,469)**	(4,859)	–	–	–	–	4,049	4	4,855	–	–
Common stock issued for services - Eurasian consulting agreement	–	–	–	–	–	–	–	–	2,591	3	86,748	–	86,751
Conversion of convertible notes payable	–	–	–	–	–	–	–	–	8,272	8	137,179	–	137,187
Reclassified to Derivative liabilities from Additional Paid in Capital	–	–	–	–	–	–	–	–	–	–	156,251	–	156,251
Net loss	–	–	–	–	–	–	–	–	–	–	–	(696,589.0)	(696,589)
Balance June 30, 2018	**1**	**$ –**	**3,776,179**	**$ 3,776**	**–**	**–**	**117**	**$ –**	**59,958**	**$ 60**	**46,059,384**	**$ (49,809,941)**	**$ (3,746,721)**

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2019

	Preferred Stock Series A		Preferred Stock Series B, D, E, F, F-1, H, I		Preferred Share s to be issued		Preferred Stock, Series C		Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance December 31, 2018	**1**	**$ –**	**111,697,591**	**111,707**	**–**	**200,000**	**119**	**$ 0**	**602,826**	**$ 603**	**$ 50,220,067**	**$ (55,378,603)**	**$ (4,846,226)**
Correction to balance reverse split partial rounding shares	–	–	–	–	–	–	–	–	**(826)**	**0**	–	–	0
Issuance for Key Tax acquisition	–	–	18,571,428	18,571	–	–	–	–	500,000	500	1,836,250	–	1,855,321
Issuance of PF I shares as Bonus to Cunningham and Thompson	–	–	250,000,000	250,000	–	(200,000)	–	–	–	–	(50,000)	–	–
Conversion of PF1 to CS shares Cunningham and Thompson	–	–	(55,000,000)	–	–	–	–	–	82,500,000	82,500	(27,500)	–	–
Conversion of convertible notes payable	–	–	–	–	–	–	–	–	16,738,687	16,739	771,428	–	788,167
Reclassified Derivative liabilities to Additional Paid in Capital	–	–	–	–	–	–	–	–	–	–	694,956	–	694,956
Net loss	–	–	–	–	–	–	–	–	–	–	–	(6,142,647)	(6,142,647)
Balance. June 30 2019	**1**	**$ –**	**325,269,019**	**$ 325,277**	**–**	**$ –**	**119**	**$ 0**	**100,340,687**	**$ 100,342**	**$ 53,445,201**	**$ (61,521,250)**	**$ (7,650,429)**

The accompanying notes are an integral part of these condensed consolidated financial statements

CARDIFF LEXINGTON CORPORATION (FORMERLY CARDIFF INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED JUNE 30, 2019 AND JUNE 30, 2018
(UNAUDITED)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss) from continuing operations	$ (6,142,747)	$ (696,589)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation	39,665	70,840
Loss (gain) from disposal of fixed assets	–	(15,070)
Bad debt expense	68,049	
Amortization of loan discount	522,360	434,960
Change in value of derivative liability	4,295,382	(581,686)
Stock based compensation	–	86,751
Convertible note issued for conversion cost reimbursement	–	3,000
Conversion cost penalty	543,016	–
Conversion cost reimbursement	13,520	–
Other Income	–	–
Convertible note issued for services rendered	–	–
(Increase) decrease in:	–	–
Accounts receivable	7,249	(21,169)
Deposits	(11,721)	–
Prepaids and other assets	(6,562)	(14,100)
Increase (decrease) in:		
Accounts payable	(215,846)	121,149
Accrued expenses	210,004	–
Interest payable	230,983	95,972
Taxes payable	–	(3,000)
Accrued payroll taxes	–	–
Accrued officers' salaries	250,909	–
Other liabilities - deferred revenue	155,414	–
Net cash provided by (used in) operating activities	(40,325)	(308,865)
INVESTING ACTIVITIES		
Disposal (Purchase) of fixed assets	–	114,818
Net cash provided by (used in) investing activities	–	114,818
FINANCING ACTIVITIES		
Due to related party	–	(6,970)
Proceeds from convertible notes payable	209,616	402,090
Proceeds from notes payable -related party	45,000	8,609
Proceeds from notes payable	–	
Repayments of interest payable	(52,020)	–
Repayments of convertible notes payable	(96,352)	–
Repayments of notes payable	(8,162)	(117,600)
Repayments to line of credit	–	(7,048)
Net cash provided by financing activities	98,082	279,081
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,757	85,034
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	118,307	85,034
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 176,064	$ 68,986
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 52,020	$ 43,402
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued upon conversion of notes payable	$ 788,167	$ 137,187
Series I Preferred Stock and common stock issued for acquisition	1,855,321	–
Conversion of preferred stock to common stock	$ –	$ 5,073
Reclassification to derivative liabilities from additional paid in capital	$ 694,956	$ 156,252
Debt discount from derivative liabilities	$ 258,000	$ 484,590

The accompanying notes are an integral part of these condensed consolidated financial statements

CARDIFF LEXINGTON CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 Lexington Corporation (formerly Cardiff International, Inc.) ("Cardiff", the "Company"), a publicly held corporation.

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 Lexington Corporation ("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 known as "Collaborative Governance," a form of governance 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, and income-producing commercial real estate properties, 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 businesses with little to no debt, seeking support with both financing and management that had the ability to offer a return to investors.

Description of Business

Cardiff is a holding company that adopted a new business model known as "Collaborative Governance." To date, the Company is not aware of any other domestic holding company using the same business philosophy or governing policies.

To date, Cardiff consists of the following wholly-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; merged into Repicci's Franchise Group
Refreshment Concepts, LLC acquired on August 10, 2016; Sold assets closed business
Repicci's Franchise Group, LLC acquired on August 10, 2016;
Red Rock Travel Group, was acquired July31, 2018 (Discontinued operations April 1, 2019)
Platinum Tax Defenders, LLC was acquired July 31, 2018
JM Enterprise 1s, Inc. (dba) Key Tax Group was acquired May 8 2019

Principles of Consolidation

The consolidated financial statements include the accounts of Cardiff, and its wholly-owned subsidiaries: We Three, LLC; Romeo's NY Pizza; Edge View Properties, Inc.; Repicci's Franchise Group, LLC, Red Rock Travel Group (Discontinued Operations), and Platinum Tax Defenders LLC and JM Enterprise 1 (dba) Key Tax Group. 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 generally accepted accounting principles in the United States of America (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

On January 1, 2018, we adopted ASC 606, Revenue from contracts with customers ("Topic 606") using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606.

There was no impact to the opening balance of accumulated deficit or revenues for the year ended December 31, 2018, as a result of applying Topic 606.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company's revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue from our subsidiaries primarily on a cash basis for sale of food items and monthly rentals of mobile homes. As allowed by a practical expedient in Topic 606, the entity recognizes revenue in the amount to which the entity has a right to invoice. The term between invoicing and when payment is due is not significant.

Our subsidiary Repicci, generates revenues through franchise fees. Revenues from franchise fees are recognized in accordance with guidance Topic 606, as the fees are earned. One-third of the revenues are recognized within 60 days and the balance are recognized over the life of the franchise agreement, which can be up to 15 years.

Our subsidiaries Platinum Tax Defenders and Key Tax generates revenue from services provided in the tax resolution space. Revenue is recognized once services have been completed, based on the contract terms.

Our segmented revenue is disclosed more fully in our consolidated financial statements, see Footnote 15 for further details.

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 June 30, 2019 and December 31, 2018, the Company had accounts receivable of $267,319 and $64,345, respectively. Accounts receivables are primarily generated from our subsidiaries in their normal course of business.

Inventory

Inventory consists of finished goods purchased, which are valued at the lower of cost or net realizable 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 six months ended June 30, 2019 and the year ended December 31, 2018, depreciation and amortization expense was $39,665 ($28,347 is included in Cost of Goods Sold) and $80,165 ($57,468 is included in Cost of Goods Sold), 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 believes such assumptions are also comparable to those that would be used by other marketplace participants. During the six months ended June 30, 2019 and the year-ended December 31, 2018, the company had Goodwill impairment of $-0- and $1,459,725, respectively, related to its acquisitions Red Rock Travel 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.

Valuation of Derivative Instruments

Financial Accounting Standards Board ("FASB") 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 June 30, 2019 and December 31, 2018.

	Level 1	Level 2	Level 3	Total
Fair Value of Derivative Liability – June 30, 2019	$ –	$ –	$ 6,865,677	$ 6,865,677

	Level 1	Level 2	Level 3	Total
Fair Value of Derivative Liability – December 31, 2018	$ –	$ –	$ 1,870,625	$ 1,870,625

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 ASC. Pursuant to paragraph 718-10-30-6 of the FASB ASC, 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.

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.

Stock-Based Compensation – Non Employees

Equity Instruments Issued to Parties Other Than Employees for Acquiring Goods or Services

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 ASC ("Sub-topic 505-50").

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 six month period ended June 30, 2019 and year ended December 31, 2018 the Company did not have any interest and penalties associated with tax positions. As of June 30, 2019 and December 31, 2018, 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 six months ended June 30, 2019 and the year ended December 31, 2018. During a period of net loss, all potentially dilutive securities are anti-dilutive. Accordingly, for the six months ended June 30, 2019 and December 31, 2018 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 (weighted average reflected post 1500:1 reverse stock split for the December 31, 2018 period):

	For the Six months and year ended	
	June 30, 2019	**December 31, 2018**
Numerator:		
Net (loss)	$ (6,142,747)	$ (6,265,251)
Denominator:		
Weighted-average shares outstanding	155,129,015	602,038
Basic (loss) per share	$ (0.01)	$ (0.01)

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 June 30, 2019:

Principal and Interest conversion	613,794,780
Warrants	8,749,287
Preferred Stock conversion	179,106,727
Total	801,6550,794

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 June 30, 2019, the Company had shareholders' deficit of $7,650,429. 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 June 30, 2019 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

Adoption of ASU 2016-02, Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02). Under ASU No. 2016-2, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU No. 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. For public companies, The Company adopted this standard on January 1, 2019 using the modified retrospective method. The new standard provides a number of optional practical expedients in transition. The Company elected the 'package of practical expedients', which permitted the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs; and all of the new standard's available transition practical expedients.

On adoption, the Company recognized a right of use asset of $381,088, operating lease liabilities of $381,088 with a cumulative effect adjustment to accumulated deficit of $35,096, based on the present value of the remaining minimum rental payments under current leasing standards for its existing operating lease.

The new standard also provides practical expedients for a company's ongoing accounting. The Company elected the short-term lease recognition exemption for its leases. For those leases with a lease term of 12 months or less, the Company will not recognize ROU assets or lease liabilities.

In May 2017, the FASB issued ASU No. 2017-09, *"Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting",* to provide clarity and reduce both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The ASU provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in ASC 718. The amendments are effective for fiscal years beginning after December 15, 2017 and should be applied prospectively to an award modified on or after the adoption date. Early adoption is permitted, including adoption in an interim period. The Company adopted the standard on January 1, 2018, which did not have a material impact on the consolidated financial statements.

Recent accounting pronouncements not yet adopted

In June 2016, the FASB amended guidance related to impairment of financial instruments as part of ASU 2016-13 Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which will be effective January 1, 2020. The guidance replaces the incurred loss impairment methodology with an expected credit loss model for which a Group recognizes an allowance based on the estimate of expected credit loss. The Company does not expect that the adoption of the standard to have an impact on the Company's consolidated 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. DISCONTINUED OPERATIONS

In April 2019, the Company discontinued operating Red Rock Travel Group due to continuing operating losses.

3. ACQUISITIONS

JM Enterprise 1 (dba) Key Tax Group

JM Enterprise 1, Inc. (d.b.a. Key Tax Group) and Cardiff Lexington Corporation as previously announced in May 2019 signed a definitive merger agreement under which Key Tax Group became a wholly owned subsidiary effective May 8, 2019. In connection with the closing of the acquisition, on May 8, 2019 a Preferred "G" Class of stock with a par value of $0.001 was issued. The Preferred "G" Class of stock rights and privileges include voting rights, a conversion ratio of 1:1.25 and were distributed at the adjusted rate of $0.07 per share for a total of 18,571,428 representing a value of $1,300,000. Additionally, Cardiff issued 500,000 Common Shares with a par value of $0.001 to novate a convertible debt of $30,912.32. These Preferred "G" shares have a lock-up/leak-out limiting the sale of stock for 12 months after which conversions and sales are limited to 20% of their portfolio per year, pursuant to the terms of the Acquisition Agreement.

The preliminary purchase price allocation of the net assets acquired are as follows:

	Key Tax Fair Value
Cash	$ 35,991
Accounts receivable	189,200
Other assets	11,622
Property and equipment	2,596
Goodwill	1,463,281
Liabilities	(371,778)
Total	$ 1,330,912

Additionally, Cardiff has allocated a Preferred "G1" Class Series for potential investors – 10,000,000 shares authorized, par value $0.001 per share with the following rights and privileges no - voting rights, converts to common stock at a ratio of 1 share preferred to 1.25 shares common. Series G1 stock cannot be diluted due to actions taken by the Company, BOD and/or its shareholders.

4. ACCRUED EXPENSES

As of June 30, 2019, and December 31, 2018, the Company had accrued expenses of $1,731,353 and $1,310,074, respectively, consisted of the following:

	June 30, 2019	**December 31, 2018**
Accrued salaries – related party	997,909	747,000
Accrued expenses – other	733,444	563,074
Total	1,731,353	1,310,074.0

5. PLANT AND EQUIPMENT, NET

Plant and equipment, net as of June 30, 2019 and December 31, 2018 was $336,311 and $381,301, respectively, consisting of the following:

	June 30, 2019	December 31, 2018
Furniture, fixture and equipment	$ 546,002	$ 715,466
Leasehold improvements	136,069	161,166
Total	682,071	876,632
Less: accumulated depreciation	(399,262)	(495,331)
Plant and equipment, net	$ 282,409	$ 381,301

During the three and six months ended June 30, 2019, depreciation expense was $22,463 and $39,665, respectively. The Company accounts for depreciation as a separate item in the operational expense of $11,318 and $6,581 respectively and included $15,391 and $28,347, respectively in depreciation in cost of goods sold.

6. LAND

As of June 30, 2019 and December 31, 2018, 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.

7. LINE OF CREDIT

On December 28, 2016, the Company entered into an unsecured Business Line of Credit Agreement with Fundation Group LLC (“Fundation”), pursuant to which the Company was allowed to take a draw from Fundation up to $20,000 from time to time. The Line of Credit bears interest at a rate of 11.49% per annum, subject to increase or decrease with 90 days notice. There was an initial closing fee of $500 and a 2% draw fee on subsequent draws. Monthly principal and interest payments are due and the line is due in full in 18 months from the latest draw. The outstanding principal and interest will be due in payments over 18 months.

As of June 30, 2019 and December 31, 2018, The Company had balance of $1,999 and $1,999, respectively. During the six months ended June 30, 2019, total cash advanced amounted to $-0- and cash payment made was $-0-.

8. RELATED PARTY TRANSACTIONS

Due to Officers and Officer Compensation

During the six months ended June 30, 2019 and December 31, 2018, the Company borrowed a total of $30,176 and $-0-, respectively to related parties.

The Company borrows funds from Daniel Thompson, who is a Shareholder and Officer of the Company. The terms of repayment stipulate the unsecured loans are due 24 months from issuance or on demand, at an annual interest rate of six percent. As of June 30, 2019 and December 31, 2018, the Company had $137,816 and $77,640 due (included in due to officers and shareholders on the consolidated 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 $150,000 and $300,000 were accrued and reflected as an expense to Daniel Thompson during the six months ended June 30, 2019 and the year ended December 31, 2018, respectively. The accrued salaries payable to Daniel Thompson was $422,500 and $317,500 as of June 30, 2019 and December 31, 2018, 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. Effective May 2019, the Company and Roberts entered a Allonge Addendum Employment Agreement whereby Roberts accepted and agreed to a $5,000 cash settlement and accrued and future salaries would be stock only. A total salary of $60,000 and $120,000 were accrued and reflected as an expense during the six months ended June 30, 2019 and the year ended December 31, 2018, respectively. The total balance due to Mr. Roberts for accrued salaries at June 30, 2019 and December 31, 2018 were $162,000 and $107,000, respectively balance due in preferred "B" stock at $0.50 per share.

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 $150,000 and $300,000 were accrued and reflected as an expense during the six months ended June 30, 2019 and the year ended December 31, 2018, respectively. The accrued salaries payable to Mr. Cunningham was $417,500 and $322,500 as of June 30, 2019 and December 31, 2018, respectively.

Notes Payable – Related Party

The Company has entered into several unsecured loan agreements with related parties (see below; Footnote 9, Notes Payable – Related Party; and Footnote 10 Convertible Notes Payable – Related Party).

Preferred Stock -

During the year ended December 31, 2018, the Company agreed to issue 125,000,000 preferred I shares each to Mr. Thompson and Mr. Cunningham, which were reflected as preferred shares to be issued on the consolidated financial statements at a total cost of stock compensation of $200,000. During the six months ended June 30, 2019, the shares were issued. During the six months ended June 30, 2019, Mssrs. Thompson and Cunningham collectively converted 55,000,000 preferred I shares for 82,500,000 shares of restricted common shares.

9. NOTES PAYABLE

For the six months ended June 30, 2019, the company received $-0- cash proceeds, from notes payable and repaid $-0- in cash.

Notes payable at June 30, 2019 and December 31, 2018 are summarized as follows:

	June 30, 2019	December 31, 2018
Loans Payable Unrelated Party	$ 458,207	$ 665,488
Notes Payable – Unrelated Party	10,989	10,989
Notes Payable – Related Party	360,989	265,242
Total	830,185	941,719
Current portion	(830,185)	(941,719)
Long-term portion	$ –	$ –

Loans and Notes Payable – Unrelated Party

On March 12, 2009, the Company entered into a preferred debenture agreement 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 June 30, 2019, the Company is in default on this debenture. The balance of the note was $10,549 at June 30, 2019.

As of June 30, 2019, the Company had lease payable of $23,988 in connection with two capital leases on two Mercedes Sprinter Vans for the ice cream section and two auto loans related to our pizza business. 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 leases are not in default at the current time.

Notes payable to unrelated party of $31,820 was due to the auto loans for the vehicles used in the Pizza restaurants and Repicci's Group and for daily operations. The loans carry interest from 0% to 6% interest and are not currently in default.

The balance in notes payable to unrelated parties of $402,399, were assumed in connection the acquisition of Red Rock Travel.

Notes Payable – Related Party

On September 7, 2011, the Company entered into a Promissory Note agreement ("Note 3") 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 3, and the principal and any unpaid interest will be due upon maturity. In conjunction with Note 3, 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 3, net of debt discount, was $50,000 and $50,000 at June 30, 2019 and December 31, 2018, respectively. Note 3 is currently in default.

On November 17, 2011, the Company entered into a Promissory Note agreement ("Note 3-1") 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 3-1, and the principal and any unpaid interest will be due upon maturity. In conjunction with Note 3-1, 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 3-1, the Company recorded a $50,000 debt discount during 2011. The balance of Note 3-1, net of debt discount, was $50,000 and $50,000 at June 30, 2019 and December 31, 2018, respectively. Note 3-1 is currently in default.

The Company borrows funds from Officers of our subsidiaries from time to time. The terms of repayment stipulate the unsecured loans are due demand, at no interest. As of June 30, 2019 and December 31, 2018, the Company had $260,989 and $215,989 due respectively.

10. CONVERTIBLE NOTES PAYABLE

Certain of the Company's issued Convertible Notes include anti-dilution provisions that allow 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. The Company has recorded derivative liabilities associated with convertible debt instruments.

As of June 30, 2019, the company received $50,000 net cash proceeds, from convertible notes. The Company recorded amortization of debt discount of $522,360 and $201,440 related to convertible notes, during the six months ended June 30, 2019 and the year ended December 31, 2018, respectively.

Convertible notes at June 30, 2019 and December 31, 2018 are summarized below:

	June 30, 2019	December 31, 2018
Convertible Notes Payable – Unrelated Party	$ 2,111,248	$ 2,026,800
Convertible Notes Payable – Related Party	165,000	165,000
Discount on Convertible Notes Payable - Unrelated Party	(1,066,205)	(201,024)
Total	$ 1,210,043	$ 1,990,775
Current Portion	962,084	950,775
Long-Term Portion	$ 83,009	$ 1,040,000

*	Issuance	Maturity	Rate	Default	12/31/2018 Principal Balance	2019 Add Principal	2019 Principal Conversions	2019 Interest Converted	Shares issued upon conversion 2019	2019 Principal Paid with Cash	2019 interest paid in Cash	6/30/19 Principal Balance	Total Interest expense for Six Month Ended 6/30/2019	Accrued Interest as of 6/30/2019	Conversion price
R	8/21/2008	8/21/2009	12%	Y	150,000	–	–					150,000	9,050	195,658	Short Term
R	3/11/2009	4/29/2014	12%	Y	15,000	–	–					15,000	905	18,570	Short Term
	2/9/2016	2/9/2017	20%	Y	8,485	–	–					8,485	853	6,635	$.03 per share or 50% of market
	10/28/2016	10/28/2017	20%	Y	25,000	–	–					25,000	2,514	13,391	$.03 per share or 50% of market
	3/8/2016	3/8/2017	20%	Y	1,500	–	–					1,500	151	3,389	$.03 per share or 50% of market
	9/12/2016	9/12/2017	20%	Y	80,000	–	–					80,000	8,044	44,866	$.03 per share or 50% of market
	1/24/2017	1/24/2018	20%	Y	55,000	–	–					55,000	5,531	26,807	$.25 per share or 50% of market
	1/27/2017	1/27/2018	20%	Y	2,698	1,500	(4,198)	(9,225)	1,250,000			–	135	1,060	$.25 per share or 50% of market
	2/21/2017	2/21/2018	20%	Y	25,000	1,500	(18,770)		4,231,176			7,730	1,641	10,929	$.25 per share or 50% of market
	3/16/2017	3/16/2018	20%	Y	40,000	–	–					40,000	4,022	18,379	$.25 per share or 50% of market
	4/6/2017	4/6/2018	20%	Y	31,997	–	(31,997)	(2,908)	1,695,400			–	1,600	11,805	$.25 per share or 50% of market
	4/21/2017	4/21/2018	18%	Y	172,000		(89,410)	(2,984)	3,969,066			82,590	4,872	22,763	$.30 per share or 60% of the lowest trading price for 10 days
	11/27/2017	11/27/2018	12%	Y	–			(119)	26,630			–	–	–	60% of the lowest trading or bid (whichever is lower) price for 20 days
	1/19/2018	1/19/2019	24%	Y	83,500		(35,428)	–	358,333			48,072	4,359	13,857	60% of the lowest trading price for 20 days
	3/29/2018	3/29/2019	24%	Y	25,100		(25,100)	–	112,844			–	–	762	60% of the lowest trading price for 15 days
	4/9/2018	4/9/2019	10%	Y	130,206		(2,515)	–	72,901			127,691	10,939	22,326	40% discount on the lowest trading price for previous 25 days

7/10/2018	1/10/2021	12%	N	1,040,000			–		$ (140,000)	$ (52,020)	900,000	56,100	11,016	$0.04/ share or 40% of the lowest bid price for prior 21 days
2/21/2019	1/10/2021	12%	N	–	56,616		–				56,616	3,416	3,416	
7/19/2018	12/31/2018	8%	Y	–			(1,653)				–	–	–	60% of the lowest trading price for 10 days
7/19/2018	12/31/2018	8%	Y	–			–				–	–	–	60% of the lowest trading price for 10 days
8/13/2018	2/13/2019	12%	Y	78,314			(3,367)				78,314	5,913	8,616	$0.004/ share or 60% of the lowest trading price for prior 21 days
8/10/2017	1/27/2018	15%	Y	20,000			–				20,000	1,761	3,849	$.25 per share or 50% of market
12/10/2018	12/10/2019	8%	N	108,000			–				108,000	4,344	4,593	60% of the lowest trading price for 10 days
12/5/2018	12/5/2019	8%	N	100,000		(17,750)	(724)	5,022,337			82,250	3,663	3,224	55% of the lowest trading price for 15 days
5/10/2019	5/10/2020	8%	N	–	150,000		–				150,000	3,033	3,033	55% of the lowest trading price for 15 days
5/22/2018	5/22/2019	20%	Y	40,000							40,000	4,022	8,178	75% of the lowest closing ask price for the three prior trading days
8/9/2018	8/9/2019	30%	N	100,000							100,000	15,083	27,083	70% of the lowest closing ask price for the three prior trading days
9/13/2018	9/13/2019	30%	N	50,000							50,000	7,542	12,083	70% of the lowest closing ask price for the three prior trading days
9/13/2018	9/13/2019	30%	N	50,000							50,000	7,542	12,083	70% of the lowest closing ask price for the three prior trading days
* R = Related Party														
	Convertible Notes Payable			$ 2,266,800	$ 209,616	$ (225,168)	$ (20,980)	16,738,687	$ (140,000)	$ (52,020)	$ 2,111,248	$ 157,079	$ 294,142	
Summary	Convertible Notes Payable - Related Party			$ 165,000	$ –	$ –	$ –	–	$ –	$ –	$ 165,000	$ 9,955	$ 214,228	
	Total			$ 2,431,800	$ 209,616	$ (225,168)	$ (20,980)	16,738,687	$ (140,000)	$ (52,020)	$ 2,276,248	$ 167,034	$ 508,370	

* R = Related Party

The Company entered into a new Convertible note in May 2019 for a total of $150,000. The note is due in 12 months, has 8% interest rate and is convertible after six months at 55% of the lowest trading price for 15 days.

11. FAIR VALUE MEASUREMENT

The Company adopted the provisions of Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") on January 1, 2008. ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

Upon adoption of ASC 825-10, there was no cumulative effect adjustment to beginning retained earnings and no impact on the consolidated financial statements.

The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings (including convertible notes payable), and other current assets and liabilities approximate fair value because of their short-term maturity.

As of June 30, 2019 and December 31, 2018, the Company did not have any items that would be classified as level 1 or 2 disclosures.

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed. 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 are that of volatility and market price of the underlying common stock of the Company.

As of June 30, 2019 and December 31, 2018, the Company did not have any derivative instruments that were designated as hedges.

The derivative liability as of June 30, 2019, in the amount of $6,865,667 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 six months ended June 30, 2019:

Derivative Liability, December 31,2018	$	1,870,625
Financial instruments issued containing derivatives		1,394,616
Settlement of derivative liability upon conversion		(694,956)
Mark to market adjustment		(4,2955,382)
Derivative Liability, June 30, 2019	$	6,865,667

Net loss for the period included mark-to-market adjustments relating to the liabilities held during the six-month periods ended June 30, 2019 and 2018 in the amounts of $(4,295,382) and a gain of $581,687, respectively.

The valuation of the derivative liabilities attached to the convertible debt was arrived at through the use of the Lattice Bi-nominal Option Pricing Model and the following assumptions:

	For the period ended	
	June 30, 2019	**December 31, 2018**
Volatility	801.74%-820.86%	182.91%-636.13%
Risk-free interest rate	1.72%-2.72%	2.13% -2.72%
Expected term	.45 – 2.41	.04 - 5.14

12. CAPITAL STOCK

Series I Preferred Stock

During the six months ended June 30, 2019, the Company issued 250,000,000 shares of Series I Preferred Stock to officers of the Company, which were granted during year ended December 31, 2018. See Note 8, for more details.

Common Stock

During the six months ended June 30, 2019, the Company issued 16,738,687 shares for conversion of convertible notes payable (see Footnote 9), 82,500,00 shares for conversion of Preferred I shares, 500,000 shares issued related to acquisition of Key Tax. and cancelled (826) to adjust partial shares as part of the 1:1500 share reverse stock split.

13. COMMITMENTS AND CONTINGENCIES

The Company has an employment agreement, renewed May 15, 2014, with the Chairman, Mr. Thompson amended on January 1, 2017 through December 31, 2021, whereby we provide for compensation of $25,000 per month.

The Company has an employment agreement with the Chief Executive Officer, Mr. Cunningham, amended on January 1, 2017 through December 31, 2021, whereby we provide for compensation of $25,000 per month.

The Company has an employment agreement with the Chief Operating Officer, Mr. Roberts, effective June 2016 through June 2020, whereby we provide for compensation of $10,000 per month.

The Company has employment agreements for Chief Executives of subsidiaries Platinum Tax Defenders The agreement for Platinum Tax Defenders is a base salary of $20,000 per month, with additional annual bonuses and stock awards based on performance.

There are no other stock option plans, retirement, pension, or profit-sharing plans for the benefit of our sole officers and directors other than as described above.

Leases

The Company's subsidiary Platinum Tax Defenders has an operating lease for an office sub-lease in Simi Valley, California with an initial term of 38 months. Base monthly rent is approximately $4,000 per month plus net operating expenses. A deposit equal to one-month rent was paid and the commencement of the lease. The lease can be extended for a two-year period at same amount of increase in the original lease (3%), at the option of the original lessee. The lease contains variable lease payments for non-rental occupancy expenses. These non-lease components were not included in the determination of the right of use asset and lease liability as part of the transition to ASC 842 due to the practical expedients elected by the Company.

Additionally, the Company's subsidiary Romeo Pizza has an operating lease for its restaurant at Johns Creek, Georgia with an initial term of 65 months and renewed on January 1, 2019 for an additional 120 months. Base monthly rent is approximately $4,629 per month plus net operating expenses. A deposit of $6,000 was paid and the commencement of the lease. The current lease renewal does not currently contain an extension provision. The lease contains variable lease payments for non-rental occupancy expenses. These non-lease components were not included in the determination of the right of use asset and lease liability as part of the transition to ASC 842 due to the practical expedients elected by the Company.

The Company utilizes the incremental borrowing rate in determining the present value of lease payments unless the implicit rate is readily determinable. The Company used an estimated incremental borrowing rate of 15% to estimate the present value of the right of use liability.

The Company has right-of-use assets of $381,088, operating lease liabilities of $381,088 as of June 30, 2019. Operating lease expense for the six months ended June 30, 2019 was $25,886. The company had cash used in operating activities related to leases of $35,086 during the six months ended June 30, 2019. These leases have a remaining term of 2.5 years and 9.75 years.

The following table provides the maturities of lease liabilities at June 30, 2019:

Maturity of Lease Liabilities at June 30, 2019		
2019	$	51,773
2020		106,096
2021		108,705
2022		67,431
2023		60,124
2024 and thereafter		319,144
Total future undiscounted lease payments		713,272
Less: Interest		(302,693)
Present value of lease liabilities	$	381,088

The Company's other subsidiaries also maintain short-term lease agreements for office space. Total rent expense for these rentals was $78,161 for the six months ended June 30, 2019. Total rent expense for the six months ended June 30, 2018 was $71,274.

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 and are exercisable on the grant date and expire in three years. 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 Company determined that the warrants were tainted and therefore the 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 warrants were measured using the Black-Scholes valuation model at the grant dates of the agreement (February 10, 2017, May 10, 2017, August 10, 2017 and December 10, 2017.) 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 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.

During the year ended December 31, 2018, the Company entered into a note agreement for $1,040,000, as part of the note agreement the Company agreed to issue the noteholder warrants exercisable for 4,000,000 shares of common stock with a term of eight years, at an exercise price of $0.04. The terms also include a full-ratchet anti-dilution protection provision and therefore the Company has deemed them to be a derivative liability.

Initial Valuation for Year Ended 12.31.18	89,359
Ending Value 12.31.18	3,795
Change in Valuation for six months ended 6.30.19	6,015
Ending Value 6.30.19	9,810

The table below sets forth the assumptions for Black-Scholes valuation model on each initial date and December 31, 2018.

	Year Ended December 31, 2018
Volatility	213% - 494%
Risk-free interest rate	0.147 – 0.269
Expected term	2.11 – 2.53

Accordingly, the Company recorded warrant expenses of $6,015 for the six months ended June 30, 2019 and $133,123 during the year ended December 31, 2018 .

The following tables summarize all warrant outstanding as of June 30, 2019 and the related changes during this period. The warrants expire three to eight years from grant date, which as of June 30, 2019 is 0.62 – 7.03 years. The intrinsic value of the warrants as of June 30, 2019 was $-0-.

	Number of Warrants	**Weighted Average Exercise Price**
Stock Warrants		
Balance at January 1, 2019	6,614,287	$ 0.21
Granted	–	–
Exercised	–	–
Expired	–	–
Balance at June 30, 2019	6,614,287	0.21
Warrants Exercisable at June 30, 2019	6,614,287	$ 0.21

15. SEGMENT REPORTING

The Company has six 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), (3) “Repicci’s Italian Ice” franchised stores.(4) Red Rock Travel Group (discontinued operations), and (5) Tax resolution services (Platinum Tax Defenders) and (JM Enterprise 1s (dba) Key Tax Group. 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 June 30, 2019 was forty-five (45), seven (7) new state of the art “mobile” units.

Platinum Tax Defenders provides tax resolution services to individuals and companies that have federal and state tax liabilities. The company collects fees based on efforts to negotiate and assist in the settlement of outstanding tax debts.

Red Rock Travel Group was a travel services company that provided discounted travel packages. The packages are marketed in conjunction with interval ownership properties and the company earns fees for scheduling the client visits and commissions on travel packages sold. As of April 1, 2019, this entity is reflected as a discontinued operation.

For the three month period ended

		June 30, 2019			June 30, 2018
Revenues:			**Revenues**:		
We Three	$	43,500	We Three	$	47,386
Romeo’s NY Pizza		167,349	Romeo’s NY Pizza		156,719
Repicci's Group		89,133	Repicci's Group		356,758
Platinum Tax		777,350	Platinum Tax		–
Key Tax		123,951	Key Tax		–
Other		–	Other		–
Consolidated revenues	$	1,201,283	Consolidated revenues	$	560,863
Cost of Sales:			**Cost of Sales:**		
We Three	$	54,456	We Three	$	75,089
Romeo’s NY Pizza		118,568	Romeo’s NY Pizza		114,391
Repicci's Group		81,149	Repicci's Group		198,575
Platinum Tax		236,560	Platinum Tax		–
Key Tax		146,306	Key Tax		–
Other		–	Other		–
Consolidated cost of sales	$	637,040	Consolidated cost of sales	$	376,869
Income (Loss) before taxes			**Income (Loss) before taxes**		
We Three	$	(76,430)	We Three	$	(27,410)
Romeo’s NY Pizza		14,553	Romeo’s NY Pizza		25,723
Repicci’s Group		(2,164)	Repicci’s Group		142,670
Platinum Tax		59,833	Platinum Tax		–
Key Tax		(52,892)	Key Tax		–
Others		(1,213,700)	Others		(744,852)
Consolidated gain/(loss) before taxes	$	(1,270,800)	Consolidated gain/(loss) before taxes	$	(603,869)

For the six month period ended

		June 30, 2019			June 30, 2018
Revenues:		**Revenues:**			
We Three	$	96,378	We Three	$	98,663
Romeo’s NY Pizza		315,146	Romeo’s NY Pizza		304,015
Repicci's Group		121,760	Repicci's Group		426,764
Platinum Tax		1,404,577	Platinum Tax		–
Key Tax		123,951	Key Tax		–
Other		(0)	Other		–
Consolidated revenues	$	2,061,812	Consolidated revenues	$	829,442
Cost of Sales:			**Cost of Sales:**		
We Three	$	121,619	We Three	$	113,488
Romeo’s NY Pizza		228,591	Romeo’s NY Pizza		212,847
Repicci's Group		120,769	Repicci's Group		280,730
Platinum Tax		439,693	Platinum Tax		–
Key Tax		146,306	Key Tax		–
Other		–	Other		–
Consolidated cost of sales	$	1,056,978	Consolidated cost of sales	$	595,922
Income (Loss) before taxes			**Income (Loss) before taxes**		
We Three	$	(96,536)	We Three	$	(17,218)
Romeo’s NY Pizza		19,351	Romeo’s NY Pizza		27,750
Repicci’s Group		(18,292)	Repicci’s Group		85,976
Platinum Tax		89,461	Platinum Tax		(793,097)
Key Tax		(52,892)	Key Tax		–
Others		(6,083,838)	Others		–
Consolidated gain/(loss) before taxes	$	(6,142,747)	Consolidated gain/(loss) before taxes	$	(696,589)

		As of June 30, 2019			As of December 31, 2018
Assets:		**Assets:**			
We Three	$	289,797	We Three	$	318,285
Romeo’s NY Pizza		72,175	Romeo’s NY Pizza		108,908
Repicci’s Group		79,375	Repicci’s Group		169,030
Platinum Tax		123,479	Platinum Tax		60,578
Key Tax		–	Key Tax-		–
Others		5,207,620	Others		2,684,265
Combined assets	$	5,772,446	Combined assets	$	3,341,066

16. SUBSEQUENT EVENTS

Stock Issuances:

In August 2019 the Company entered into a letter of intent to acquire the net assets constituting the business of Acela Biomedical, LLC, for a combination of $15 Million in Preferred Stock and $15 Million in cash. Consummation of the acquisition is conditional upon successful completion of due diligence and transfer of purchase consideration.

Subsequent to June 30, 2019 the Company issued 86,292,777 shares of common stock in connection with conversion of convertible debt.

Subsequent to June 30, 2019, the Company entered into a Convertible Promissory Note agreement with Power UP Lending Group, LTD., for $73,500.

An addendum to change the employment agreement with the Company COO that includes a conversion of accrued payroll to preferred stock was approved by all parties.

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

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements including the related notes, and the other financial information included in this report. For ease of reference, "the Company", "we," "us" or "our" refer to Cardiff Lexington Corporation, and Legacy Card Company, Inc. (d/b/a: Mission Tuition) unless otherwise stated.

Cautionary Statement Concerning Forward-Looking Information

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities for existing products, plans and objectives of management, markets for stock of Cardiff Lexington Corporation and other matters. Statements in this report that are not historical facts are hereby identified as "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Such forward-looking statements, including, without limitation, those relating to the future business prospects, revenue and income of Cardiff Lexington Corporation, wherever they occur, are necessarily estimates reflecting the best judgment of the senior management of Cardiff Lexington Corporation on the date on which they were made, or if no date is stated, as of the date of this report. These forward-looking statements are subject to risks, uncertainties and assumptions, including those described in the "Risk Factors" in Item 1A of Part I of our most recent Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC"), that may affect the operations, performance, development and results of our business. Because the factors discussed in this report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any such forward-looking statements. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company assumes no obligation and does not intend to update these forward looking statements, except as required by law.

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 significantly higher revenue which helps mitigate the risk. Currently we have a small amount of consolidated stockholders' equity. As a result, though pleased with our progress and 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 several additional businesses; We Three, Inc. d/b/a Affordable Housing Initiative, Romeo's NY Pizza, Edge View Properties, FDR Enterprises, Inc. and Refreshment Concepts dissolved or merged into Repicci's Franchise Group, Red Rock Travel Group (discontinued operations as of April 1, 2019),Platinum Tax Defenders and JM Enterprise 1s (dba) Key Tax Group.

Future revenue growth 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 have incurred operating losses from our inception, we still consider ourselves a going concern.

For the fiscal years ended December 31, 2018 and December 31, 2017, 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 Cardiff; 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 $1,000,000 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. In 2014 the Company developed into a Holding Company focusing on acquiring small to medium size Companies that meet the following criteria: 1, Profitable; 2. Good Management; 3. little to no debt. Our efforts are focused on development and growth of our existing subsidiaries and acquiring new acquisitions that meet our requirements. Further, there is no guarantee that we will be successful in realizing revenues or in achieving or sustaining a 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 companies acquired will remain cash flow positive and they could possibly lose revenues. In addition, there are no assurances that the acquisitions will continue as profitable businesses, and they 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.

Overview

Cardiff Lexington Corporation, is currently structured as a company with holdings of various companies.

CARDIFF LEXINGTON CORPORATION, is a public Holding company. 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 have currently placed Mission Tuition on hold until the Company can hire the appropriate management team.

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. Romeo's NY Pizza is currently in negotiations to open a "quick serve" Romeo's location in the Hartsfield International Airport in Atlanta.

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 June 30, 2019 was forty-five (45), seven (7) new state of the art "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 $185,000 to $165,000, as follows: $195,000 for a new Mercedes Sprinter Van, customized for the franchisee, $36,000 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.

Red ROCK TRAVEL GROUP: Cardiff Lexington Corporation (OTCQB:CDIX) and Red Rock Travel Group (Private: "Red Rock Travel Group") in July 2018 signed a definitive merger agreement under which Red Rock Travel Group will merge into Cardiff Lexington as its wholly owned subsidiary has been completed effected July 30th, 2018. In connection with the closing of the acquisition, on July 30th, 2018 a Preferred "K" Class of stock with a par value of $0.001 was established and issued. The Preferred "K" Class of stock rights and privileges include voting rights, a conversion ratio of 1:1.25 and were distributed at the adjusted rate of $0.021 per share for a total of 8,200,562 representing a value of $175,000. These Preferred "K" shares have a lock-up/leak-out limiting the sale of stock for 12 months after which conversions and sales are limited to 20% of their portfolio per year, pursuant to the terms of the Forward Acquisition Agreement. As of April 1, 2019, this entity is reflected as a discontinued operation.

PLATINUM TAX DEFENDERS*:* Cardiff Lexington Corporation (OTCQB:CDIX) and Platinum Tax Defenders (Private: "Platinum Tax Defenders") as previously announced on July 18th, 2018 signed a definitive merger agreement under which Platinum Tax Defenders will merge into Cardiff Lexington as its wholly owned subsidiary has been completed effected July 30th, 2018. In connection with the closing of the acquisition, on July 30th, 2018 a Preferred "L" Class of stock with a par value of $0.001 was established and issued. The Preferred "L" Class of stock rights and privileges include voting rights, a conversion ratio of 1:1.25 and were distributed at the adjusted rate of $0.013 per share for a total of 98.307,692 representing a value of $1,278,000. These Preferred "L" shares have a lock-up/leak-out limiting the sale of stock for 12 months after which conversions and sales are limited to 20% of their portfolio per year, pursuant to the terms of the Acquisition Agreement.

JM ENTERPRISE 1S (DBA) KEY TAX GROUP

JM Enterprise 1, Inc. (d.b.a. Key Tax Group) and Cardiff Lexington Corporation as previously announced in May 2019 signed a definitive merger agreement under which Key Tax Group became a wholly owned subsidiary effective May 8, 2019. In connection with the closing of the acquisition, on May 8^{h}, 2019 a Preferred “G” Class of stock with a par value of $0.001 was issued. The Preferred “G” Class of stock rights and privileges include voting rights, a conversion ratio of 1:1.25 and were distributed at the adjusted rate of $0.07 per share for a total of 18,571,428 representing a value of $1,300,000. Additionally, Cardiff issued 500,000 Common Shares with a par value of $0.001 to novate a convertible debt of $30,912.32. These Preferred “G” shares have a lock-up/leak-out limiting the sale of stock for12 months after which conversions and sales are limited to 20% of their portfolio per year, pursuant to the terms of the Acquisition Agreement.

Additionally, Cardiff has allocated a Preferred “G1” Class Series for potential investors – 10,000,000 shares authorized, par value $0.001 per share with the following rights and privileges no - voting rights, converts to common stock at a ratio of 1 share preferred to 1.25 shares common. Series G1 stock cannot be diluted due to actions taken by the Company, BOD and/or its shareholders.

Results of Operations

We had revenues of $1,201,283 and $2,061,812 for the three and six months ended June 30, 2019, respectively, compared to revenues of $560,864 and $829,442 for the same periods in 2018, an increase 114% and a decrease of 149%, respectively. We have had various acquisitions over the past two years, and during the past year, we have acquired two tax resolution companies. A revenue breakdown by segment is as follows:

For the three-month period ended

	June 30, 2019			June 30, 2018	
Revenues:			**Revenues:**		
We Three	$	43,500	We Three	$	47,386
Romeo’s NY Pizza		167,349	Romeo’s NY Pizza		156,719
Repicci's Group		89,133	Repicci's Group		356,758
Platinum Tax		777,350	Platinum Tax		–
Key Tax		123,951	Key Tax		–
Other		–	Other		–
Consolidated revenues	$	1,201,283	Consolidated revenues	$	560,863

For the six-month period ended

	June 30, 2019			June 30, 2018	
Revenues:			**Revenues:**		
We Three	$	96,378	We Three	$	98,663
Romeo’s NY Pizza		315,146	Romeo’s NY Pizza		304,015
Repicci's Group		121,760	Repicci's Group		426,764
Platinum Tax		1,404,577	Platinum Tax		–
Key Tax		123,951	Key Tax		–
Other		(0)	Other		–
Consolidated revenues	$	2,061,812	Consolidated revenues	$	829,442

We had costs of sales of $637,039 and $1,056,978 for the three and six months ended June 30, 2019 compared to costs of sales of $376,912 and $595,922 for the same periods June 30, 2018. The costs of sales for the periods related to each segment are as follows:

Cost of Sales:			**Cost of Sales:**		
We Three	$	54,456	We Three	$	75,089
Romeo’s NY Pizza		118,568	Romeo’s NY Pizza		114,391
Repicci's Group		81,149	Repicci's Group		198,575
Platinum Tax		236,560	Platinum Tax		–
Key Tax		146,306	Key Tax		–
Other		–	Other		–
Consolidated cost of sales	$	637,040	Consolidated cost of sales	$	376,869

Cost of Sales:		
We Three	$	121,619
Romeo’s NY Pizza		228,591
Repicci's Group		120,769
Platinum Tax		439,693
Key Tax		146,306
Other		–
Consolidated cost of sales	$	1,056,978

Cost of Sales:		
We Three	$	113,488
Romeo’s NY Pizza		212,847
Repicci's Group		280,730
Platinum Tax		–
Key Tax		–
Other		–
Consolidated cost of sales	$	560,867

The increase in cost of sales was primarily attributable to primarily attributable the acquisition of Platinum Tax Defenders and Key Tax in July 2018 and May 2019, respectively, directly related to the increase in revenue.

We had operating expenses of $882,206 and $1,546,415 for the three and six months ended June 30, 2019 compared to operating expenses of $579,790 and $1,001,563 for the three and six months ended June 30, 2018. The increase in operating expenses during the six-month period was primarily due to our increase in salaries and compensation and cost related to penalties on conversion of notes payables. Additionally, stock based compensation decreased to $-0- for the six month period compared to $86,751 for the same period in 2018.

Inflation

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

Liquidity and Capital Resources

Since inception, the principal sources of cash have been funds raised from the sale of common stock, advances from shareholders, and loans in the form of debentures and convertible notes. At June 30, 2019, we had $176,064 in cash and cash equivalents and total assets amounted to $5,774,039. At December 31, 2018 we had $118,307 of cash and cash equivalents, and total assets amounted to $3,341,066.

Net cash used in operating activities was $40,325 and $308,865 for the six months ended June 30, 2019 and 2018, respectively. The negative cash flows from operating activities during the periods were primarily attributable to the net losses of $6,142,747 and $696,589, respectively. These amounts were partially offset by non-cash expenses related to depreciation, amortization of debt discount and change in derivative liability which were $39,665, $522,360 and $4,295,382, respectively. We also had increases in accounts payable and accrued officers’ salaries of $210,004 and $250,909, respectively. In the 2018 period, these amounts were partially offset by non-cash expenses related to depreciation, amortization of debt discount and stock based compensation which were $59,697, $434,960 and $86,751, respectively. We also had decreases in accounts payable of $215,846 for the six months ended June 30, 2019 and increases in accounts payable and accrued officers’ salaries of $121,146 and $215,000 in the same periods in 2018, respectively.

Net cash provided by investing activities was $-0- for the six months ended June 30, 2019, compared to Net cash provided by investing activities was $114,818 for the same period in 2018. Cash flows provided by investing activities for the 2018 period was solely due to the sale of fixed assets.

Net cash provided by financing activities was $98,082 and $279,081 for six months ended June 30, 2019 and 2018, respectively. The cash flows from financing activities during the six months ended June 30, 2019 were primarily attributable to proceeds of convertible notes payable in the amounts of $209,616. For the 2018 period we had cash proceeds of convertible notes payable in the amounts of $402,090.

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 an equity transaction.

Off Balance Sheet Arrangements

As of June 30, 2019, we had no off balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable

Item 4. Controls and Procedures Evaluation of Disclosure Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed,+ summarized, and reported within the required time periods, and that such information is accumulated and communicated to our management, including our Chairman, Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure. Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer has concluded that these disclosure controls and procedures are ineffective. There have been no changes to our disclosure controls and procedures during the six months ended June 30, 2019.

There has been no change in our internal control over financial reporting during the three and six months ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Since the most recent evaluation date, there have been no significant changes in our internal control structure, policies, and procedures or in other areas that could significantly affect our internal control over financial reporting.

(b) Changes in Internal Controls

There were no significant changes in the Company's internal controls over financial reporting or in other factors that could significantly affect these internal controls subsequent to the date of their most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There have been no events under any bankruptcy act, any criminal proceedings nor any judgments or injunctions material to the evaluation of the ability and integrity of any director or executive officer during the last five years.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in the Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instances Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *

* To be filed by amendment

SIGNATURE

In accordance with the requirements of the Exchange Act, the Company has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated:August 19, 2019

CARDIFF LEXINGTON CORPORATION

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

By: /s/ Daniel Thompson
Daniel Thompson
Chairman

Exhibit 31.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT 2002

I, Alex Cunningham, certify that:

1. I have reviewed the amendment to Quarterly Report on Form 10-Q of Cardiff Lexington Corporation;

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. The registrant's other certifying officer and I are 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-15d- 15(f) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that 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; and

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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, 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 controls 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 control over financial reporting.

Dated: August 19, 2019

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

Exhibit 31.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT 2002**

I, Daniel Thompson, certify that:

1. I have reviewed the amendment to Quarterly Report on Form 10-Q of Cardiff Lexington Corporation;

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. The registrant’s other certifying officer and I are 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-15d- 15(f)
for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that 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; and

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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation, 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 controls 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 control over financial reporting.

Dated: August 19, 2019

By: /s/ Daniel Thompson
Chairman of the Board

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the amendment to Quarterly Report of Cardiff Lexington Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alex Cunningham, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

Dated: August 19, 2019

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

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the amendment to Quarterly Report of Cardiff Lexington Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Thompson, Chairman (Acting President and Treasurer) of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

Dated: August 19, 2019

By: /s/ Daniel Thompson
Chairman of the Board