As filed with the Securities and Exchange Commission on August 14, 2018

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

nFüsz, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**7200**	**90-1118043**
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

344 S. Hauser Blvd., Suite 414
Los Angeles, California 90036
(855) 250-2300
(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

Rory J. Cutaia
Chairman of the Board, Chief Executive Officer, President, Secretary, and Treasurer
344 S. Hauser Blvd., Suite 414
Los Angeles, California 90036
(855) 250-2300
(Name including zip code and telephone number, including area code, of agent for service)

With copies to:

Randolf W. Katz
Baker & Hostetler LLP
600 Anton Boulevard, Suite 900
Costa Mesa, California 92626
(714) 966-8807

David E. Danovitch
Robinson Brog Leinwand Greene Genovese & Gluck P.C.
875 Third Avenue, Ninth Floor
New York, New York 10022
(212) 603-6300

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	[X]
(Do not check if a smaller reporting company)		Emerging growth company	[X]

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 to Section 7(a)(2)(B) of the Securities Act. [ ]

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)

Common Stock, par value $0.0001 per share[4]	$ 20,000,000	$ 2,490

(1) In accordance with Rule 457(o) under the Securities Act of 1933, as amended (the “Securities Act”), the number of shares being registered and the proposed maximum offering price per share are not included in this table.
(2) The proposed maximum aggregate offering price has been estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act, and includes shares of common stock, par value $0.0001 per share, nFüsz, Inc. (the “Common Stock”), that the underwriter has an option to purchase to cover over-allotments, if any.
(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price of the securities registered hereunder.
(4) Pursuant to Rule 416 under the Securities Act, the shares registered hereby also include an indeterminate number of additional shares as may from time to time become issuable by reason of stock splits, distributions, recapitalizations, or other similar transactions.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT, WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION , ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

The information contained in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS **SUBJECT TO COMPLETION** **DATED AUGUST 14, 2018**

_______ Shares
Common Stock

We are offering ________shares of common stock, $0.0001 par value (the "Common Stock"), of nFüsz, Inc., a Nevada corporation (the "Company"), in a firm commitment underwritten public offering. Our Common Stock is quoted on the OTC Markets Group Inc.'s OTCQB® tier Venture Market (the "OTCQB") under the symbol "FUSZ."

On August 13, 2018, the last reported sale price of our Common Stock as reported on the OTCQB was $0.5459 per share. The actual offering price per share of Common Stock will be as determined between us and A.G.P./Alliance Global Partners Corp. (the "Underwriter") at the time of pricing and may be issued at a discount to the current market price of our Common Stock. We intend to apply to list our Common Stock on the Nasdaq Capital Market ("NASDAQ") under the symbol "FUSZ," which listing we anticipate will occur simultaneously with the closing of this offering. We have not yet received approval to list our Common Stock on NASDAQ and there is no assurance that our Common Stock will ever be listed on NASDAQ.

This prospectus contains or incorporates by reference summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed or have been incorporated by reference as exhibits to the registration statement of which this prospectus forms a part, and you may obtain copies of those documents as described in this prospectus under the heading "Where You Can Find More Information."

Investing in our securities involves a high degree of risk. See "Risk Factors" on page 5 of this prospectus for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total Without Exercise of Over-Allotment Option	Total With Exercise of Over-Allotment Option
Public offering price	$	$	$
Underwriting discounts and commissions(1)	$	$	$
Offering proceeds, before expenses, to us	$	$	$

(1) See "Underwriting" on page 56 for additional information on the compensation payable to the Underwriter.

We have granted an over-allotment option to the Underwriter as set forth below. Pursuant to this over-allotment option, the Underwriter may elect to purchase up to a maximum of additional shares of Common Stock from us at the public offering price above, less underwriting discounts and commissions, within 45 days of the date of this prospectus to cover over-allotments, if any. If the Underwriter exercises the over-allotment option in full, the total underwriting discounts and commissions payable by us will be $, and the total proceeds to us, before expenses, will be $, assuming an offering price of $ per share (the last reported sales price of our Common Stock on the OTCQB on , 2018).

The Underwriter expects to deliver the shares of common stock to purchasers on or before , 2018.

A.G.P.

The date of this prospectus is , 2018.

TABLE OF CONTENTS

Prospectus Summary	1
Risk Factors	5
Special Note Regarding Forward-Looking Statements	17
Use of Proceeds	18
Market Price and Dividend Information	19
Capitalization	20
Dilution	21
Business	23
The Proposed Sound Concepts Acquisition	28
Business of Sound Concepts	29
Management's Discussion and Analysis of Financial Condition and Results of Operations — nFüsz	30
Management	39
Certain Relationships and Related Party Transactions and Director Independence	42
Executive Compensation	45
Security Ownership of Certain Beneficial Owners and Management	49
Description of Securities	50
Material U.S. Federal Income and Estate Tax Consequences to Non-U.S. Holders	53
Shares Available For Future Sales	55
Underwriting	56
Legal Matters	62
Experts	63
Where You Can Find More Information	64
Index to Financial Statements	F-1

We and the Underwriter have not authorized anyone to provide you any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the Underwriter are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations, and prospects may have changed since that date.

For investors outside of the United States: we have not and the Underwriter has not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Common Stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights certain information about us, this offering, and selected information contained in this prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in our Common Stock. For a more complete understanding of the Company and this offering, we encourage you to read and consider the more detailed information in this prospectus, including "Risk Factors" and the financial statements and related notes. Unless we specify otherwise, all references in this prospectus to "nFüsz," "we," "our," "us," and "the Company" refer to nFüsz, Inc. and our subsidiaries.

Company Overview

Cutaia Media Group, LLC ("CMG") was organized on December 12, 2012, as a limited liability company under the laws of the State of Nevada. On May 19, 2014, bBooth, Inc. was incorporated under the laws of the State of Nevada. On May 19, 2014, CMG merged into bBooth, Inc. and, thereafter, bBooth, Inc. changed its name to bBooth (USA), Inc., effective as of October 16, 2014. The operations of CMG and bBooth (USA), Inc. became known as, and are referred to in this prospectus as, "bBoothUSA."

On October 16, 2014, bBoothUSA was acquired by Global System Designs, Inc. ("GSD"), pursuant to a Share Exchange Agreement entered into with GSD (the "Share Exchange Agreement"). GSD was incorporated in the state of Nevada on November 27, 2012. The acquisition was accounted for as a reverse merger transaction. In connection with the closing of the transactions contemplated by the Share Exchange Agreement, GSD's management was replaced by bBoothUSA's management, and GSD changed its name to bBooth, Inc.

Effective April 21, 2017, we changed our corporate name from bBooth, Inc. to nFüsz, Inc. The name change was effected through a parent/subsidiary short-form merger of nFüsz, Inc., our wholly-owned Nevada subsidiary, formed solely for the purpose of the name change, with and into us. We were the surviving entity. To effectuate the merger, we filed Articles of Merger and a Certificate of Correction (relative to the effective date of the name change merger) with the Secretary of State of the State of Nevada on April 4, 2017 and April 17, 2017, respectively. The merger became effective on April 21, 2017. Our board of directors approved the merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the Nevada Revised Statutes, stockholder approval of the merger was not required.

Our Business

We are an applications services provider marketing cloud-based business software products on a subscription basis. Our flagship product, notifiCRM, is a Customer Relationship Management ("CRM") application that is distinguishable from other CRM programs because it utilizes interactive video as the primary means of communication between sales and marketing professionals and their clients or prospects. notifiCRM allows our users to create, distribute, and post interactive videos that contain on-screen interactive icons, buttons, and other elements, that when clicked, allow their prospects and customers to respond to our users' call to action in real-time, in the video, while the video is playing, without leaving or stopping the video. Our users report increased sales conversion rates compared to traditional, non-interactive video. We developed the proprietary interactive video technology, which serves as the basis for our cloud, Software-as-a-Service ("SaaS") products and services that we market under the brand name "notifi" and they are accessible on all mobile and desktop devices. No download is required to access and use our applications. Our users also have access to detailed analytics in the application dashboard that reflect when the videos were viewed, by whom, how many times, for how long, and what interactive elements were clicked-on in the video, among other things, all of which assist our users in focusing their sales and marketing efforts by identifying which clients or prospects have interest in the subject matter of the video.

Our notifiCRM platform can accommodate any size campaign or sales organization, and it is enterprise-class scalable to meet the needs of today's global organizations. We are working with our vendors to ensure that it is so scalable based upon our current agreements with them. We offer stand-alone versions of our notifiCRM product on a subscription basis to individual consumers, sales-based organizations, consumer brands, marketing and advertising agencies, as well as to artists and social influencers. We also offer notifiCRM through a network of partners and resellers that include Oracle/NetSuite and Marketo, who offer notifiCRM to their respective clients and customers as an upgrade to their existing Oracle/NetSuite or Marketo subscriptions. notifiCRM is fully integrated into each of their platforms and upon payment of the upgrade fee, is accessible through the respective dashboards of Oracle/NetSuite and Marketo. We are actively developing integrations of notifiCRM into other popular marketing, CRM, and Enterprise Resource Management ("ERP") platforms.

Our notifiMED application is designed for physicians and other healthcare providers to create more efficient and effective interactive communications with patients. Patients are able to avoid unnecessary and inconvenient visits to their physicians' or other healthcare providers' offices by viewing and responding to interactive videos through in-video, on-screen clicks that are designed to assess the patients' need for an office visit. If the patient's responses to the interactive video indicate that an office visit is either necessary or desirable, the patient can schedule the office visit right in through video inreal time. Patients can also download and print prescriptions, care instructions, and other physician distributed documents right from and through the video. notifiMED is offered on a subscription basis.

Our notifiEDU application is designed for teachers and school administrators for more effective communications with students, parents, and faculty. notifiEDU allows teachers to deliver interactive lessons to students which are both more engaging and more effective. notifiEDU allows teachers to communicate with students through their mobile devices and computers to deliver lessons and tests/quizzes on the screen and in the video. The analytics capabilities of notifiEDU available on the dashboard of the teacher or school administrator allows them to track which students watched the lesson, when, for how long, how many times, and track and report on test/quiz results. notifiEDU is offered on a subscription basis.

Our notifiTV and notifiLIVE products are also part of our proprietary interactive video platform that allows viewers to interact with pre-recorded as well as live broadcast video content by clicking on links embedded in on-screen people, objects, graphics, or sponsors' signage. Viewers can experience our notifiTV and notifiLIVE interactive content and capabilities on most devices available in the market today without the need to download special software or proprietary video players.

Proposed Acquisition of Sound Concepts

On July 17, 2018, we entered into a non-binding letter of intent with Sound Concepts, Inc. ("Sound Concepts"), to memorialize discussions related to our acquisition (the "Sound Concepts Acquisition") of all of the issued and outstanding shares of capital stock of Sound Concepts (the "Sound Concepts Capital Stock"). We anticipate acquiring the Sound Concepts Capital Stock for an aggregate of $25,000,000 of value, to be payable through a combination of a cash payment by us of $15,000,000 (the "Acquisition Cash Payment") and the issuance of shares of our Common Stock with a fair market value of $10,000,000 (the "Acquisition Stock"). We anticipate forming an acquisition subsidiary into which Sound Concepts will merge in accordance with the provisions of a three-party merger agreement among Sound Concepts, our acquisition subsidiary, and us.

The consummation of the proposed Sound Concepts Acquisition is subject to the satisfaction or waiver of certain conditions. In addition to customary closing conditions, our obligation to complete the proposed Sound Concepts Acquisition is conditioned on (i) the preparation of audited financial statements for Sound Concepts for the fiscal years ended December 31, 2017 and 2016, and unaudited financial statements for Sound Concepts for all completed interim periods during fiscal 2018 prior to the consummation of the Sound Concepts Acquisition, all of which shall have been prepared in accordance with GAAP; and (ii) the negotiation, execution, and delivery of definitive transaction documents necessary to consummate the proposed Sound Concepts Acquisition. There can be no assurance that we will enter into definitive transaction documents, or that the proposed Sound Concepts Acquisition will be consummated. Unless and until all conditions set forth in the letter of intent are satisfied or waived, neither party has a binding obligation to enter into definitive transaction documents or otherwise consummate the transactions contemplated by the letter of intent.

Sound Concepts is an established 25-year-old business with approximately 60 employees, based in Salt Lake City, Utah, providing digital marketing and sales support services, including a video-based sales application, to the direct sales industry. Currently, they have approximately 75 clients in the network marketing and affiliate marketing sector, which include Isagenix, Vasayo, Nu Skin, Nerium, Forever Living, Seacret, among many others. Their sales application, offered as a SaaS application, is known as Brightools and is designed specifically to meet the needs of direct sales representatives. Brightools provides recruiting tools, sales representative training, and education tools, as well as instant notification capabilities to notify users when a prospect has engaged in shared content. Brightools also tracks customer purchases and allows corporate to monitor field activity to track the effectiveness of campaigns as well as compliance. Brightools is currently in use in over 48 different countries and has more than 360,000 current users.

We believe that Sound Concepts' business is highly complementary to our own, and the combination of their technology, customer base, and human capital with our own will result in increased shareholder value.

Corporate Information

We are a Nevada corporation. Our principal executive/administrative offices are located at 344 South Hauser Boulevard, Suite 414, Los Angeles, California 90036, and our telephone number is (855) 250-2300. Our website address is https://www.nfusz.com. Information on or accessed through our website is not incorporated into this prospectus and is not a part of this prospectus.

Our Common Stock is not listed on any national stock exchange but is quoted on the OTCQB under the symbol "FUSZ."

The Offering

Issuer:	nFüsz, Inc.
Shares offered by us:	shares of Common Stock (or shares of Common Stock if the Underwriter exercises its over-allotment option in full)
Offering Price:	$ per share
Common Stock outstanding prior to this offering:	153,698,043 shares
Common Stock to be outstanding after this offering:	shares, assuming shares are issued in this offering (or shares if the Underwriter exercises its over-allotment option in full, assuming shares are issued in this offering)
Over-allotment option:	We have granted the Underwriter a 45-day over-allotment option to purchase up to an additional shares of our Common Stock at the public offering price less estimated underwriting discounts and commissions.
Use of proceeds:	We estimate the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million ($ million if the Underwriter's over-allotment option to purchase additional shares is exercised in full), assuming a public offering price of $ per share, the last reported sale price of our Common Stock on the OTCQB on , 2018. The actual offering price per share will be as determined between us and the Underwriter at the time of pricing, and may be at a discount to the current market price. We intend to use the net proceeds from this offering for working capital and general corporate purposes. We may also use a portion of the net proceeds from this offering to pay for all or a portion of the Acquisition Cash Payment, as well as transaction and integration costs incurred in connection with the Sound Concepts Acquisition. For a more complete description of our intended use of the net proceeds from this offering, see "Use of Proceeds" and "The Proposed Sound Concepts Acquisition."
Risk Factors:	This investment involves a high degree of risk. See the section entitled "Risk Factors" beginning on page 5 of this prospectus for a discussion of factors you should consider carefully before making an investment decision.
OTCQB Symbol:	Our Common Stock is traded under the symbol "FUSZ." We intend to apply for the listing of our Common Stock offered hereby on NASDAQ under the symbol "FUSZ," and anticipate such listing to occur concurrently with this offering.

The number of shares of Common Stock shown above to be outstanding after this offering is based on 153,698,043 shares of Common Stock outstanding as of August 13, 2018, which excludes: (i) 24,534,605 shares of Common Stock issuable upon exercise of stock options with a weighted-average exercise price of approximately $0.30 per share; (ii) 5,154,047 shares of Common Stock reserved for issuance under our 2014 Stock Option Plan (the "Plan"); (iii) 31,854,113 shares of Common Stock issuable upon the exercise of all outstanding warrants with a weighted-average exercise price of approximately $0.14 per share; and (iv) 11,264,826 shares of Common Stock issuable upon the conversion of all outstanding convertible notes.

RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as other information presented in this prospectus or in any other documents incorporated by reference into this prospectus, in light of your particular investment objectives and financial circumstances. Moreover, the risks so described are not the only risks we face. Additional risks not presently known to us or that we currently perceive as immaterial may ultimately prove more significant than expected and impair our business operations. Any of these risks could adversely affect our business, financial condition, results of operations, and prospects. The trading price of our securities could decline due to any of these risks and you may lose all or part of your investment.

Risks Related to Our Business

We have incurred significant net losses and cannot assure you that we will achieve or maintain profitable operations.

To date, we have generated limited revenues from our operations and have incurred losses since inception. Our net loss was $7,266,553 for the year ended December 31, 2017 and $4,274,105 for the year ended December 31, 2016. Our net loss was $6,722,532 for the six months ended June 30, 2018, compared to net loss of $2,968,585 for the six months ended June 30, 2017. As of June 30, 2018, we had a stockholders' deficit of $2,180,711. We may continue to incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications, and delays, and other unknown events.

We anticipate that our operating expenses will increase substantially in the foreseeable future as we undertake increased technology and production efforts to support our business and increase our marketing and sales efforts to drive an increase in the number of customers and clients utilizing our services. These increased expenditures may make it more difficult to achieve and maintain profitability. In addition, our efforts to grow our business may be more expensive than we expect, and we may not be able to generate sufficient revenue to offset increased operating expenses. If we are forced to reduce our expenses, our growth strategy could be compromised. To offset these anticipated increased operating expenses, we will need to generate and sustain significant revenue levels in future periods in order to become profitable, and, even if we do, we may not be able to maintain or increase our level of profitability.

Accordingly, we cannot assure you that we will achieve sustainable operating profits as we continue to expand our infrastructure, restructure our balance sheet, further develop our marketing efforts, and otherwise implement our growth initiatives. Any failure to achieve and maintain profitability would have a materially adverse effect on our ability to implement our business plan, our results and operations, and our financial condition, and could cause the value of our Common Stock to decline, resulting in a significant or complete loss of your investment.

Our independent registered public accounting firm's reports for the fiscal years ended December 31, 2016 and December 31, 2017 has raised substantial doubt as to our ability to continue as a "going concern."

Our independent registered public accounting firm indicated in its reports on our audited consolidated financial statements as of and for the years ended December 31, 2016 and December 31, 2017 that there is substantial doubt about our ability to continue as a going concern. A "going concern" opinion indicates that the financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result if we do not continue as a going concern. Therefore, you should not rely on our consolidated balance sheet as an indication of the amount of proceeds that would be available to satisfy claims of creditors, and potentially be available for distribution to stockholders, in the event of liquidation. The presence of the going concern note to our financial statements may have an adverse impact on the relationships we are developing and plan to develop with third parties as we continue the commercialization of our products and could make it challenging and difficult for us to raise additional financing, all of which could have a material adverse impact on our business and prospects and result in a significant or complete loss of your investment.

Our ability to grow and compete in the future will be adversely affected if adequate capital is not available to us or not available on terms favorable to us.

We have limited capital resources. To date, we have financed our operations entirely through equity investments by founders and other investors and the incurrence of debt, and we expect to continue to do so in the foreseeable future. Our ability to continue our normal and planned operations, to grow our business, and to compete in our industry will depend on the availability of adequate capital.

We cannot assure you that we will be able to obtain additional funding from those or other sources when or in the amounts needed, on acceptable terms, or at all. If we raise capital through the sale of equity, or securities convertible into equity, it would result in dilution to our existing stockholders, which could be significant depending on the price at which we may be able to sell our securities. If we raise additional capital through the incurrence of additional indebtedness, we would likely become subject to further covenants restricting our business activities, and holders of debt instruments may have rights and privileges senior to those of our equity investors. In addition, servicing the interest and principal repayment obligations under debt facilities could divert funds that would otherwise be available to support development of new programs and marketing to current and potential new clients. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce, or eliminate development of new programs or future marketing efforts, or reduce or discontinue our operations. Any of these events could significantly harm our business, financial condition, and prospects.

Our business depends on customers increasing their use of our services and/or platform, andwe may experience loss of customers or decline in their use of our services and/or platform.

Our ability to grow and generate revenue depends, in part, on our ability to maintain and grow our relationships with existing customers and convince them to increase their usage of our platform. If our customers do not increase their use of our platform, then our revenue may not grow and our results of operations may be harmed. It is difficult to accurately predict customers' usage levels and the loss of customers or reductions in their usage levels may have a negative impact on our business, results of operations, and financial condition. If a significant number of customers cease using, or reduce their usage of, our platform, then we may be required to spend significantly more on sales and marketing than we currently plan to spend in order to maintain or increase revenue from customers. These additional expenditures could adversely affect our business, results of operations and financial condition. Most of our customers do not have long-term contractual financial commitments to us and, therefore, most of our customers may reduce or cease their use of our platform at any time without penalty or termination charges.

The market in which we operate is dominated by large, well established competitors.

The CRM industry is currently dominated by Salesforce.com, Inc., Microsoft Corporation, Oracle Corporation, and SAP SE, which collectively account for more than 40% of industry sales. The CRM applications offered by these companies, as well as by many others, have numerous differences in feature sets and functionality, but all share certain basic attributes. Most of them were designed before the advent and proliferation of mobile phones, social media, and the technology behind the current ubiquity of video over the internet and more recently on mobile devices. While many of our competitors have attempted to incorporate video capabilities into their respective CRM platforms, none of them utilizes interactive video technology similar to that of notifiCRM. In addition, notifiCRM videos are viewable on both mobile and desktop devices regardless of operating system and without the need to download a proprietary player or program.

The market in which we operate is intensely competitive and, if we do not compete effectively, our operating results could be harmed.

The market for CRM applications is intensely competitive and rapidly changing, barriers to entry are relatively low, many of our competitors are larger and have more resources than we do, and with the introduction of new technologies and market entrants, we expect competition to intensify in the future. If we fail to compete effectively, our operating results will be harmed.

Notwithstanding the competitive edge that we believe notifiCRM provides, many of our competitors enjoy other substantial competitive advantages, such as greater name recognition, longer operating histories, and larger marketing budgets, as well as substantially greater financial, technical, and other resources. In addition, many of our potential competitors have established marketing relationships and access to larger customer bases, and have major distribution agreements with consultants, system integrators, and resellers.

As a result, our competitors may be able to respond more effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. Furthermore, because of these advantages, even if our service is more effective than the products that our competitors offer, potential customers might accept competitive products and services in lieu of purchasing our service. For all of these reasons, we may not be able to compete successfully against our current and future competitors.

We may not be able to increase the number of our partners or grow the revenues received from our current partnership relationships.

The differences between notifiCRM and many of the larger, more established providers of CRM software may serve to highlight the reasons we have chosen not only to develop our own standalone SaaS cloud CRM platform, but also to permit incorporation and integration of our interactive video technology into third-party platforms. The enterprises that own or control those platforms can then offer notifiCRM to their clients and customers as an upgrade feature. The implementation of this strategy is evidenced by the partnerships we currently enjoy with Oracle/NetSuite and Marketo. There can be no assurance, however, that those relationships will result in material revenues for us or that we will be able to generate any other meaningful partnerships.

We may not be able to develop enhancements and new features to our existing service or acceptable new services that keep pace with technological developments.

Even though we believe that our notifiCRM is currently unsurpassed in its features and ease of use, technology invariably advances. If we are unable to develop enhancements to, and new features for, notifiCRM that keep pace with rapid technological developments, our business will be harmed. The success of enhancements, new features, and services depends on several factors, including the timely completion, introduction, and market acceptance of the feature or edition. Failure in this regard may significantly impair our revenue growth. We may not be successful in either developing these modifications and enhancements or in timely bringing them to market at a competitive price or at all. Furthermore, notwithstanding that notifiCRM videos are currently viewable on both mobile and desktop devices regardless of operating system, potential uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. Any failure of our service to operate effectively with future network platforms and technologies could reduce the demand for our service, result in customer dissatisfaction, and harm our business.

Our ability to deliver our services is dependent on the maintenance of the infrastructure of the Internet by third parties.

The Internet's infrastructure is comprised of many different networks and services that, by design, are highly fragmented and distributed. This infrastructure is run by a series of independent, third-party organizations that work together to provide the infrastructure and supporting services of the Internet under the governance of the Internet Corporation for Assigned Numbers and Names (ICANN) and the Internet Assigned Numbers Authority (IANA), which is nowrelated to ICANN.

The Internet has experienced, and will continue to experience, a variety of outages and other delays due to damages to portions of its infrastructure, denial-of-service attacks, or related cyber incidents. These scenarios are not under our control and could reduce the availability of the Internet to us or our customers for delivery of our services. Any resulting interruptions in our services or the ability of our customers to access our services couldresult in a loss of potential or existing customers and harm our business.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, and personally identifiable information of our customers and employees. The secure processing, maintenance, and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost, or stolen. Advanced attacks are multi-staged, unfolding over time, and utilize a range of attack vectors with military-grade cyber weapons and proven techniques such as spear phishing and social engineering, leaving organizations and users at high risk of being compromised. The vast majority of data breaches, whether conducted by a cyber attacker from inside or outside of the organization, involve the misappropriation of digital identities and user credentials. These credentials are used to gain legitimate access to sensitive systems and high-value personal and corporate data. Many large, well-known organizations have been subject to cyber-attacks that exploited the identity vector, demonstrating that even organizations with significant resources and security expertise have challenges securing their identities. Any such access, disclosure, or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, a disruption of our operations, damage to our reputation, or a loss of confidence in our business, any of which could adversely affect our business, revenues, and competitive position.

Organizations face growing regulatory and compliance requirements.

New and evolving regulations and compliance standards for cyber security, data protection, privacy, and internal IT controls are often created in response to the tide of cyber-attacks and will increasingly impact organizations. Existing regulatory standards require that organizations implement internal controls for user access to applications and data. In addition, data breaches are driving a new wave of regulation, such as the European Union's General Data Protection Regulation, with stricter enforcement and higher penalties. Regulatory and policy-driven obligations require expensive and time-consuming compliance measures. The fear of non-compliance, failed audits, and material findings has pushed organizations to spend more to ensure they are in compliance, often resulting in costly, one-off implementations to mitigate potential fines or reputational damage. The high costs associated with failing to meet regulatory requirements, combined with the risk of fallout from security breaches, has elevated this topic from the IT organization to the executive and board level.

Our business is highly competitive and any failure to adapt to changing consumer preferences may adversely affect our business and financial results.

We operate in a highly competitive, consumer-driven, and rapidly changing environment. Our success will, to a large extent, be dependent on our ability to acquire, develop, adopt, upgrade, and exploit new and existing technologies to address consumers' changing demands and distinguish our services from those of our competitors. We may not be able to accurately predict technological trends or the success of new products and services. If we choose technologies or equipment that are less effective, cost-efficient, or attractive to our customers than those chosen by our competitors, or if we offer services that fail to appeal to consumers, are not available at competitive prices, or that do not function as expected, our competitive position could deteriorate, and our business and financial results could suffer.

The ability of our competitors to introduce new technologies, products, and services more quickly than we do may adversely affect our competitive position. Furthermore, advances in technology, decreases in the cost of existing technologies, or changes in competitors' product and service offerings may require us in the future to make additional research and development expenditures or to offer products and services at no additional charge or at a lower price. In addition, the uncertainty of our ability, and the costs, to obtain intellectual property rights from third parties could impact our ability to respond to technological advances in a timely and effective manner. If we are unable to successfully compete with existing companies and new entrants to the markets we compete in, our business, results of operations, and financial condition could be adversely affected.

We expect that the success of our business will be highly correlated to general economic conditions.

We expect that demand for our products and services will be highly correlated with general economic conditions, as we expect a substantial portion of our revenue will be derived from discretionary spending by individuals, which typically falls during times of economic instability. Declines in economic conditions in the United States or in other countries in which we may operate may adversely impact our financial results. Because such declines in demand are difficult to predict, we or our industry may have increased excess capacity as a result. An increase in excess capacity may result in declines in prices for our products and services. Our ability to grow or maintain our business may be adversely affected by sustained economic weakness and uncertainty, including the effect of wavering consumer confidence, high unemployment, and other factors. The inability to grow or maintain our business would adversely affect our business, financial conditions, and results of operations, and thereby an investment in our Common Stock.

We do not currently have any patents to protect our technologies and thus, we may not gain market share to our competitors and be unable to operate our business profitably.

Our success depends significantly on our ability to protect our rights to the technologies used in our products. We currently do not have pending patent applications and we rely on copyright, trade secrets, and nondisclosure, confidentiality and other contractual arrangements to protect our technology and intellectual property rights. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or maintain any competitive advantage. In addition, we cannot be assured that any future pending patent applications will result in the issuance of a patent to us or that we will have the financial or operational resources successfully to prosecute any patents that we may undertake. The U.S. Patent and Trademark Office, or "PTO", may deny or require significant narrowing of claims in future patent applications, and patents issued as a result of the pending patent applications, if any, may not provide us with significant commercial protection or be issued in a form that is advantageous to us. We could also incur substantial costs in proceedings before the PTO. Our pending patent applications may be challenged, which could limit our ability to stop competitors from marketing related technologies. There can also be no assurance that competitors will not be able to design around any patents that may be issued to us in the future. In addition, we rely on unpatented proprietary technology. We cannot assure you that we can meaningfully protect all our rights in our unpatented proprietary technology or that others will not independently develop substantially equivalent proprietary products or processes or otherwise gain access to our unpatented proprietary technology.

We seek to protect our know-how and other unpatented proprietary technology with confidentiality agreements and intellectual property assignment agreements with our employees, our partners, independent distributors, and consultants. However, such agreements may not be enforceable or may not provide meaningful protection for our proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements or in the event that our competitors discover or independently develop similar or identical designs or other proprietary information. We currently do not utilize any registered or common law trademarks to protect or brand the name of any of our products.

Although we believe that we have a proprietary platform for our technologies and products, we cannot determine with certainty whether any existing third party patents or the issuance of any third party patents would require us to alter our technology, obtain licenses or cease certain activities. We may become subject to claims by third parties that our technology infringes their intellectual property rights."

We do not own any patents relating to our notifiCRM platform.

We do not currently own any domestic or foreign patents relating to our notifiCRM platform, nor do we currently have any licenses to use any third-party intellectual property. As such, if we are not successful in obtaining intellectual property rights covering our products, or obtaining licenses to use a third-party's intellectual property on reasonable and acceptable terms, it could result in lawsuits against us for trademark and/or intellectual property infringement, and we may not be able to counterclaim with our own infringement allegations. Any such infringement, litigation, or adverse proceeding could result in substantial costs and diversion of resources and could seriously harm our business operations or results of operations.

If we are unable to protect and enforce our intellectual property rights, we may be unable to compete effectively.

We believe that our intellectual property rights are important to our success and our competitive position, and we rely on a combination of copyright and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Although we have devoted substantial resources to the establishment and protection of our intellectual property rights, the actions taken by us may be inadequate to prevent imitation or improper use of our products and services by others or to prevent others from claiming violations of their intellectual property rights by us. We also rely on confidentiality procedures and contractual provisions with our employees, consultants, and corporate partners to protect our proprietary rights, but we cannot assure the compliance by such parties with their confidentiality obligations, which could be very time consuming and expensive to enforce.

Legal challenges to our intellectual property rights could adversely affect our financial results and operations.

We rely on licenses and other agreements in respect of our intellectual property with our partners and other parties and other intellectual property rights to conduct our operations. Legal challenges to our intellectual property rights and claims of intellectual property infringement by third parties could require that we enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability, or be enjoined preliminarily or permanently from further use of the intellectual property in question or from the continuation of our businesses as currently conducted. We may need to change our business practices if any of these events occur, which may limit our ability to compete effectively and could have an adverse effect on our results of operations. Even if we believe any such challenges or claims are without merit, they can be time-consuming and costly to defend and divert management's attention and resources away from our business.

Our success depends, in part, on the capacity, reliability, and security of our information technology hardware and software infrastructure, as well as our ability to adapt and expand our infrastructure.

The capacity, reliability, and security of our information technology hardware and software infrastructure are important to the operation of our current business, which would suffer in the event of system failures. Likewise, our ability to expand and update our information technology infrastructure in response to our growth and changing needs is important to the continued implementation of our new service offering initiatives. Our inability to expand or upgrade our technology infrastructure could have adverse consequences, including the delayed provision of services or implementation of new service offerings, and the diversion of development resources. We rely on third parties for various aspects of our hardware and software infrastructure. Third parties may experience errors or disruptions that could adversely impact us and over which we may have limited control. Interruption and/or failure of any of these systems could disrupt our operations and damage our reputation, thus adversely impacting our ability to provide our services, retain our current users, and attract new users. In addition, our information technology hardware and software infrastructure may be vulnerable to unauthorized access, misuse, computer viruses, or other events that could have a security impact. If one or more of such events occur, our customer and other information processed and stored in, and transmitted through, our information technology hardware and software infrastructure, or otherwise, could be compromised, which could result in significant losses or reputational damage. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses, any of which could substantially harm our business and our results of operations.

We are dependent on third parties to, among other things, maintain our servers, provide the bandwidth necessary to transmit content, and utilize the content derived therefrom for the potential generation of revenues.

We depend on third-party service providers, suppliers, and licensors to supply some of the services, hardware, software, and operational support necessary to provide some of our products and services. Some of these third parties do not have a long operating history or may not be able to continue to supply the equipment and services we desire in the future. If demand exceeds these vendors' capacity, or if these vendors experience operating or financial difficulties or are otherwise unable to provide the equipment or services we need in a timely manner, at our specifications and at reasonable prices, our ability to provide some products and services might be materially adversely affected, or the need to procure or develop alternative sources of the affected materials or services might delay our ability to serve our users. These events could materially and adversely affect our ability to retain and attract users, and have a material negative impact on our operations, business, financial results, and financial condition.

We may not be able to find suitable software developers at an acceptable cost.

We currently rely on certain key suppliers and vendors in the coding and maintenance of our software. We will continue to require such expertise in the future. Due to the current demand for skilled software developers, we run the risk of not being able to find or retain suitable and qualified personnel at an acceptable price. Without these developers, we may not be able to further develop and maintain our software, which is the most important aspect of our business development

Our business may be affected by changing consumer preferences or by failure of the public to accept any new product offerings we may pursue.

The production and distribution of entertainment content is an inherently risky business because the revenue that may be derived depends primarily on the content's acceptance by the public, which is difficult to predict. Consumer and audience tastes change frequently, and it is a challenge to anticipate what offerings will be successful at a certain point in time. In addition, competing entertainment content, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, piracy, and increasing digital and on-demand distribution offerings may also affect the audience for our content. Our expenses may increase as we invest in new programming ideas, and there is no guarantee that the new programming will be successful or generate sufficient revenue to recoup the expenditures.

Our future success depends on our key executive officers and our ability to attract, retain, and motivate qualified personnel.

Our future success largely depends upon the continued services of our executive officers and management team, especially our Chief Executive Officer and President, Mr. Rory J. Cutaia. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all. Additionally, we may incur additional expenses to recruit and retain new executive officers. If any of our executive officers joins a competitor or forms a competing company, we may lose some or all of our customers. Finally, we do not maintain "key person" life insurance on any of our executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect our business, financial condition, and results of operations, and thereby an investment in our stock.

Our continuing ability to attract and retain highly qualified personnel will also be critical to our success because we will need to hire and retain additional personnel as our business grows. There can be no assurance that we will be able to attract or retain highly qualified personnel. We face significant competition for skilled personnel in our industries. This competition may make it more difficult and expensive to attract, hire, and retain qualified managers and employees. Because of these factors, we may not be able to effectively manage or grow our business, which could adversely affect our financial condition or business. As a result, the value of your investment could be significantly reduced or completely lost.

Risks Related to an Investment in Our Securities

Our board of directors is authorized to issue additional shares of our Common Stock that would dilute existing stockholders.

We are currently authorized to issue up to 200,000,000 shares of Common Stock and 15,000,000 shares of preferred stock, par value $0.0001 per share, of which 153,698,043 shares of Common Stock and no shares of preferred stock are currently issued and outstanding as of August 14, 2018. The number of shares of Common Stock issued and outstanding as of August 14, 2018 excludes 24,534,605 shares of Common Stock issuable upon exercise of stock options, 5,154,047 shares of Common Stock reserved for issuance under the Plan, 31,854,113 shares of Common Stock issuable upon the exercise of all outstanding warrants, and 11,264,826 shares of Common Stock issuable upon the conversion of all outstanding convertible notes. We expect to seek additional financing in order to provide working capital to our business. Our board of directors has the power to issue any or all of such authorized but unissued shares at any price they consider sufficient, without stockholder approval. The issuance of additional shares of Common Stock in the future will reduce the proportionate ownership and voting power of current stockholders, and may negatively impact the market price of our Common Stock.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial public offering price of our Common Stock will be substantially higher than the pro forma net tangible book value per share of our Common Stock outstanding immediately following the completion of this offering. Therefore, if you purchase shares of Common Stock in this offering at an assumed public offering price of $________ per share, you will experience immediate dilution of $______ per share, the difference between the price per share you pay for our Common Stock and its pro forma net tangible book value per share as of ______, 2018, after giving effect to the issuance of shares of Common Stock in this offering. This dilution is due in large part to the fact that our earlier investors paid substantially less than the initial public offering price when they purchased shares of Common Stock.

In addition, as of August 14, 2018, we have issued 31,854,113 shares of Common Stock issuable upon the exercise of all outstanding warrants, 11,264,826 shares of Common Stock issuable upon the conversion of all outstanding convertible notes, and 24,534,605 shares of Common Stock issuable upon the exercise of all outstanding stock options. The exercise or conversion prices to acquire Common Stock upon the exercise or conversion of warrants, notes, or options, are at prices significantly below the public offering price. To the extent outstanding warrants, options, or notes are ultimately exercised or converted, there will be further dilution to investors purchasing our Common Stock in this offering. In addition, if we issue additional equity securities, there is a vesting of employee stock grants, or there are any exercises of future stock options, you will experience additional dilution. Our board of directors has the power to issue any or all of such authorized but unissued shares at any price they consider sufficient, without stockholder approval. The issuance of additional shares of Common Stock in the future will reduce the proportionate ownership and voting power of current stockholders, and may negatively impact the market price of our Common Stock.

We may issue additional securities with rights superior to those of our Common Stock, which could materially limit the ownership rights of our stockholders.

We may offer additional debt or equity securities in private and/or public offerings in order to raise working capital or to refinance our debt. Our board of directors has the right to determine the terms and rights of any debt securities and preferred stock without obtaining the approval of our stockholders. It is possible that any debt securities or preferred stock that we sell would have terms and rights superior to those of our Common Stock and may be convertible into shares of our Common Stock. Any sale of securities could adversely affect the interests or voting rights of the holders of our Common Stock, result in substantial dilution to existing stockholders, or adversely affect the market price of our Common Stock.

Trading on the OTCQB may be volatile and sporadic, which could depress the market price of our CommonStock and make it difficult for our stockholders to resell their shares.

Our Common Stock is quoted on the OTCQB. Trading in stock quoted on over-the-counter markets is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our Common Stock for reasons unrelated to operating performance. Moreover, the OTCQB is not a stock exchange, and trading of securities on this market is often more sporadic than the trading of securities listed on a national securities exchange like NASDAQ or the NYSE. Accordingly, stockholders may have difficulty reselling any of our shares.

If NASDAQ approves our application to list our Common Stock and we are not able to comply with the applicable continued listing requirements or standards of NASDAQ, NASDAQ could delist our Common Stock.

In conjunction with this offering, we intend to apply to list our Common Stock on NASDAQ. There is no assurance that our Common Stock will ever be quoted on NASDAQ. Should our Common Stock be listed on NASDAQ, in order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with such applicable listing standards.

The market price of our Common Stock has been, and may continue to be, subject to substantial volatility.

The market price of our Common Stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including;

- volatility in the trading markets generally and in our particular market segment;
- limited trading of our Common Stock;
- actual or anticipated fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- announcements regarding our business or the business of our customers or competitors;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- developments or disputes concerning our intellectual property or our offerings, or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- any major change in our board of directors or management;

- sales of shares of our Common Stock by us or by our stockholders;
- lawsuits threatened or filed against us; and
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events.

Statements of, or changes in, opinions, ratings, or earnings estimates made by brokerage firms or industry analysts relating to the markets in which we operate or expect to operate could have an adverse effect on the market price of our Common Stock. In addition, the stock market as a whole, as well as our particular market segment, have from time to time experienced extreme price and volume fluctuations, which may affect the market price for the securities of many companies, and which often have appeared unrelated to the operating performance of such companies. Any of these factors could negatively affect our stockholders' ability to sell their shares of Common Stock at the time and price they desire.

A decline in the price of our Common Stock could affect our ability to raise further working capital, which could adversely impact our ability to continue our operations.

A prolonged decline in the price of our Common Stock could result in a reduction in the liquidity of our Common Stock and a reduction in our ability to raise capital. We may attempt to acquire a significant portion of the funds we need in order to conduct our planned operations through the sale of equity securities; thus, a decline in the price of our Common Stock could be detrimental to our liquidity and our operations because the decline may adversely affect investors' desire to invest in our securities. If we are unable to raise the funds we require for all of our planned operations, we may be forced to reallocate funds from other planned uses and may suffer a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. As a result, our business may suffer, and we may be forced to reduce or discontinue operations. We also might not be able to meet our financial obligations if we cannot raise enough funds through the sale of our Common Stock and we may be forced to reduce or discontinue operations.

Because we do not intend to pay any cash dividends on our shares of Common Stock in the near future, our stockholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our Common Stock in the near future. The declaration, payment, and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of operations, cash flows, and financial condition, operating and capital requirements, and other factors as the board of directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless our board of directors determines to pay dividends, our stockholders will be required to look to appreciation of our Common Stock to realize a gain on their investment. There can be no assurance that this appreciation will occur.

If we are unable to establish appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations, result in the restatement of our financial statements, harm our operating results, subject us to regulatory scrutiny and sanction, cause investors to lose confidence in our reported financial information, and have a negative effect on the market price for shares of our Common Stock.

Effective internal controls are necessary for us to provide reliable financial reports and to effectively prevent fraud. We maintain a system of internal control over financial reporting, which is defined as a process designed by, or under the supervision of, our principal executive officer and principal financial officer, or persons performing similar functions, and effected by our board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

As a public company, we have significant requirements for enhanced financial reporting and internal controls. We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which requires annual management assessments of the effectiveness of our internal controls over financial reporting. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and economic and regulatory environments, and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company.

We cannot assure you that we will, in the future, identify areas requiring improvement in our internal control over financial reporting. We cannot assure you that the measures we will take to remediate any areas in need of improvement will be successful or that we will implement and maintain adequate controls over our financial processes and reporting in the future as we continue to grow. If we are unable to establish appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations, result in the restatement of our financial statements, harm our operating results, subject us to regulatory scrutiny and sanction, cause investors to lose confidence in our reported financial information, and have a negative effect on the market price for shares of our Common Stock.

We lack sufficient internal controls over financial reporting and implementing acceptable internal controls will be difficult with only two officers and two directors, one of which also serves as our Chief Executive Officer, which will make it difficult to ensure that information required to be disclosed in our reports filed and submitted under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized, and reported as and when required.

While we have recently identified and extended offers to an experienced controller, as well as to three additional individuals to serve as independent members of our board of directors, one of whom is qualified to chair our audit committee, as of the date of this filing, we currently lack internal controls over our financial reporting and it may be difficult to implement such controls at this time with only two officers and two directors, one of which also serves as our Chief Executive Officer. The lack of such controls makes it difficult to ensure that information required to be disclosed in our reports filed and submitted under the Exchange Act is recorded, processed, summarized, and reported as and when required.

The reason we believe that our disclosure controls and procedures are not effective is because:

- there is a lack of segregation of duties necessary for a good system of internal control due to insufficient accounting staff due to our size;
- the staffing of our accounting department is weak due to the lack of qualifications and training, and the lack of formal review process;
- our control environment is weak due to the lack of an effective risk assessment process, the lack of internal audit function and insufficient documentation and communication of the accounting policies; and
- failure in the operating effectiveness over controls related to recording revenue.

We cannot assure you that we will be able to develop and implement the necessary internal controls over financial reporting. The absence of such internal controls may inhibit investors from purchasing our shares and may make it more difficult for us to raise debt or equity financing.

Because our directors and executive officers are among our largest stockholders, they can exert significant control over our business and affairs and have actual or potential interests that may depart from those of investors.

Certain of our executive officers and directors own a significant percentage of our outstanding capital stock. We estimate that our executive officers and directors and their respective affiliates beneficially own approximately 36.4% of our outstanding voting stock, on a fully-diluted basis, as of August 14, 2018, and, following the completion of this offering, such persons would beneficially own approximately _______% of our outstanding voting stock, on a fully-diluted basis, assuming that we issued _______shares in this offering and that the number of shares outstanding as of August 14, 2018 remains unchanged. The holdings of our directors and executive officers may increase further in the future upon vesting or other maturation of exercise rights under any of the options or warrants they may hold or in the future be granted, or if they otherwise acquire additional shares of our Common Stock. The interests of such persons may differ from the interests of our other stockholders. As a result, in addition to their board seats and offices, such persons will have significant influence and control over all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including the following actions:

- to elect or defeat the election of our directors;
- to amend or prevent an amendment to our Articles of Incorporation ("Articles of Incorporation") or Bylaws ("Bylaws");
- to effect or prevent a merger, sale of assets, or other corporate transaction; and
- to control the outcome of any other matter submitted to our stockholders for a vote.

This concentration of ownership by itself may have the effect of impeding a merger, consolidation, takeover, or other business consolidation, or discouraging a potential acquirer from making a tender offer for our Common Stock, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

Our Common Stock is categorized as "penny stock," which may make it more difficult for investors to sell their shares of Common Stock due to suitability requirements.

Our Common Stock is categorized as "penny stock." The SEC adopted Rule 15g-9, which generally defines "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. The price of our Common Stock is significantly less than $5.00 per share, and is therefore considered "penny stock." This designation imposes additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000, or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer buying our securities, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability and/or willingness of broker-dealers to trade our securities, either directly or on behalf of their clients, may discourage potential investor's from purchasing our securities, or may adversely affect the ability of our stockholders to sell their shares.

The Financial Industry Regulatory Authority, Inc. ("FINRA"), has adopted sales practice requirements that may also limit a stockholder's ability to buy and sell our Common Stock, which could depress the price of our Common Stock.

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

The elimination of monetary liability against our directors, officers, and employees under Nevada law and the existence of indemnification rights for our obligations to our directors, officers, and employees may result in substantial expenditures by us and may discourage lawsuits against our directors, officers, and employees.

Our Articles of Incorporation and Bylaws contain provisions permitting us to eliminate the personal liability of our directors and officers to us and our stockholders for damages for the breach of a fiduciary duty as a director or officer to the extent provided by Nevada law. We may also have contractual indemnification obligations under any future employment agreements with our officers. The foregoing indemnification obligations could result in us incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and the resulting costs may also discourage us from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our stockholders against our directors and officers even though such actions, if successful, might otherwise benefit us and our stockholders.

Anti-takeover effects of certain provisions of Nevada state law hinder a potential takeover of us.

Nevada has a business combination law that prohibits certain business combinations between Nevada corporations and "interested stockholders" for three years after an "interested stockholder" first becomes an "interested stockholder," unless the corporation's board of directors approves the combination in advance. For purposes of Nevada law, an "interested stockholder" is any person who is (i) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation or (ii) an affiliate or associate of the corporation and at any time within the three previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the corporation. The definition of the term "business combination" is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquirer to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders.

The effect of Nevada's business combination law is to potentially discourage parties interested in taken control of us from doing so if it cannot obtain the approval of our board of directors. Both of these provisions could limit the price investors would be willing to pay in the future for shares of our Common Stock.

Risks Related to the Proposed Sound Concepts Acquisition

Cash expenditures associated with the Sound Concepts Acquisition may create significant liquidity and cash flow risks for us.

We expect to incur significant transaction costs and some integration costs in connection with the proposed Sound Concepts Acquisition. While we have assumed that this level of expense will be incurred, there are many factors beyond our control that could affect the total amount or the timing of the Sound Concepts Acquisition and integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. To the extent these Sound Concepts Acquisition and integration expenses are higher than anticipated, we may experience liquidity or cash flow issues.

Failure to complete the proposed Sound Concepts Acquisition could materially and adversely affect our results of operations and the market price of our Common Stock.

Our consummation of the proposed Sound Concepts Acquisition is subject to many contingences and conditions, including the preparation of audited and unaudited financial statements for Sound Concepts, the negotiation, execution, and delivery of the definitive agreements necessary to consummate the Sound Concepts Acquisition, and raising the financing required to pay the Acquisition Cash Payment. We cannot assure you that we will be able to successfully consummate the proposed Sound Concepts Acquisition as currently contemplated or at all. Risks related to the failure of the proposed Sound Concepts Acquisition to be consummated include, but are not limited to, the following:

- we would not realize any of the potential benefits of the transaction, which could have a negative effect on our stock price;

- we expect to incur significant fees and expenses regardless of whether the proposed Sound Concepts Acquisition is consummated, including due diligence fees and expenses, accounting fees in connection with the preparation of Sound Concepts' financial statements, and legal fees and expenses;

- if and when we enter into a definitive agreement with Sound Concepts, we may become liable for significant transaction costs;

- we may experience negative reactions to the proposed Sound Concepts Acquisition from customers, clients, business partners, lenders, and employees;

- the trading price of our Common Stock may decline to the extent that the current market price of our stock reflects a market assumption that the Sound Concepts Acquisition will be completed; and

- the attention of our management may be diverted to the Sound Concepts Acquisition rather than to our own operations and the pursuit of other opportunities that could have been beneficial to us.

The occurrence of any of these events individually or in combination could materially and adversely affect our results of operations and the market price of our common stock.

If the Sound Concepts Acquisition is consummated, the combined company may not perform as we or the market expects, which could have an adverse effect on the price of our Common Stock.

Even if the Sound Concepts Acquisition is consummated, the combined company may not perform as we or the market expects. Risks associated with the combined company following the Sound Concepts Acquisition include:

- integrating businesses is a difficult, expensive, and time-consuming process, and the failure to integrate successfully our businesses with the business of Sound Concepts in the expected time frame would adversely affect our financial condition and results of operation;

- the Sound Concepts Acquisition will materially increase the size of our operations, and if we are not able to manage our expanded operations effectively, our Common Stock price may be adversely affected;

- it is possible that our key employees or key employees of Sound Concepts might decide not to remain with us after the Sound Concepts Acquisition is completed, and the loss of such personnel could have a material adverse effect on the financial condition, results of operations, and growth prospects of the combined company;

- the success of the combined company will also depend upon relationships with third parties and Sound Concepts' or our pre-existing customers, which relationships may be affected by customer preferences or public attitudes about the Sound Concepts Acquisition. Any adverse changes in these relationships could adversely affect the combined company's business, financial condition, and results of operations; and

- if government agencies or regulatory bodies impose requirements, limitations, costs, divestitures, or restrictions on the consummation of the Sound Concepts Acquisition, the combined company's ability to realize the anticipated benefits of the Sound Concepts Acquisition may be impaired.

The obligations and liabilities of Sound Concepts, some of which may be unanticipated or unknown, may be greater than we have anticipated, which may diminish the value of Sound Concepts to us.

Sound Concepts' obligations and liabilities, some of which may not have been disclosed to us or may not be reflected or reserved for in Sound Concepts' historical financial statements, may be greater than we have anticipated. The obligations and liabilities of Sound Concepts could have a material adverse effect on Sound Concepts' business or Sound Concepts' value to us or on our business, financial condition, or results of operations. Even in cases where we are able to obtain indemnification, we may discover liabilities greater than the contractual limits or the financial resources of the indemnifying party. In the event that we are responsible for liabilities substantially in excess of any amounts recovered through rights to indemnification or alternative remedies that might be available to us, or any applicable insurance, we could suffer severe consequences that would substantially reduce our earnings and cash flows or otherwise materially and adversely affect our business, financial condition, or results of operations.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts but rather are plans and predictions based on current expectations, estimates, and projections about our industry, our beliefs, and assumptions. We use words such as “may,” “will,” “could,” “should,” “anticipate,” “expect,” “intend,” “project,” “plan,” “believe,” “seek,” “estimate,” “assume,” and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in the section above entitled “Risk Factors.” You should not place undue reliance on these forward-looking statements because the matters they describe are subject to certain risks, uncertainties, and assumptions that are difficult to predict. Our forward-looking statements are based on the information currently available to us and speak only as of the date on the cover of this prospectus. Over time, our actual results, performance, or achievements may differ from those expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our security holders. Except as required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. We have identified some of the important factors that could cause future events to differ from our current expectations and they are described in this prospectus under the captions “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and as well as in our most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, and in other documents that we may file with the SEC, all of which you should review carefully. Please consider our forward-looking statements in light of those risks as you read this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of shares of our Common Stock in this offering will be approximately $ million, or approximately $ million if the Underwriter exercises its over-allotment option in full, assuming an offering price of $ per share, the last reported sale price of our Common Stock as quoted on the OTCQB on , 2018, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

A $ increase or decrease in the assumed offering price of $ per share of Common Stock (which was the last reported sale price per share of our Common Stock on , 2018) would increase or decrease, respectively, the net proceeds to us by approximately $. A increase or decrease in the assumed number of shares sold in this offering would increase or decrease, respectively, the net proceeds to us by approximately $.

We currently intend to use the net proceeds from the sale of the securities under this prospectus for working capital and general corporate purposes. In the event we enter into a definitive agreement with Sound Concepts with respect to the proposed Sound Concepts Acquisition, which event is currently contemplated by the letter of intent, a material portion of the net proceeds from the sale of the securities under this prospectus may be used to provide funds for all, or a portion of, the Acquisition Cash Payment, as well as to pay transaction expenses and integration costs in connection with the Sound Concepts Acquisition and related transactions. For additional information regarding the proposed Sound Concepts Acquisition and terms of the non-binding letter of intent, see "The Proposed Sound Concepts Acquisition" below.

Our expected use of net proceeds from this offering represents our current intentions based upon our present plans and business condition, which could change in the future as our plans and business conditions evolve. As of the date of this prospectus, we cannot specify with certainty all of the particular uses of the proceeds from this offering. Accordingly, we will retain broad discretion over the use of such proceeds.

MARKET PRICE AND DIVIDEND INFORMATION

Market Information

Our Common Stock is quoted on the OTCQB under the symbol "FUSZ."

Set forth below are the range of high and low closing bid prices for the periods indicated as reported by the OTC Markets Group Inc. The market quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions.

Quarter Ended	High Closing Bid Price Per Share		Low Closing Bid Price Per Share	
September 30, 2018	$	0.78(1)	$	0.482(1)
June 30, 2018	$	3.04	$	0.45
March 31, 2018	$	2.10	$	0.08
December 31, 2017	$	0.14	$	0.08
September 30, 2017	$	0.23	$	0.07
June 30, 2017	$	0.51	$	0.09
March 31, 2017	$	0.16	$	0.07
December 31, 2016	$	0.17	$	0.05
September 30, 2016	$	0.20	$	0.08
June 30, 2016	$	0.18	$	0.05
March 31, 2016	$	0.10	$	0.03

(1) Through August 13, 2018

On August 13, 2018, the closing bid price of our Common Stock as reported by the OTCQB was $0.5459 per share. As of August 14, 2018, there were approximately 84 holders of record of our Common Stock. As of such date, 153,698,043 shares of our Common Stock were issued and outstanding.

Dividends

We have never declared or paid dividends. We do not intend to pay cash dividends on our Common Stock for the foreseeable future, but currently intend to retain any future earnings to fund the development and growth of our business. The payment of dividends, if any, on our Common Stock will rest solely within the discretion of our board of directors and will depend, among other things, upon our earnings, capital requirements, financial condition, and other relevant factors. The Nevada Revised Statutes (the "NRS"), however, prohibits us from declaring dividends where, after giving effect to the distribution of the dividend:

- we would not be able to pay our debts as they become due in the usual course of business; or
- our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of stockholders who have preferential rights superior to those receiving the distribution, unless otherwise permitted under our Articles of Incorporation.

CAPITALIZATION

The following table sets forth our capitalization assumed as of June 30, 2018 on an actual basis and on an as adjusted basis to reflect our sale of shares of Common Stock (assuming no exercise of the Underwriters' over-allotment option) in this offering at the assumed offering price of $ per share of Common Stock (which was the closing price per share of our Common Stock on), after deducting estimated Underwriters' discounts and commissions and offering expenses payable by us, and the application of the net proceeds from our sale of shares of Common Stock in this offering.

You should read this information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes appearing elsewhere in this prospectus.

	As of June 30, 2018			
		Actual		**As adjusted**
Cash and cash equivalents	**$**	**1,420,798**	$	
Total Current Liabilities	**$**	**3,686,026**	$	
Stockholder's Equity				
Common Stock, par value $0.0001 per share (200,000,000 shares authorized; 153,698,043 shares issued and outstanding, actual; shares issued and outstanding, as adjusted)	$	15,370	$	
Additional paid-in capital	$	33,066,404	$	
Common Stock issuable, 0 actual; as adjusted	$	-		
Accumulated deficit	$	(35,262,485)	$	
Total Stockholders' Deficit	**$**	**(2,180,711)**	$	
Total Capitalization	**$**	**1,505,315**	$	

The number of shares of our Common Stock outstanding used for existing stockholders is based on153,698,043 shares of our Common Stock outstanding as of June 30, 2018 and excludes as of such date: (i) 24,534,605 shares of Common Stock underlying outstanding stock options; (ii) 5,154,047 shares of Common Stock reserved for issuance under the Plan; (iii) 29,407,413 shares of Common Stock issuable upon the exercise of the outstanding warrants; and (iv) 11,264,826 shares of Common Stock issuable upon the conversion of certain outstanding notes.

A $0. increase or decrease in the assumed offering price of $ per share of Common Stock (which was the closing price per share of our Common Stock on) would increase or decrease, respectively, each of additional paid-in capital, total stockholder' equity, and total capitalization by approximately $ million, assuming that the assumed offering of shares of Common Stock remains the same and after deducting the underwriting discounts and commissions.

DILUTION

If you invest in our Common Stock in this offering, your ownership interest will be diluted immediately to the extent of the difference between the public offering price per share of our Common Stock and the as-adjusted net tangible book value per share of our Common Stock after this offering.

Our historical net tangible book deficit as of June 30, 2018 was $2,180,711, or approximately $0.01 per share of our Common Stock. Historical net tangible book deficit per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of our Common Stock outstanding as of June 30, 2018.

After giving effect to the issuance and sale of shares of our Common Stock in this offering at an assumed public offering price of $ per share, the last reported sale price of our Common Stock on the OTCQB on , 2018, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value/deficit as of June 30, 2018 would have been $ million, or $ per share. This represents an immediate decrease in net tangible book deficit/value per share of $ to existing stockholders and immediate dilution of $ per share to new investors purchasing Common Stock in this offering. Dilution per share to new investors is determined by subtracting as adjusted net tangible book value per share after this offering from the public offering price per share paid by new investors. The following table illustrates this dilution on a per share basis:

		(unaudited)
Assumed public offering price per share of Common Stock	$	
Pro forma net tangible book value per share as of June 30, 2018, before this offering		0.01
Increase in pro forma net tangible book value per share attributable to new investors		
Pro forma net tangible book value per share as of June 30, 2018, after this offering		
Dilution per share to investors in this offering	$	

Each $ increase (decrease) in the assumed public offering price of $ per share, the last reported sale price of our Common Stock on the OTCQB on , 2018, would increase (decrease) our as adjusted net tangible book value per share after this offering by approximately $ million, and the dilution per share to new investors purchasing shares in this offering by $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares to be issued in this offering. Each increase (decrease) of shares offered by us would (increase) decrease our net tangible book value per share by $ and the dilution per share to new investors purchasing shares in this offering by $ assuming that the assumed public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

If the Underwriter exercises its over-allotment option to purchase additional shares in full, the net tangible book value per share after this offering would be $ per share, the increase in net tangible book value per share to existing stockholders would be $ per share, and the dilution to new investors purchasing shares in this offering would be $ per share.

The information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering as determined between us and the Underwriter at pricing.

The number of shares of Common Stock shown above to be outstanding after this offering is based on 153,698,043 shares outstanding as of June 30, 2018 and excludes:

- 24,534,605 shares of Common Stock issuable upon exercise of outstanding stock options as of June 30, 2018, with a weighted-average exercise price $0.30 per share;
- 5,154,047 shares of Common Stock reserved for issuance under the Plan;
- 31,854,113 shares of Common Stock issuable upon the exercise of warrants outstanding as of June 30, 2018, with a weighted-average exercise price of $0.14 per share; and
- 11,264,826 shares of Common Stock issuable upon the conversion of notes outstanding as of June 30, 2018.

To the extent that these outstanding options or warrants are exercised, these outstanding notes are converted, or we issue additional shares of Common Stock in the future, whether pursuant to the Plan or otherwise, there will be further dilution to investors participating in this offering. In addition, we may choose to raise additional capital because of market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

BUSINESS

Overview

CMG was organized as a limited liability company under the laws of the State of Nevada on December 12, 2012. On May 19, 2014, bBooth, Inc. was incorporated under the laws of the State of Nevada. On May 19, 2014, CMG merged into bBooth, Inc. and bBooth, Inc., thereafter, changed its name to bBooth (USA), Inc., effective as of October 16, 2014. The operations of CMG and bBooth (USA), Inc. became known as, and are referred to in this prospectus as, "bBoothUSA."

On October 16, 2014, bBoothUSA was acquired by GSD, pursuant to the Share Exchange Agreement entered into with GSD. GSD was incorporated in the state of Nevada on November 27, 2012. The acquisition was accounted for as a reverse merger transaction. In connection with the closing of the transactions contemplated by the Share Exchange Agreement, GSD's management was replaced by bBoothUSA's management, and GSD changed its name to bBooth, Inc.

Effective April 21, 2017, we changed our corporate name from bBooth, Inc. to nFüsz, Inc. The name change was effected through a parent/subsidiary short-form merger of nFüsz, Inc., our wholly-owned Nevada subsidiary, formed solely for the purpose of the name change, with and into us. We were the surviving entity. To effectuate the merger, we filed Articles of Merger and a Certificate of Correction (relative to the effective date of the name change merger) with the Secretary of State of the State of Nevada on April 4, 2017 and April 17, 2017, respectively. The merger became effective on April 21, 2017. Our board of directors approved the merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the Nevada Revised Statutes, stockholder approval of the merger was not required.

Our Business

We are an applications services provider marketing cloud-based business software products on a subscription basis. Our flagship product, notifiCRM, is a CRM application that is distinguishable from other CRM programs because it utilizes interactive video as the primary means of communication between sales and marketing professionals and their clients or prospects. notifiCRM allows our users to create, distribute, and post interactive videos that contain on-screen interactive icons, buttons, and other elements, that when clicked, allow their prospects and customers to respond to our users' call to action in real-time, in the video, while the video is playing, without leaving or stopping the video. Our users report increased sales conversion rates compared to traditional, non-interactive video. We developed proprietary interactive video technology, which serves as the basis for our cloud, SaaS products and services that we market under the brand name "notifi" and they are accessible on all mobile and desktop devices. No download is required to access and use our applications. Our users also have access to detailed analytics in the application dashboard that reflect when the videos were viewed, by whom, how many times, for how long, and what interactive elements were clicked-on in the video, among other things, all of which assist our users in focusing their sales and marketing efforts by identifying which clients or prospects have interest in the subject matter of the video.

Our notifiCRM platform can accommodate any size campaign or sales organization, and it is enterprise-class scalable to meet the needs of today's global organizations. We are working with our vendors to ensure that it is so scalable based upon our current agreements with them. We offer stand-alone versions of our notifiCRM product on a subscription basis to individual consumers, sales-based organizations, consumer brands, marketing and advertising agencies, as well as to artists and social influencers. We also offer notifiCRM through a network of partners and resellers that include Oracle/NetSuite and Marketo, who offer notifiCRM to their respective clients and customers as an upgrade to their existing Oracle/NetSuite or Marketo subscriptions. notifiCRM is fully integrated into each of their platforms and upon payment of the upgrade fee, is accessible through the respective dashboards of Oracle/NetSuite and Marketo. We are actively developing integrations of notifiCRM into other popular marketing, CRM, and ERP platforms.

Our notifiMED application is designed for physicians and other healthcare providers to create more efficient and effective interactive communications with patients. Patients are able to avoid unnecessary and inconvenient visits to their physicians' or other healthcare providers' offices by viewing and responding to interactive videos through in-video, on-screen clicks that are designed to assess the patients' need for an office visit. If the patient's responses to the interactive video indicate that an office visit is either necessary or desirable, the patient can schedule the office visit right in through video in real time. Patients can also download and print prescriptions, care instructions, and other physician distributed documents right from and through the video. notifiMED is offered on a subscription basis.

Our notifiEDU application is designed for teachers and school administrators for more effective communications with students, parents, and faculty. notifiEDU allows teachers to deliver interactive lessons to students which are both more engaging and more effective. notifiEDU allows teachers to communicate with students through their mobile devices and computers to deliver lessons and tests/quizzes on the screen and in the video. The analytics capabilities of notifiEDU available on the dashboard of the teacher or school administrator allows them to track which students watched the lesson, when, for how long, how many times, and track and report on test/quiz results. notifiEDU is offered on a subscription basis.

Our notifiTV and notifiLIVE products are also part of our proprietary interactive video platform that allows viewers to interact with pre-recorded as well as live broadcast video content by clicking on links embedded in on-screen people, objects, graphics, or sponsors' signage. Viewers can experience our notifiTV and notifiLIVE interactive content and capabilities on most devices available in the market today without the need to download special software or proprietary video players.

Revenue Generation

We intend to generate revenue from the following sources:

- Recurring subscription fees paid by enterprise users for access to our stand-alone applications by enterprise employees or affiliates;

- Recurring subscription fees paid by non-enterprise individual users for access to our stand-alone applications;

- In-app and online purchases by users to access various premium services, features, functionality, and options of the platform (such as the ability to create, edit, and send interactive videos, among several other interactive video features and functionality);

- Recurring subscription fees paid by enterprise users for access to our applications integrated into Oracle/NetSuite and Marketo; and

- Recurring subscription fees paid by enterprise users who subscribe to bundled service offerings from our partners and/or their respective value-added resellers.

Our Market/Industry

Our market is intentionally broad and includes sales-based organizations, consumer brands, ad agencies, online marketers, advertisers, sponsors, social media celebrities, entertainment celebrities and performance artists, enterprise users — large and small, religious organizations, health care providers, network marketing and multi-level marketing companies, media companies, major motion picture studios, social media companies, schools and training facilities, and virtually any other person or organization that seeks to attract, engage, and communicate with prospects, customers, consumers, fans, followers, patients, students, friends, and subscribers, among others, online, utilizing automated, interactive video technology.

Distribution Methods

Our distribution method is:

1. Prospective customers and clients can subscribe to our notifiCRM software service on a monthly or annual contract through a simple, web-based sign-up form accessible on our website (www.nFüsz.com), as well as through interactive sign-up links that we distribute via email and text and through social media.

2. Enterprise users can subscribe to our notifiCRM software service and then distribute custom-branded sign-up links to their internal and external staff via email or other electronic means.

3. We enter into license and partnership agreements with other CRM providers to incorporate our notifiCRM technology into such other CRM providers' software platforms that they offer to their existing and prospective client base for an additional monthly fee, which fee is shared with us. In January 2018, we entered into such an agreement with Oracle America, Inc., to integrate our notifiCRM application into their NetSuite platform on a revenue share basis. In addition, in February 2018, we entered into a similar agreement with Marketo, Inc. to integrate our notifiCRM application into their platform on a revenue share basis.

4. We enter into license or partnership agreements with digital marketing companies and advertising agencies to resell our notifiCRM technology to their existing and prospective client bases, for monthly fees, which fees are shared with us. In March 2018, we entered into such an agreement with Ignite Visibility, LLC both to utilize and to resell our notifiCRM product to their clients on a revenue share basis. In addition, in March 2018, we entered into a similar agreement with DR2Marketing, LLC to both utilize, as well as to resell, our notifiCRM product to their clients on a revenue share basis.

5. We intend to enter into partnership agreements with large cloud services providers, who bundle our application with such providers' other applications offered to their existing and prospective global customer base in order to drive more data storage and bandwidth utilization fees from such customers. We are currently finalizing contract negotiations with two such cloud services providers for similar partnership relationships.

6. We employ a direct sales team, as well as outside sales consultants.

Marketing

We utilize our own proprietary interactive video platform as the foundation of our ongoing marketing initiatives. Our initiatives include daily, broad-based social media engagement by a dedicated team of full-time employees and outside consultants; management of our interactive video-based website; interactive video-based email campaigns, television commercials, among many other ongoing initiatives designed to increase awareness of our products and services and drive conversion and adoption rates.

Competition

CRM software generated more than $40.7 billion in sales in 2017, and has grown to become the largest software segment, overtaking data management software. We are active in the CRM applications industry. We believe that our proprietary notifiCRM interactive video technology provides significant competitive advantages to the CRM applications offered by the long-term leaders in the field: Salesforce.com, Inc., Microsoft Corporation, Oracle Corporation, and SAP SE, which collectively account for more than 40% of industry sales. These companies, as well as many others, have numerous differences in feature sets and functionality, but all share certain basic attributes. Most of them were designed before the advent and proliferation of mobile phones, social media, and the technology behind the current ubiquity of video over the internet and more recently on mobile devices. While many of them have attempted to incorporate video capabilities into their respective CRM platforms, sometimes in ''bolt-on'' fashion, it is our opinion that none of them have done so in an effective manner, and certainly none of them utilize interactive video technology similar to that of notifiCRM, which places clickable calls to action right in the video, including into users'' pre-existing sales and product videos. In addition, notifiCRM videos are viewable on both mobile and desktop devices regardless of operating system and without the need to download a proprietary player or program.

The differences between notifiCRM and the applications of the larger, more established incumbent providers of CRM software serve to highlight the reasons we have chosen not only to develop our own standalone SaaS cloud CRM platform, but also to permit incorporation and integration of our interactive video technology into third-party platforms. The enterprises that own or control those platforms can then offer notifiCRM to their clients and customers as an upgrade feature. The implementation of this strategy is evidenced by the partnerships we currently enjoy with Oracle/NetSuite and Marketo. Nevertheless, the market share, marketing strength, and competitive advantages of our competitors may preclude our obtaining any material share of this market.

Intellectual Property

Our policy is to protect our technology by, among other things, trade secret protection and copyrights. We primarily rely upon trade secrets and copyrighted proprietary software, code, and know-how to protect our notifiCRM technology platform and associated applications. We have taken security measures to protect our trade secrets and proprietary know-how, to the extent possible. Our means of protecting our proprietary rights may not prove to be adequate and our competitors may independently develop technology or products that are similar to ours or that compete with ours. Trade secret and copyright laws afford only limited protection for our technology and products. The laws of many countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain and use information that we regard as proprietary. Third parties may also design around our proprietary rights, which may render our protected technology and products less valuable, if the design around is favorably received in the marketplace. In addition, if any of our products or technology is covered by third-party patents or other intellectual property rights, we could be subject to various legal actions. We cannot assure you that our technology platform and products do not infringe patents held by others or that they will not in the future. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement, invalidity, misappropriation, or other claims.

Research and Development

We incurred $375,220 and $257,803 of research and development expenses during the fiscal years ended December 31, 2017 and 2016, respectively. We incurred $235,733 of research and development expenses during the six-month period ended June 30, 2018. These funds were primarily used for development of our notifiCRM software.

Suppliers

We currently rely on a full-time, dedicated, external team of experienced professionals for the coding and maintenance of our software. We believe we have mitigated the associated risks of managing an external team of software development professionals by incorporating internal management and oversight, as well as appropriate systems, protocols, controls, and procedures and ensuring that we have access to additional qualified professionals to provide like or complementary services.

Dependence on Key Customers

Based on our current business and anticipated future activities as described in this prospectus, we do not have, and do not expect to have, any significant customer concentration. Accordingly, we do not expect to be dependent on any key customers.

Government Regulation

Government regulation is not of significant concern for our business nor is government regulation expected to become an impediment to the business in the near- or mid-term as management is currently unaware of any planned or anticipated government regulation that would have a material impact on our business. Our management believes it currently possesses all requisite authority to conduct our business as described in this prospectus.

Employees

As of August 14, 2018, we had seven full-time statutory employees, and 22 full-time consultants and contractors. We also employ part-time consultants and contractors on an as-needed basis to provide specific expertise in areas of software design, development and coding, content creation, audio and video editing, video production services, and other business functions including marketing and accounting. None of our employees or consultants is covered by a collective bargaining agreement. We have had no prior labor-related work stoppages and believe that our relationship with our employees, consultants, and contractors, both full-time and part-time, is good.

Properties

Our corporate headquarters is approximately 2,800 square feet and is located at 344 S. Hauser Blvd., Suite 414, Los Angeles, California 90036. Our headquarters houses our executive and administrative operations. The lease expires on April 30, 2019 and the base rent is $4,743. We believe that our facility is sufficient to meet our current needs and that suitable additional space will be available as and when needed.

Legal Proceedings

On April 24, 2018, EMA Financial, LLC, a New York limited liability company ("EMA"), commenced an action against us, styled *EMA Financial, LLC, a New York limited liability company, Plaintiff, against nFUSZ, Inc., Defendant*, United States District Court, Southern District of New York, case number 1:18-cv-03634-NRB. The Complaint sets forth four causes of action and seeks relief consisting of: (1) money damages, (2) injunctive relief, (3) liquidated damages, and declaratory relief. All of the claims stem from our refusal to honor EMA's exercise notice in connection with a common stock purchase warrant that we had granted to it. We believe EMA's allegations are entirely without merit.

The circumstances giving rise to the dispute are as follows: on or about December 5, 2017, we issued a warrant to EMA as part of the consideration we were required to provide in connection with a contemporaneous convertible loan EMA made to us. The loan, which was evidenced by a convertible note, was for a term of one year. Our refusal to honor the warrant exercise notice was due to our good faith belief that EMA's interpretation of the cashless exercise provision of the warrant was, *inter alia*, (i) contrary to our direct conversations and agreements made with EMA prior to, and during the preparation of the loan and warrant agreements; (2) wholly inconsistent with industry norms, standards, and practices; (3) was contrary to the cashless exercise method actually adopted by EMA's co-lender in the same transaction; and (4) was the result of a single letter mistakenly transposed in the cashless exercise formula drafted by EMA which if adopted, would result in a gross and unintended windfall in favor of EMA and adverse to us. Moreover, as set forth in our response to EMA's allegations, EMA's interpretation of the cashless exercise provision would have resulted in it being issued more shares of our Common Stock than it would have received if it exercised the warrant for cash (instead of less), and more than the amount of shares reflected on the face of the warrant agreement itself. The loan underlying the transaction was repaid, in full, approximately three months after it was issued, on March 8, 2018, together with all accrued interest, prior to any conversion or attempted conversion of the Note.

On July 20, 2018, we filed an Answer to the Complaint, along with certain Affirmative Defenses, as well as Counterclaims seeking, *inter alia*, to void the entire transaction for violation of New York's criminal usury laws and, alternatively, for reformation of the warrant conversion formula set forth in the Warrant Agreement so as to be consistent with the parties' intent and custom and practice in the industry. We intend to vigorously defend the action, as well as vigorously prosecute our counterclaims against EMA. The action is still pending.

We know of no other material pending legal proceedings to which we or any of our subsidiaries is a party or to which any of our assets or properties, or the assets or properties of any of our subsidiaries, are subject and, to the best of our knowledge, no adverse legal activity is anticipated or threatened. In addition, we do not know of any such proceedings contemplated by any governmental authorities.

We know of no material proceedings in which any of our directors, officers, or affiliates, or any registered or beneficial stockholder is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

THE PROPOSED SOUND CONCEPTS ACQUISITION

On July 17, 2018, we entered into a non-binding letter of intent with Sound Concepts to memorialize discussions related to the Sound Concepts Acquisition of all of the issued and outstanding shares of Sound Concepts Capital Stock. We anticipate acquiring the Sound Concepts Capital Stock for an aggregate of $25,000,000 of value, to be payable through a combination of a cash payment by us of the $15,000,000 Acquisition Cash Payment and the issuance of the Acquisition Stock with a fair market value of $10,000,000. We anticipate forming an acquisition subsidiary into which Sound Concepts will merge in accordance with the provisions of a three-party merger agreement among Sound Concepts, our acquisition subsidiary, and us.

The consummation of the proposed Sound Concepts Acquisition is subject to the satisfaction or waiver of certain conditions. In addition to customary closing conditions, our obligation to complete the proposed Sound Concepts Acquisition is conditioned on (i) the preparation of audited financial statements for Sound Concepts for the fiscal years ended December 31, 2017 and 2016, and unaudited financial statements for Sound Concepts for all completed interim periods during fiscal 2018 prior to the consummation of the Sound Concepts Acquisition, all of which shall have been prepared in accordance with GAAP; and (ii) the negotiation, execution, and delivery of definitive transaction documents necessary to consummate the proposed Sound Concepts Acquisition. There can be no assurance that we will enter into definitive transaction documents, or that the proposed Sound Concepts Acquisition will be consummated. Unless and until all conditions set forth in the letter of intent are satisfied or waived, neither party has a binding obligation to enter into definitive transaction documents or otherwise consummate the transactions contemplated by the letter of intent.

BUSINESS OF SOUND CONCEPTS

Sound Concepts is an established 25-year-old business with approximately 60 employees, based in Salt Lake City, Utah, providing digital marketing and sales support services, including a video-based sales application, to the direct sales industry. They currently have approximately 75 clients in the network marketing and affiliate marketing sector, which include Isagenix, Vasayo, Nu Skin, Nerium, Forever Living, Seacret, among many others. Their sales application, offered as a SaaS application, is known as Brightools and is designed specifically to meet the needs of direct sales representatives. Brightools provides recruiting tools, sales representative training and education tools, as well as instant notification capabilities to notify users when a prospect has engaged in shared content. Brightools also tracks customer purchases and allows corporate to monitor field activity to track the effectiveness of campaigns as well as compliance. Brightools is currently in use in over 48 different countries and has more than 360,000 current users.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — NFÜSZ

The following discussion and analysis of the results of operations and financial condition of nFüsz for the fiscal years ended December 31, 2017 and 2016 and three- and six-month periods ended June 30, 2018 and 2017, should be read in conjunction with the financial statements and related notes and the other financial information that are included elsewhere in this prospectus. This discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations, and intentions. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, or other developments. Forward-looking statements are based upon estimates, forecasts, and assumptions that are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf. We disclaim any obligation to update forward-looking statements. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Risk Factors, Special Note Regarding Forward-Looking Statements, and Business sections in this prospectus. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward looking statements.

Overview

CMG was organized as a limited liability company under the laws of the State of Nevada on December 12, 2012. On May 19, 2014, bBooth, Inc. was incorporated under the laws of the State of Nevada. On May 19, 2014, CMG merged into bBooth, Inc. and, thereafter, bBooth, Inc. changed its name to bBooth (USA), Inc., effective October 16, 2014. The operations of CMG and bBooth (USA), Inc. became known as, and are referred to in this prospectus as, "bBoothUSA."

On October 16, 2014, bBoothUSA was acquired by GSD, pursuant to the Share Exchange Agreement entered into with GSD. GSD was incorporated in the state of Nevada on November 27, 2012. The acquisition was accounted for as a reverse merger transaction. In connection with the closing of the transactions contemplated by the Share Exchange Agreement, GSD's management was replaced by bBoothUSA's management, and GSD changed its name to bBooth, Inc.

Effective April 21, 2017, we changed our corporate name from bBooth, Inc. to nFüsz, Inc. The name change was effected through a parent/subsidiary short-form merger of nFüsz, Inc., our wholly-owned Nevada subsidiary, formed solely for the purpose of the name change, with and into us. We were the surviving entity. To effectuate the merger, we filed Articles of Merger and a Certificate of Correction (relative to the effective date of the name change merger) with the Secretary of State of the State of Nevada on April 4, 2017 and April 17, 2017, respectively. The merger became effective on April 21, 2017. Our board of directors approved the merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the Nevada Revised Statutes, stockholder approval of the merger was not required.

Results of Operation

Three Months Ended June 30, 2018 as compared to the Three Months Ended June 30, 2017

Revenues

Subscription revenues for the three months ended June 30, 2018 were $8,239, compared to $0 for the three months ended June 30, 2017. The increase in subscription revenues were primarily attributable to the Company's SaaS platform that was launched during the fourth quarter of fiscal 2017. There was no similar transaction in the second quarter of 2017.

Operating Expenses

Research and development expenses were $105,733 for the three months ended June 30, 2018, as compared to $92,240 for the three months ended June 30, 2017. The increase was primarily due to an increase in fees for coders dedicated to software development enhancements and modifications.

General and administrative expenses for the three months ended June 30, 2018 and 2017 were $(490,145) and $1,352,028, respectively. The decrease was primarily due to a decrease in stock-based compensation expense of $2,096,024 offset by an increase in marketing and labor related costs associated with growth of the Company. The significant decrease in stock-based compensation is attributed to the revaluation of our consultants' unvested restricted stock and stock options. The price of the Company's Common Stock decreased significantly from $1.45 per share at March 31, 2018 to $0.60 per share at June 30, 2018.

Other expense, net, for the three months ended June 30, 2018 amounted to $(1,379,235), which represented a change in fair value of derivative liability of $(1,444,164) offset by interest expense of $58,788, and other expense of $6,141. The amount of other expense, net, was lower in the second quarter of 2018 due to the change in fair value of derivative liability and $526,871 of 2017 debt extinguishment.

Six Months Ended June 30, 2018 compared to the Six Months Ended June 30, 2017

Revenues

Subscription revenues for the six months ended June 30, 2018 were $16,242, compared to $0 for the six months ended June 30, 2017. The increase in subscription revenues were primarily attributable to the Company's SaaS platform that was launched during the fourth quarter of fiscal 2017. There was no similar transaction in the first half of 2017.

Operating Expenses

Research and development expenses were $235,733 for the six months ended June 30, 2018, as compared to $181,840 for the six months ended June 30, 2017. The increase was primarily due to an increase in fees for coders dedicated to software development enhancements and modifications.

General and administrative expenses for the six months ended June 30, 2018 and 2017 were $4,779,429 and $1,970,028, respectively. The increase was primarily due to an increase in stock-based compensation expense of $2,249,846 plus an increase in labor related costs, marketing, and professional services associated with growth of the Company. The significant increase in stock-based compensation was due to increase in the price of the Company's Common Stock. The price of the Company's Common Stock increased from $0.10 per share at December 31, 2017 to $0.60 per share at June 30, 2018, or an average of $0.82 per share during the period ended June 30, 2018. In the prior period, the average price of the Company's Common Stock was $0.18 per share.

Other expense, net, for the six months ended June 30, 2018 amounted to $1,723,612, which represented a change in fair value of derivative liability of $1,180,723, interest expense for amortization of debt discount of $747,623, interest expense of $262,721 on outstanding notes payable, $171,739 of financing costs attributed to derivative liabilities, and other expense of $12,380. These amounts were offset by a gain on extinguishment of debt, net of $(651,574). The amount of other expense, net, was higher in 2018 due to the payoff of and conversion of debt that did not occur during the first quarter of 2017.

Modified EBITDA

In addition to our GAAP results, we present Modified EBITDA as a supplemental measure of our performance. However, Modified EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to net income, income from operations, or any other performance measure derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. We define Modified EBITDA as net income (loss), plus interest expense, depreciation and amortization, stock-based compensation, financing costs, and changes in fair value of derivative liability.

Management considers our core operating performance to be that which our managers can affect in any particular period through their management of the resources that affect our underlying revenue and profit generating operations that period. Non-GAAP adjustments to our results prepared in accordance with GAAP are itemized below. Readers are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Modified EBITDA, readers should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Modified EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	***June 30, 2017***	***June 30, 2018***	***June 30, 2017***
Net income (loss)	$ 1,771,886	$ (2,111,301)	$ (6,722,532)	$ (2,968,585)
Adjustments:				
Stock Compensation Expense	(1,154,361)	942,463	3,456,593	1,206,737
Change in fair value of derivative liability	(1,444,164)	—	1,180,723	—
Amortization of debt discount	—	53,346	747,623	93,024
Interest expense	58,788	86,817	262,721	170,822
Financing costs	—	—	171,739	—
Depreciation	5,189	5,363	10,494	10,668
Gain on debt extinguishment, net	—	526,871	(651,574)	552,871
Total EBITDA adjustments	(2,534,548)	1,614,860	5,178,319	2,034,122
Modified EBITDA	**$ (762,662)**	**$ (496,441)**	**$ (1,544,213)**	**$ (934,463)**

The $265,757 decrease in Modified EBITDA for the three months ended June 30, 2018 compared to the same period in 2017, resulted from the increase in labor-related costs and marketing associated with the growth of the Company.

The $609,750 decrease in Modified EBITDA for the six months ended June 30, 2018 compared to the same period in 2017, resulted from the increase in labor-related costs, marketing and professional services associated with the growth of the Company.

We present Modified EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Modified EBITDA in developing our internal budgets, forecasts, and strategic plan; in analyzing the effectiveness of our business strategies in evaluating potential acquisitions; and in making compensation decisions and in communications with our board of directors concerning our financial performance. Modified EBITDA has limitations as an analytical tool, which includes, among others, the following:

- Modified EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Modified EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Modified EBITDA does not reflect future interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and the Modified EBITDA does not reflect any cash requirements for such replacements.

Fiscal Year Ended December 31, 2017 compared to the Fiscal Year Ended December 31, 2016

The following is a comparison of the results of our operations for the year ended December 31, 2017 and 2016:

	For the Year Ended		
	December 31, 2017	**December 31, 2016**	**$ Change**
Net sales	$ 5,914	$ —	$ 5,914
Research and development expense	375,220	257,803	117,417
General and administrative expense	4,327,529	2,873,185	1,454,344
Loss from operations	(4,696,835)	(3,130,988)	(1,565,847)
Other income	20,099	52,898	(32,799)
Other expense, net	(2,588,217)	(1,195,149)	(1,393,068)
Loss before income taxes	(7,264,953)	(4,273,239)	(2,991,714)
Income tax provision	1,600	866	734
Net loss	$ (7,266,553)	$ (4,274,105)	$ (2,992,448)

Revenues

Subscription revenues for the fiscal year ended December 31, 2017 were $5,914, compared to $0 for fiscal year ended December 31, 2016. The subscription revenues in fiscal 2017 were attributable to the Company's SaaS platform that was launched during the fourth quarter of fiscal 2017.

Operating Expenses

Research and development expenses were $375,220 in fiscal 2017, as compared to $257,803 in fiscal 2016. Research and development expenses primarily consist of fees paid to vendors contracted to perform research projects and develop technology. In fiscal 2017 and fiscal 2016, our research and development initiatives supported our cloud-based products, or SaaS platform. Our research and development expenses increased $117,417 in fiscal 2017, as compared to fiscal 2016, due to additional product development and testing.

General and administrative expenses for fiscal 2017 were $4,327,529, an increase of $1,454,344 as compared to fiscal 2016. The increase in general and administrative expenses is primarily due to an increase in stock compensation expense of $1,231,843, plus increased labor and creative consulting fees of $241,278 due to growth in our operations.

Other expense, net, for fiscal 2017 equaled $2,588,217, which represented $977,203 on loss from debt extinguishment, $643,481 of financing costs driven by derivative liabilities associated with convertible debt, $555,094 of interest expense on outstanding notes payable, and $418,339 of interest expense for amortization of debt discount. Other expense, net, for fiscal 2016 equaled $1,195,149. The amount of other expense, net, was higher in fiscal 2017 due to financing costs of $643,481, an increase in loss on debt extinguishment of $851,228, and increased interest expense of $214,514 due to by additional debt.

Other Income

We earned $20,099 in other income during fiscal 2017, compared to $52,898 for fiscal 2016. The decrease in other income in fiscal 2017 was due to the transition from the rental of interactive booths as the primary business to our current SaaS business model.

Modified EBITDA

In addition to our GAAP results, we present Modified EBITDA as a supplemental measure of our performance. However, Modified EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to net income, income from operations, or any other performance measure derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. We define Modified EBITDA as net income (loss), plus interest expense, depreciation and amortization, stock-based compensation, financing costs, and changes in the fair value of derivative liability.

Management considers our core operating performance to be that which our managers can affect in any particular period through their management of the resources that affect our underlying revenue and profit generating operations that period. Non-GAAP adjustments to our results prepared in accordance with GAAP are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Modified EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Modified EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

	For the Year Ended	
	December 31, 2017	**December 31, 2016**
Net loss	$ (7,266,553)	$ (4,274,105)
Adjustments:		
Other income	(20,099)	(52,898)
Stock compensation expense	2,533,245	1,301,402
Debt extinguishment	977,203	455,975
Financing costs	643,481	—
Interest expense	555,094	340,580
Amortization of debt discount	418,339	398,594
Depreciation	21,512	21,301
Income tax provision	1,600	866
Change in fair value of derivative liability	(5,900)	—
Total EBITDA Adjustments	5,124,475	2,465,820
Modified EBITDA	**$ (2,142,078)**	**$ (1,808,285)**

The $333,793 decrease in Modified EBITDA for the year ended December 31, 2017 compared to the same period in 2016, resulted from the increase in creative consulting fees of $241,278 and research and development expenses of $117,417 in fiscal 2017.

We present Modified EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Modified EBITDA in developing our internal budgets, forecasts, and strategic plan; in analyzing the effectiveness of our business strategies in evaluating potential acquisitions; and in making compensation decisions and in communications with our board of directors concerning our financial performance. Modified EBITDA has limitations as an analytical tool, which includes, among others, the following:

- Modified EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Modified EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Modified EBITDA does not reflect future interest expense, or the cash requirements necessary to service interest or principal payments on our debts; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Modified EBITDA does not reflect any cash requirements for such replacements.

Liquidity and Capital Resources

Going Concern

We have incurred operating losses since inception and have negative cash flows from operations. As of June 30, 2018, we had a stockholders' deficit of $2,180,711. During the period ended June 30, 2018, we incurred a net loss of $6,722,532 and utilized $1,889,395 in cash during the period ended June 30, 2018. During the period ended December 31, 2017, we utilized $15,869,489 in cash. As a result, our continuation as a going concern is dependent on our ability to obtain additional financing until we can generate sufficient cash flows from operations to meet our obligations. We intend to continue to seek additional debt or equity financing to continue our operations.

Our condensed consolidated financial statements have been prepared on a going concern basis, which implies we may not continue to meet our obligations and continue our operations for the next fiscal year. The continuation of our Company as a going concern is dependent upon our ability to obtain necessary debt or equity financing to continue operations until our Company begins generating positive cash flow.

There is no assurance that we will ever be profitable or that debt or equity financing will be available to us in the amounts, on terms, and at times deemed acceptable to us, if at all. The issuance of additional equity securities by us would result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, would increase our liabilities and future cash commitments. If we are unable to obtain financing in the amounts and on terms deemed acceptable to us, we may be unable to continue our business, as planned, and as a result may be required to scale back or cease operations for our business, the result of which would be that our stockholders would lose some or all of their investment. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should we be unable to continue as a going concern.

Liquidity and Capital Resources Overview

As of June 30, 2018, we had cash of $1,420,798. We estimate our operating expenses for the next three months may continue to exceed any revenues we generate, and we may need to raise capital through either debt or equity offerings to continue operations. We are in the early stages of our business. We are required to fund growth from financing activities, and we intend to rely on a combination of equity and debt financings. Due to market conditions and the early stage of our operations, there is considerable risk that we will not be able to raise such financings at all, or on terms that are not overly dilutive to our existing stockholders. We can offer no assurance that we will be able to raise such funds. If we are unable to raise the funds we require for all of our planned operations, we may be forced to reallocate funds from other planned uses and may suffer a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. As a result, our business may suffer, and we may be forced to reduce or discontinue operations.

Cash Flows — Operating

For the six months ended June 30, 2018, our cash flows used in operating activities amounted to $1,889,395 compared to cash used during the six months ended June 30, 2017 of $794,754. The change is due to an increase in business activity, which resulted in an additional consulting expenses, salary, and various operating expenses in the first half of 2018 compared to the first half of 2017. In addition, the Company paid accrued interest as part of the convertible debt payoffs in the first quarter of 2018 and paid down accounts payable.

Cash Flows — Financing

Our cash provided by financing activities for the six months ended June 30, 2018 amounted to $3,299,633, which represented $2,978,500 of proceeds received from the issuances of our Common Stock, $1,000,000 of proceeds from the issuance of shares of our Common Stock from the exercise of a put option, $130,000 of proceeds from the issuance of convertible debt, $34,133 of proceeds from the exercise of options, and $22,000 of proceeds from the exercise of warrants, offset by $845,000 of convertible debt payments and the repurchase of Common Stock equal to $20,000. Our cash provided by financing activities for the six months ended June 30, 2017 amounted to $805,000, which represented $450,000 of proceeds received from the issuances of Common Stock, $255,000 of proceeds received from the issuance of convertible Series A preferred stock, and $100,000 of proceeds from the issuance of a convertible note. All shares of Series A preferred stock have been converted and we filed a Certificate of Withdrawal with the state of Nevada on August 10, 2018 to formally withdraw the Series A preferred stock.

Warrant Liability

As of June 30, 2018 total liabilities are $3,686,026, of which $1,014,227 is attributable to certain outstanding warrants to purchase up to 1.7 million shares of Common Stock that are accounted for as derivative liability. Without the derivative liability, total liabilities would have been $2,671,799, of which $1,964,985 is related party debt.

As of June 30, 2018, the derivative liability of $1,014,227 relates to outstanding warrants to purchase up to 1.7 million shares of Common Stock issued in December 2017 and January 2018. Due to certain adjustments that may be paid to the exercise price of the warrants if the Company issues or sells rights, options, or warrants to holders of its Common Stock (and not to the warrant holders) entitling them to subscribe for or purchase shares of its Common Stock at a price that is less than the closing price at the record date of such issuance, the warrants have been classified as a liability, as opposed to equity, in accordance with ASC 815-10 as it was determined that the warrants were not indexed to our Common Stock.

Notes Payable

The Company has the following outstanding notes payable to related parties at June 30, 2018 that are due in the current year:

Payable to:	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2018
Rory Cutaia[1]	December 1, 2015	August 1, 2018	12.0%	$ 1,248,883	$ 1,198,883
Rory Cutaia	December 1, 2015	August 1, 2018	12.0%	189,000	189,000
Past Director	December 1, 2015	April 1, 2017	12.0%	111,901	111,901
Rory Cutaia[2]	August 4, 2016	December 4, 2018	12.0%	343,326	343,326
Rory Cutaia	August 4, 2016	December 4, 2018	12.0%	121,875	121,875
Total notes payable – related parties					$ 1,964,985

(1) Per the terms of the note agreement, at Mr. Cutaia's discretion, he may convert up to $374,665 of outstanding principal, plus accrued interest thereon, into shares of Common Stock at a conversion rate of $0.07 per share.

(2) A total of 30% of the principal of the note can be converted to shares of Common Stock at a conversion price of $0.07 per share.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Contractual Obligations

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

Critical Accounting Policies

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require that we make certain assumptions and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses during each reporting period.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Significant estimates include valuation of derivative liability, valuation of debt and equity instruments, share-based compensation arrangements, and long-lived assets. Amounts could materially change in the future.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

The Company uses Level 2 inputs for its valuation methodology for the derivative liabilities as their fair values were determined by using a probability weighted average Black-Scholes-Merton pricing model based on various assumptions. The Company’s derivative liabilities are adjusted to reflect the fair value at the end of each reporting period, with any increase or decrease in the fair value being recorded in the current period’s results of operations as adjustments to the fair value of derivatives.

Share Based Payment

The Company issues stock options, warrants exercisable for shares of Common Stock, Common Stock, and equity interests as share-based compensation to employees and non-employees.

The Company accounts for its share-based compensation to employees in accordance FASB ASC 718 “Compensation — Stock Compensation.” Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period.

The Company accounts for share-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50 “Equity — Based Payments to Non-Employees.” Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The final fair value of the share-based payment transaction is determined at the performance completion date. For interim periods, the fair value is estimated, and the percentage of completion is applied to that estimate to determine the cumulative expense recorded.

The Company values stock compensation based on the market price on the measurement date. As described above, for employees the measurement date is the grant date, and for non-employees, this is the date performance is completed.

The Company values stock options using the Black-Scholes option pricing model. Assumptions used in the Black-Scholes model to value options issued during the years ended December 31, 2017 and 2016 are as follows:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Expected life in years	2.5 to 5.0	2.5 to 5.0
Stock price volatility	84.36% – 173.92%	87.19% – 153.07%
Risk free interest rate	1.22% – 2.23%	1.22% – 1.24%
Expected dividends	0%	0%
Forfeiture rate	21%	20%

The risk-free interest rate was based on rates established by the Federal Reserve Bank. The Company uses the historical volatility of its Common Stock to estimate the future volatility for its Common Stock. The expected dividend yield was based on the fact that the Company has not customarily paid dividends in the past and does not expect to pay dividends in the future.

Concentrations

During the year ended December 31, 2017, the Company had a single vendor that accounted for 20.7% of all purchases, and 18.1% of all purchases in the same period in the prior year.

Recently Issued Accounting Pronouncements

For a summary of our recent accounting policies, refer to Note 2 of our unaudited condensed consolidated financial statements for the three and six months ended June 30, 2018 for a discussion of recent accounting pronouncements.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d- 15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of June 30, 2018.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT

Directors and Executive Officers

Each of our directors holds office until the next annual meeting of our stockholders or until his successor has been elected and qualified, or until his death, resignation, or removal. Our executive officers are appointed by our board of directors and hold office until their death, resignation, or removal from office.

Our directors and executive officers, their ages, positions held, and duration of such, are as follows:

Name	Position Held with Our Company	Age	Date First Elected or Appointed
Rory J. Cutaia	Chairman of the Board, President, Chief Executive Officer, Secretary, and Treasurer	62	October 16, 2014
Jeffrey R. Clayborne	Chief Financial Officer	47	July 15, 2016
James P. Geiskopf	Director	59	October 16, 2014

Business Experience

The following is a brief overview of the education and business experience of each of our directors and executive officers during at least the past five years, including their principal occupations or employment during the period, the name and principal business of the organization by which they were employed, and certain of their other directorships:

Rory J. Cutaia, Chairman of the Board, President, Chief Executive Officer, Secretary, and Treasurer

Rory J. Cutaia has been our Chairman of the Board, Chief Executive Officer, President, Secretary, and Treasurer since the formation of CMG, in which roles he has continued to serve through our October 2014 acquisition of bBooth USA to current. Mr. Cutaia founded CMG in 2012 and bBooth, Inc. in 2014. In May 2014, CMG and bBooth, Inc. merged and became known as bBoothUSA, which entity was acquired in October 2014 by GSD, our predecessor. Prior to that, from October 2006 to August 2011, he was a partner and *Entrepreneur-in-Residence* at Corinthian Capital Group, Inc. ("Corinthian"), a private equity fund based in New York City that invested in middle-market, U.S. based companies. During his tenure at Corinthian, from June 2008 to October 2011, he was the co-founder and Executive Chairman of Allied Fiber, Inc., a company engaged in the construction of a nation-wide fiber-optic network, and from June 2007 to August 2011, Mr. Cutaia was the Chief Executive Officer of GreenFields Coal Company, a company engaged in the deployment of technology to recycle coal waste and clean-up coal waste sites. Before joining Corinthian, from January 2000 to October 2006, he founded and was the Chairman and Chief Executive Officer of The Telx Group, Inc. ("Telx"), a company engaged in the telecom carrier inter-connection, co-location, and data center business, which he sold in 2006. Before founding Telx, he was a practicing lawyer with Shea & Gould, a prominent New York City law firm. Mr. Cutaia obtained his Juris Doctorate degree from the Fordham University School of Law in 1985 and his Bachelor of Science, *magna cum laude*, in business management from the New York Institute of Technology in 1982. We believe that Mr. Cutaia is qualified to serve on our board of directors because of his knowledge of our current operations, in addition to his education and business experiences described above.

Jeffrey R. Clayborne, Chief Financial Officer

Jeffrey R. Clayborne has been our Chief Financial Officer since July 15, 2016. Mr. Clayborne is an experienced finance professional with an entrepreneurial spirit and proven record of driving growth and profit for both Fortune 50 companies, as well as start-up companies. Prior to joining the Company, Mr. Clayborne served as Chief Financial Officer and a consultant with Breath Life Healing Center from August 2015 to July 2016. From September 2014 to August 2015, he served as Vice President of Business Development of Incroud, Inc and from May 2012 to September 2014, Mr. Clayborne served as President of Blast Music, LLC. Prior to this, Mr. Clayborne was employed by Universal Music Group where he served as Vice President, Head of Finance & Business Development for Fontana, where he managed the financial planning and analysis of the sales and marketing division and led the business development department. He also served in senior finance positions at The Walt Disney Company, including Senior Finance Manager at Walt Disney International, where he oversaw financial planning and analysis for the organization in 37 countries. Mr. Clayborne began his career as a CPA at McGladrey & Pullen LLP (now, RSM US LLP), then at KPMG Peat Marwick (now, KPMG). He brings with him more than 20 years of experience in all aspects of strategy, finance, business development, negotiation, and accounting. Mr. Clayborne earned his Master of Business Administration degree from the University of Southern California, with high honors.

James P. Geiskopf, Director

James P. Geiskopf has been one of our directors since the formation of bBooth USA, in which role he has continued to serve through our October 2014 acquisition of bBooth USA by GSD, our predecessor, to current. He also serves as the Chairman of our audit committee and our Lead Director. Mr. Geiskopf has 32 years of experience leading companies in the services industry. From 1975 to 1986, Mr. Geiskopf served as the Chief Financial Officer of Budget Rent a Car of Fairfield California and from 1986 to 2007, he served as its President and Chief Executive Officer. In 2007, he sold the franchise. Mr. Geiskopf served on the Board of Directors of Suisun Valley Bank from 1986 to 1993 and also served on the Board of Directors of Napa Valley Bancorp from 1991 to 1993, which was sold to a larger institution in 1993. Since 2014, Mr. Geiskopf has served on the board of directors of ICOx Innovations, Inc., a public company quoted on the OTC Markets Group Inc.'s OTCPK tier. From June 2013 to March 16, 2017, the date of his resignation, Mr. Geiskopf had served as a director of Electronic Cigarettes International Group, Ltd., a Nevada corporation, whose common stock had been quoted on the over-the-counter market ("ECIG"). ECIG filed a voluntary petition for relief under the provisions of Chapter 7 of Title 11 of the United States Code on March 16, 2017.

Mr. Geiskopf has significant and lengthy business experience including building, operating, and selling companies, serving on the boards of directors for several banks, and serving as a director and officer of several public companies. In these roles he acquired substantial business management, strategic, operational, human resource, financial, disclosure, compliance, and corporate governance skills. These were the primary reasons that we concluded that he should serve as one of our directors.

Family Relationships

There are no family relationships among any of our directors or executive officers.

Significant Employees

We do not currently have any significant employees other than our executive officers.

Involvement in Certain Legal Proceedings

Other than the matter listed above with respect to Mr. Geiskopf, none of our directors and executive officers has been involved in any of the following events during the past ten years:

(a) any petition under the federal bankruptcy laws or any state insolvency laws filed by or against, or an appointment of a receiver, fiscal agent or similar officer by a court for the business or property of such person, or any partnership in which such person was a general partner at or within two years before the time of such filing, or any corporation or business association of which such person was an executive officer at or within two years before the time of such filing;

(b) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offences);

(c) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining such person from, or otherwise limiting, the following activities: (i) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity; engaging in any type of business practice; or (ii) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

(d) being the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (c)(i) above, or to be associated with persons engaged in any such activity;

(e) being found by a court of competent jurisdiction (in a civil action), the SEC to have violated a federal or state securities or commodities law, and the judgment in such civil action or finding by the SEC has not been reversed, suspended, or vacated;

(f) being found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

(g) being the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of: (i) any federal or state securities or commodities law or regulation; or (ii) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease- and-desist order, or removal or prohibition order; or (iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

(h) being the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Party Transactions

We follow ASC 850, Related Party Disclosures, for the identification of related parties and disclosure of related party transactions. When and if we contemplate entering into a transaction in which any executive officer, director, nominee, or any family member of the foregoing would have a direct or indirect interest, regardless of the amount involved, the terms of such transaction are to be presented to our full board of directors (other than any interested director) for approval, and documented in the board minutes.

Other than as disclosed below, since January 1, 2017, the beginning of our last full fiscal year, we have had no related party transactions.

Notes Payable — Related Parties

We had the following outstanding notes payable during the period specified above:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Largest Aggregate Amount Outstanding Since January 1, 2017	Amount Outstanding as of August 14, 2018	Interest Paid Since January 1, 2018	Interest Paid Since January 1, 2017
Note 1[(1)]	December 1, 2015	August 1, 2018	12.0%	$ 1,248,883	$ 1,198,883	$ 1,198,883	$ 71,341	$ 215,211
Note 2[(2)]	December 1, 2015	August 1, 2018	12.0%	189,000	189,000	189,000	11,247	33,926
Note 3[(3)]	December 1, 2015	April 1, 2017	12.0%	111,901	111,901	111,901	—	—
Note 4[(4)]	August 4, 2016	December 4, 2018	12.0%	343,326	343,326	343,326	66,214	92,670
Note 5[(5)]	August 4, 2016	December 4, 2018	12.0%	121,875	121,875	121,875	32,896	32,896
Total notes payable – related parties					**$ 1,964,985**	**$ 1,964,985**	**$ 181,699**	**$ 374,703**

(1) On December 1, 2015, we issued a convertible note in favor of Mr. Cutaia, our majority stockholder and Chief Executive Officer, to consolidate all loans and advances made by Mr. Cutaia to us as of that date. The note bears interest rate of 12% per annum, is secured by our assets, and had an original maturity date of April 1, 2017. Pursuant to the terms of the note, Mr. Cutaia, at his election, may convert up to $374,665 of outstanding principal, plus accrued interest thereon, into shares of Common Stock at a conversion rate of $0.07 per share.

On May 4, 2017, we entered into an extension agreement with Mr. Cutaia to extend the maturity date of the note from April 1, 2017 to August 1, 2018. All other terms of the note remain unchanged. In connection with the extension, we granted to Mr. Cutaia a three-year warrant to purchase up to 1,755,192 shares of Common Stock at a price of $0.355 per share with a fair value of $517,291. Effective August 8, 2018, we entered into an extension agreement with Mr. Cutaia to extend further the maturity date of the note from August 1, 2018 to February 8, 2021. All other terms of the note remain unchanged. In connection with the extension, we granted to Mr. Cutaia a warrant to purchase up to 2,446,700 shares of Common stock at a price of $0.49.

(2) On December 1, 2015, we issued a convertible note in favor of Mr. Cutaia in the amount of $189,000, representing a portion of Mr. Cutaia's accrued salary for 2015. The note is unsecured, bears interest rate of 12% per annum, had an original maturity date of April 1, 2017, and is convertible into shares of Common Stock at a conversion price of $0.07 per share.

On May 4, 2017, we entered into an extension agreement with Mr. Cutaia to extend the maturity date of the note from April 1, 2017 to August 1, 2018. All other terms of the note remain unchanged and there was no additional compensation or incentive given. Effective August 8, 2018, we entered into an extension agreement with Mr. Cutaia to extend further the maturity date of the note from August 1, 2018 to February 8, 2021. All other terms of the note remain unchanged and there was no additional compensation or incentive given.

(3) On December 1, 2015, we issued a note in favor of a former member of our board of directors, in the amount of $111,901, representing unpaid consulting fees as of November 30, 2015. The note is unsecured, bears interest rate of 12% per annum, and had an original maturity date of April 1, 2017. This note is currently past due.

(4) On April 4, 2016, we issued a convertible note in favor of Mr. Cutaia, in the amount of $343,326, to consolidate all advances made by Mr. Cutaia to us during the December 2015 through March 2016 period. The note bears interest rate of 12% per annum, is secured by our assets, and had an original maturity date of August 4, 2017. The terms of the note permit Mr. Cutaia to convert up to 30% of the principal into shares of Common Stock at a conversion price $0.07 per share.

    On August 4, 2017, we entered into an extension agreement with Mr. Cutaia to extend the maturity date of the note from August 4, 2017 to December 4, 2018. All other terms of the note remain unchanged. In connection with the extension, we granted to Mr. Cutaia a five-year warrant to purchase up to 1,329,157 shares of Common Stock at a price of $0.15 per share with a fair value of $172,456.

(5) On April 4, 2016, we issued a convertible note in favor of Mr. Cutaia in the amount of $121,875, which represented his accrued salary from December 2015 through March 2016. The note is unsecured, bears interest at the rate of 12% per annum, compounded annually, and had an original maturity date of August 4, 2017. The note is also convertible into shares of our Common Stock at $0.07 per share.

    On August 4, 2017, we entered into an extension agreement with Mr. Cutaia to extend the maturity date of the note from August 4, 2017 to December 4, 2018. All other terms of the note remain unchanged and there was no additional compensation or incentive given.

During the year ended December 31, 2017, we recorded total interest expense equal to $232,192 pursuant to the terms of the notes and paid $196,607 in interest.

Director Independence

Our board of directors is currently composed of two members. Our Common Stock is not currently listed for trading on a national securities exchange and, as such, we are not subject to any director independence standards. However, we determined that one director, James P. Geiskopf, qualifies as an independent director. We determined that Mr. Cutaia, our Chairman of the Board, President, Chief Executive Officer, Treasurer, and Secretary, was not independent. We evaluated independence in accordance with the rules of NASDAQ and the SEC. Mr. Geiskopf also serves on our Audit and Compensation Committees.

Our board of directors expects to continue to evaluate its independence standards and whether and to what extent the composition of our board of directors and its committees meets those standards. We ultimately intend to appoint such persons to our board and to the committees of our board as are expected to be required to meet the corporate governance requirements imposed by NASDAQ and the SEC. Therefore, we intend that a majority of our directors will be independent directors, of which at least one director will qualify as an "audit committee financial expert," within the meaning of Item 407(d)(5) of Regulation S-K, as promulgated under the Securities Act of 1933, as amended (the "Securities Act").

Audit Committee and Audit Committee Financial Expert

On August 14, 2018, the board of directors amended and restated the audit committee charter (the "Audit Committee Charter") to govern the Audit Committee. Currently, Mr. Geiskopf is the sole member of the Audit Committee and meets the independence requirements of NASDAQ and the SEC. The Audit Committee Charter requires that each member of the Audit Committee meet the independence requirements of NASDAQ and the SEC and requires the Audit Committee to have at least one member that qualifies as an "audit committee financial expert." In addition to the enumerated responsibilities of the Audit Committee in the Audit Committee Charter, the primary function of the Audit Committee is to assist the board of directors in its general oversight of our accounting and financial reporting processes, audits of our financial statements, and internal control and audit functions. The Audit Committee Charter can be found online at http://www.nfusz.com/auditcommittecharter.

Compensation Committee

On August 14, 2018, the board of directors approved and adopted a charter (the "Compensation Committee Charter") to govern the Compensation Committee. Currently, Mr. Geiskopf is the sole member of the Compensation Committee and meets the independence requirements of NASDAQ and the SEC, qualifies as a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, and qualifies as an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. In addition to the enumerated responsibilities of the Compensation Committee in the Compensation Committee Charter, the primary function of the Compensation Committee is to oversee the compensation of our executives, produce an annual report on executive compensation for inclusion in our proxy statement, if and when required by applicable laws or regulations, and advise the board of directors on the adoption of policies that govern our compensation programs. The Compensation Committee Charter may be found online at http://www.nfusz.com/compensationcommittecharter.

Governance and Nominating Committee

On August 14, 2018, the board of directors approved and adopted a charter (the "Nominating Committee Charter") to govern the Governance and Nominating Committee (the "Nominating Committee") it intends to establish in the near term. The Nominating Committee Charter requires that each member of the Nominating Committee meet the independence requirements of NASDAQ and the SEC. In addition to the enumerated responsibilities of the Nominating Committee in the Nominating Committee Charter, the primary function of the Nominating Committee is to determine the slate of director nominees for election to the board of directors, to identify and recommend candidates to fill vacancies occurring between annual stockholder meetings, to review our policies and programs that relate to matters of corporate responsibility, including public issues of significance to us and our stockholders, and any other related matters required by federal securities laws. The charter of the Nominating Committee may be found may be found online http://www.nfusz.com/governanceandnominatingcommittecharter.

Code of Ethics

In 2014, our board of directors approved and adopted a Code of Ethics and Business Conduct for Directors, Senior Officers, and Employees (the "Code of Ethics") that applies to all of our directors, officers, and employees, including our principal executive officer and principal financial officer. The Code of Ethics addresses such individuals' conduct with respect to, among other things, conflicts of interests; compliance with applicable laws, rules, and regulations; full, fair, accurate, timely, and understandable disclosure by us; competition and fair dealing; corporate opportunities; confidentiality; protection and proper use of our assets; and reporting suspected illegal or unethical behavior. The Code of Ethics is available on our website at http://www.nfusz.com/codeofethics.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between our board of directors and the board of directors or compensation committee of any other company, nor has any interlocking relationship existed in the past.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain compensation awarded to, earned by, or paid to the following "named executive officers," which is defined as follows:

(a) all individuals serving as our principal executive officer during the year ended December 31, 2017; and

(b) each of our two other most highly compensated executive officers who were serving as executive officers at the end of the year ended December 31, 2017.

We did not have any individuals for whom disclosure would have been required but for the fact that the individual was not serving as an executive officer as of the end of fiscal 2017.

Name and Position	Fiscal Year	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(2)	All Other Compensation ($)	Total ($)
Rory J. Cutaia(3)	2017	399,804	709,500	167,083	689,747	1,966,134(4)
Chairman of the Board, Chief Executive Officer, President, Secretary, and Treasurer	2016	357,500	0	108,603	127,083	593,186(5)
Jeffrey R. Clayborne(6)	2017	95,615	324,500	312,846	0	732,961
Chief Financial Officer	2016	34,000	0	164,464	0	198,464

(1) For valuation purposes, the dollar amount shown is calculated based on the market price of the Common Stock on the grant dates. The number of shares granted, the grant date, and the market price of such shares for each named executive officer is set forth below.

(2) For valuation assumptions on stock option awards refer to Note 2 to the audited consolidated financial statements for the year ended December 31, 2017 included as part of this prospectus. The disclosed amounts reflect the fair value of the stock option awards that were earned during fiscal years ended December 31, 2017 and 2016 in accordance with FASB ASC Topic 718.

(3) Mr. Cutaia was appointed as Chairman of the Board, President, Chief Executive Officer, Secretary, and Treasurer on October 16, 2014.

(4) As of December 31, 2017, Mr. Cutaia had accrued but unpaid compensation equal to $582,333, which consists of deferred salary in fiscal 2017 and fiscal 2016 of $399,804 and $182,529, respectively.

(5) As of December 31, 2016, Mr. Cutaia had accrued but unpaid compensation equal to $182,529.

(6) Mr. Clayborne was appointed as Chief Financial Officer on July 15, 2016.

Narrative Disclosure to Summary Compensation Table

The following is a discussion of the material information that we believe is necessary to understand the information disclosed in the foregoing Summary Compensation Table.

Rory J. Cutaia

On November 1, 2014, we entered into an employment agreement with Mr. Cutaia. The employment agreement is for a five-year term, and can be extended for additional one-year periods. In addition to certain payments due to Mr. Cutaia upon termination of employment, the employment agreement contains customary non-competition, non-solicitation, and confidentiality provisions. Mr. Cutaia is entitled to a base salary of $325,000 per year, with annual increases of 10%. Mr. Cutaia is also entitled to a mandatory increase of not less than $100,000 per annum upon us achieving EBITDA break-even. In addition, Mr. Cutaia is eligible for an annual bonus in an amount of $325,000 upon the achievement of certain performance targets established by the board of directors, as well as an annual stock option grant of 250,000 shares of Common Stock. Finally, Mr. Cutaia is eligible for certain other benefits such as health, vision, and dental insurance, life insurance, and 401(k) Company matching.

Mr. Cutaia earned total cash compensation for his services to us in the amount of $399,804 and $357,500 for fiscal years 2017 and 2016, respectively.

On August 15, 2017, we issued Mr. Cutaia 3,750,000 shares of Common Stock. The price per share was $0.15, as reported by the OTCQB.

On May 12, 2016, we granted Mr. Cutaia a stock option to purchase up to 1,250,000 shares of Common Stock at an exercise price of $0.0950 per share. The option was fully vested when granted and will expire on May 11, 2021. On November 1, 2016, we granted Mr. Cutaia a stock option to purchase up to 250,000 shares of Common Stock at an exercise price of $0.11 per share. The option is now fully vested and will expire on October 31, 2021. On January 10, 2017, we granted Mr. Cutaia a stock option to purchase up to 2,000,000 shares of Common Stock at an exercise price of $0.08 per share. The option is not currently vested, but will vest in full on January 10, 2020, and will expire on January 9, 2022. On December 19, 2017, we granted Mr. Cutaia a stock option to purchase up to 250,000 shares of Common Stock at an exercise price of $0.077 per share. The option was vested as to 125,000 shares on the date of grant and will vest as to the other 125,000 shares on December 18, 2018 and will expire on December 18, 2022.

Mr. Cutaia also received $689,747 in fiscal 2017 as “other compensation”, which was represented by warrants with 3-year terms to purchase up to 3,084,349 shares of our Common Stock. Mr. Cutaia received “other compensation” in fiscal 2016 equal to $127,083, which was represented by warrants with 3-year terms to purchase up to 2,452,325 shares of our Common Stock.

Jeffrey R. Clayborne

Mr. Clayborne earned total cash compensation for his services to us in the amount of $95,615 and $34,000 for fiscal years 2017 and 2016, respectively.

On May 4, 2017, we issued Mr. Clayborne 500,000 shares of Common Stock. The price per share was $0.36, as reported on the OTCQB.

On July 15, 2016, we granted Mr. Clayborne a stock option to purchase 1,500,000 shares of Common Stock at an exercise price of $0.11 per share. On the grant date, 100,000 shares vested. The remaining 1,400,000 shares will vest annually in three equal installments. As of August 14, 2018, 1,033,333 shares were vested. On January 10, 2017, we granted Mr. Clayborne a stock option to purchase 2,000,000 shares of Common Stock at an exercise price of $0.08 per share. All of the shares will vest on January 10, 2020. On May 4, 2017, we granted Mr. Clayborne a stock option to purchase 500,000 shares of Common Stock at an exercise price of $0.36 per share. The shares will vest annually in three equal installments. As of August 14, 2018, 166,667 shares were vested.

Outstanding Equity Awards at Fiscal Year-End

We did not have any stock awards outstanding as at December 31, 2017. The following table sets forth, for each named executive officer, certain information concerning outstanding option awards as of December 31, 2017:

Name	Number of securities underlying unexercised options (exercisable) (#)	Number of securities underlying unexercised options (unexercisable) (#)	Option exercise price ($)	Option expiration date
Rory J. Cutaia	125,000	125,000	0.08	December 18, 2022(1)
	0	2,000,000	0.08	January 9, 2022(2)
	250,000	0	0.11	October 31, 2012(3)
	1,250,000	0	0.10	May 11, 2021(4)
	250,000	0	0.08	November 1, 2019(5)
	800,000	0	0.50	May 12, 2019(6)
Jeffrey R. Clayborne	0	500,000	0.36	May 3, 2022(7)
	0	2,000,000	0.08	January 9, 2022(8)
	566,666	933,334	0.11	July 14, 2021(9)

(1) 125,000 shares vested on the grant date, and the remaining 125,000 shares will vest on December 19, 2018.

(2) 2,000,000 shares will vest on January 10, 2020

(3) All shares have fully vested.

(4) 1,250,000 shares vested on the grant date.

(5) All shares have fully vested.

(6) All shares have fully vested.

(7) Shares will vest annually in three equal installments.

(8) All 2,000,000 shares will vest on January 10, 2020.

(9) 100,000 shares vested on the grant date, and the remaining 1,400,000 shares will vest annually in three equal installments.

Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide retirement or similar benefits for our directors or executive officers.

Resignation, Retirement, Other Termination, or Change in Control Arrangements

Other than as disclosed below, we have no contract, agreement, plan, or arrangement, whether written or unwritten, that provides for payments to our directors or executive officers at, following, or in connection with the resignation, retirement, or other termination of our directors or executive officers, or a change in control of our company or a change in our directors' or executive officers' responsibilities following a change in control.

Rory J. Cutaia

Pursuant to Mr. Cutaia's employment agreement dated November 1, 2014 (the "Employment Agreement"), Mr. Cutaia is entitled to the following severance package in the event he is "terminated without cause," "terminated for good reason," or "terminated upon permanent disability:" (i) monthly payments of $27,083 or such sum equal to his monthly base compensation at the time of the termination, whichever is higher, for a period of thirty-six (36) months from the date of such termination or to the end of the term of the Employment Agreement, whichever is longer; and (ii) reimbursement for COBRA health insurance costs for thirty-six (36) months from the date of such termination or to the end of the term of the Employment Agreement, whichever is longer. In addition, Mr. Cutaia's unvested equity will immediately vest, without restriction, and any unearned and unpaid bonus compensation, expense reimbursement, and all accrued vacation, personal, and sick days, etc. shall be deemed earned, vested, and paid immediately. For purposes of the Employment Agreement, "terminated without cause" means Mr. Cutaia is terminated for any reason other than a discharge for cause or due to Mr. Cutaia's death or permanent disability. For purposes of the Employment Agreement, "terminated for good reason" means the voluntary termination of the Employment Agreement by Mr. Cutaia if any of the following occurs without his prior written consent, which consent cannot be unreasonably withheld considering our then current financial condition, and in each case, which continues uncured for 30 days following receipt by us of Mr. Cutaia's written notice: (i) there is a material reduction by us in (A) Mr. Cutaia's annual base salary then in effect or (B) the annual target bonus, as set forth in the Employment Agreement, or the maximum additional amount up to which Mr. Cutaia is eligible pursuant to the Employment Agreement; (ii) we reduce Mr. Cutaia's job title and position such that Mr. Cutaia (A) is no longer our Chief Executive Officer; (B) is no longer the Chairman of our board of directors; or (C) is involuntarily removed from our board of directors; or (iii) Mr. Cutaia is required to relocated to an office location outside of Los Angeles, California or outside of a thirty (30) mile radius of Los Angeles, California. For purposes of the Employment Agreement, "terminated upon permanent disability" means Mr. Cutaia is terminated because he is unable to perform his duties due to a physical or mental condition for (i) a period of one hundred twenty (120) consecutive days or (ii) an aggregate of one-hundred eighty (180) days in any twelve (12)-month period.

Director Summary Compensation Table

The table below summaries the compensation paid to our sole non-employee director for the fiscal year ended December 31, 2017:

Name[1]	Fees earned or paid in cash ($)	Stock awards ($)[2]	Option awards ($)	Total ($)
James P. Geiskopf	0	147,000[3][4]	148,777[3][5]	295,777

(1) Rory J. Cutaia, our Chairman of the Board, Chief Executive Officer, President, Secretary, and Treasurer during fiscal 2017, is not included in this table as he was an employee, and, thus, received no compensation for his services as a director. The compensation received by Mr. Cutaia as an employee is disclosed in the Summary Compensation Table on page 45.

(2) Reflects the fair value amount of the stock awards granted for fiscal 2017 in accordance with ASC Topic 718.

(3) The aggregate number of stock awards outstanding at the end of fiscal 2017 was 4,164,000 shares. The aggregate number of option awards outstanding at the end of fiscal 2017 was 3,350,000 shares.

(4) Represents an award of 1,500,000 shares of Common Stock valued at a price per share of $0.098, which was the closing price as reported on the OTCQB on the grant date.

(5) Represents an option award of 2,000,000 shares of Common Stock valued at a price per share of approximately $0.0744, which was the closing price as reported on the OTCQB on the grant date.

Narrative Discussion on Director Compensation

We have no formal plan for compensating our directors for their services in their capacity as directors. Our directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. Our board of directors may award special remuneration to any director undertaking any special services on their behalf other than services ordinarily required of a director.

James P. Geiskopf

On January 10, 2017, we granted Mr. Geiskopf a stock option to purchase up to 2,000,000 shares of Common Stock at an exercise price of $0.08 per share. The shares underlying the stock option will vest on January 10, 2020.

On March 7, 2018, we granted Mr. Geiskopf a stock award of 1,500,000 shares of Common Stock for services rendered during fiscal year 2017.

Golden Parachute Compensation

For a description of the terms of any agreement or understanding, whether written or unwritten, between our company and any officer or director concerning any type of compensation, whether present, deferred or contingent, that will be based on or otherwise will relate to an acquisition, merger, consolidation, sale, or other type of disposition of all or substantially all assets of our company, see above under the heading "Executive Compensation" and "Director Compensation."

Risk Assessment in Compensation Programs

During fiscal 2017 and 2016, we paid compensation to our employees, including executive andnon-executive officers. Due to the size and scope of our business, and the amount of compensation, we did not have any employee compensation policies and programs to determine whether our policies and programs create risks that are reasonably likely to have a material adverse effect on us.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of August 14, 2018, certain information with respect to the beneficial ownership of our Common Stock by (i) each of our current directors, (ii) each of our named executive officers, (iii) our directors and named executive officers as a group, and (iv) each stockholder known by us to be the beneficial owner of more than 5% of our outstanding Common Stock. For purposes of this table, we have also included a column that relates to the potential percent owned by each of our directors, named executive officers, and more than 5% beneficial owners following the Sound Concepts Acquisition, assuming that shares of Common Stock are issued in this offering, which includes the full exercise of the Underwriter's over-allotment option. We currently do not know how many shares of Common Stock will be offered and sold in the offering.

Name and Address	Title of Class	Amount and Nature of Beneficial Ownership(1)	Percent Owned (%) (Pre-Offering)(2)	Amount and Nature of Beneficial Ownership(1) (Post-Offering)	Percent Owned (%) (Post-Offering)
Rory J. Cutaia c/o 344 S. Hauser Drive, Unit 414 Los Angeles, California 90036	Common Stock	59,418,320(3)	32.1%		
James P. Geiskopf c/o 344 S. Hauser Drive, Unit 414 Los Angeles, California 90036	Common Stock	5,514,000(4)	3.6%		
Jeffrey R. Clayborne c/o 344 S. Hauser Drive, Unit 414 Los Angeles, California 90036	Common Stock	3,393,141(5)	2.2%		
All executive officers and directors as a group (3 persons)	**Common Stock**	**68,325,461**	**36.4%**		
Beneficial owner of more than 5%					
Chakradhar Reddy 110 3rd Avenue, No. 11B New York, New York 11103	Common Stock	9,300,000	6.05%		

(1) Except as otherwise indicated, we believe that the beneficial owners of the Common Stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Common Stock subject to options or warrants currently exercisable or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage ownership of the person holding such option or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

(2) Percentage of Common Stock is based on 153,698,043 shares of our Common Stock issued and outstanding as of August 14, 2018.

(3) Consists of 23,585,832 shares of Common Stock held directly, 3,603,600 shares of Common Stock held by Cutaia Media Group Holdings, LLC (an entity over which Mr. Cutaia has dispositive and voting authority), and 810,092 shares of Common Stock held by Mr. Cutaia's spouse (as to which shares, he disclaims beneficial ownership). Also includes 2,675,000 shares of Common Stock underlying stock options held directly and 575,000 shares of Common Stock underlying stock options held by Mr. Cutaia's spouse that are exercisable within 60 days of the date of this prospectus (as to which underlying shares, he disclaims beneficial ownership) but excludes 2,125,000 shares of Common Stock underlying stock options held by Mr. Cutaia, and 25,000 shares of Common Stock underlying stock options held by Mr. Cutaia's spouse, as none of such options is exercisable within 60 days of the date of this prospectus. The total also includes 14,457,267 shares of Common Stock underlying warrants granted to Mr. Cutaia, which warrants are exercisable within 60 days of the date of this prospectus, and 11,264,829 shares of Common Stock into which Mr. Cutaia can contractually convert his outstanding notes within 60 days of the date of this prospectus.

(4) Includes 4,084,000 shares of Common Stock held directly and 80,000 shares of Common Stock held by Mr. Geiskopf's children. Also includes 1,350,000 shares of Common Stock underlying stock options exercisable within 60 days of the date of this prospectus. Excludes 2,000,000 shares of Common Stock underlying stock options not exercisable within 60 days of the date of this prospectus.

(5) Includes 2,000,000 shares of Common Stock held directly. Also, includes 1,393,141 shares of Common Stock underlying stock options that are exercisable within 60 days of the date of this prospectus. Excludes 2,800,000 shares of Common Stock underlying stock options that are not exercisable within 60 days of the date of this prospectus.

We do not know of any arrangements that may, at a subsequent date, result in a change in control.

DESCRIPTION OF SECURITIES

The following is a summary of all material characteristics of our capital stock as set forth in our Articles of Incorporation, and our Bylaws. The summary does not purport to be complete and is qualified in its entirety by reference to our Articles of Incorporation and our Bylaws, and to the provisions of the Nevada Revised Statutes. We encourage you to review complete copies of our Articles of Incorporation and our Bylaws. You can obtain copies of these documents by following the directions outlined in "Where You Can Find More Information" and "Incorporation of Certain Information by Reference" elsewhere in this prospectus.

General

We are currently authorized to issue up to 200,000,000 shares of Common Stock and 15,000,000 shares of preferred stock, par value $0.0001 per share.

Common Stock

Of the 200,000,000 shares of Common Stock authorized by our Articles of Incorporation, 153,698,043 shares of Common Stock are issued and outstanding as of August 14, 2018. Each holder of Common Stock is entitled to one vote per share on all matters to be voted upon by the stockholders and are not entitled to cumulative voting for the election of directors. Holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available therefor subject to the rights of preferred stockholders. We have not paid any dividends and do not intend to pay any cash dividends to the holders of Common Stock in the foreseeable future. We anticipate reinvesting our earnings, if any, for use in the development of our business. In the event of liquidation, dissolution, or winding up of the Company, the holders of Common Stock are entitled, unless otherwise provided by law or our Articles of Incorporation, including any certificate of designations for a series of preferred stock, to share ratably in all assets remaining after payment of liabilities and the preferences of preferred stockholders. Holders of our Common Stock do not have preemptive, conversion, or other subscription rights. There are no redemption or sinking fund provisions applicable to our Common Stock.

Preferred Stock

Of the 15,000,000 shares of preferred stock, par value $0.001 per share, authorized in our Articles of Incorporation, all of which are undesignated. The board of directors is authorized, without further approval from our stockholders, to create one or more series of preferred stock, and to designate the rights, privileges, preferences, restrictions, and limitations of any given series of preferred stock. Accordingly, the board of directors may, without stockholder approval, issue shares of preferred stock with dividend, liquidation, conversion, voting, or other rights that could adversely affect the voting power or other rights of the holders of Common Stock. The issuance of preferred stock could have the effect of restricting dividends payable to holders of our Common Stock, diluting the voting power of our Common Stock, impairing the liquidation rights of our Common Stock, or delaying or preventing a change in control of us, all without further action by our stockholders.

Options

As of August 14, 2018, we had 25,534,605 shares of our Common Stock underlying outstanding stock options, having a weighted-average exercise price of approximately $0.30 per share.

Warrants

As of August 14, 2018, we had 31,854,113 shares of our Common Stock underlying outstanding warrants, having a weighted-average exercise price of approximately $0.17 per share.

Anti-Takeover Effects of Nevada Law and Our Articles of Incorporation and Bylaws

Some provisions of Nevada law, our Articles of Incorporation, and our Bylaws contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Undesignated Preferred Stock. The ability of our board of directors, without action by the stockholders, to issue up to 15,000,000 shares of preferred stock, which was previously authorized but remain undesignated, with voting or other rights or preferences as designated by our board of directors could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of us.

Stockholder Meetings. Our Bylaws provide that a special meeting of stockholders may be called only by our president, by all of the directors provided that there are no more than three directors, or if more than three, by any three directors, or by the holder of a majority of our capital stock.

Stockholder Action by Written Consent. Our Bylaws allow for any action that may be taken at any annual or special meeting of the stockholders to be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Stockholders Not Entitled to Cumulative Voting. Our Bylaws do not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our Common Stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Nevada Business Combination Statutes. The “business combination” provisions of Sections 78.411 to 78.444, inclusive, of the Nevada Revised Statutes, or NRS, generally prohibit a Nevada corporation with at least 200 stockholders from engaging in various “combination” transactions with any interested stockholder for a period of two years after the date of the transaction in which the person became an interested stockholder, unless the transaction is approved by the board of directors prior to the date the interested stockholder obtained such status or the combination is approved by the board of directors and thereafter is approved at a meeting of the stockholders by the affirmative vote of stockholders representing at least 60% of the outstanding voting power held by disinterested stockholders, and extends beyond the expiration of the two-year period, unless:

- the combination was approved by the board of directors prior to the person becoming an interested stockholder or the transaction by which the person first became an interested stockholder was approved by the board of directors before the person became an interested stockholder or the combination is later approved by a majority of the voting power held by disinterested stockholders; or

- if the consideration to be paid by the interested stockholder is at least equal to the highest of: (a) the highest price per share paid by the interested stockholder within the two years immediately preceding the date of the announcement of the combination or in the transaction in which it became an interested stockholder, whichever is higher, (b) the market value per share of common stock on the date of announcement of the combination and the date the interested stockholder acquired the shares, whichever is higher, or (c) for holders of preferred stock, the highest liquidation value of the preferred stock, if it is higher.

A “combination” is generally defined to include mergers or consolidations or any sale, lease exchange, mortgage, pledge, transfer, or other disposition, in one transaction or a series of transactions, with an “interested stockholder” having: (a) an aggregate market value equal to 5% or more of the aggregate market value of the assets of the corporation, (b) an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of the corporation, (c) 10% or more of the earning power or net income of the corporation, and (d) certain other transactions with an interested stockholder or an affiliate or associate of an interested stockholder.

In general, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within two years, did own) 10% or more of a corporation's voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Nevada Control Share Acquisition Statutes. The "control share" provisions of Sections 78.378 to 78.3793, inclusive, of the NRS apply to "issuing corporations" that are Nevada corporations with at least 200 stockholders, including at least 100 stockholders of record who are Nevada residents, and that conduct business directly or indirectly in Nevada. The control share statute prohibits an acquirer, under certain circumstances, from voting its shares of a target corporation's stock after crossing certain ownership threshold percentages, unless the acquirer obtains approval of the target corporation's disinterested stockholders. The statute specifies three thresholds: one-fifth or more but less than one-third, one-third but less than a majority, and a majority or more, of the outstanding voting power. Generally, once an acquirer crosses one of the above thresholds, those shares in an offer or acquisition and acquired within 90 days thereof become "control shares" and such control shares are deprived of the right to vote until disinterested stockholders restore the right. These provisions also provide that if control shares are accorded full voting rights and the acquiring person has acquired a majority or more of all voting power, all other stockholders who do not vote in favor of authorizing voting rights to the control shares are entitled to demand payment for the fair value of their shares in accordance with statutory procedures established for dissenters' rights.

A corporation may elect to not be governed by, or "opt out" of, the control share provisions by making an election in its articles of incorporation or bylaws, provided that the opt-out election must be in place on the 10th day following the date an acquiring person has acquired a controlling interest, that is, crossing any of the three thresholds described above. We have not opted out of the control share statutes, and will be subject to these statutes if we are an "issuing corporation" as defined in such statutes.

The effect of the Nevada control share statutes is that the acquiring person, and those acting in association with the acquiring person, will obtain only such voting rights in the control shares as are conferred by a resolution of the stockholders at an annual or special meeting. The Nevada control share law, if applicable, could have the effect of discouraging takeovers of us.

Amendment of Charter Provisions. The amendment of any of the above provisions would require approval by holders of at least a majority of the total voting power of all of our outstanding voting stock.

The provisions of Nevada law, our Articles of Incorporation, and our Bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our Common Stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer Agent and Register

Our transfer agent and registrar for our Common Stock is VStock Transfer, LLC, 18 Lafayette Place, Woodmere, New York 11598. Its telephone number is 855-9VSTOCK.

MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax consequences of the ownership and disposition of our Common Stock to Non-U.S. Holders (defined below), but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed or subject to differing interpretations, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those set forth below. We have not sought and will not seek any ruling from the Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This summary also does not address the tax considerations arising under the laws of any United States state or local or any non-United States jurisdiction, the 3.8% Medicare tax on net investment income or any alternative minimum tax consequences. In addition, this discussion does not address tax considerations applicable to a Non-U.S. Holder's particular circumstances or to a Non-U.S. Holder that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- tax-exempt or government organizations;
- brokers of or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our capital stock;
- certain United States expatriates, citizens or former long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction," synthetic security, other integrated investment, or other risk reduction transaction;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes);
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- real estate investment trusts or regulated investment companies;
- pension plans;
- partnerships, or other entities or arrangements treated as partnerships for United States federal income tax purposes, or investors in any such entities;
- persons for whom our stock constitutes "qualified small business stock" within the meaning of Section 1202 of the Code;
- integral parts or controlled entities of foreign sovereigns;
- tax-qualified retirement plans;
- controlled foreign corporations;
- passive foreign investment companies and corporations that accumulate earnings to avoid United States federal income tax; or
- persons that acquire our Common Stock as compensation for services.

In addition, if a partnership, including any entity or arrangement classified as a partnership for United States federal income tax purposes, holds our common stock, the tax treatment of a partner generally will depend on the status of the partner, the activities of the partnership, and certain determinations made at the partner level. Accordingly, partnerships that hold our Common Stock, and partners in such partnerships, should consult their tax advisors regarding the United States federal income tax consequences to them of the purchase, ownership, and disposition of our common stock.

You are urged to consult your tax advisor with respect to the application of the United States federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership, and disposition of our Common Stock arising under the U.S. federal estate or gift tax rules or under the laws of any United States state or local or any non-United States or other taxing jurisdiction or under any applicable tax treaty.

Definition of a Non-U.S. holder

For purposes of this summary, a "Non-U.S. Holder" is any beneficial owner of our common stock that is not a "U.S. person," and is not a partnership, or an entity disregarded from its owner, each for U.S. federal income tax purposes. A U.S. person is any person that, for United States federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;

- an estate, the income of which is subject to United States federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

Distributions

As discussed in the section entitled "Market Price and Dividend Information" beginning on page 19 of this prospectus, we do not anticipate paying any dividends on our capital stock in the foreseeable future. If we make distributions on our Common Stock, those payments will constitute dividends for United States income tax purposes to the extent we have current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce a Non-U.S. Holder's basis in our Common Stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under the "Gain on Sale or Other Disposition of Common Stock" section. Any such distributions would be subject to the discussions below regarding back-up withholding and Foreign Account Tax Compliance Act, or FATCA.

Subject to the discussion below on effectively connected income, any dividend paid to a Non-U.S. Holder generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. To receive a reduced treaty rate, a Non-U.S. Holder must provide us or our agent with an IRS Form W-8BEN (generally including a United States taxpayer identification number), IRS Form W-8-BEN-E or another appropriate version of IRS Form W-8 (or a successor form), which must be updated periodically, and which, in each case, must certify qualification for the reduced rate. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a United States trade or business within the United States and that are not eligible for relief from United States (net basis) income tax under the business profits article of an applicable income tax treaty, generally are exempt from the (gross basis) withholding tax described above. To obtain this exemption from withholding tax, the Non-U.S. Holder must provide the applicable withholding agent with an IRS Form W-8ECI or successor form or other applicable IRS Form W-8 certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States. Such effectively connected dividends, if not eligible for relief under the business profits article of a tax treaty, would not be subject to a withholding tax, but would be taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits and if, in addition, the Non-U.S. Holder is a corporation, may also be subject to a branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

If you are eligible for a reduced rate of withholding tax pursuant to a tax treaty, you may be able to obtain a refund of any excess amounts currently withheld if you timely file an appropriate claim for refund with the IRS.

Gain on Sale or Other Disposition of Common Stock

Subject to the discussion below regarding backup withholding and FATCA, a Non-U.S. Holder generally will not be required to pay United States federal income tax on any gain realized upon the sale or other disposition of our Common Stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States and not eligible for relief under the business profits article of an applicable income tax treaty, in which case the Non-U.S. Holder will be required to pay tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates, and for a Non-U.S. Holder that is a corporation, such Non-U.S. Holder may be subject to the branch profits tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items;

- the Non-U.S. Holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met, in which case the Non-U.S. Holder will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses (even though the Non-U.S. Holder is not considered a resident of the United States) (subject to applicable income tax or other treaties); or

- our Common Stock constitutes a U.S. real property interest by reason of our status as a "U.S. real property holding corporation" for U.S. federal income tax purposes, or a USRPHC, at any time within the shorter of the five-year period preceding the disposition or the Non-U.S. Holder's holding period for our Common Stock. We believe we are not currently and do not anticipate becoming a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our United States real property interests relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to United States federal income tax as long as our Common Stock is regularly traded on an established securities market and such Non-U.S. Holder does not, actually or constructively, hold more than five percent of our Common Stock at any time during the applicable period that is specified in the Code. If the foregoing exception does not apply, then if we are or were to become a USRPHC a purchaser may be required to withhold 15% of the proceeds payable to a Non-U.S. Holder from a sale of our Common Stock and such Non-U.S. Holder generally will be taxed on its net gain derived from the disposition at the graduated United States federal income tax rates applicable to U.S. persons (as defined in the Code).

Backup Withholding and Information Reporting

Generally, we must file information returns annually to the IRS in connection with any dividends on our Common Stock paid to a Non-U.S. Holder, regardless of whether any tax was actually withheld. A similar report will be sent to the Non-U.S. Holder. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in the Non-U.S. Holder's country of residence.

Payments of dividends or of proceeds on the disposition of stock made to a Non-U.S. Holder may be subject to additional information reporting and backup withholding at a current rate of 24% unless such Non-U.S. Holder establishes an exemption, for example by properly certifying its non-U.S. status on an IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8ECI, or another appropriate version of IRS Form W-8 (or a successor form). Notwithstanding the foregoing, backup withholding and information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that a holder is a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act

FATCA imposes withholding tax on certain types of payments made to foreign financial institutions and certain other non-United States entities. The legislation imposes a 30% withholding tax on dividends on, or, on or after January 1, 2019, gross proceeds from the sale or other disposition of, our Common Stock paid to a "foreign financial institution" or to certain "non-financial foreign entities" (each as defined in the Code), unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (i) above, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertake to identify accounts held by "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. If the country in which a payee is resident has entered into an "intergovernmental agreement" with the United States regarding FATCA, that agreement may permit the payee to report to that country rather than to the U.S. Department of the Treasury. Prospective investors should consult their own tax advisors regarding the possible impact of these rules on their investment in our Common Stock, and the possible impact of these rules on the entities through which they hold our common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax under FATCA.

Federal Estate Tax

Common Stock owned (or treated as owned) by an individual who is not a citizen or a resident of the United States (as defined for United States federal estate tax purposes) at the time of death will be included in the individual's gross estate for United States federal estate tax purposes unless an applicable estate or other tax treaty provides otherwise, and therefore may be subject to United States federal estate tax.

The preceding discussion of United States federal tax considerations is for general information only. It is not tax advice. Each prospective investor should consult its tax advisor regarding the particular United States federal, state, and local and non-United States tax consequences of purchasing, holding, and disposing of our Common Stock, including the consequences of any proposed change in applicable laws.

SHARES AVAILABLE FOR FUTURE SALES

Future sales of our Common Stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, the sale of a portion of our shares will be limited after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our Common Stock in the public market after such restrictions, lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Based on the number of shares of Common Stock outstanding as of August 14, 2018, upon the completion of this offering, shares of our Common Stock will be outstanding, assuming shares of Common Stock are issued in this offering and assuming no exercise of the Underwriter's over-allotment option, or shares of our Common Stock will be outstanding, assuming shares of Common Stock are issued in this offering and the Underwriter's over-allotment option is exercised in full.

Except for shares subject to lock-up agreement, substantially all of our outstanding shares will be freely tradable except that any shares held by our affiliates, as that term is defined in Rule 144 under the Securities Act, may only be sold in compliance with the limitations described below.

Rule 144

In general, under Rule 144 of the Securities Act, as in effect on the date of this prospectus, any person who is not our affiliate at any time during the preceding three months, and who has beneficially owned the relevant shares of Common Stock for at least six months, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares of our Common Stock into the public markets provided current public information about us is available, and, after owning such shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares of our Common Stock into the public markets without restriction.

A person who is our affiliate or who was our affiliate at any time during the preceding three months, and who has beneficially owned restricted securities for at least six months, including the affiliates, is entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our Common Stock then outstanding, which will equal approximately shares, or shares if the Underwriter's exercise their over-allotment option in full, immediately following this offering, based on the number of shares of our Common Stock outstanding as of , 2018; or

- the average weekly trading volume of our Common Stock during the four calendar weeks preceding the filing of a Form 144 notice by such person with respect to such sale, if our class of Common Stock is listed on the NYSE, the NYSE American, or the Nasdaq Stock Market.

Sales under Rule 144 by our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Lock-up Agreements

See the section entitled "Underwriting" below for a detailed discussion.

UNDERWRITING

We and the Underwriter intend to enter into an underwriting agreement, pursuant to which we will agree to sell to the Underwriter, and the Underwriter will agree to purchase from us, shares of our Common Stock as indicated in the following table.

Underwriter	Number of Shares
A.G.P./Alliance Global Partners Corp.	
Total	

The underwriting agreement will provide that the obligation of the Underwriter to purchase the shares of Common Stock included in this offering are subject to approval of legal matters by counsel and to other conditions. The Underwriter will be obligated to purchase all the shares of Common Stock (other than those covered by the Underwriter's over-allotment option to purchase additional shares of Common Stock described below) if it purchases any of such shares.

Shares of Common Stock sold by the Underwriter to the public will initially be offered at the public offering price set forth on the cover of this prospectus. Any shares of Common Stock sold by the Underwriter to securities dealers may be sold at a discount from the initial public offering price not to exceed $per share. If all the shares of Common Stock are not sold at the public offering price, the Underwriter may change such price and the other selling terms in agreement with the Company.

Underwriting Discounts and Commissions

The following table shows the underwriting discounts and commissions that we are to pay to the Underwriter in connection with this offering, as well as the proceeds to us, before expenses. These amounts are shown assuming both no exercise and full exercise of the Underwriter's over-allotment option to purchase additional shares of Common Stock.

		Paid by the Company		
	Per Share	No Exercise of Over-allotment option Total	Per Share	Full Exercise of Over-allotment option Total
Public Offering Price	$	$	$	$
Underwriting discounts and commissions paid				
Proceeds to us, before expenses	$	$	$	$

We estimate that the total expenses of the offering payable by us, excluding underwriting discounts and commissions, will be approximately $.

Over-Allotment Option to Purchase Additional Shares

If the Underwriter sells more shares of Common Stock than the total number set forth in the table above, we have granted& to the Underwriter an over-allotment option, exercisable for 45 days after the closing of the offering, to purchase up to additional shares of Common Stock at the public offering price less the underwriting discount. To the extent such option is exercised, the Underwriter must purchase the full amount of shares of the Common Stock subject to the over-allotment option. Any shares of Common Stock issued or sold under such option will be issued and sold on the same terms and conditions as the other shares of Common Stock that are the subject of this offering.

Indemnification

Pursuant to the underwriting agreement, we will agree to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Underwriter or such other indemnified parties may be required to make because of any of those liabilities.

Lock-Ups

We, our officers and directors, and certain of our other stockholders intend to agree that, for a period of three months days from the date of this prospectus, we and they will not, subject to limited exceptions, without the prior written consent of and , dispose of or hedge any shares or any securities convertible into or exchangeable for our Common Stock.

Expenses and Reimbursements

We estimate that our portion of the total expenses of this offering will be $. We have agreed to reimburse the Underwriter up to $ for expenses related to any filing with, and any clearance of this offering by, FINRA.

Electronic Distribution

This prospectus may be made available in electronic format on websites or through other online services maintained by the Underwriter or by their affiliates. In those cases, prospective investors may view offering terms online and prospective investors may be allowed to place orders online. Other than this prospectus in electronic format, the information on the Underwriter's website or our website and any information contained in any other websites maintained by the Underwriter or by us is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the Underwriter in its capacity as underwriter, and should not be relied upon by investors.

Price Stabilization, Short Positions, and Penalty Bids

In connection with the offering, the Underwriter may purchase and sell shares of Common Stock in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the Underwriter's over-allotment option to purchase additional shares of Common Stock, and stabilizing purchases.

- Short sales involve secondary market sales by the Underwriter of a greater number of shares of Common Stock than it is required to purchase in the offering.
- “Covered” short sales are sales of shares of Common Stock in an amount up to the number of shares of Common Stock represented by the Underwriter’s over-allotment option to purchase additional shares of Common Stock.
- “Naked” short sales are sales of shares of Common Stock in an amount in excess of the number of shares of Common Stock represented by the Underwriter’s over-allotment option to purchase additional shares of Common Stock.
- Covering transactions involve purchases of shares of Common Stock either pursuant to the Underwriter’s over-allotment option to purchase additional shares of Common Stock or in the open market in order to cover short positions.
- To close a naked short position, the Underwriter must purchase shares of Common Stock in the open market. A naked short position is more likely to be created if the Underwriter is concerned that there may be downward pressure on the price of the shares of Common Stock in the open market after pricing that could adversely affect investors who purchase in the offering.
- To close a covered short position, the Underwriter must purchase shares of Common Stock in the open market or must exercise its over-allotment option to purchase additional shares of Common Stock. In determining the source of shares of Common Stock to close the covered short position, the Underwriter will consider, among other things, the price of shares of Common Stock available for purchase in the open market as compared to the price at which it may purchase shares of Common Stock through the Underwriter’s over-allotment option to purchase additional shares of Common Stock.
- Stabilizing transactions involve bids to purchase shares of Common Stock so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the Underwriter for its own account, may have the effect of preventing or retarding a decline in the market price of the shares of Common Stock. The Underwriter may also cause the price of the shares of Common Stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Underwriter may conduct these transactions on NASDAQ (if our Common Stock is so listed), the OTCQB (if our Common stock is not listed on NASDAQ), or otherwise. If the Underwriter commences any of these transactions, it may discontinue them at any time.

Other Relationships

The Underwriter is a full-service financial institution engaged in various activities, which may include securities trading, investment banking, financial advisory, investment management, principal investment, hedging, financing, and brokerage activities. In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The Underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that it acquires, long and/or short positions in such securities and instruments.

Passive Market Making

In connection with this offering, the Underwriter may also engage in passive market making transactions in the shares. Passive market making consists of displaying bids limited by the prices of independent market makers and effecting purchases limited by those prices in response to order flow. Rule 103 of Regulation M promulgated by the SEC limits the amount of net purchases that each passive market maker may make and the displayed size of each bid. Passive market making may stabilize the market price of the shares at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

Sales Outside the United States

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of our Common Stock, or the possession, circulation, or distribution of this prospectus or any other material relating to us or our Common Stock in any jurisdiction where action for that purpose is required. Accordingly, the shares of Common Stock may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with our Common Stock may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Underwriter may arrange to sell the Common Stock offered hereby in certain jurisdictions outside the United States, either directly or through affiliates, where it is permitted to do so.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of shares of our Common Stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of shares of our Common Stock may be made at any time under the following exemptions under the Prospectus Directive:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representative for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares of our Common Stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to our shares of Common Stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our shares of Common Stock to be offered so as to enable an investor to decide to purchase our shares of Common Stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), including by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

The Underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Underwriter is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

The legality of the securities offered hereby has been passed on for us by Baker & Hostetler LLP, Costa Mesa, California. Certain legal matters in connection with this offering will be passed on for the Underwriter by Robinson Brog Leinwand Greene Genovese & Gluck P.C., New York, New York.

EXPERTS

Financial statements for nFüsz, Inc. as of December 31, 2017 and 2016 and for each of the two years in the period ended December 31, 2017 included in this prospectus, which constitutes a part of the registration statement, have been so included in reliance on the report of Weinberg & Company, P.A., an independent registered public accounting firm, appearing elsewhere herein and in the registration statement, given on the authority of said firm as an expert in auditing and accounting. Weinberg & Company, P.A.'s report, includes an explanatory paragraph related to nFüsz, Inc.'s ability to continue as a going concern.

WHERE YOU CAN FIND MORE INFORMATION

We file quarterly and current reports, proxy statements, and other information with the SEC. You can inspect and copy these reports, proxy statements, and other information that we file at the public reference facilities of the SEC at the SEC's Public Reference Room located at the SEC's principal office at Room 1580, 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. You may obtain information on the operation of this public reference room by calling 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our filings are available free of charge at the SEC's website at www.sec.gov.

You can obtain copies of any of the documents incorporated by reference in this prospectus from us, or as described above, through the SEC or the SEC's website. Documents incorporated by reference are available from us, without charge, excluding all exhibits unless specifically incorporated by reference in the documents. You may obtain documents incorporated by reference in this prospectus by writing to us at the following address 344 South Hauser Boulevard, Suite 414, Los Angeles, California 90036, Attention: Investor Relations, by emailing us at info@nfusz.com, or by calling us at 855.250.2300. We also maintain a website, http://www.m2compliance.com/hosting/company/FUSZ/filings.html through which you can obtain copies of the documents that we have filed with the SEC. We use our website as a channel of distribution for material company information. Important information, including financial information, analyst presentations, financial news releases, and other material information about us is routinely posted on and accessible at https://nfusz.com/. The information set forth on, or accessible from, our website is not part of this prospectus.

INDEX TO FINANCIAL STATEMENTS

Unaudited Consolidated Financial Statements of nFüsz, Inc.:	
Unaudited Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017	F-2
Unaudited Consolidated Statements of Operations for the three and six months ended June 30, 2018 and 2017	F-3
Unaudited Consolidated Statements of Stockholders' Deficit for the three and six months ended June 30, 2018 and 2017	F-4
Unaudited Consolidated Statements of Cash Flows for the three and six months ended June 30, 2018 and 2017	F-5
Notes to Consolidated Financial Statements	F-6
Report of Independent Registered Public Accounting Firm	
Consolidated Financial Statements of nFüsz, Inc.:	F-18
Consolidated Balance Sheets as of December 31, 2017 and 2016	F-19
Consolidated Statements of Operations for the years ended December 31, 2017 and 2016	F-20
Consolidated Statements of Stockholders' Deficit for the years ended December 31, 2017 and 2016	F-21
Consolidated Statements of Cash Flows for the years ended December 31, 2017 and 2016	F-22
Notes to Consolidated Financial Statements	F-23

nFÜSZ, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 1,420,798	$ 10,560
Prepaid expenses	47,646	40,909
Total current assets	1,468,444	51,469
Property and equipment, net	20,060	30,554
Other assets	16,811	8,780
Total assets	**$ 1,505,315**	**$ 90,803**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 547,908	$ 663,506
Accrued interest (including $34,656 and $99,425 payable to related parties)	34,656	248,120
Accrued officers' salary	124,250	607,333
Note payable	—	125,000
Notes payable – related party	1,964,985	1,964,985
Convertible notes payable, net of discount of $0 and $675,443, respectively	—	1,020,315
Derivative liability	1,014,227	1,250,581
Total current liabilities	3,686,026	5,879,840
Commitments and contingencies		
Stockholders' deficit		
Preferred stock, $0.0001 par value, 15,000,000 shares authorized, none issued or outstanding	—	—
Common stock, $0.0001 par value, 200,000,000 shares authorized, 153,698,043 and 119,118,513 shares issued and outstanding as of June 30, 2018 and December 31, 2017	15,370	11,912
Additional paid-in capital	33,066,404	22,738,574
Common stock issuable, 4,500,000 shares	—	430
Accumulated deficit	(35,262,485)	(28,539,953)
Total stockholders' deficit	**(2,180,711)**	**(5,789,037)**
Total liabilities and stockholders' deficit	**$ 1,505,315**	**$ 90,803**

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

nFÜSZ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	*June 30, 2017*	*June 30, 2018*	*June 30, 2017*
Net Sales	$ 8,239	$ —	$ 16,242	$ —
Operating Expenses:				
Research and development	105,733	92,240	235,733	181,840
General and administrative	(490,145)	1,352,028	4,779,429	1,970,028
Total operating expenses	384,412	(1,444,268)	(5,015,162)	(2,151,868)
Income/(Loss) from operations	392,651	(1,444,268)	(4,998,920)	(2,151,868)
Other income (expense)				
Other Income/(Expense)	(6,141)	—	(12,380)	—
Change in fair value of derivative liability	1,444,164	—	(1,180,723)	—
Financing costs	—	—	(171,739)	—
Interest expense (including $58,788 and $58,788 to related parties for three months and $116,930 and $116,930 to related parties for six months)	(58,788)	(86,816)	(262,721)	(170,822)
Interest expense – amortization of debt discount	—	(53,346)	(747,623)	(93,024)
Gain on debt extinguishment, net	—	(526,871)	651,574	(552,871)
Total other expense	1,379,235	(667,033)	(1,723,612)	(816,717)
Net Income/(Loss)	**$ 1,771,886**	**$ (2,111,301)**	**$ (6,722,532)**	**$ (2,968,585)**
Income/loss per share – basic and diluted	$ 0.01	$ (0.02)	$ (0.05)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	152,539,980	102,734,185	142,335,253	99,184,826

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

nFÜSZ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

	Common Stock		Additional Paid-in	Common Stock	Accumulated	
	Shares	Amount	Capital	Issuable	Deficit	Total
Balance at December 31, 2017	**119,118,513**	**$ 11,912**	**$ 22,738,574**	**$ 430**	**$ (28,539,953)**	**$ (5,789,037)**
Common shares issued upon exercise of warrants	1,704,325	170	21,830	—	—	22,000
Common shares issued upon exercise of options	487,620	49	34,084	—	—	34,133
Proceeds from sale of common stock	17,459,067	1,746	2,976,754	—	—	2,978,500
Fair value of common shares issued for services	4,790,181	479	2,627,368	(430)	—	2,627,417
Fair value of common stock issued upon conversion of debt	7,383,006	738	2,276,561	—	—	2,277,299
Fair value of common stock issued upon conversion of accrued expenses	407,226	41	582,292	—	—	582,333
Common shares issued upon exercise of put option	3,048,105	305	999,695	—	—	1,000,000
Fair value of vested stock options	—	—	829,176	—	—	829,176
Stock repurchase	(700,000)	(70)	(19,930)	—	—	(20,000)
Net loss	—	—	—	—	(6,722,532)	(6,722,532)
Balance at June 30, 2018	**153,698,043**	**$ 15,370**	**$ 33,066,404**	**$ —**	**$ (35,262,485)**	**$ (2,180,711)**

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

nFÜSZ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	June 30, 2018	*June 30, 2017*
Operating Activities:		
Net loss	$ (6,722,532)	$ (2,968,585)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	3,456,593	1,206,737
Change in fair value of derivative liability	1,180,723	—
Amortization of debt discount	747,623	93,024
Gain on debt extinguishment, net	(651,574)	552,871
Financing costs	171,739	—
Depreciation and amortization	10,494	10,668
Effect of changes in assets and liabilities:		
Accounts payable, accrued expenses, and accrued interest	(67,693)	317,330
Accounts receivable	—	8,468
Other assets	(8,031)	6,963
Prepaid expenses	(6,737)	(22,230)
Net cash used in operating activities	(1,889,395)	(794,754)
Financing Activities:		
Proceeds from sale of common stock	2,978,500	450,000
Proceeds from exercise of put option	1,000,000	—
Proceeds from convertible note payable	130,000	100,000
Proceeds from option exercise	34,133	—
Proceeds from warrant exercise	22,000	—
Proceeds from series A preferred stock	—	255,000
Payment of convertible notes payable	(845,000)	—
Repurchase common stock	(20,000)	—
Net cash provided by financing activities	3,299,633	805,000
Net change in cash	1,410,238	10,246
Cash – beginning of period	10,560	16,762
Cash – end of period	$ 1,420,798	$ 27,008
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 314,066	$ —
Cash paid for income taxes	$ 800	$ —
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of note payable and accrued interest to common stock.	$ 2,277,299	$ 110,880
Common stock issued to settle accrued officers salary	$ 582,333	$ —
Fair value of derivative liability from issuance of convertible debt and warrant features	$ 301,739	$ —
Conversion of notes payable to convertible notes payable	$ —	$ 56,000
Common stock issued to settle accounts payable	$ —	$ 100,000

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

1. DESCRIPTION OF BUSINESS

Organization

Cutaia Media Group, LLC ("CMG") was organized on December 12, 2012, as a limited liability company under the laws of the State of Nevada. On May 19, 2014, bBooth, Inc. was incorporated under the laws of the State of Nevada. On May 19, 2014, CMG merged into bBooth, Inc. and, thereafter, bBooth, Inc. changed its name to bBooth (USA), Inc., effective as of October 16, 2014.

On October 16, 2014, bBoothUSA was acquired by Global System Designs, Inc. ("GSD"), pursuant to a Share Exchange Agreement entered into with GSD (the "Share Exchange Agreement"). GSD was incorporated in the state of Nevada on November 27, 2012. The acquisition was accounted for as a reverse merger transaction. In connection with the closing of the transactions contemplated by the Share Exchange Agreement, GSD's management was replaced by bBoothUSA's management, and GSD changed its name to bBooth, Inc. The operations of CMG and bBooth (USA), Inc. became known as, and are referred to herein as, "bBooth USA."

Effective April 21, 2017, we changed our corporate name from bBooth, Inc. to nFüsz, Inc. The name change was effected through a parent/subsidiary short-form merger of nFüsz, Inc., our wholly-owned Nevada subsidiary, formed solely for the purpose of the name change, with and into us. We were the surviving entity. To effectuate the merger, we filed Articles of Merger and a Certificate of Correction (relative to the effective date of the name change merger) with the Secretary of State of the State of Nevada on April 4, 2017, and April 17, 2017, respectively. The merger became effective on April 21, 2017. Our board of directors approved the merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the Nevada Revised Statutes, stockholder approval of the merger was not required.

Our Business

We are an applications services provider marketing cloud-based business software products on a subscription basis. Our flagship product, notifiCRM, is a Customer Relationship Management ("CRM") application that is distinguishable from other CRM programs because it utilizes interactive video as the primary means of communication between sales and marketing professionals and their clients or prospects. notifiCRM allows our users to create, distribute, and post interactive videos that contain on-screen interactive icons, buttons, and other elements, that when clicked, allow their prospects and customers to respond to our users' call to action in real-time, in the video, while the video is playing, without leaving or stopping the video. Our users report increased sales conversion rates compared to traditional, non-interactive video. We developed the proprietary interactive video technology, which serves as the basis for our cloud, Software-as-a-Service (SaaS) products and services that we market under the brand name "notifi" and they are accessible on all mobile and desktop devices. No download is required to access and use our applications. Our users also have access to detailed analytics in the application dashboard that reflect when the videos were viewed, by whom, how many times, for how long, and what interactive elements were clicked-on in the video, among other things, all of which assist our users in focusing their sales and marketing efforts by identifying which clients or prospects have interest in the subject matter of the video.

Our notifiCRM platform can accommodate any size campaign or sales organization, and it is enterprise-class scalable to meet the needs of today's global organizations. We are working with our vendors to ensure that it is so scalable based upon our current agreements with them. We offer stand-alone versions of our notifiCRM product on a subscription basis to individual consumers, sales-based organizations, consumer brands, marketing and advertising agencies, as well as to artists and social influencers. We also offer notifiCRM through a network of partners and resellers that include Oracle/NetSuite and Marketo, who offer notifiCRM to their respective clients and customers as an upgrade to their existing Oracle/NetSuite or Marketo subscriptions. notifiCRM is fully integrated into each of their platforms and upon payment of the upgrade fee, is accessible through the respective dashboards of Oracle/NetSuite and Marketo. We are actively developing integrations of notifiCRM into other popular marketing, CRM, and Enterprise Resource Management (ERP) platforms.

Our notifiMED application is designed for physicians and other healthcare providers to create more efficient and effective interactive communications with patients. Patients are able to avoid unnecessary and inconvenient visits to their physicians' or other healthcare providers' offices by viewing and responding to interactive videos through in-video, on-screen clicks that are designed to assess the patients' need for an office visit. If the patient's responses to the interactive video indicate that an office visit is either necessary or desirable, the patient can schedule the office visit right in through video in real time. Patients can also download and print prescriptions, care instructions, and other physician distributed documents right from and through the video. notifiMED is offered on a subscription basis.

Our notifiEDU application is designed for teachers and school administrators for more effective communications with students, parents, and faculty. notifiEDU allows teachers to deliver interactive lessons to students which are both more engaging and more effective. notifiEDU allows teachers to communicate with students through their mobile devices and computers to deliver lessons and tests/quizzes on the screen and in the video. The analytics capabilities of notifiEDU available on the dashboard of the teacher or school administrator allows them to track which students watched the lesson, when, for how long, how many times, and track and report on test/quiz results. notifiEDU is offered on a subscription basis.

Our notifiTV and notifiLIVE products are also part of our proprietary interactive video platform that allows viewers to interact with pre-recorded as well as live broadcast video content by clicking on links embedded in on-screen people, objects, graphics, or sponsors' signage. Viewers can experience our notifiTV and notifiLIVE interactive content and capabilities on most devices available in the market today without the need to download special software or proprietary video players.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC. The condensed consolidated balance sheet as of December 31, 2017 included herein was derived from the audited consolidated financial statements as of that date.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position and results of operations for the interim periods reflected. Except as noted, all adjustments contained herein are of a normal recurring nature. Results of operations for the fiscal periods presented herein are not necessarily indicative of fiscal year-end results.

nFÜSZ, INC.
Notes to Condensed Consolidated Financial Statements
For the Six months Ended June 30, 2018 and 2017
(Unaudited)

Principles of Consolidation

The consolidated financial statements include the accounts of nFüsz, Inc., (formerly bBooth, Inc.) and Songstagram, Inc. ("Songstagram"), our wholly owned subsidiary. All intercompany transactions and balances have been eliminated in consolidation.

Going Concern

We have incurred operating losses since inception and have negative cash flows from operations. We had a stockholders' deficit of $2,180,711 as of June 30, 2018 and incurred a net loss of $6,722,532 and utilized $1,889,395 of cash during the six-month period then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. In addition, the Company's independent registered public
accounting firm, in its report on the Company's December 31, 2017 consolidated financial statements, has raised substantial doubt about the Company's ability to continue as a going concern.

Our continuation as a going concern is dependent on our ability to obtain additional financing until we can generate sufficient cash flows from operations to meet our obligations. We intend to continue to seek additional debt or equity financing to continue our operations. There is no assurance that we will ever be profitable or that debt or equity financing will be available to us. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should we be unable to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Significant estimates include assumptions made in valuing derivative liabilities, valuation of debt and equity instruments, share-based compensation arrangements and realization of deferred tax assets. Amounts could materially change in the future.

Revenue Recognition

We generate substantially all of our revenue from subscription services, which are comprised of subscription fees from customer accounts. Subscription service arrangements are generally non-cancelable and do not provide for refunds to customers in the event of cancellations or any other right of return. We record revenue net of sales or excise taxes.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), and (ASC 606). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which includes (1) identifying the contract(s) or agreement(s) with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied.

Under ASC 606, revenue is recognized when performance obligations under the terms of a contract are satisfied, which occurs for the Company upon shipment or delivery of products or services to our customers based on written sales terms, which is also when control is transferred. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring the products or services to a customer.

The Company adopted the guidance of ASC 606 on January 1, 2018. The implementation of ASC 606 had no impact on the prior period financial statements and no cumulative effect adjustment was recognized.

Derivative Financial Instruments

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

The Company uses Level 2 inputs for its valuation methodology for the derivative liabilities as their fair values were determined by using a probability weighted average Black-Scholes-Merton pricing model based on various assumptions. The Company's derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives.

Share Based Payments

The Company issues stock options, common stock, and equity interests as share-based compensation to employees and non-employees. The Company accounts for its share-based compensation to employees in accordance with FASB ASC 718 "Compensation — Stock Compensation." Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period.

The Company accounts for share-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50*"*Equity — Based Payments to Non-Employees.*"* Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (*a*) the goods or services received; or (*b*) the equity instruments issued. The final fair value of the share-based payment transaction is determined at the performance completion date. For interim periods, the fair value is estimated, and the percentage of completion is applied to that estimate to determine the cumulative expense recorded.

The Company values stock compensation based on the market price on the measurement date. As described above, for employees this is the date of grant, and for non-employees, this is the date of performance completion. The Company values stock options and warrants using the Black-Scholes option pricing model.

Net Loss Per Share

Basic net loss per share is computed by using the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of incremental common shares issuable upon exercise of stock options. No dilutive potential common shares were included in the computation of diluted net loss per share because their impact was anti-dilutive. As of June 30, 2018, the Company had a total of 21,284,605 options and 29,407,413 warrants outstanding, and the potential issuance of approximately 11.2 million shares of common stock upon conversion of notes payable. These shares were excluded from the computation of net loss per share because they are anti-dilutive. As of June 30, 2017, the Company had total of 23,030,953 options and 20,540,456 warrants and potential issuance of approximately 14.2 million shares of common stock which were excluded from the computation of net loss per share because they are anti-dilutive.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (ASU 2016-02), Leases (Topic 842). ASU 2016-02 requires a lessee to record a right-of-use asset and a corresponding lease liability, initially measured at the present value of the lease payments, on the balance sheet for all leases with terms longer than 12 months, as well as the disclosure of key information about leasing arrangements. ASU 2016-02 requires recognition in the statement of operations of a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. ASU 2016-02 requires classification of all cash payments within operating activities in the statement of cash flows. Disclosures are required to provide the amount, timing and uncertainty of cash flows arising from leases. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company has not yet evaluated the impact of the adoption of ASU 2016-02 on the Company's financial statement presentation or disclosures.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features; (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception" ("ASU 2017-11"). ASU 2017-11 allows companies to exclude a down round feature when determining whether a financial instrument (or embedded conversion feature) is considered indexed to the entity's own stock. As a result, financial instruments (or embedded conversion features) with down round features may no longer be required to be accounted for as derivative liabilities. A company will recognize the value of a down round feature only when it is triggered, and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to common stockholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. ASU 2017-11 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The guidance in ASU 2017-11 can be applied using a full or modified retrospective approach. The Company is currently evaluating the impact of the adoption of ASU 2017-11 on the Company's financial statement presentation or disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2018 and December 31, 2017.

	June 30, 2018	December 31, 2017
	(Unaudited)	
Furniture and fixtures	$ 56,890	$ 56,890
Office equipment	50,669	50,669
	107,559	107,559
Less: accumulated depreciation	(87,499)	(77,005)
	$ 20,060	$ 30,554

Depreciation expense amounted to $10,494 and $10,668 for six months ended June 30, 2018 and 2017, respectively.

4. NOTE PAYABLE

On March 21, 2015, the Company entered into an agreement with DelMorgan Group LLC (“DelMorgan”), pursuant to which DelMorgan agreed to act as the Company’s exclusive financial advisor. In connection with the agreement, the Company paid DelMorgan $125,000, which was advanced by a third-party lender in exchange for an unsecured note payable issued by the Company bearing interest at the rate of 12% per annum payable monthly beginning on April 20, 2015.

Effective March 20, 2017, for no additional consideration the Company entered into an extension agreement with the third-party lender to extend the maturity date of the Note to March 21, 2018. All other terms of the Note remain unchanged. As of December 31, 2017, the balance due under the note was $125,000.

On January 29, 2018, the Company settled the debt of $125,000 in exchange for 1,250,000 shares of its Common Stock. There was no gain or loss recognized as the fair value of the common shares issued approximates the note payable settled.

5. NOTES PAYABLE — RELATED PARTIES

The Company has the following related parties notes payable as of June 30, 2018 and December 31, 2017:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2018	Balance at December 31, 2017
					(Unaudited)	
Note 1[(A)]	December 1, 2015	August 1, 2018	12.0%	$ 1,248,883	$ 1,198,883	$ 1,198,883
Note 2	December 1, 2015	August 1, 2018	12.0%	189,000	189,000	189,000
Note 3[(B)]	December 1, 2015	April 1, 2017	12.0%	111,901	111,901	111,901
Note 4[(C)]	August 4, 2016	December 4, 2018	12.0%	343,326	343,326	343,326
Note 5	August 4, 2016	December 4, 2018	12.0%	121,875	121,875	121,875
Total notes payable – related parties, net					$ 1,964,985	$ 1,964,985

(A) Per the terms of the agreement, at Mr. Cutaia’s discretion (majority stockholder and Chief Executive Officer (CEO), he may convert up to $374,665 of outstanding principal, plus accrued interest thereon, into shares of common stock at a conversion rate of $0.07 per share.

(B) As of June 30, 2018, and the date of this report, the note is past due. The Company is currently in negotiations with the note holder to settle the note payable.

(C) A total of 30% of the note principal can be converted to shares of common stock at a conversion price $0.07 per share.

Total interest expense for notes payable to related parties for the six months ended June 30, 2018 and 2017 was $58,788 for each period.

6. CONVERTIBLE NOTES PAYABLE

The Company has the following convertible notes payable as of June 30, 2018 and December 31, 2017:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2018	Balance at December 31, 2017
				(Unaudited)		
Note payable	April 3, 2016	April 4, 2018	12%	$ 600,000	$ —	$ 680,268
Note payable	June and August 2017	February and March 2018	5%	$ 220,500	—	220,500
Note payable	Various	Various	5%	$ 320,000	—	320,000
Note payable	December 8, 2017	December 8, 2018	8%	$ 370,000	—	370,000
Note payable	December 13, 2017	September 20, 2018	8%	$ 105,000	—	105,000
Total notes payable					—	1,695,768
Debt discount					—	(675,453)
Total notes payable, net of debt discount					$ —	$ 1,020,315

During 2016 through 2017, the Company issued convertible notes payable to unrelated, third-party creditors/investors totaling $1,695,768. The notes bore an average interest rate of 8% per annum, secured by the Company's assets, mature starting February 2018 through January 2019 and are convertible to shares of common stock based upon a discounted market price. As of June 30 2018, outstanding balance of the notes payable and unamortized debt discount was zero.

During the period ended June 30, 2018, the Company issued similar convertible notes payable totaling $150,000 in exchange for cash of $130,000. The Company determined that since the conversion floor had no limit to the conversion price, that the Company could no longer determine if it had enough authorized shares to fulfil the conversion obligation. As such, pursuant to current accounting guidelines, the Company determined that the conversion feature of the notes created a derivative with a fair value of $252,778 at the date of issuance. The Company accounted for the fair value of the derivative up to the face amount of the note of $150,000 as a valuation discount amortized over the life of the note, and the excess of $102,778 being recorded as financing cost (see Note 7 for discussion of derivative liability). In addition, the Company also recorded the notes' original issue discount of $20,000 as financing costs.

As part of the offering, the Company also granted a five-year warrant to acquire 1,000,000 shares of the Company's common stock with an exercise price of $0.14 per share. A total of 500,000 warrants that were granted included a full ratchet reset provision in case of a future offering at a price below $0.14 per share and a fundamental transaction provision that could give rise to an obligation to pay cash to the warrant holder and a reset. As such, pursuant to current accounting guidelines, the Company determined that the warrant exercise price and fundamental transaction clause created a derivative with a fair value of $48,961 at the date of issuance. The Company accounted for the fair value of the derivative as financing cost. See Note 7 for discussion of derivative liability.

During the period ended June 30, 2018, the Company paid $845,000 to settle certain outstanding convertible notes payable. In addition, the Company also issued 6,133,006 shares of common stock to settle the remaining convertible notes payable and accrued interest. As part of the settlement, the Company recorded a loss on debt extinguishment of $1,067,242 to account for the fair value of the common shares issued to a note holder who's note was not fully convertible to common shares. Furthermore, the Company amortized the remaining debt discount of $747,623 to interest expense. As of June 30, 2018, all convertible notes payable and unpaid interest had been paid or settled.

Total interest expense for convertible notes payable for the six months ended June 30, 2018 and 2017 was $144,541 and $40,481, respectively.

7. DERIVATIVE LIABILITY

Under authoritative guidance used by the FASB on determining whether an instrument (or embedded feature) is indexed to an entity's own stock, instruments that do not have fixed settlement provisions are deemed to be derivative instruments. The Company has issued certain convertible notes whose conversion prices contains reset provisions based on a future offering price and/or whose conversion prices are based on future market prices. However, since the number of shares to be issued is not explicitly limited, the Company is unable to conclude that enough authorized and unissued shares are available to share settle the conversion option. In addition, the Company also granted certain warrants that included a fundamental transaction provision that could give rise to an obligation to pay cash to the warrant holder.

As a result, the conversion option and warrants are classified as liabilities and are bifurcated from the debt host and accounted for as a derivative liability in accordance with ASC 815 and will be re-measured at the end of every reporting period with the change in value reported in the statement of operations.

The derivative liabilities were valued using a probability weighted average Black-Scholes-Merton pricing model with the following average assumptions:

	June 30, 2018	Upon Issuance	December 31, 2017
Stock Price	$ 0.60	$ 0.10	$ 0.10
Exercise Price	$ 0.13	$ 0.08	$ 0.06
Expected Life	4.50	2.33	1.26
Volatility	226%	193%	189%
Dividend Yield	0%	0%	0%
Risk-Free Interest Rate	1.89%	1.18%	1.72%
Fair Value	$ 1,014,227	$ 301,739	$ 1,250,581

The expected life of the conversion feature of the notes and warrants was based on the remaining contractual term of the notes and warrants. The Company uses the historical volatility of its common stock to estimate the future volatility for its common stock. The expected dividend yield was based on the fact that the Company has not paid dividends in the past and does not expect to pay dividends in the future. The risk-free interest rate was based on rates established by the Federal Reserve Bank. As of December 31, 2017, the Company had recorded a derivative liability of $1,250,581.

During the period ended June 30, 2018, the Company recorded an additional derivative liability totaling $301,739 as a result of the issuance of convertible notes and warrants. The Company also extinguished a derivative liability of $1,718,816 upon the conversion and payment of outstanding convertible notes payable, which was recorded as part of gain on extinguishment of debt. In addition, the Company also recorded a change in fair value of $1,180,723 to account the change in fair value of these derivative liabilities up to the dates of the extinguishment and at June 30, 2018. At June 30, 2018, the fair value of the derivative liability amounted to $1,014,227.

8. EQUITY TRANSACTIONS

The Company’s common stock activity for the six months ended June 30, 2018 is as follows:

Common Stock

Shares Issued from Exercise of Warrants — During the period ended June 30, 2018, a total of 1,981,000 warrants were exercised in cash and cashless exercises for the issuance of an aggregate of 1,704,325 shares of common stock. The Company received cash of $22,000 upon exercise of the warrants.

Shares Issued from Exercise of Options — During the period ended June 30, 2018, a total of 487,620 options were exercised in cash exercises for 487,620 shares of common stock. The Company received cash of $34,133 upon exercise of the options.

Shares Issued from Stock Subscription — During the period ended June 30, 2018, the Company issued 17,459,067 shares of common stock to investors for net cash proceeds of $2,978,500.

Shares Issued for Services — During the period ended June 30, 2018, the Company issued 4,790,181 shares of common stock to employees and vendors for services rendered with a fair value of $2,627,417. These shares of common stock were valued based on market value of the Company’s stock price at the date of grant or agreement. Included in these issuances were 4,500,000 shares of common stock with a fair value of $1,539,000 granted to officers and a director of the Company for services rendered.

Shares Issued from Conversion of Note Payable — During the period ended June 30, 2018, the Company issued 7,383,006 shares of common stock upon conversion of notes payable and accrued interest (see Notes 4 and 6).

Shares Issued for Accrued Salary — On March 28, 2018, the Company converted $582,333 of the CEO’s accrued salary into 407,226 shares of common stock with a fair value of $582,333 at the date of conversion.

Shares Issued Upon Exercise of Put Option — In January and February 2018, the Company issued Put Notices to Kodiak and issued 3,048,105 shares of common stock in exchange for cash of $1,000,000. In addition, the Company also issued Kodiak the prorated warrants to purchase 2,000,000 shares of common stock at $0.25 per share.

Shares Repurchased. For the period ended June 30, 2018, the Company repurchased 700,000 shares of common stock from investors for $20,000.

Stock Options

Effective October 16, 2014, the Company adopted the 2014 Stock Option Plan (the “Plan”) under the administration of the board of directors to retain the services of valued key employees and consultants of the Company.

At its discretion, the Company grants share option awards to certain employees and non-employees, as defined by ASC 718, Compensation — Stock Compensation, under the 204 Stock Option Plan (the “Plan”) and accounts for its share-based compensation in accordance with ASC 718.

A summary of option activity for the six months ended June 30, 2018 is presented below.

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2017	21,840,953	$ 0.33	2.09	
Granted.	1,006,272	0.33		
Exercised .	(487,620)	0.07		
Forfeited or expired	(1,075,000)	0.55		
Outstanding at June 30, 2018	21,284,605	$ 0.26	1.68	$ 7,533,282
Exercisable at June 30, 2018	9,204,808	$ 0.36		$ 2,406,294

During the six months ended June 30, 2018, the Company granted stock options to employees and consultants to purchase a total 1,006,272 shares of common stock for services rendered. The options have an average exercise price of $0.33 per share, expire in five years and vest on grant date or over a period of three years from grant date. Total fair value of these options at grant date was $259,105 using the Black-Scholes Option Pricing model.

The total stock compensation expense recognized relating to vesting of employee stock options for the six months ended June 30, 2018 amounted to $829,176. As of June 30, 2018, total unrecognized stock-based compensation expense was $1,563,155, which is expected to be recognized as part of operating expense through May 2021.

The fair value of share option award is estimated using the Black-Scholes method based on the following weighted-average assumptions:

	Six Months Ended June 30,	
	2018	2017
Risk-free interest rate	2.25% – 2.85%	1.76% – 1.93%
Average expected term (years)	5 years	5 years
Expected volatility	184% – 190%	157% – 160%
Expected dividend yield	—	—

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of measurement corresponding with the expected term of the share option award; the expected term represents the weighted-average period of time that share option awards granted are expected to be outstanding giving consideration to vesting schedules and historical participant exercise behavior; the expected volatility is based upon historical volatility of the Company's common stock; and the expected dividend yield is based on the fact that the Company has not paid dividends in the past and does not expect to pay dividends in the future.

Warrants

The Company has the following warrants outstanding as of June 30, 2018 all of which are exercisable:

	Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2017	28,436,413	$ 0.13	2.79	—
Granted	3,000,000	0.21	—	—
Forfeited	(48,000)	0.10	—	—
Exercised	(1,981,000)	0.15	—	—
Outstanding at June 30, 2018	29,407,413	$ 0.14	2.97	$ 13,619,258
Exercisable at June 30, 2018	29,407,413			$ 13,619,258

During the six months ended June 30, 2018, the Company granted warrants to note holders to purchase a total of 1,000,000 shares of common stock. The warrants are exercisable at an average price of $0.14 per share and will expire in January 2023. A total of 500,000 warrants that had been granted were accounted as derivative liability (see Note 6).

On February 21, 2018, the Company granted 2,000,000 warrants as part of the exercise of our put option with Kodiak. The exercise price of the 2,000,000 warrants is $0.25 per share and they expire on February 20, 2023.

During the six months ended June 30, 2018, a total of 1,981,000 warrants were exercised in cash and cashless exercises for 1,704,325 shares of common stock at a weighted average exercise price of $0.15. As part of these exercises, the Company also received $22,000 upon the exercises.

9. COMMITMENTS AND CONTINGENCIES

Litigation

On April 24, 2018, EMA Financial, LLC, a New York limited liability company ("EMA"), commenced an action against us, styled *EMA Financial, LLC, a New York limited liability company, Plaintiff, against nFUSZ, Inc., Defendant*, United States District Court, Southern District of New York, case number 1:18-cv-03634-NRB. The Complaint sets forth four causes of action and seeks relief consisting of: (1) money damages, (2) injunctive relief, (3) liquidated damages; and declaratory relief. All of the claims stem from our refusal to honor EMA's exercise notice in connection with a common stock purchase warrant that we had granted to it. We believe EMA's allegations are entirely without merit.

The circumstances giving rise to the dispute are as follows: On or about December 5, 2017, we issued a warrant to EMA as part of the consideration we were required to provide in connection with a contemporaneous convertible loan EMA made to us. The loan, which was evidenced by a convertible Note, was for a term of one year. Our refusal to honor the warrant exercise notice was due to our good faith belief that EMA's interpretation of the cashless exercise provision of the warrant was, *inter alia*, (i) contrary to our direct conversations and agreements made with EMA prior to, and during the preparation of the loan and warrant agreements; (2) wholly inconsistent with industry norms, standards, and practices; (3) was contrary to the cashless exercise method actually adopted by EMA's co-lender in the same transaction; and (4) was the result of a single letter mistakenly transposed in the cashless exercise formula drafted by EMA which if adopted, would result in a gross and unintended windfall in favor of EMA and adverse to us. Moreover, as set forth in our response to EMA's allegations, EMA's interpretation of the cashless exercise provision would have resulted in it being issued more shares of our common stock than it would have received if it exercised the warrant for cash (instead of less), and more than the amount of shares reflected on the face of the warrant agreement itself. The loan underlying the transaction was repaid, in full, approximately three months after it was issued, on March 8, 2018, together with all accrued interest, prior to any conversion or attempted conversion of the Note.

On July 20, 2018, we filed an Answer to the Complaint, along with certain Affirmative Defenses, as well as Counterclaims seeking, *inter alia*, to void the entire transaction for violation of New York's criminal usury laws and, alternatively, for reformation of the warrant conversion formula set forth in the Warrant Agreement so as to be consistent with the parties' intent and custom and practice in the industry. We intend to vigorously defend the action, as well as vigorously prosecute our counterclaims against EMA. The action is still pending.

We know of no other material pending legal proceedings to which we or any of our subsidiaries is a party or to which any of our assets or properties, or the assets or properties of any of our subsidiaries, are subject and, to the best of our knowledge, no adverse legal activity is anticipated or threatened. In addition, we do not know of any such proceedings contemplated by any governmental authorities.

10. SUBSEQUENT EVENTS

Subsequent to June 30, 2018, two existing consultants were hired as employees of the Company. In connection with their employment agreements, the Company granted 4,800,000 non-qualified stock options with a fair value of $2,902,453. 1,500,000 of the options vested on the grant date, while the remaining 3,300,000 options vest annually over three years on the employees' anniversary dates with an average exercise price of $0.40. As a result, the Company will record stock compensation expense of $910,844 for the vested options. In addition, the Company also cancelled 3,100,000 unvested non-qualified stock options previously granted to these individuals when they were consultants of the Company. As a result of these cancellation, the Company reversed previously recorded stock compensation expense of $616,990.

Subsequent to June 30, 2018, the Company granted 300,000 non-qualified stock options with a fair value of $166,510 to consultants for services to be rendered. The options vest annually over three years with an exercise price of $0.60.

Subsequent to June 30, 2018, the Company granted 1,250,000 non-qualified stock options with a fair value of $611,909 to employees for services to be rendered. The options vest annually over three years with an exercise price of $0.60.

Effective August 8, 2018, the Company entered into an extension agreement (the "Extension Agreement") with Rory J. Cutaia, CEO and shareholder, to extend the maturity date of the $1,248,883 Secured Note due on August 1, 2018 to and including February 8, 2021. In consideration for extending the Note the Company issued Mr. Cutaia 2,446,700 warrants at a price of $0.49. All other terms of the Note remain unchanged.

Effective August 8, 2018, the Company entered into an extension agreement (the "Extension Agreement") with Rory J. Cutaia, CEO and shareholder, to extend the maturity date of the $189,000 Unsecured Note due on August 1, 2018 to and including February 8, 2021. There was no consideration given and all other terms of the Note remain unchanged.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors
nFüsz, Inc.
Los Angeles, California

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of nFüsz, Inc. (the “Company”) as of December 31, 2017 and 2016, the related consolidated statements of operations, changes in stockholders’ deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, the Company has a stockholders’ deficit at December 31, 2017, has no recurring source of revenue and has experienced negative operating cash flows since inception. These matters raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1 to the financial statements. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Weinberg & Company, P.A.

We have served as the Company’s auditor since January 26, 2017.

Los Angeles, CA
April 2, 2018

nFÜSZ, INC.
CONSOLIDATED BALANCE SHEETS

As of December 31,		*2017*		*2016*
ASSETS				
Current assets:				
Cash	$	10,560	$	16,762
Accounts receivable		—		8,468
Prepaid expenses		40,909		10,871
Total current assets		51,469		36,101
Property and equipment, net		30,554		52,066
Other assets		8,780		16,036
Total assets	**$**	**90,803**	**$**	**104,203**
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable and accrued expenses	$	663,506	$	431,650
Accrued interest (including $99,425 and $56,628 payable to related parties)		248,120		118,137
Accrued officers' salary		607,333		200,028
Notes payable, net of discount of $0 and $48,942, respectively		125,000		177,358
Notes payable - related party		1,964,985		1,964,985
Convertible note payable, net of discount of $675,453 and $0, respectively		1,020,315		680,268
Derivative liability		1,250,581		—
Total current liabilities		5,879,840		3,572,426
Commitments and contingencies				
Stockholders' deficit				
Preferred stock, $0.0001 par value, 15,000,000 shares authorized, none issued or outstanding		—		—
Common stock, $0.0001 par value, 200,000,000 shares authorized, 119,118,513 and 94,661,566 shares issued and outstanding as of December 31, 2017 and 2016, respectively		11,912		9,465
Additional paid in capital		22,738,574		17,815,732
Common stock issuable, 4,500,000 shares		430		(20,020)
Accumulated deficit		(28,539,953)		(21,273,400)
Total stockholders' deficit		**(5,789,037)**		**(3,468,223)**
Total liabilities and stockholders' deficit	**$**	**90,803**	**$**	**104,203**

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

nFÜSZ, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31,	*2017*	*2016*
Net Sales	$ 5,914	$ —
Operating Expenses:		
Research and development	375,220	257,803
General and administrative	4,327,529	2,873,185
Total operating expenses	(4,702,749)	(3,130,988)
Loss from operations	(4,696,835)	(3,130,988)
Other income (expense)		
Other income	20,099	52,898
Change in fair value of derivative liability	5,900	—
Debt extinguishment	(977,203)	(455,975)
Financing costs	(643,481)	—
Interest expense (including $235,798 and $232,076 to related parties)	(555,094)	(340,580)
Interest expense - amortization of debt discount	(418,339)	(398,594)
Total other expense	(2,568,118)	(1,142,251)
Loss before income tax provision	(7,264,953)	(4,273,239)
Income tax provision	1,600	866
Net loss	**$ (7,266,553)**	**$ (4,274,105)**
Loss per share - basic and diluted	$ (0.07)	$ (0.05)
Weighted average number of common shares outstanding - basic and diluted	106,148,101	79,602,170

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

nFÜSZ, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Years Ended December 31, 2017 and 2016

	Common Stock		Additional Paid-in	Common Stock	Accumulated	
	Shares	Amount	Capital	Issuable	Deficit	Total
Balance at December 31, 2015	**63,859,000**	**$ 6,386**	**$ 14,650,519**	**$ —**	**$ (16,999,295)**	**$ (2,342,390)**
Fair value vested options	—	—	457,881	—	—	457,881
Fair value of common shares, warrants and beneficial conversion feature on issued convertible notes	240,000	24	33,067	—	—	33,091
Fair value of warrants and conversion feature of debt extension	—	—	455,975	—	—	455,975
Stock repurchase	(8,311,324)	(831)	(165,395)	—	—	(166,226)
Proceeds from sale of common stock	31,335,556	3,133	1,540,917	(20,020)	—	1,524,030
Share based compensation - shares issued for vendor services	6,388,334	638	726,201	—	—	726,839
Share based compensation - shares issued for BOD services	1,150,000	115	116,567	—	—	116,682
Net loss	—	—	—	—	(4,274,105)	(4,274,105)
Balance at December 31, 2016	**94,661,566**	**9,465**	**17,815,732**	**(20,020)**	**(21,273,400)**	**(3,468,223)**
Fair value vested options and warrants	—	—	445,085	—	—	445,085
Proceeds from sale of common stock	11,182,143	1,118	774,882	20,000	—	796,000
Fair value of common shares issued for services	8,280,435	829	2,086,881	450	—	2,088,160
Fair value of common stock issued upon conversion Preferred Series A	2,862,006	286	303,355	—		303,641
Fair value of common stock issued upon conversion of debt	1,026,195	103	181,742	—		181,845
Common shares issued upon exercise of put option	656,168	66	49,934	—		50,000
Fair value of shares of common stock issued to settle accounts payable	400,000	40	55,960	—	—	56,000
Fair value of common shares, warrants and beneficial conversion feature of issued notes	50,000	5	154,345	—		154,350
Fair value of warrants issued to extinguish debt and accounts payable	—	—	870,658	—		870,658
Net loss	—	—	—	—	(7,266,553)	(7,266,553)
Balance at December 31, 2017	**119,118,513**	**$ 11,912**	**$ 22,738,574**	**$ 430**	**$ (28,539,953)**	**$ (5,789,037)**

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

nFÜSZ, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,	*2017*	*2016*
Operating Activities:		
Net loss	$ (7,266,553)	$ (4,274,105)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	2,533,245	1,301,402
Change in fair value of derivative liability	(5,900)	—
Financing costs	643,481	—
Debt extinguishment	977,203	455,975
Amortization of debt discount	418,339	404,041
Loss on conversion of series A preferred	217,106	—
Depreciation and amortization	21,512	21,301
Effect of changes in assets and liabilities:		
Accounts payable and accrued expenses	799,144	456,774
Accounts receivable	8,468	(8,417)
Other assets	7,256	(16,036)
Prepaid expenses	(30,038)	55,052
Net cash used in operating activities	(1,676,737)	(1,604,013)
Investing Activities:		
Purchase of property and equipment	—	(2,494)
Other	—	—
Net cash used in investing activities	—	(2,494)
Financing Activities:		
Proceeds from convertible note payable	813,000	—
Proceeds from sale of common stock	796,000	1,524,030
Proceeds from series A preferred stock	555,000	—
Proceeds from Put Shares	50,000	
Redemption of series A preferred	(543,465)	—
Proceeds from note payable	—	80,000
Proceeds from notes payable - related parties	—	92,446
Payment of notes payable - related parties	—	(10,000)
Repurchases of common stock	—	(166,226)
Net cash provided by financing activities	1,670,535	1,520,250
Net change in cash	(6,202)	(86,257)
Cash - beginning of period	16,762	103,019
Cash - end of period	$ 10,560	$ 16,762
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 326,221	$ 129,869
Cash paid for income taxes	$ 1,600	$ 800
Supplemental disclosure of non-cash investing and financing activities:		
Fair value of derivative liability from issuance of convertible debt and warrant features	$ 1,256,481	$ —
Fair value of warrants issued and beneficial conversion feature to extinguish debt	$ 860,601	$ —
Conversion of series A Preferred to common stock	$ 303,641	$ —
Fair value of common shares, warrants and beneficial conversion feature of issued convertible note	$ 154,350	$ —
Conversion of note payable to common stock	$ 181,845	$ —
Common stock issued to settle accounts payable	$ 56,000	$ —
Conversion of accrued interest on notes payable to related parties note	$ —	$ 10,900
Conversion of accrued payroll to related party note	$ —	$ 121,875
Conversion of accrued interest on notes payable to convertible notes payable	$ —	$ 80,268
Conversion of accrued interest to accrued officers’ salary	$ —	$ 180,686

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

1. DESCRIPTION OF BUSINESS

Organization

Cutaia Media Group, LLC ("CMG") was a limited liability company formed on December 12, 2012 under the laws of the State of Nevada. On May 19, 2014, bBooth, Inc. was incorporated under the laws of the State of Nevada. On May 19, 2014, CMG was merged into bBooth, Inc. and bBooth, Inc. changed its name to bBooth (USA), Inc. The operations of CMG and bBooth (USA), Inc. became known as "bBoothUSA".

On October 16, 2014, bBoothUSA completed a Share Exchange Agreement with Global System Designs, Inc. ("GSD") which was accounted for as a reverse merger transaction. In connection with the closing of the Share Exchange Agreement, GSD management was replaced by bBoothUSA management, and GSD changed its name to bBooth, Inc.

Effective April 21, 2017, we changed our corporate name from bBooth, Inc. to nFüsz, Inc. The name change was effected through a parent/subsidiary short-form merger of nFüsz, Inc., our wholly-owned Nevada subsidiary, formed solely for the purpose of the name change, with and into us. We were the surviving entity. To effectuate the merger, we filed Articles of Merger with the Secretary of State of the State of Nevada on April 4, 2017 and a Certificate of Correction with the Secretary of State of the State of Nevada on April 17, 2017. The merger became effective on April 21, 2017. Our board of directors approved the merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the Nevada Revised Statutes, stockholder approval of the merger was not required.

On the effective date of the merger, our name was changed to "nFüsz, Inc." and our Articles of Incorporation, as amended (the "Articles"), were further amended to reflect our new legal name. With the exception of the name change, there were no other changes to our Articles.

Nature of Business

We have developed proprietary interactive video technology which serves as the basis for certain products and services that we market under the brand name "notifi". Our notifiCRM, notifiADS, notifiLINKS, and notifiWEB products are cloud-based, software-as-a-service ("SaaS"), customer relationship management ("CRM"), sales lead generation, advertising and social engagement software, accessible on mobile and desktop platforms, that we license to individual consumers, sales-based organizations, consumer brands, marketing and advertising agencies, as well as to artists and social influencers. Our notifiCRM platform is an enterprise scalable, subscription-based customer relationship management program that incorporates proprietary, interactive audio/video messaging and interactive on-screen "virtual salesperson" communications technology. Our notifiCRM is distinguished from other CRM programs because it utilizes interactive video as the primary means of communication between the subscribers and their clients or prospects. Such clients and prospects can respond to notifiCRM subscribers' calls to action in real time by clicking on links embedded in the video, all without leaving or stopping the video. Subscribers also have access to detailed analytics that reflect when the videos were viewed, by whom, how many times, for how long, and what items were clicked-on in the video to assist subscribers in determining the possible interest level of that particular client or prospect in the subject matter of the video. Our notifiTV and notifiLIVE products are also part of our proprietary interactive video platform that allows viewers to interact with pre-recorded as well as live broadcast video content by clicking on links embedded in on-screen people, objects, graphics or sponsors' signage. Viewers can experience our notifiTV and notifiLIVE interactive content and capabilities on most devices available in the market today without the need to download special software or proprietary video players.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, during the year ended December 31, 2017, the Company incurred a net loss of $7,266,553 used cash in operations of $1,676,737 and had a stockholders' deficit of $5,789,037 as of December 31, 2017. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date of the financial statements being issued. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

At December 31, 2017, the Company had cash on hand in the amount of $10,560. The Company raised an additional $3.4 million from January 2018 through March 2018 through the sale of its debt and equity securities (see Note 15). Management estimates that the current funds on hand will be sufficient to continue operations through December 2018. The continuation of the Company as a going concern is dependent upon its ability to obtain necessary debt or equity financing to continue operations until it begins generating positive cash flow. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stock holders, in case or equity financing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of nFüsz, Inc., (formerly bBooth, Inc.) and Songstagram, Inc. ("Songstagram") our wholly owned subsidiary. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Significant estimates include assumptions made in analysis of impairment of long term assets, realization of deferred tax assets, determining fair value of derivative liabilities, and value of equity instruments issued for services. Amounts could materially change in the future.

Property and Equipment

Property and equipment are recorded at historical cost and depreciated on a straight-line basis over their estimated useful lives of approximately five years once the individual assets are placed in service.

Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. No impairment of long-lived assets was required for the years ended December 31, 2017 and 2016.

Income Taxes

The Company accounts for income taxes under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 "Income Taxes." Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The deferred tax assets of the Company relate primarily to operating loss carry-forwards for federal income tax purposes. A full valuation allowance for deferred tax assets has been provided because the Company believes it is not more likely than not that the deferred tax asset will be realized. Realization of deferred tax assets is dependent on the Company generating sufficient taxable income in future periods.

The Company periodically evaluates its tax positions to determine whether it is more likely than not that such positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations, based on their technical merits. The Company accrues interest and penalties, if incurred, on unrecognized tax benefits as components of the income tax provision in the accompanying consolidated statements of operations. As of December 31, 2017, and 2016, the Company has not established a liability for uncertain tax positions.

Derivative Financial Instruments

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

The Company uses Level 2 inputs for its valuation methodology for the derivative liabilities as their fair values were determined by using a probability weighted average Black-Scholes-Merton pricing model based on various assumptions. The Company's derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives.

Share Based Payment

The Company issues stock options, common stock, and equity interests as share-based compensation to employees and non-employees.

The Company accounts for its share-based compensation to employees in accordance FASB ASC 718 "Compensation – Stock Compensation." Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period.

The Company accounts for share-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50*"*Equity – Based Payments to Non-Employees.*"* Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (*a*) the goods or services received; or (*b*) the equity instruments issued. The final fair value of the share-based payment transaction is determined at the performance completion date. For interim periods, the fair value is estimated, and the percentage of completion is applied to that estimate to determine the cumulative expense recorded.

The Company values stock compensation based on the market price on the measurement date. As described above, for employees this is the date of grant, and for non-employees, this is the date of performance completion.

The Company values stock options using the Black-Scholes option pricing model. Assumptions used in the Black-Scholes model to value options issued during the years ended December 31, 2017 and 2016 are as follows:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Expected life in years	2.5 to 5.0	2.5 to 5.0
Stock price volatility	84.36% - 173.92%	84.36% - 153. 07%
Risk free interest rate	1.22% - 2.23%	1.22% - 1.24%
Expected dividends	0%	0%
Forfeiture rate	21%	20%

The risk-free interest rate was based on rates established by the Federal Reserve Bank. The Company uses the historical volatility of its common stock to estimate the future volatility for its common stock. The expected life of the conversion feature of the notes was based on the remaining term of the notes. The expected dividend yield was based on the fact that the Company has not customarily paid dividends in the past and does not expect to pay dividends in the future.

Research and Development Costs

Research and development costs consist of expenditures for the research and development of new products and technology. These costs are primarily expenses to vendors contracted to perform research projects and develop technology for the Company's notifiCRM cloud-based, Software-as-a-Service (SaaS) platform.

Net Loss Per Share

Basic net loss per share is computed by using the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of incremental common shares issuable upon exercise of stock options. No dilutive potential common shares were included in the computation of diluted net loss per share because their impact was anti-dilutive. As of December 31, 2017, and 2016, the Company had total outstanding options of 21,840,953 and 10,530,953, respectively and warrants of 28,436,413 and 18,455,264, respectively, which were excluded from the computation of net loss per share because they are anti-dilutive.

Fair Value of Financial Instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
Level 3: Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amount of the Company's financial assets and liabilities, such as cash and cash equivalents, prepaid expenses, and accounts payable and accrued expenses approximate their fair value due to their short-term nature. The carrying values financing obligations approximate their fair values due to the fact that the interest rates on these obligations are based on prevailing market interest rates. The Company uses Level 2 inputs for its valuation methodology for the derivative liabilities.

Concentrations

During the year ended December 31, 2017, the Company had a single vendor that accounted for 20.7% of all purchases, and 18.1% of all purchases in the same period in the prior year.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's financial statements and disclosures but does not believe adoption of such pronouncement will have a material effect, if any.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (ASU 2016-02), Leases (Topic 842). ASU 2016-02 requires a lessee to record a right-of-use asset and a corresponding lease liability, initially measured at the present value of the lease payments, on the balance sheet for all leases with terms longer than 12 months, as well as the disclosure of key information about leasing arrangements. ASU 2016-02 requires recognition in the statement of operations of a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. ASU 2016-02 requires classification of all cash payments within operating activities in the statement of cash flows. Disclosures are required to provide the amount, timing and uncertainty of cash flows arising from leases. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company has not yet evaluated the impact of the adoption of ASU 2016-02 on the Company's financial statement presentation or disclosures.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features; (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception" ("ASU 2017-11"). ASU 2017-11 allows companies to exclude a down round feature when determining whether a financial instrument (or embedded conversion feature) is considered indexed to the entity's own stock. As a result, financial instruments (or embedded conversion features) with down round features may no longer be required to be accounted for as derivative liabilities. A company will recognize the value of a down round feature only when it is triggered, and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to common stockholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. ASU 2017-11 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The guidance in ASU 2017-11 can be applied using a full or modified retrospective approach. The Company is currently evaluating the impact of the adoption of ASU 2017-11 on the Company's financial statement presentation or disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2017 and 2016.

	December 31, 2017	December 31, 2016
Furniture and fixtures	$ 56,890	$ 56,890
Office equipment	50,670	50,670
	107,560	107,560
Less: accumulated depreciation	(77,006)	(55,494)
	$ 30,554	$ 52,066

Depreciation expense amounted to $21,512 and $21,301 for the year ended December 31, 2017 and 2016, respectively.

4. NOTES PAYABLE

The Company had the following outstanding notes payable as of December 31, 2017 and 2016:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at December 31, 2017	Balance at December 31, 2016
Note payable [(a)]	March 21, 2015	March 20, 2018	12%	$ 125,000	$ 125,000	$ 125,000
Note payable [(b)]	December 15, 2016	June 15, 2017	5%	$ 101,300	—	101,300
Total notes payable					125,000	226,300
Debt discount					—	(48,942)
Total notes payable, net					$ 125,000	$ 177,358

(a) On March 21, 2015, the Company issued a note payable to a third-party lender for the benefit of DelMorgan Group LLC ("DelMorgan"), financial consultant. The note is unsecured, bears interest rate of 12% per annum payable monthly beginning on April 20, 2015 and matured in March 2017. As of December 31, 2016, outstanding balance of the note amounted to $125,000.

On March 20, 2017, the Company entered into an extension agreement with the third-party lender to extend the maturity date of the Note to March 20, 2018. All other terms of the Note remained unchanged and there was no additional compensation or incentive given. As of December 31, 2017, outstanding balance of the note amounted to $125,000. In January 2018, the note was satisfied through the issuance of 1,250,000 shares of common stock.

(b) On December 15, 2016, the Company issued a note payable to a third-party creditor amounting to $101,300 in exchange for cash of $80,000, original issue discount of $8,800 and guaranteed interest of $12,500. The note was unsecured, bore an effective interest rate of 5% per annum and matured in May 2017. In addition, the Company also granted a three-year warrant to acquire 176,000 shares of the Company's common stock with an exercise price of $0.25 per share, and 240,000 shares of the Company's common stock. As a result, the Company recorded a debt discount totaling $53,659 to account for the origin original issue discount of $8,800, guaranteed interest of $12,500, the relative fair value of the warrants of $10,759 and fair value of the common shares of $21,600. The debt discount was amortized over the term of the note. As of December 31, 2016, outstanding balance of the note amounted to $101,300 and unamortized debt discount of $48,942.

During the year ended December 31, 2017, the Company settled the debt in exchange for 1,026,195 shares of its Common Stock (the "Shares") with a fair value of $181,845. As a result of the note settlement, the Company recorded a loss on debt extinguishment of $80,544 to account the difference between the face value of the note payable settled and the fair value of the common shares issued. In addition, the Company recorded interest expense of $48,942 to amortize the remaining note discount.

5. NOTES PAYABLE – RELATED PARTIES

The Company has the following related parties outstanding notes payable as of December 31, 2017 and 2016:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at December 31, 2017	Balance at December 31, 2016
Note 1	December 1, 2015	August 1, 2018	12.0%	$ 1,203,242	$ 1,198,883	$ 1,198,883
Note 2	December 1, 2015	August 1, 2018	12.0%	189,000	189,000	189,000
Note 3	December 1, 2015	April 1, 2017	12.0 %	111,901	111,901	111,901
Note 4	August 4, 2016	December 4, 2018	12.0 %	343,326	343,326	343,326
Note 5	August 4, 2016	December 4, 2018	12.0 %	121,875	121,875	121,875
Total notes payable – related parties					$ 1,964,985	$ 1,964,985

(1) On December 1, 2015, the Company issued a convertible note payable to Mr. Rory J. Cutaia, the Company's majority stockholder and Chief Executive Officer (CEO), to consolidate all loans and advances made by Mr. Cutaia to the Company as of that date. The note bears interest rate of 12% per annum, secured by the Company's assets and matured on April 1, 2017. Per the terms of the agreement, at Mr. Cutaia's discretion, he may convert up to $374,665 of outstanding principal, plus accrued interest thereon, into shares of common stock at a conversion rate of $0.07 per share. As of December 31, 2016, total outstanding balance of the note amounted to $1,198,883.

On May 4, 2017, the Company entered into an extension agreement with Mr. Cutaia to extend the maturity date of the note from April 1, 2017 to August 1, 2018. In consideration, the Company issued Mr. Cutaia a three-year warrant to purchase 1,755,192 shares of common stock at a price of $0.355 per share with a fair value of $517,291. All other terms of the Note remain unchanged. The Company determined that the extension of the note's maturity resulted in a debt extinguishment for accounting purposes since the fair value of the warrants granted was more than 10% of the original value of the convertible note. As result, Company recorded the fair value of the new note which approximates the original carrying value $1,198,833 and expensed the entire fair value of the warrants granted of $517,291 as part of loss on debt extinguishment.

As of December 31, 2017, outstanding balance of the note amounted to $1,198,883.

(2) On December 1, 2015, the Company issued a convertible note with Mr. Cutaia in the amount of $189,000 representing a portion of Mr. Cutaia's accrued salary for 2015. The note is unsecured, bears interest rate of 12% per annum, matured in April 2017 and convertible to shares of common stock at a conversion price of $0.07 per share. As of December 31, 2016, outstanding balance of the note amounted to $189,000.

On May 4, 2017, the Company entered into an extension agreement with Mr. Cutaia to extend the maturity date of the note from April 1, 2017 to August 1, 2018. All other terms of the Note remain unchanged and there were no additional compensation or incentive given.

As of December 31, 2017, outstanding balance of the note amounted to $189,000.

(3) On December 1, 2015, the Company issued a note payable to a former member of the Company's Board of Directors, in the amount of $111,901 representing unpaid consulting fees as of November 30, 2015. The note is unsecured, bears interest rate of 12% per annum and matured in April 2017. As of December 31, 2016, outstanding balance of the note amounted to $111,901 and accrued interest of $14,569.

As of December 31, 2017, outstanding balance of the note amounted to $111,901 and accrued interest of $27,997.

As of December 31, 2017, and the date of this report, the note is past due.

(4) On April 4, 2016, the Company issued a convertible note to Mr. Cutaia, in the amount of $343,326, to consolidate all advances made by Mr. Cutaia to the Company during the period December 2015 through March 2016. The note bears interest rate of 12% per annum, secured by the Company's assets and matured on August 4, 2017. A total of 30% of the note principal can be converted to shares of common stock at a conversion price $0.07 per share. As of December 31, 2016, outstanding balance of the note amounted to $343,326 and accrued interest of $31,040.

On August 4, 2017, the Company entered into an extension agreement with Mr. Cutaia to extend the maturity date of the note from August 4, 2017 to December 4, 2018. In consideration for extending the Note's maturity, the Company issued Mr. Cutaia 1,329,157 warrants to purchase shares of common stock at a price of $0.15 per share with a fair value of $172,456. All other terms of the Note remain unchanged. The Company determined that the extension of the note's maturity resulted in a debt extinguishment for accounting purposes since the fair value of the warrants granted was more than 10% of the recorded value of the original convertible note. As a result, Company recorded the fair value of the new note which approximates the original carrying value $343,326 and expensed the entire fair value of the warrants granted of $172,456 as part of loss on debt extinguishment. As of December 31, 2017, outstanding balance of the note amounted to $343,326 and accrued interest of $45,783.

(5) On April 4, 2016, the Company issued a convertible note payable to Mr. Cutaia in the amount of $121,875, representing his unpaid salary from December 2015 through March 2016. The note is unsecured, bears interest at the rate of 12% per annum, compounded annually and matured on August 4, 2017. The note is also convertible into shares of the Company's common stock at $0.07 per share. As of December 31, 2016, outstanding balance of the note amounted to $121,875 and accrued interest of $11,019.

On August 4, 2017, the Company entered into an extension agreement with Mr. Cutaia to extend the maturity date of the note from August 4, 2017 to December 4, 2018. All other terms of the Note remain unchanged and there were no additional compensation or incentive given.

As of December 31, 2017, outstanding balance of the note amounted to $121,875 and accrued interest of $25,644.

During the year ended December 31, 2017, the Company recorded total interest expense totaling $232,192 pursuant to the terms of the notes and paid $196,607.

6. CONVERTIBLE NOTES PAYABLE

The Company has the following outstanding convertible notes payable as of December 31, 2017 and 2016:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at December 31, 2017	Balance at December 31, 2016
Note payable [(a)]	April 3, 2016	April 4, 2018	12%	$ 600,000	$ 680,268	$ 680,268
Note payable [(b)]	June and August 2017	February and March 2018	5%	$ 220,500	220,500	—
Note payable [(c)]	Various	Various	5%	$ 320,000	320,000	—
Note payable [(d)]	December 8, 2017	December 8, 2018	8%	$ 370,000	370,000	—
Note payable [(e)]	December 13, 2017	September 20, 2018	8%	$ 105,000	105,000	—
Total notes payable					1,695,768	680,268
Debt discount					(675,453)	—
Total notes payable, net of debt discount					$ 1,020,315	$ 680,268

(a) On April 3, 2016, the Company issued a convertible note payable to Oceanside, a third party-lender, in the amount of $680,268 to consolidate all notes payable and accrued interest due to Oceanside as of that date. This note superseded and replaced all previous notes and liabilities due to Oceanside from fiscals 2014 and 2015. The note is unsecured, bears interest at the rate of 12% per annum, compounded annually and matured on December 30, 2016. In consideration, the Company granted Oceanside the right to convert up to 30% of the amount of such note into shares of the Company’s common stock at $0.07 per share and issued 2,429,530 warrants to purchase share of common stock at $0.07 per share until April 4, 2019. The Company determined that the issuance of the warrants and the conversion feature that arose as part of the issuance of note, resulted in a debt extinguishment for accounting purposes since the fair value of the warrants granted amounted to $164,344, which was more than 10% of the original value of the convertible note. As a result, on April 3, 2016, Company recorded the fair value of the new note which approximates the original carrying value $680,268 and expensed the entire fair value of the warrants granted of $164,344 as part of loss on debt extinguishment.

On December 30, 2016, the Company entered into an extension agreement with Oceanside to extend the maturity date of the Note from December 30, 2016 to August 4, 2017. All other terms of the Note remain unchanged. In consideration for Oceanside’s agreement to extend the maturity date to August 4, 2017, the Company issued Oceanside 2,429,530 share purchase warrants, exercisable at $0.08 per share until December 29, 2019 with a fair value of $159,491. The Company determined that the extension of the note’s maturity resulted in a debt extinguishment for accounting purposes since the fair value of the warrants granted was more than 10% of the recorded value of the original convertible note. As a result, Company recorded the fair value of the new note which approximates the original carrying value $680,260 and expensed the entire fair value of the warrants granted of $159,491 as part of loss on debt extinguishment.

On August 4, 2017, the Company entered into an extension agreement with Oceanside to extend the maturity date of the Note to from August 4, 2017 to April 4, 2018. All other terms of the Note remain unchanged. In consideration for Oceanside's agreement to extend the maturity date to August 4, 2018, the Company issued Oceanside 1,316,800 share purchase warrants, exercisable at $0.15 per share until August 3, 2022 with a fair value of $170,855. The Company determined that the extension of the note's maturity resulted in a debt extinguishment for accounting purposes since the fair value of the warrants granted was more than 10% of the recorded value of the original convertible note. As a result, Company recorded the fair value of the new note which approximates the original carrying value $680,268 and expensed the entire fair value of the warrants granted of $170,855 as part of loss on debt extinguishment.

In March 2018, the note was satisfied through the issuance of 4,589,506 shares of common stock

(b) In June and August of 2017, the Company issued unsecured convertible notes to Lucas Holdings in the amount of $220,500 in exchange cash of $200,000, original discount (OID) of $10,500 and prepaid interest of $10,000. The notes bear interest rate of 5% per annum, matures in February and March 2018, convertible to shares of common stock at a conversion price of $0.25 per share and $0.10 per share. As part of the issuance, the Company also issued warrants to purchase 330,000 shares of common stock at $0.30 per share and 50,000 shares of common stock with a fair value $12,500. As a result, the Company recorded a debt discount of $174,850 to account the OID and prepaid interest of $20,500 the relative fair value of the warrants of $40,180, the fair value of the common shares of $12,500 and the beneficial conversion feature of $101,670. The debt discount is being amortized to interest expense over the term of the note.

As of December 31, 2017, outstanding balance of the note amounted to $220,500 and unamortized debt discount of $40,247.

In March 2018, the entire notes were settled and converted to 1,543,000 shares of common stock.

(c) On September 26, 2017, we entered into the Purchase Agreement, dated September 15, 2017, with Kodiak Capital Group, LLC ("Kodiak"). Under the Purchase Agreement, the Company may from time to time, in our discretion, sell shares of our common stock to Kodiak for aggregate gross proceeds of up to $2,000,000. Unless terminated earlier, Kodiak's purchase commitment will automatically terminate on the earlier of the date on which Kodiak shall have purchased our shares pursuant to the Purchase Agreement for an aggregate purchase price of $2,000,000, or September 15, 2019. We have no obligation to sell any shares under the Purchase Agreement.

From September 2017 through November 2017, the Company issued three convertible notes payable totaling $320,000 in exchange for cash of $200,000, original issue discount (OID) of $20,000 and settlement of financing expenses of $100,000 incurred by Kodiak pursuant to the agreement. The notes are unsecured, maturities starting in March 2018 through June 2018 and bear interest at a rate of 5% per annum. The notes are also convertible to shares of common stock at price of $0.25 per share or 70% of 10-day VWAP prior to conversion, whichever is lower. As part of the issuances, the Company also granted Kodiak a five year, fully vested warrants to purchase 2,000,000 shares of common stock exercisable at $0.15 and $0.20 per share.

The Company determined that since the conversion floor of these notes had no limit to the conversion price, the Company could no longer determine if it had enough authorized shares to fulfil its conversion obligation. As such, pursuant to current accounting guidelines, the Company determined that the conversion feature of these three notes created a derivative with a fair value totaling $412,214 at the date of issuances. The Company accounted for the fair value of the derivative up to the face amount of the notes of $320,000 as a valuation discount to be amortized over the life of the note, and the excess of $92,214 being recorded as part of financing cost (see Note 8 further discussion). In addition, the Company also recorded the notes' original issue discount totaling $20,000 and the $100,000 note payable issued to settle financing expenses related to Kodiak agreement as part of financing costs.

As of December 31, 2017, outstanding balance of the note amounted to $320,000, accrued interest of $3,281 and unamortized debt discount of $191,740.

(d) On December 8, 2017, the Company issued unsecured convertible notes to EMA Financial and Auctus Fund totaling $370,000 in exchange for cash of $323,000 and an original issue discount of $47,000. The notes bear interest rate of 8% per annum and will mature on December 8, 2018. The notes are also convertible to common shares at a conversion price equal to the lower of: (i) the closing sale price of the Common Stock on the Principal Market on the Trading Day immediately preceding the Closing Date, and (ii) 70% of either the lowest sale price for the Common Stock on the Principal Market during the ten (10) consecutive Trading Days including and immediately preceding the Conversion Date, or the closing bid price.

The Company determined that since the conversion floor had no limit to the conversion price, that the Company could no longer determine if it had enough authorized shares to fulfil the conversion obligation. As such, pursuant to current accounting guidelines, the Company determined that the conversion feature of the note created a derivative with a fair value of $565,252 at the date of issuance. The Company accounted for the fair value of the derivative up to the face amount of the note of $370,000 as a valuation discount to be amortized over the life of the note, and the excess of $195,252 being recorded as part of financing cost. See Note 8 for discussion of derivative liability. In addition, the Company also recorded the notes' original issue discount of $47,000 as part of financing costs.

As part of the offering, the Company also granted EMA and Auctus a five-year warrant to acquire 2,400,000 shares of the Company's common stock with an exercise price of $0.11 per share. A total of 1,200,000 of these warrants contained full ratchet reset provision in case a future offering at a price below $0.11 per share and included a fundamental transaction provision that could give rise to an obligation to pay cash to the warrant holder. As such, pursuant to current accounting guidelines, the Company determined that the warrant exercise price and fundamental transaction clause created a derivative with a fair value of $118,589 at the date of issuance. The Company accounted for the fair value of the derivative as part of finance cost. See Note 8 for discussion of derivative liability.

As of December 31, 2017, outstanding balance of the notes amounted to $370,000, accrued interest of $1,866 and unamortized debt discount of $343,636.

(e) On December 14, 2017, the Company issued an unsecured convertible note to PowerUp Lending in the amount of $105,000 in exchange for cash of $90,000 or an original issue discount of $15,000. The note matures on September 20, 2018 and bears interest rate of 8% per annum. The note is convertible to common shares at a conversion price equal to the Variable Conversion Price, which is 70% multiplied by the Market Price. "Market Price" means the lowest Trading Price (as defined below) for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date.

The Company determined that since the conversion floor had no limit to the conversion price, that the Company could no longer determine if it had enough authorized shares to fulfil the conversion obligation. As such, pursuant to current accounting guidelines, the Company determined that the conversion feature of the note created a derivative with a fair value of $160,426 at the date of issuance. The Company accounted for the fair value of the derivative up to the face amount of the note of $105,000 as a valuation discount to be amortized over the life of the note, and the excess of $55,426 being recorded as part of financing cost. See Note 8 for discussion of derivative liability. In addition, the Company also recorded the note's original issue discount of $15,000 as part of financing costs.

As of December 31, 2017, outstanding balance of the note amounted to $105,000, accrued interest of $414 and unamortized debt discount of $99,822.

During the year ended December 31, 2017, the Company amortized to interest expense a total of $294,397 related to the notes' debt discount and accrued interest of $143,145 pursuant to the terms of the note agreement.

7. CONVERTIBLE SERIES A PREFERRED STOCK

On February 14, 2017, the Company entered into a Securities Purchase Agreement, (the "Purchase Agreement") with an unaffiliated, accredited investor (the "Purchaser") for the sale and issuance of our Series A Preferred Stock (Series A PS). As part of the agreement, the investor agreed to purchase a total of 1,050,000 shares of Series A Preferred Stock valued at $1,050,000 in exchange for cash of $1,000,000 or a discount of $50,000 in various tranches.

The Series A PS has the following rights and privileges:

- 25% redemption premium;
- Senior rights in terms preference as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company;
- Accrues dividends at a rate of 5% per annum;
- Mandatorily redeemable at an installment basis starting August 13, 2017 in the amount of $63,000 plus accrued interest. The Company has the option to redeem the Series A shares in cash or in shares of common stock based upon the Company's 5-day Volume Weighted Average Price ("VWAP").

The Company considered the guidance of ASC 480-10, Distinguishing Liabilities From Equity to determine the appropriate treatment of the Series A shares. Pursuant to ASC 480-10, the Company determined that the Series A shares was an obligation to be settled, at the option of the Company, in cash or in variable number of shares with a fixed monetary value that should be recorded as a liability under ASC 480-10.

During the year ended December 31, 2017, the Company issued 630,000 Series A shares in exchange for cash of $555,000 and a discount of $75,000. Subsequent to the issuance of the Series A PS, the Company redeemed the entire Series A shares totaling $630,000 in exchange for 2,862,006 shares of common stock with a fair value of $303,641 and cash payments totaling $543,465 for a total redemption price of $847,106. As a result of this redemption, the Company recognized interest expenses of $217,106 to account for the 25% redemption premium of $157,500, excess of the fair value of the common shares issued over the Series A shares of $45,607 and the 5% interest due of $13,999. In addition, the Company also amortized the entire $75,000 discount to interest expense. As of December 31, 2017, the entire Series A was fully redeemed, and no shares remained outstanding.

8. DERIVATIVE LIABILITY

Under authoritative guidance used by the FASB on determining whether an instrument (or embedded feature) is indexed to an entity's own stock, instruments which do not have fixed settlement provisions are deemed to be derivative instruments. The Company has issued certain convertible notes whose conversion price contains reset provisions based on a future offering price and/or whose conversion price is based on a future market price. However, since the number of shares to be issued is not explicitly limited, the Company is unable to conclude that enough authorized and unissued shares are available to share settle the conversion option. In addition, the Company also granted certain warrants whose exercise price is subject to reset based on a future market price.

As a result, the conversion option and warrants are classified as a liability and bifurcated from the debt host and accounted for as a derivative liability in accordance with ASC 815 and will be re-measured at the end of every reporting period with the change in value reported in the statement of operations.

Upon issuance and at December 31, 2017, the derivative liabilities were valued using a probability weighted average Black-Scholes-Merton pricing model with the following average assumptions:

	Upon Issuance	December 31, 2017
Stock Price	$ 0.09	$ 0.10
Exercise Price	$ 0.06	$ 0.06
Expected Life	1.37	1.26
Volatility	183%	189%
Dividend Yield	0%	0%
Risk Free Interest Rate	1.56%	1.72%
Fair Value	$ 1,256,481	$ 1,250,581

The expected life of the conversion feature of the notes and warrants was based on the remaining contractual term of the notes and warrants. The Company uses the historical volatility of its common stock to estimate the future volatility for its common stock. The expected dividend yield was based on the fact that the Company has not paid dividends in the past and does not expect to pay dividends in the future. The risk-free interest rate was based on rates established by the Federal Reserve Bank.

During the year ended, the Company recorded derivative liability totaling $1,256,481 as a result of the issuance of convertible notes and warrants. At December 31, 2017, the estimated fair value of the derivative liability amounted to $1,250,581, as such, the Company recognized a gain of $5,900 to account the change in fair value between the reporting periods.

9. COMMON STOCK

The following were common stock transactions during the year ended December 31, 2017:

Shares Issued from Stock Subscription — The Company issued stock subscription to investors. For the year ended December 31, 2017, the Company issued 11,182,143 common shares for a net proceed of $796,000. As part of the offering, the Company granted an investor warrants to purchase 100,000 shares of common stock. The exercise price of the 100,000 share purchase warrants is $0.40 per share, expire on May 21, 2019, and were fully vested on grant date.

Shares Issued for Services — The Company issued common shares to vendors for services rendered and are expensed based on fair market value of the stock price at the date of grant. For the year ended December 31, 2017, the Company issued 8,280,435 shares of common stock to vendors and recorded stock compensation expense of $1,647,160.

The Company granted its two officers and lead director a total of 4,500,000 common shares for services rendered since January 1, 2017 through the date of grant in March 2018. Approximately $441,000 has been recognized as part of stock compensation expense related to this award for the year ended December 31, 2017.

Shares Issued for Preferred Stock — During the year ended December 31, 2017, the Company redeemed 630,000 shares of Series A Preferred stock with a value of $630,000 in exchange for 2,862,006 shares of common stock with a fair value of $303,641 (see Note 7).

Shares Issued for Conversion of Debt — During the year ended December 31, 2017, the Company issued 1,026,195 shares of common stock with fair value of $181,845 as settlement of a note payable (see Note 4).

Shares Issued as Part of Put Notice — In September 2017, the Company entered into the Purchase Agreement with Kodiak Capital Group, LLC ("Kodiak"). As provided in the Purchase Agreement, from time to time, in our own discretion, we may require Kodiak to purchase shares of common stock from time to time by delivering a put notice ("Put Notice") to Kodiak specifying the total number of shares to be purchased (such number of shares multiplied by the Purchase Price described below, equals the "Investment Amount"); provided there must be a minimum of ten trading days between delivery of each Put Notice. We may determine the Investment Amount provided that such amount may not be less than $25,000. Our ability to issue Put Notices to Kodiak and require Kodiak to purchase our common stock is not contingent on the trading volume of our common stock. Kodiak will have no obligation to purchase shares under the applicable Purchase Agreement to the extent that such purchase would cause Kodiak to own more than 9.99% of our then-issued and outstanding common stock (the "Beneficial Ownership Limitation"). Under the Purchase Agreement, the Company may sell shares of its common stock to Kodiak at a discounted rate of 80% based upon a 5-day average trading price prior to sale, for aggregate gross proceeds of up to $2,000,000.

The Company also agreed to grant Kodiak warrants to purchase shares of common stock up to 4 million shares at $0.25 per share. The warrants will only be granted to Kodiak in proportion to the proceeds received from the exercise of the Put Notice.

In November 2017, the Company issued a Put Notice to Kodiak and issued 656,168 shares of common stock in exchange for cash of $50,000. In addition, the Company also issued Kodiak the prorated warrants to purchase 100,000 shares of common stock at $0.25 per share.

Shares Issued for Accounts Payable — The Company amended an agreement with a vendor and issued 400,000 shares of common stock as full and final payment to the vendor on accounts payable owed of $30,000. The fair value of the shares was $56,000 at the date of issuance, and as such, the Company recorded a loss on debt extinguishment of $26,000.

Shares Issued with Note Payable — In June 2017, as part of a note payable issuance, the Company granted the note holder 50,000 shares of common stock with a fair value of $12,500 (see Note 6).

The following were common stock transactions during the year ended December 31, 2016.

Shares Issued with Note Payable — In December 2016, as part of a note payable issuance, the Company granted the note holder 240,000 shares of common stock with a fair value of $21,600.

Stock Repurchases — On January 28, 2016, the Company entered into stock repurchase agreements with three former employees and consultants to acquire an aggregate total of 9,011,324 shares of the Company's common stock at a price of $0.02 per share on or before April 15, 2016. In accordance with the terms of the Repurchase Agreements, the Company repurchased 8,311,324 shares for total of $166,226 during the year ended December 31, 2016.

Shares Issued from Stock Subscription — The Company issued stock subscription to investors. For the year ended December 3, 2016, the Company issued 31,335,556 common shares for a net proceed of $1,524,030.

Shares Issued for Services — The Company issued common shares to consultants and vendors for services rendered and are expensed based on fair market value of the stock on the date of grant, or as the services were performed. For the year ended December 31, 2016, the Company issued 6,388,334 shares of common stock for services and recorded stock compensation expense of $726,789.

Shares Issued to Board of Directors — The Company issued common shares to board of directors for services rendered and are expensed based on fair market value of the stock price at the date of grant. For the year ended December 31, 2016, the Company issued 1,150,000 shares to board of directors and recorded stock compensation expense of $116,682.

10. STOCK OPTIONS

Effective October 16, 2014, the Company adopted the 2014 Stock Option Plan (the "Plan") under the administration of the Board of Directors to retain the services of valued key employees and consultants of the Company.

A summary of option activity for the years ended December 31, 2017 and 2016 are presented below.

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2015	7,656,250	$ 0.66	4.87	$ —
Granted	5,860,000	0.09	—	—
Forfeited	(2,985,297)	0.93	—	—
Exercised	—	—	—	—
Outstanding at December 31, 2016	10,530,953	$ 0.33	4.03	$ —
Granted	13,210,000	0.17	—	—
Forfeited	(1,900,000)	0.16	—	—
Exercised	—	—	—	—
Outstanding at December 31, 2017	21,840,953	$ 0.26	2.09	$ 137,403
Vested December 31, 2017	12,286,613	$ 0.28		$ 44,030
Exercisable at December 31, 2017	9,357,620	$ 0.36		$ 24,166

The following were stock options transactions during the year ended December 31, 2017:

During the year ended December 31, 2017, the Company granted stock options to employees and consultants to purchase a total 13,210,000 shares of common stock for services rendered. The options have an average exercise price of $0.17 per share, expire in five years and vest over a period of three years from grant date. Total fair value of these options at grant date was approximately $1,781,000 using the Black-Scholes Option Pricing model with the following average assumptions: life of 4 years; risk free interest rate of 1.92%; volatility of 230% and dividend yield of 0%.

The total stock compensation expense recognized relating to vesting of these stock options for the years ended December 31, 2017 amounted to $418,389. As of December 31, 2017, total unrecognized stock-based compensation expense was $837,120 which is expected to be recognized as an operating expense through August 2020.

The following were stock options transactions during the year ended December 31, 2016:

During the year ended December 31, 2016, the Company granted stock options to employees and consultants to purchase a total 5,860,000 shares of common stock for services rendered. The options have an average exercise price of $0.09 per share, expire in five years and vest over a period of three years from grant date. Total fair value of these options at grant date was approximately $462,000 using the Black-Scholes Option Pricing model with the following average assumptions: life of 5 years; risk free interest rate of 1.23%; volatility of 123% and dividend yield of 0%.

The total stock compensation expense recognized relating to the vesting of these stock options for the years ended December 31, 2016 amounted to $457,881.

11. STOCK WARRANTS

The Company has the following warrants as of December 31, 2017 and 2016 are presented below:

	Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2015	10,967,879	$ 0.12	3.57	$ —
Granted	7,487,385	0.08	—	—
Forfeited		—	—	—
Exercised	—	—	—	—
Outstanding at December 31, 2016	18,455,264	$ 0.10	2.62	$ —
Granted	9,981,149	0.19	—	—
Forfeited	—	—	—	—
Exercised	—	—	—	—
Outstanding at December 31, 2017	28,436,413	$ 0.13	2.79	$ 457,530
Vested December 31, 2017	28,436,413			$ 457,530
Exercisable at December 31, 2017	28,436,413			$ 457,530

The following were stock warrant transactions during the year ended December 31, 2017:

On April 1, 2017, Company granted warrants to a consultant to purchase 375,000 shares of common stock at an exercise price of $0.12 per share. The warrants expire on March 31, 2019 and were fully vested on the grant date. The total share-based compensation expense recognized relating to these warrants for the year ended December 31, 2017 amounted to $26,696.

On May 22, 2017, the Company issued warrants to purchase 100,000 shares of common stock as part of an equity offering (see Note 9). The exercise price of the 100,000 share purchase warrants is $0.40 per share, expire on May 21, 2019, and were fully vested on grant date.

In May and August 2017, the Company entered into extension agreements with Mr. Cutaia to extend the maturity date of Secured Notes. In consideration for Mr. Cutaia's agreement to extend the maturity dates, the Company granted Mr. Cutaia a total of 3,084,349 share purchase warrants, exercisable at $0.15 per share and $0.36 per share that will expire starting May 2020 (see Note 5).

In August 2017, the Company entered into extension agreement with a noteholder to extend the maturity date of note payable. In consideration, the Company granted the note holder 1,316,800 share purchase warrants, exercisable at $0.15 per share that will expire in August 2020 (see Note 6).

From June 2017 through December 2017, the Company issued warrants to note holders purchase a total of 4,830,000 shares of common stock. The warrants are exercisable at an average price of $0.15 per share and will expire starting June 2020 up to December 2022. A total 1.2 million of these warrants were accounted as derivative liability (see Note 6 and 8).

On September 16, 2017, the Company issued 275,000 share purchase warrants in full settlement and release of a disputed, unasserted claim. The exercise price of the 275,000 share purchase warrants is $0.08 per share and expire on March 15, 2018. The warrants were fully vested on grant date with a fair value of $10,057 which was recorded as part of loss on debt extinguishment.

The total expense recognized relating to the vesting of these stock warrants for the year ended December 31, 2017 amounted to $26,696.

The following were stock warrant transactions during the year ended December 31, 2016:

On April 4, 2016, the Company issued a secured convertible note to Mr. Cutaia, in the amount of $343,326, which represents additional sums that the he advanced to the Company during the period from December 2015 through March 2016, and is addition to all pre-existing loans made by, and notes held by the CEO. In consideration for this agreement the Company issued 2,452,325 share purchase warrants, exercisable at $0.07 per share until April 4, 2019.

On April 4, 2016, the Company issued an unsecured convertible note payable to Oceanside Strategies, Inc. ("Oceanside") in the amount of $680,268. In consideration for Oceanside's agreement to convert the prior notes from current demand notes and extend the maturity date to December 4, 2016, we granted Oceanside d 2,429,530 share purchase warrants, exercisable at $0.07 per share until April 4, 2019.

On December 30, 2016, the Company entered into an extension agreement with Oceanside to extend the maturity date of the April 2016 Note to August 4, 2017. In consideration for Oceanside's agreement to extend the maturity date to August 4, 2017 the Company issued Oceanside 2,429,530 share purchase warrants, exercisable at $0.08 per share until December 29, 2019.

12. INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2017	December 31, 2016
Net operating loss carry-forwards	$ 3,464,000	$ 4,149,000
Share based compensation	(704,000)	(518,000)
Non-cash interest and financing expenses	(833,000)	(343,000)
Other temporary differences	(108,000	(55,000)
Less: Valuation allowance	(1,819,000)	(3,233,000)
Deferred tax assets, net	$ —	$ —

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes were as follows:

	December 31, 2017	December 31, 2016
Statutory federal income tax rate	(34.0%)	(34.0%)
State taxes, net of federal benefit	(5.8%)	(5.8%)
Non-deductible items	(0.1%)	(0.1%)
Effect of change in tax rate	12%	—
Change in valuation allowance	27.9%	39.9%
	0.0%	0.0%

ASC 740 requires that the tax benefit of net operating losses carry forwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carry forward period. Because of the Company's recent history of operating losses, management believes that recognition of the deferred tax assets arising from the above-mentioned future tax benefits is currently not likely to be realized and, accordingly, has provided a 100% valuation allowance against the asset amounts.

Any uncertain tax positions would be related to tax years that remain open and subject to examination by the relevant tax authorities. The Company has no liabilities related to uncertain tax positions or unrecognized benefits as of the year end December 31, 2017 or 2016. The Company has not accrued for interest or penalties associated with unrecognized tax liabilities.

On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJ Act") was enacted into law. The TCJ Act provides for significant changes to the U.S. Internal Revenue Code of 1986, as amended (the "Code"), that impact corporate taxation requirements, such as the reduction of the federal tax rate for corporations from 35% to 21% and changes or limitations to certain tax deductions.

The Company is currently assessing the extensive changes under the TCJ Act and its overall impact on the Company; however, based on its preliminary assessment of the reduction in the federal corporate tax rate from 35% to 21% to become effective on January 1, 2018, the Company currently expects that its effective tax rate for 2018 will be between 20% and 23%. Such estimated range is based on management's current assumptions with respect to, among other things, the Company's earnings, state income tax levels, and tax deductions. The Company's actual effective tax rate in 2018 may differ from management's estimate.

As of December 31, 2017, the Company had federal and state net operating loss carry forwards of approximately $12.8 million, which may be available to offset future taxable income for tax purposes. These net operating losses carry forwards begin to expire in 2034. This carry forward may be limited upon the ownership change under IRC Section 382.

13. ACCRUED OFFICERS SALARY

Accrued Officers Salary at December 31, 2017 and 2016 consist of unpaid salaries of $607,333 and $200,028, respectively to the Company's Chief Executive Officer (CEO), who is also the owner of approximately 32% of the Company's outstanding common shares, and the Company's Chief Financial Officer.

14. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leased office space in West Hollywood, California under an operating lease which provided for monthly rent of $6,700 through July 31, 2016. In June 2016, the Company moved its offices to a new location in Los Angeles, California under a new operating lease which provides for monthly rent of $2,950 through June 25, 2017. In June 2017, the Company moved its offices to larger space within the same complex under a new operating lease which provides for monthly rent of $4,743 through April 30, 2018. The Company had total rent expense for the year ended December 31, 2017 and 2016 of $51,734 and $68,328, respectively which is recorded as part of General and Administrative expenses in the Statement of Operations.

Employment Agreements

On November 21, 2014, we entered into an executive employment agreement effective November 1, 2014 with Rory J. Cutaia, our president, chief executive officer, secretary and treasurer. Pursuant to the terms of the employment agreement, we have agreed to pay Mr. Cutaia an annual salary of $325,000, which will be increased each year by 10%, subject to the annual review and approval of our board of directors. Notwithstanding the foregoing, a mandatory increase of not less than $100,000 per annum will be implemented on our company achieving EBITDA break-even. In addition to the base salary, Mr. Cutaia will be eligible to receive an annual bonus in an amount up to $325,000, based upon the attainment of performance targets to be established by our board of directors, in its discretion.

The initial term of the employment agreement is five years, and, upon expiration of the initial five-year term, it may be extended for additional one-year periods on ninety days prior notice.

In the event that: (i) Mr. Cutaia's employment is terminated without cause, (ii) Mr. Cutaia is unable to perform his duties due to a physical or mental condition for a period of 120 consecutive days or an aggregate of 180 days in any 12 month period; or (iii) Mr. Cutaia voluntarily terminates the employment agreement upon the occurrence of a material reduction in his salary or bonus, a reduction in his job title or position, or the required relocation of Mr. Cutaia to an office outside of a 30 mile radius of Los Angeles, California, Mr. Cutaia will:

(a) receive monthly payments of $27,083, or such sum as is equal to Mr. Cutaia's monthly base compensation at the time of such termination, whichever is higher, and

(b) be reimbursed for COBRA health insurance costs, in each case for 36 months from the date of such termination or to the end of the term of the agreement, whichever is longer.

In addition, Mr. Cutaia will have any and all of his unvested stock options immediately vest, with full registration rights; and any unearned and unpaid bonus compensation, expense reimbursement, and all accrued vacation, personal sick days, etc., be deemed earned, vested and paid immediately. As a condition to receiving the foregoing, Mr. Cutaia will be required to execute a release of claims, and a non-competition and non-solicitation agreement having a term which is the same as the term of the monthly severance payments described above.

Litigation

We do not have any pending litigation. On September 19, 2016 an action captioned Multicore Technologies, an Indian Corporation, plaintiff, v. Rocky Wright, an individual, bBooth, Inc., a Nevada corporation, and Blabeey, Inc., a Nevada corporation, defendants was filed in the United States District Court for the Central District of California, Case No. 2:16-cv-7026 DSF (AJWx).

On September 15, 2017, the litigation was dismissed by plaintiff as against us in exchange for our guarantee of two payments to be made by another defendant in the action totaling $5,000, for which we have a right of off-set against any sums we may owe such party for services currently being rendered to us by such party. That defendant made the two payments and we have no further obligations, actual or contingent in this matter.

We know of no material proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder is a party adverse to our company or any of our subsidiaries or has a material interest adverse to our company or any of our subsidiaries.

15. SUBSEQUENT EVENTS

(i) In January 2018, the Company issued unsecured convertible notes to Auctus Fund (Auctus) and EMA Financial (EMA) that total $150,000 in exchange for cash of $130,000 or an original issue discount of $20,000. The notes mature in January 2019 and bear interest at a rate of 8% per annum. The notes are also convertible to common shares at a conversion price equal to the lower of: (i) the closing sale price of the Common Stock on the Principal Market on the Trading Day immediately preceding the Closing Date, and (ii) 70% of either the lowest sale price for the Common Stock on the Principal Market during the ten (10) consecutive Trading Days including and immediately preceding the Conversion Date, or the closing bid price. As part of the offering, the Company also granted Auctus and EMA five-year warrants to acquire a total of 1,000,000 shares of the Company's common stock with an exercise price of $0.14 per share.

The Company determined that the conversion feature of the notes and the warrants issued are subject to derivative liability accounting with a fair value of $301,739 at the date of issuance. The Company will account the fair value of the derivative up to the face amount of the notes of $150,000 as a valuation discount to be amortized over the life of the note, and the excess of $151,739 being recorded as a finance cost. In addition, the Company will also record financing costs of $20,000 to account the original issue discount of the notes.

(ii) From January 2018 through March 2018, the Company granted 106,847 shares of common stock and stock options to purchase 906,272 shares of common stock with a total fair value of $181,157. These equity instruments were granted to employees for services to be rendered and settlement of debt. The stock options granted vest over a period of 3 years with an average exercise price of $0.26 per share.

(iii) From January 2018 through March 2018, the Company issued 7,383,006 shares of common stock and paid $976,120 in cash to settle outstanding notes payable totaling $1,870,769 and accrued interest of $147,097. As a result, the Company will record interest expense of $893,120 to expense the unamortized debt discount and prepayment interest, gain of $1,248,809 to extinguish the corresponding derivative liability related to these notes payable and loss on debt extinguishment of $1,090,057.

(iv) From January 2018 through March 2018, the Company issued 20,469,028 shares of common stock in exchange for cash of $3,300,500 or an average selling price of $0.16 per share. As part of the sale, one investor and current note holder agreed to cancel a note payable amounting to $100,000 that was issued in November 2017. As a result, the Company will record a gain on extinguishment of $158,396 to account the extinguishment of derivative liability of $136,226 and unamortized debt discount of $77,830. In connection with certain of such sales of shares of common stock, the referenced cancellation of a note payable, and the above-referenced settlement in cash of certain outstanding notes, we may be in a dispute with such investor in respect of the applicability of that cash settlement, as distinguished from such investor's desire to convert one or both of such settled notes into shares of common stock. In connection therewith, we have reserved 200,000 shares of common.

(v) On March 28, 2018 the Company converted the CEO's accrued salary of $582,333 into 407,226 restricted shares of common stock at a price of $1.43 per share, which represents the closing price of the Company's shares as reported on OTC markets on March 28, 2018.

(vi) Subsequent to December 31, 2017, 4,641,667 shares of common stock that were subject to vesting schedules and previously accounted for were issued.

The effect of the transactions discussed above are summarized and presented in the following unaudited proforma balance sheet:

nFÜSZ, INC.
CONSOLIDATED PROFORMA BALANCE SHEET

	December 31, 2017 As Reported	Proforma As Adjusted (unaudited)
Assets		
Cash	$ 10,560	$ 2,464,940
Other current assets	40,909	40,909
Total long term assets	39,334	39,334
Total Assets	**$ 90,803**	**$ 2,545,183**
Liabilities and Stockholders' Deficit		
Liabilities		
Accounts payable and accrued expenses	$ 1,518,959	$ 789,529
Notes payable	125,000	—
Notes payable – Related Party	1,964,985	1,964,985
Convertible notes payable	1,020,315	—
Derivative liability	1,250,581	167,285
Total Current Liabilities	**5,879,840**	**2,921,799**
Stockholders' Deficit		
Common Stock	11,912	14,704
Additional Paid In Capital	22,738,574	28,915,290
Common Stock Issuable	430	430
Accumulated Deficit	(28,539,953)	(29,307,039)
Total Stockholders' Deficit	**(5,789,037)**	**(376,616)**
Total Liabilities and Stockholders' Deficit	**$ 90,803**	**$ 2,545,183**

___________Shares
Common Stock

PROSPECTUS

A.G.P.

Through and including , 2018 (the 25th day after the date of this offering), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the various expenses that will be paid by us in connection with the securities being registered. With the exception of the SEC registration fee and FINRA filing fee, all amounts shown are estimates:

SEC Registration Fee	$	2,490
FINRA Filing Fee		*
Legal Fees and Expenses		150,000
Printing Expenses		30,000
Accounting Fees and Expenses		75,000
Transfer Agent Fees and Expenses		3,000
Miscellaneous Expenses		1,000
TOTAL	$	*

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

We are a Nevada corporation and generally governed by the Nevada Private Corporations Code, Title 78 of the Nevada Revised Statutes (the "NRS").

Section 78.138 of the NRS provides that, unless the corporation's articles of incorporation provide otherwise, a director or officer will not be individually liable unless it is proven that (i) the director's or officer's acts or omissions constituted a breach of his or her fiduciary duties, and (ii) such breach involved intentional misconduct, fraud, or a knowing violation of the law.

Section 78.7502 of the NRS permits a company to indemnify its directors and officers against expenses, judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with a threatened, pending, or completed action, suit, or proceeding, if the officer or director (i) is not liable pursuant to Section 78.138 of the NRS, or (ii) acted in good faith and in a manner the officer or director reasonably believed to be in or not opposed to the best interests of the corporation and, if a criminal action or proceeding, had no reasonable cause to believe the conduct of the officer or director was unlawful. Section 78.7502 of the NRS also precludes indemnification by the corporation if the officer or director has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court determines that in view of all the circumstances, the person is fairly and reasonably entitled to indemnity for such expenses and requires a corporation to indemnify its officers and directors if they have been successful on the merits or otherwise in defense of any claim, issue, or matter resulting from their service as a director or officer.

Section 78.751 of the NRS permits a Nevada corporation to indemnify its officers and directors against expenses incurred by them in defending a civil or criminal action, suit, or proceeding as they are incurred and in advance of final disposition thereof, upon determination by the stockholders, the disinterested board members, or by independent legal counsel. Section 78.751 of the NRS provides that the articles of incorporation, the bylaws, or an agreement may require a corporation to advance expenses as incurred upon receipt of an undertaking by or on behalf of the officer or director to repay the amount if it is ultimately determined by a court of competent jurisdiction that such officer or director is not entitled to be indemnified by the corporation if so provided in the corporation's articles of incorporation, bylaws, or other agreement. Section 78.751 of the NRS further permits the corporation to grant its directors and officers additional rights of indemnification under its articles of incorporation, bylaws, or other agreement.

Section 78.752 of the NRS provides that a Nevada corporation may purchase and maintain insurance or make other financial arrangements on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another company, partnership, joint venture, trust, or other enterprise, for any liability asserted against him and liability and expenses incurred by him in his capacity as a director, officer, employee, or agent, or arising out of his status as such, whether or not the corporation has the authority to indemnify him against such liability and expenses. We have obtained insurance policies insuring our directors and officers against certain liabilities they may incur in their capacity as directors and officers. Under such policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the directors or officers.

The foregoing discussion of indemnification merely summarizes certain aspects of indemnification provisions and is limited by reference to the above discussed sections of the NRS.

Our bylaws provide that we must indemnify our directors and officers and may indemnify our employees and other agents to the fullest extent permitted by the NRS.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by our director, officer, or controlling person in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue. See also the section entitled "Undertakings" set forth below.

Item 15. Recent Sales of Unregistered Securities.

Fiscal 2018

Common Stock Issuances

On January 26, 2018, we issued 68,182 shares of Common Stock to a vendor as payment for services rendered. The shares had an aggregate value of $7,295, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or $0.11 per share. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On January 27, 2018, we issued 50,000 shares of Common Stock to a consultant as payment for services rendered. The shares had an aggregate value of $53,333, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or $0.11 per share. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On January 29, 2018, we issued 41,667 shares of Common Stock to a former advisory board member as payment for services rendered. The shares had an aggregate value of $5,667, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or $0.14 per share. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On January 30, 2018, we issued 31,250 shares of Common Stock to a vendor as payment for services rendered. The shares had an aggregate value of $7,594, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or $0.24 per share. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

In January 2018, we offered and sold 7,071,428 shares of Common Stock to four investors at a weighted average price of $0.07 per share for net proceeds of $470,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On February 21, 2018, we issued 7,415 shares of Common Stock to a vendor as payment for services rendered. The shares had an aggregate value of $4,375, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or $0.59 per share. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On February 27, 2018, we issued 50,000 shares of Common Stock to a consultant as payment for services rendered. The shares had an aggregate value of $23,500, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or $0.47 per share. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

In February 2018, we offered and sold 7,160,833 shares of Common Stock to 16 investors at a weighted average price of $0.15 per share for net proceeds of $1,065,500. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On March 8, 2018, we issued 3,000,000 restricted shares of our Common Stock to two officers and 1,500,000 restricted shares of our Common Stock to a director with an aggregate fair market value of $1,980,000, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or $0.44 per share. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On March 28, 2018, we converted our Chief Executive Officer's accrued salary of $582,333 into 407,226 restricted shares of Common Stock at a price of $1.43 per share, which represents the closing price of our Common Stock as reported on OTCQB on March 28, 2018. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

In March 2018, we offered and sold 2,176,806 shares of Common Stock to 14 investors at a weighted average price of $0.34 per share for net proceeds of $743,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On April 29, 2018, we issued 41,667 shares of Common Stock to a former advisory board member as payment for services rendered. The shares had an aggregate value of $53,333, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or $1.28 per share. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

In April 2018, we offered and sold 1,000,000 shares of Common Stock to two investors at a weighted average price of $0.65 per share for net proceeds of $743,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

In May 2018, we offered and sold 50,000 shares of Common Stock to one investor at a price of $1.00 per share for net proceeds of $50,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On August 4, 2018, we issued to our Chief Executive Officer 3,750,000 restricted shares of Common Stock with a fair value of $562,500 based on a price per share of $0.15, which was the market price of our Common Stock as reported by the OTCBQ on the issuance date. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

Common Stock Issued Upon Conversion of Note Payable

On January 29, 2018, we issued 1,250,000 shares of Common Stock upon the conversion of an outstanding convertible note. The aggregate principal amount of the note that was converted was $125,000. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On February 14, 2018, we issued 441,000 shares of Common Stock upon the conversion of an outstanding convertible note. The aggregate principal amount of the note that was converted was $110,250. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On February 21, 2018, we issued 1,102,500 shares of Common Stock upon the conversion of an outstanding convertible note. The aggregate principal amount of the note that converted was $110,250. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On March 27, 2018, we issued 4,589,506 shares of Common Stock upon the conversion of an outstanding convertible note. The aggregate principal amount of the note that converted was $841,743. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

Common Stock Issued Upon Exercise of Options

On April 19, 2018, we issued a total of 487,620 shares of Common Stock issued in connection with the exercise of options at a weighted average exercise price of $0.07. We received proceeds of $34,133 in connection with the exercises. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds for operations.

Common Stock Issued Upon Exercise of Warrants

On February 8, 2018, we issued a total of 275,000 shares of Common Stock in connection with the exercise of warrants at an exercise price of $0.08 per share. We received $22,000 in proceeds in connection with the exercises of these warrants. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds for operations.

On February 19, 2018, we issued a total of 105,021 shares of Common Stock in connection with the cashless exercise of warrants. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On February 19, 2018, we issued a total of 170,297 shares of Common Stock in connection with the cashless exercise of warrants. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On March 28, 2018, we issued a total of 1,154,007 shares of Common Stock in connection with the cashless exercise of warrants. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

Grants of Warrants

On January 10, 2018, we granted warrants to a certain note holder to purchase up to 500,000 shares of Common Stock. The warrants are exercisable at an average price of $0.14 per share and will expire in January 2023. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On January 11, 2018, we granted warrants to a certain note holder to purchase up to 500,000 shares of Common Stock. The warrants are exercisable at an average price of $0.14 per share and will expire in January 2023. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On February 21, 2018, we granted warrants to a certain note holder to purchase up to 2,000,000 shares of Common Stock. The warrants are exercisable at an average price of $0.25 per share and will expire in February 2023. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On August 8, 2018, Mr. Cutaia and we agreed to extend the maturity date of a convertible note previously issued in favor of Mr. Cutaia. As of May 8, 2018, the aggregate outstanding principal amount of the note was $1,198,883. In consideration for extending the maturity date of the note, we granted to Mr. Cutaia a warrant to purchase up to 2,446,700 shares of Common Stock at an exercise price of $0.49 per share. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

Grants of Stock Options

On January 1, 2018, we granted stock options to an employee to purchase up to 400,000 shares of Common Stock for services rendered. The options have an exercise price of $0.25 per share, have a five-year term, and vest over a period of three years from the grant date. The total fair value of these options at the grant date was approximately $37,690, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On January 22, 2018, we granted stock options to an employee and a consultant to purchase up to 256,272 shares of Common Stock for services rendered. The options have an exercise price of $0.09 per share, have a five-year term, and vest on the grant date. The total fair value of these options at the grant date was approximately $22,215, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On February 1, 2018, we granted stock options to a consultant to purchase up to 50,000 shares of Common Stock for services rendered. The options have an exercise price of $0.25 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $8,122, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On February 22, 2018, we granted stock options to consultants to purchase up to 200,000 shares of Common Stock for services rendered. The options have an exercise price of $0.50 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $96,138, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On April 3, 2018, we granted stock options to an employee to purchase up to 50,000 shares of Common Stock for services rendered. The options have an exercise price of $1.00 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $48,434, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On May 14, 2018, we granted stock options to consultants to purchase up to 50,000 shares of Common Stock for services rendered. The options have an exercise price of $0.96 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $46,506, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On July 1, 2018, we granted stock options to employees to purchase up to 4,800,000 shares of Common Stock for services rendered. The options have an average exercise price of $0.36 per share and have a five-year term. On the grant date, 1,500,000 shares immediately vested, with the remaining 3,300,000 to vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $2,902,453, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On July 12, 2018, we granted stock options to consultants to purchase up to 50,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $28,079, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On July 16, 2018, we granted stock options to consultants to purchase up to 150,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $85,714, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On July 20, 2018, we granted stock options to a consultant to purchase up to 25,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $14,404, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On July 23, 2018, we granted stock options to consultants to purchase up to 50,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $13,548, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On July 27, 2018, we granted stock options to an employee to purchase up to 250,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $128,101, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On July 27, 2018, we granted stock options to an employee to purchase up to 1,000,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $482,909, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On July 30, 2018, we granted stock options to a consultant to purchase up to 25,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $13,449, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On August 1, 2018, we granted stock options to a consultant to purchase up to25,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $12,073, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On August 9, 2018, we granted stock options to board members to purchase a up to 1,300,000 shares of Common Stock for services rendered. The options have an exercise price of $0.60 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $66,124, which was based on the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

Convertible Notes Issuances

On January 10, 2018 and January 11, 2018, we issued unsecured convertible notes to EMA and Auctus Fund in the aggregate principal amount of $150,000, net of an Original Issue Discount ("OID") of $20,000. The notes bear interest at a rate of 8% per annum and will mature in January 2019. The notes are convertible into shares of Common Stock at a conversion price equal to the lower of: (i) the closing sale price of the Common Stock on the principal market on the trading day immediately preceding the closing date, and (ii) 70% of either the lowest sale price of the Common Stock on the principal market during the ten (10) consecutive trading days including and immediately preceding the conversion date, or the closing bid price. As of the issue dates, the notes were convertible into an aggregate of 2,819,549 shares of Common Stock. The issuance of the notes and the issuance of shares of Common Stock underlying the notes is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

Fiscal 2017

Common Stock Issuances

From January to March 2017, we issued 1,034,167 shares of Common Stock to vendors as payment for services rendered. The shares had an aggregate fair market value of $145,506, based upon a weighted average of $0.14 per share. The fair market value was based on the closing price of our Common Stock as reported by the OTCQB at each respective issuance date. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

From April to June 2017, we issued 1,690,166 shares of Common Stock to vendors as payment for services rendered. The shares had an aggregate fair market value of $384,943, based upon a weighted average of $0.023 per share. The fair market value was based on the closing price of our Common Stock as reported by the OTCQB at each respective issuance date. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On April 1, 2018, we offered and sold 375,000 shares of Common Stock to an investor at a price of $0.08 per share for net proceeds of $30,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On April 24, 2017, we offered and sold 5,000,000 shares of Common Stock to an investor at a price of $0.06 per share for net proceeds of $300,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On April 25, 2017, we offered and sold 500,000 shares of Common Stock to an investor at a price of $0.10 per share for net proceeds of $50,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On April 30, 2017, we offered and sold 300,000 shares of Common Stock to an investor at a price of $0.10 per share for net proceeds of $30,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On May 4, 2017, we issued to our Chief Financial Officer 500,000 restricted shares of our Common Stock with a fair value of $177,500 based on a price per share of $0.36, which was the market price of our Common Stock as reported by the OTCQB on the issuance date. We issued the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On May 22, 2017, we offered and sold 100,000 shares of Common Stock to an investor at a price of $0.20 per share for net proceeds of $20,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

On June 16, 2017, we issued 462,000 shares of Common Stock in connection with the conversion of a note with an aggregate principal amount of $101,300 and conversion price of $0.22 per share. We issued the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

In June 2017, we issued 50,000 shares of Common Stock, with a fair value of $12,500, upon the conversion of a note. The shares of Common Stock were issued in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

From July to August 2017, we issued 729,435 shares of Common Stock to vendors as payment for services rendered. The shares had an aggregate fair market value of $98,884, based upon a weighted average of $0.14 per share. The fair market value was based on the closing price of our Common Stock as reported by the OTCQB at each respective issuance date. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On August 29, 2017, in connection with the conversion of a note, we issued 403,739 make whole shares of Common Stock and on September 25, 2017, we issued an additional 160,456 make whole shares of Common Stock. The average conversion price was $0.10 per share. We issued the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

From September to October 2017, we issued 576,667 shares of Common Stock to vendors as payment for services rendered. The shares had an aggregate fair market value of $54,527, based upon a weighted average of $0.09 per share. The fair market value was based on the closing price of our Common Stock as reported by the OTCQB at each respective issuance date. We offered and sold the shares in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On September 26, 2017, we entered into a Purchase Agreement with Kodiak Capital Group, LLC (“Kodiak”), effective September 15, 2017. Pursuant to the purchase agreement, we may from time to time, in our discretion, sell shares of our Common Stock to Kodiak for aggregate gross proceeds of up to $2,000,000. Unless terminated earlier, Kodiak’s purchase commitment automatically terminates on the earlier of the date on which Kodiak shall have purchased our shares pursuant to the purchase agreement for an aggregate purchase price of $2,000,000, or September 15, 2019. We have no obligation to sell any shares under the purchase agreement. In November 2017, pursuant to the purchase agreement with Kodiak, we issued 656,168 shares of Common Stock in exchange for cash in the amount of $50,000. We issued the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On November 3, 2017, we offered and sold 4,907,000 shares of Common Stock to three investors at a price of $0.08 per share for net proceeds of $346,000. We offered and sold the shares of Common Stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act. We used the proceeds to pay off debt and for operations.

Common Stock Issuances – Accounts Payable

We issued 400,000 shares of Common Stock in exchange for the cancellation of approximately $30,000 of certain accounts payable owed by us to one of our vendors. The fair value of the shares of Common Stock was $56,000 at the date of issuance, and as such, we recorded a loss on debt extinguishment of $26,000. The shares of Common Stock were offered and sold in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

Convertible Notes Issuances

On June 19, 2017, we issued an unsecured convertible note in the original principal amount of $100,000. In addition, we issued 50,000 shares of our Common Stock and granted a three-year warrant to acquire 330,000 additional shares of our Common Stock at an exercise price of $0.25 per share. As of June 19, 2017, the issue date, the note was convertible into 441,000 shares of Common Stock. The offer and sale of the shares of Common Stock, the note, the shares of Common Stock underlying the note, the warrant, and the shares of Common Stock underlying the warrant is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

From September 2017 through November 2017, we issued three convertible notes in the aggregate principal amount of $320,000 in exchange for net proceeds of $200,000, after an OID of $20,000 and financing expenses of $100,000. The notes are unsecured, have maturity dates between March 2018 and June 2018, and bear interest at a rate of 5% per annum. As of the respective issuance dates, the notes were convertible into and aggregate of 7,030,478 shares of Common Stock at price of $0.25 per share or 70% of 10-day VWAP prior to conversion, whichever is lower. The offer and sale of the notes and the issuance of the shares of Common Stock underlying the notes is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On August 21, 2017, we issued an unsecured convertible note in the original principal amount of $110,250, with a five percent OID. The note had a maturity date of March 21, 2018 and was subject to a one-time interest charge equal to five percent (5%) of the original principal amount. The note was convertible into shares of Common Stock at a conversion price per share of $0.10. As of August 21, 2017, the note was convertible into 1,102,500 shares of Common Stock. The offer and sale of the notes and the issuance of the shares of Common Stock underlying the notes is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On December 8, 2017, we issued unsecured convertible notes to EMA and Auctus Fund in the aggregate principal amount of $370,000, net of an OID of $47,000. The notes bear interest at a rate of 8% per annum and will mature on December 8, 2018. The notes are convertible into shares of Common Stock at a conversion price equal to the lower of: (i) the closing sale price of the Common Stock on the principal market on the trading day immediately preceding the closing date, and (ii) 70% of either the lowest sale price of the Common Stock on the principal market during the ten (10) consecutive trading days including and immediately preceding the conversion date, or the closing bid price. As of December 8, 2017, the notes were convertible into 7,444,668 shares of Common Stock. The offer and sale of the notes and the issuance of the shares of Common Stock underlying the notes is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On December 14, 2017, we issued an unsecured convertible note to PowerUp Lending in the aggregate principal amount of $105,000, net of an OID of $15,000. The note matures on September 20, 2018 and bears interest at a rate of 8% per annum. The note is convertible to shares of Common Stock at a conversion price equal to the variable conversion price, which is 70% multiplied by the lowest trading price of the Common Stock during the ten (10) trading day period ending on the latest complete trading day prior to the conversion date. As of December 1, 2017, the note was convertible into 2,112,676 shares of Common Stock. The offer and sale of the notes and the issuance of the shares of Common Stock underlying the notes is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

Grants of Warrants

On April 1, 2017, we granted warrants to a consultant to purchase up to 375,000 shares of Common Stock at an exercise price of $0.12 per share, with a fair value of $26,696. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On May 4, 2017, Mr. Cutaia and we agreed to extend the maturity date of a convertible note previously issued in favor of Mr. Cutaia. As of May 4, 2017, the aggregate outstanding principal amount of the note was $1,198,883. In consideration for extending the maturity date of the note, we granted to Mr. Cutaia a warrant to purchase up to 1,755,192 shares of Common Stock at an exercise price of $0.355 per share. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On May 22, 2017, we granted warrants to purchase up to 100,000 shares of Common Stock at an exercise price of $0.40 per share, to one investor in connection with an offering. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On June 19, 2017, we granted warrants to a note holder to purchase up to 330,000 shares of Common Stock. The warrants are exercisable at an average price of $0.30 per share and will expire starting June 2020. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On August 4, 2017, Mr. Cutaia and we agreed to extend the maturity date of a convertible note previously issued in favor of Mr. Cutaia from August 4, 2017 to December 4, 2018. As of August 4, 2017, the aggregate outstanding principal amount of the note was $343,326. In consideration for extending the maturity date of the note, we granted to Mr. Cutaia a warrant to purchase up to 1,329,157 shares of Common Stock at an exercise price of $0.15 per share. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On August 4, 2017, Oceanside Strategies, Inc. (“Oceanside”) and we agreed to extend the maturity date of a convertible note previously issued in favor of Oceanside. As of August 4, 2017, the aggregate outstanding principal amount of the note was $680,286. In consideration for Oceanside’s agreement to extend the maturity date of the note, we granted to Oceanside a warrant to purchase up to 1,316,800 shares of Common Stock at an exercise price of $0.15 per share. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On September 16, 2017, we granted a warrant to purchase up to 275,000 shares of Common Stock at an exercise price of $0.08 per share to Brian Manduca, in full settlement and release of a disputed, unasserted claim. The value of the warrant was $10,057. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On September 25, 2017, we granted warrants to a note holder to purchase up to 1,000,000 shares of Common Stock. The warrants are exercisable at an average price of $0.15 per share and will expire starting in September 2022. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On October 13, 2017, we granted warrants to a note holder to purchase up to 1,000,000 shares of Common Stock. The warrants are exercisable at an average price of $0.20 per share and will expire starting in September 2022. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On November 28, 2017, we granted warrants to a note holder to purchase up to 100,000 shares of Common Stock. The warrants are exercisable at an average price of $0.25 per share and will expire starting in September 2022. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On December 5, 2017, we granted warrants to note holders to purchase up to 2,400,000 shares of Common Stock. The warrants are exercisable at an average price of $0.11 per share and will expire starting in December 2022. The grant of the warrants and the shares of Common Stock underlying the warrants is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

Grants of Stock Options

On January 10, 2017, we granted non-qualified stock options to employees to purchase up to 5,000,000 shares of Common Stock, and granted a stock option to a director to purchase up to 2,000,000 shares of Common Stock for services rendered. The total fair value of these options at the grant date was approximately $520,718, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The options have an exercise price of $0.08 per share and vest upon the third anniversary of the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On April 28, 2017, we granted stock options to a consultant to purchase up to 1,000,000 shares of Common Stock for services rendered. The options have an exercise price of $0.24 per share, have a five-year term, and vest on performance. The total fair value of these options at the grant date was approximately $220,852, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On May 4, 2017, we granted stock options to an employee to purchase up to 500,000 shares of Common Stock for services rendered. The options have an exercise price of $0.36 per share, have a five-year term, and vest over a period of three years from the grant date. The total fair value of these options at the grant date was approximately $164,069, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On June 1, 2017, we granted stock options to a consultant to purchase up to 2,000,000 shares of Common Stock for services rendered. The options have an exercise price of $0.32 per share, have a five-year term, and vest based on performance. The total fair value of these options at the grant date was approximately $1591,408, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On August 1, 2017, we granted stock options to an employee and a consultant to purchase up to 700,000 shares of Common Stock for services rendered. The options have an exercise price of $0.25 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $97,834, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On August 15, 2017, we granted stock options to an employee and a consultant to purchase up to 1,300,000 shares of Common Stock for services rendered. The options have an exercise price of $0.25 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $131,706, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On October 2, 2017, we granted stock options to an employee to purchase a total of 400,000 shares of Common Stock for services rendered. The options have an exercise price of $0.25 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $30,424, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On November 22, 2017, we granted stock options to a consultant to purchase a total of 60,000 shares of Common Stock for services rendered. The options have an exercise price of $0.25 per share, have a five-year term, and vest over a period of six-months from grant date. The total fair value of these options at the grant date was approximately $6,174, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

On December 19, 2017, we granted stock options to an employee to purchase a total of 250,000 shares of Common Stock for services rendered. The options have an exercise price of $0.08 per share, have a five-year term. At the grant date, 50% of the shares immediately vested, with the remaining 50% of the shares vesting on the anniversary of the grant date. The total fair value of these options at the grant date was approximately $18,306, which was based upon the closing price of our Common Stock as reported by the OTCQB on the grant date. The grant of the options and the issuance of the shares of Common Stock underlying the options is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

Preferred Stock Issuances

On February 14, 2017, we entered into a securities purchase agreement with an unaffiliated, accredited investor (the "Series A Purchaser") for the sale and issuance of our Series A preferred stock. Pursuant to the terms of the securities purchase agreement, the Series A Purchaser agreed to purchase up to 1,050,000 shares of Series A preferred stock valued at $1,050,000. The aggregate amount of consideration to be received by us in exchange for the issuance of 1,050,000 shares Series A preferred stock was $1,000,000. During the year ended December 31, 2018, we issued 630,000 shares Series A preferred stock pursuant to the securities purchase agreement and received consideration of $555,000, representing a discount of $75,000. We offered and sold the shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act. At various times during fiscal 2017, we issued 2,862,006 shares of Common Stock upon the conversion of these shares of Series A preferred stock. The 2,862,006 shares of Common Stock had a fair value of $303,641. The shares of Common Stock were offered and sold in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

Fiscal 2016

Common Stock Issuances

On May 2, 2016, we granted 600,000 shares of our Common Stock to each Dan Fleyshman and Branden Hampton as compensation for joining our advisory board. In issuing the shares to these individuals, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act.

On April 4, 2016, we issued 500,000 shares of our Common Stock to James P. Geiskopf, one of our directors, as compensation for services provided and to be provided to us during 2016. Mr. Geiskopf is an accredited investor (as that term is defined in Regulation D of the Securities Act), and in issuing the shares to him, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act.

On April 4, 2016, we sold pursuant to private placement subscription agreement, an aggregate of 5,722,222 shares of Common Stock, at a price of $0.045 per share, for aggregate gross proceeds of $257,500 to four purchasers. One of the purchasers was a U.S. Person (as that term is defined in Regulation S of the Securities Act of 1933, as amended (the "Securities Act")) and an accredited investor (as that term is defined in Regulation D of the Securities Act). In issuing the shares to such person, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public. Three of the purchasers were non-U.S. persons (as that term is defined in Regulation S of the Securities Act of 1933, as amended) and the securities were offered in an offshore transaction in which we relied on the exemptions from the registration requirements provided for in Regulation S and/or Section 4(a)(2) of the Securities Act.

In May 2016, we sold, pursuant to private placement subscription agreements, an aggregate of 1,224,777 shares of Common Stock, at a price of $0.045 per share, for aggregate gross proceeds of $77,600 to five purchasers, two of which were U.S. Persons (as that term is defined in Regulation S of the Securities Act) and accredited investors (as that term is defined in Regulation D of the Securities Act). In issuing the shares to such persons, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public.

On May 16, 2016, we sold pursuant to private placement subscription agreements, an aggregate of 12,375,555 shares of Common Stock, at a price of $0.045 per share, for aggregate gross proceeds of $556,900 to nine purchasers. Six of the purchasers were U.S. Persons (as that term is defined in Regulation S of the Securities Act of 1933, as amended (the "Securities Act")) and accredited investors (as that term is defined in Regulation D of the Securities Act). In issuing the shares to such persons, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public. Three of the purchasers were non-U.S. persons (as that term is defined in Regulation S of the Securities Act of 1933, as amended) and the securities were offered in an offshore transaction in which we relied on the exemptions from the registration requirements provided for in Regulation S and/or Section 4(a)(2) of the Securities Act.

In June 2016, we sold, pursuant to private placement subscription agreements, an aggregate of 1,100,000 shares of Common Stock, at a price of $0.045 per share, for aggregate gross proceeds of $49,500 to three purchasers. All of the purchasers were accredited investors (as that term is defined in Regulation D of the Securities Act). In issuing the shares to such persons, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public.

In July 2016 we sold, pursuant to private placement subscription agreements, an aggregate of 1,650,000 shares of Common Stock, at a price of $0.045 per share, for aggregate gross proceeds of $74,250 to two purchasers. All of the purchasers were accredited investors (as that term is defined in Regulation D of the Securities Act). In issuing the shares to such persons, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public.

On July 12, 2016, we granted a stock award of 5,000,000 restricted shares of Common Stock to a consultant. The stock award vests over a 3-year term in annual increments of 1,666,667 shares of Common Stock. The shares were valued at the trading price of our Common Stock as of the date the shares vest. During the year ended December 31, 2016, we recognized a cost of $90,500 related to the 765,000 shares of Common Stock earned during the period.

On August 15, 2016, we issued 800,000 restricted shares of our Common Stock, as that term is defined by Rule 144 under the Securities Act, to International Monetary for investor relations services as well as certain corporate finance advisory services rendered. International Monetary is a U.S. Person (as that term is defined in Regulation S of the Securities Act) and an accredited investor (as that term is defined in Regulation D of the Securities Act), and in issuing securities to such person, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act.

On September 14, 2016, we issued 750,000 shares of our Common Stock to James P. Geiskopf, one of our directors, as compensation for additional services provided and to be provided to us by Mr. Geiskopf in his role of lead director. Mr. Geiskopf is an accredited investor (as that term is defined in Regulation D of the Securities Act), and in issuing the shares to him, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act.

On September 16, 2016, we sold, pursuant to private placement subscription agreements, an aggregate of 8,763,001 shares of Common Stock, at a price of $0.06 per share, for aggregate gross proceeds of $525,780 to five purchasers. All of the purchasers were accredited investors (as that term is defined in Regulation D of the Securities Act). In issuing the shares to such persons, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public.

On September 16, 2016, we sold, pursuant to private placement subscription agreements, an aggregate of 500,000 shares of Common Stock, at a price of $0.05 per share, for aggregate gross proceeds of $25,000 to two purchasers. All of the purchasers were accredited investors (as that term is defined in Regulation D of the Securities Act). In issuing the shares to such persons, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public.

On December 30, 2016, Oceanside and we agreed to extend the maturity date of a note we previously issued in favor of Oceanside. In consideration for Oceanside's agreement to extend the maturity date to August 4, 2017, we granted Oceanside a warrant to purchase up to 2,429,530 shares of Common Stock at an exercise price of $0.08 per share. The grant of the warrants and the issuance of the shares of Common Stock is and will be exempt from the registration requirements of the Securities Act in Section 4(a)(2) of the Securities Act.

At various dates through fiscal 2016, we issued shares of Common Stock to consultants and vendors as payment for services rendered that were expensed based on fair market value of the stock on the date of grant, or as the services were performed. We issued an aggregate of 6,388,334 shares of our Common Stock for services and recorded stock compensation expense of $726,789. The shares of Common Stock were issued in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

Convertible Note Issuances

Effective April 4, 2016, we issued an unsecured convertible note payable to Oceanside in the original principal amount of $680,268.50. The note superseded and replaced all previous notes and liabilities due to Oceanside for sums Oceanside loaned to us in 2014 and 2015. The note bears interest at the rate of 12% per annum, compounded annually and had a maturity date of December 4, 2016. In consideration for Oceanside's agreement to convert all prior notes from current demand notes and extend the maturity date to December 4, 2016, we granted Oceanside the right to convert up to 30% of the principal amount of the note into shares of Common Stock at $0.07 per share and we granted a warrant to purchase up to 2,429,530 shares of Common Stock at an exercise price of $0.07 per share until April 4, 2019. The warrants represent 25% of the amount of the note. The note and warrant was issued to Oceanside, a non-U.S. person (as that term is defined in Regulation S of the Securities Act of 1933, as amended) in an offshore transaction in which we relied on the exemptions from the registration requirements provided for in Regulation S and/or Section 4(a)(2) of the Securities Act.

Effective April 4, 2016, we issued a secured convertible note to Mr. Cutaia in the original principal amount of $343,325.56, which represents additional sums that Mr. Cutaia advanced to us during the period from December 2015 through March 2016, and is addition to all pre-existing loans made by, and notes held by Mr. Cutaia. This note bears interest at the rate of 12% per annum, compounded annually. In consideration for Mr. Cutaia's agreement to extend the repayment date to August 4, 2017, we granted Mr. Cutaia the right to convert up to 30% of the amount of the such note into shares of Common Stock at $0.07 per share and granted a warrant to purchase up to 2,452,325 shares of Common Stock at an exercise price of $0.07 per share, which warrants represent 50% of the amount of such note. Mr. Cutaia is an accredited investor (as that term is defined in Regulation D of the Securities Act), and in issuing the note and warrant to him, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act. In connection with the issuance of this note, we entered into a security agreement whereby we granted security over all of our assets as security for repayment of the note.

Effective April 4, 2016, we also issued an unsecured convertible note payable to Mr. Cutaia in the amount of $121,875.00, which represents the amount of the accrued but unpaid salary owed to Mr. Cutaia for the period from December 2015 through March 2016. In consideration for Mr. Cutaia's agreement to extend the payment date to August 4, 2017, we granted Mr. Cutaia the right to convert the amount of the such note into shares of Common Stock at $0.07 per share. This note bears interest at the rate of 12% per annum, compounded annually. Mr. Cutaia is an accredited investor (as that term is defined in Regulation D of the Securities Act), and in issuing the note to him, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act.

On December 15, 2016, we entered into an agreement with an investor, whereby we agreed to issue and sell to the investor: (i) a non-interest bearing note in the principal amount of $250,000, the purchase of which was expected to occur in tranches, (ii) warrants to purchase shares of Common Stock, and (iii) shares of Common Stock. A one-time interest charge of five percent (5%) of the aggregate principal amount of the note was incurred on the date of issuance. In addition, there is a 10% OID that is to be prorated based on the consideration paid by the investor. On December 16, 2016, the first tranche of $80,000 closed and we issued (i) a note in the aggregate principal amount of $80,000, (ii) a warrant, with a three-year term, to acquire up to 176,000 shares of Common Stock with an exercise price of $0.25 per share, and (iii) 240,000 shares of our Common Stock. The issuance of the note, the warrant, the shares of Common Stock underlying the warrant, and the shares of Common Stock is and will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act, in that the notes, the warrant, the shares of Common Stock underlying the warrant, and the shares of Common Stock were sold or will be sold in transactions not involving any public offering.

Grants of Stock Options

On April 4, 2016, we granted stock options to a consultant to purchase up to 1,800,000 shares of Common Stock for services rendered. The options have an exercise price of $0.07 per share and have a five-year term. At the grant date, 16.67% of the shares immediately vested, with the remaining shares vesting over 3 years from the grant date. The total fair value of these options at the grant date was approximately $109,913. We granted these options in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

Effective May 12, 2016, we issued options to purchase up to 750,000 shares of Common Stock at an exercise price equal to $0.095 per share, representing the then-current closing price of the stock on the date of issuance, to James P. Geiskopf, a director of our company, as compensation for services to be provided to us through 2017. The options were subject to a vesting schedule, and fully vested on December 31, 2017. Mr. Geiskopf is an accredited investor (as that term is defined in Regulation D of the Securities Act), and in issuing the options to him, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act.

Effective May 12, 2016, we issued options to purchase up to 1,250,000 shares of Common Stock at an exercise price equal to $0.095 per share, representing the then-current closing price of the stock on the date of issuance, to Mr. Cutaia, as additional compensation for services to be provided to us through 2017 and in consideration for the deferment of agreed-to cash compensation. The options were subject to a vesting schedule, and became fully vested on December 31, 2017. Mr. Cutaia is an accredited investor (as that term is defined in Regulation D of the Securities Act), and in issuing the options to him, we relied on the exemption from the registration requirements of the Securities Act provided by Rule 506 of Regulation D promulgated thereunder and/or Section 4(a)(2) of the Securities Act.

On June 31, 2016, we granted stock options to an employee to purchase up to 300,000 shares of Common Stock for services rendered. The options have an exercise price of $0.12 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $26,829. We granted these options in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On July 15, 2016, we granted stock options to an employee to purchase up to 1,500,000 shares of Common Stock for services rendered. The options have an exercise price of $0.11 per share, have a five-year term, and vest over a period of three years from grant date. The total fair value of these options at the grant date was approximately $165,464. We granted these options in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On August 15, 2016, we granted stock options to a consultant to purchase up to 10,000 shares of Common Stock for services rendered. The options have an exercise price of $0.11 per share, have a five-year term, and vest on grant date. The total fair value of these options at the grant date was approximately $1,103. We granted these options in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

On November 1, 2016, we granted stock options to an employee to purchase up to 250,000 shares of Common Stock for services rendered. The options have an exercise price of $0.11 per share and have a five-year term. At the grant date, 50% of the shares immediately vested on the grant date, with the remaining 50% on the anniversary of the grant date. The total fair value of these options at the grant date was approximately $24,974. We granted these options in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

Fiscal 2015

Common Stock Issuances

On March 10, 2015, we issued 500,000 shares of Common Stock to Jeff Franklin, at a price of $0.50 per share, in full settlement and release of a claim he had on certain assets acquired from Songstagram, Inc. The shares were issued pursuant to Rule 506 of Regulation D promulgated under the Securities Act, as Mr. Franklin was an "accredited investor" as such term is defined in Regulation D. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public.

On April 29, 2015, we issued 320,000 shares of Common Stock to Art Malone Jr., at a price of $0.50 per share, in full settlement and release of a claim he had on certain assets acquired from Songstagram, Inc. The shares were issued pursuant to Rule 506 of Regulation D promulgated under the Securities Act of 1933 as Mr. Malone was an "accredited investor" as such term is defined in Regulation D. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public.

On July 18, 2015, we issued an aggregate of 1,215,000 shares of restricted Common Stock as compensation to certain employees, which were fully vested as of December 31, 2015. We recorded a total of $607,500 of share-based compensation expense during the year ended December 31, 2015 for these issuances. The issuance of the shares of Common Stock was made pursuant to an exemption from registration afforded by Section 4(a)(2).

On July 21, 2015, we issued an aggregate of 600,000 shares of restricted Common Stock as compensation to members of our board of directors. The shares vest over an 18-month period from the issuance date. On December 1, 2015, we granted an additional 500,000 shares of restricted Common Stock as compensation to a board member, which was immediately fully vested. We recorded a total of $123,909 of share-based compensation expense during the year ended December 31, 2015 for these grants. In October 2015, we issued 100,000 shares of Common Stock to a vendor for services to be provided pursuant to a services contract extending for 6 months through April 9, 2016. We also issued a vendor 24,000 shares of Common Stock as compensation. We recorded a total of $34,678 of share-based compensation expense during the year ended December 31, 2015 for this contract. The issuance of the shares of Common Stock was made pursuant to an exemption from registration afforded by Section 4(a)(2).

Issuances of Convertible Notes

Effective March 20, 2015, we issued a note in the principal amount of $125,000 and a warrant to purchase up to 24,000 shares of Common Stock to a third-party lender, and a warrant to purchase up to 24,000 shares of Common Stock to DelMorgan Group LLC. The securities were issued pursuant to Rule 506 of Regulation D promulgated under the Securities Act and/or Section 4(a)(2) of the Securities Act, as the lender and DelMorgan Group LLC were both "accredited investors" as such term is defined in Regulation D. We did not engage in any general solicitation or advertising with regard to the issuance and sale of these securities and did not offer the securities to the public.

On December 1, 2015, we entered into an Unsecured Convertible Note in favor of Mr. Cutaia in the amount of $189,000, bearing interest at 12% per annum, representing a portion of Mr. Cutaia's accrued salary for 2015. The note extends the payment terms to a new maturity date of on April 1, 2017. The outstanding principal and accrued interest may be converted at Mr. Cutaia's discretion into shares of Common Stock at a conversion rate of $0.07. The securities were issued pursuant to Rule 506 of Regulation D promulgated under the Securities and/or Section 4(a)(2) of the Securities Act, as Mr. Cutaia is an "accredited investor" as such term is defined in Regulation D.

On various dates during our fiscal year ended December 31, 2015, Mr. Cutaia loaned to us an aggregate principal amount of $1,203,242. The loans were unsecured, due on demand, and bore interest at 12% per annum. On December 1, 2015, we entered into a Secured Convertible Note in favor of Mr. Cutaia, whereby all outstanding principal and accrued interest owed to Mr. Cutaia from previous loans, which amounted to an aggregate of $1,248,883, were consolidated under a note payable agreement, bearing interest at 12% per annum, and with a new maturity date of April 1, 2017. In consideration for Mr. Cutaia's agreement to consolidate the loans and extend the maturity date, we granted Mr. Cutaia a senior security interest in substantially all current and future assets of ours. Per the terms of the agreement, at Mr. Cutaia's discretion, he may convert up to $374,665 of outstanding principal, plus accrued interest thereon, into shares of Common Stock at a conversion rate of $0.07 per share. On April 4, 2016, $50,000 of this note was converted into another note (see below). The securities were issued pursuant to Rule 506 of Regulation D promulgated under the Securities and/or Section 4(a)(2) of the Securities Act, as Mr. Cutaia is an "accredited investor" as such term is defined in Regulation D.

Grants of Warrants

On October 30, 2015, we granted warrants to a consultant to purchase up to 600,000 shares of Common Stock at an exercise price of $0.50 per share. The warrants expire on October 30, 2020 and were fully vested on the grant date. The total share based compensation expense recognized relating to these warrants for the year ended December 31, 2015 amounted to $20,719. The grant of the warrants was made pursuant to an exemption from registration afforded by Section 4(a)(2).

In 2015, we granted warrants to purchase up to 8,920,593 shares of Common Stock to Mr. Cutaia and warrants to purchase up to 799,286 shares of Common Stock to Mr. Psomas as consideration for their extension of their respective notes payable balances to a maturity date of April 1, 2017. The warrants are immediately vested and have an exercise price of $0.07 and expire on November 30, 2018. The warrants have been valued using the Black-Scholes valuation model and have an aggregate value of $424,758. The value has been recorded as a discount to the outstanding notes payable – related parties on the accompanying consolidated balance sheet, and was being amortized into interest expense over the extended maturity periods of April 1, 2017. The securities were issued pursuant to Rule 506 of Regulation D promulgated under the Securities and/or Section 4(a)(2) of the Securities Act, as Mr. Cutaia and Mr. Psomas are "accredited investors" as such term is defined in Regulation D.

Item 16. Exhibits and Financial Statement Schedules.

The exhibits filed with this registration statement or incorporated by reference from other filings are as follows:

EXHIBIT INDEX

Exhibit No.	Description
1.1**	Form of Underwriting Agreement by and between A.G.P./Alliance Global Partners
2.1	Share Exchange Agreement dated as of August 11, 2014 by and among Global System Designs, Inc., bBooth (USA), Inc. (formerly bBooth, Inc.), and the stockholders of bBooth (USA), Inc. (formerly bBooth, Inc.), which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on August 15, 2014, and is incorporated herein by reference thereto.
3.1	Articles of Incorporation as filed with the Secretary of State of the State of Nevada on November 27, 2012, which was filed as Exhibit 3.1 to our Registration Statement on Form S-1 (File No. 333-187782) filed with the SEC on April 8, 2013, and is incorporated herein by reference thereto.
3.2	Bylaws, which was filed as Exhibit 3.2 to our Registration Statement on Form S-1 (File No. 333-187782) filed with the SEC on April 8, 2013, and is incorporated herein by reference thereto.
3.3	Certificate of Change as filed with the Secretary of State of the State of Nevada on October 6, 2014, which was filed as Exhibit 3.3 to our Current Report on Form 8-K filed with the SEC on October 22, 2014, and is incorporated herein by reference thereto.
3.4	Articles of Merger as filed with the Secretary of State of the State of Nevada on October 6, 2014, which was filed as Exhibit 3.4 to our Current Report on Form 8-K filed with the SEC on October 22, 2014, and is incorporated herein by reference thereto.
3.5	Articles of Merger as filed with the Secretary of State of the State of Nevada on April 4, 2017, which was filed as Exhibit 3.5 to our Current Report on Form 8-K filed with the SEC on April 24, 2017, and is incorporated herein by reference thereto.
3.6	Certificate of Correction as filed with the Secretary of State of the State of Nevada on April 17, 2017, which was filed as Exhibit 3.6 to our Current Report on Form 8-K filed with the SEC on April 24, 2017, and is incorporated herein by reference thereto.
4.1	Common Stock Purchase Warrant (First Warrant) dated September 15, 2017, issued to Kodiak Capital Group, LLC, which was filed as Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.
4.2	Common Stock Purchase Warrant (Second Warrant) dated September 15, 2017, issued to Kodiak Capital Group, LLC, which was filed as Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.

Exhibit No.	Description
4.3	Common Stock Purchase Warrant (Third Warrant) dated September 15, 2017, issued to Kodiak Capital Group, LLC, which was filed as Exhibit 4.3 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.
4.4	Promissory Note (Commitment Note), dated September 15, 2017, issued by the Company in favor of Kodiak Capital Group, LLC, which was filed as Exhibit 4.4 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.
4.5	Promissory Note (First Note), dated September 15, 2017, issued by the Company in favor of Kodiak Capital Group, LLC, which was filed as Exhibit 4.5 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.
4.6	Promissory Note (Second Note), dated September 15, 2017, issued by the Company in favor of Kodiak Capital Group, LLC, which was filed as Exhibit 4.6 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.
4.7	Form of Warrant Certificate dated March 20, 2015, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on March 27, 2015, and is incorporated herein by reference thereto.
4.8	12% Secured Convertible Note dated December 1, 2015, issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 7, 2015, and is incorporated herein by reference thereto.
4.9	12% Unsecured Convertible Note dated December 1, 2015, issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on December 7, 2015, and is incorporated herein by reference thereto.
4.10	12% Unsecured Note dated December 1, 2015, issued by the Company in favor of Audit Prep Services, LLC, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on December 7, 2015, and is incorporated herein by reference thereto.
4.11	Form of 12% Secured Convertible Note dated April 4, 2016, issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.
4.12	Form of Warrant Certificate dated April 4, 2016 issued to Rory J. Cutaia, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.
4.13	Form of 12% Unsecured Convertible Note dated April 4, 2016, issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.
4.14	Form of 12% Unsecured Convertible Note dated April 4, 2016, issued by the Company in favor of Oceanside Strategies, Inc., which was filed as Exhibit 10.6 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.
4.15	Form of Warrant Certificate dated April 4, 2016 issued to Oceanside Strategies, Inc., which was filed as Exhibit 10.7 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.
4.16	Amendment to 12% Unsecured Convertible Note dated December 30, 2016, issued by the Company in favor of Oceanside Strategies, Inc., which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 9, 2017, and is incorporated herein by reference thereto.

Exhibit No.	Description
4.17	Warrant Certificate dated December 30, 2016 issued to Oceanside Strategies, Inc., which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on January 9, 2017, and is incorporated herein by reference thereto.
4.18	Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock as filed with the Secretary of State of the State of Nevada on February 13, 2017, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on February 21, 2017, and is incorporated herein by reference thereto.
4.19	Amendment to Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock as filed with the Secretary of State of the State of Nevada on July 28, 2017, which was filed as Exhibit 10.37 to our Quarterly Report on Form 10-Q filed with the SEC on August 10, 2017, and is incorporated herein by reference thereto.
4.20	8% Unsecured Convertible Note dated December 5, 2017 issued by the Company in favor of EMA Financial, LLC, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.
4.21	Common Stock Purchase Warrant dated December 5, 2017 issued to EMA Financial, LLC, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.
4.22	8% Unsecured Convertible Note dated December 5, 2017 issued by the Company in favor of Auctus Fund, LLC, which was filed as Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.
4.23	Common Stock Purchase Warrant dated December 5, 2017 issued to Auctus Fund, LLC, which was filed as Exhibit 10.6 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.
4.24	8% Unsecured Convertible Note dated December 13, 2017 issued by the Company in favor of PowerUp Lending Group, LTD., which was filed as Exhibit 10.8 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.
4.25	8% Unsecured Convertible Note dated January 11, 2018 issued by the Company in favor of EMA Financial, LLC, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.
4.26	Common Stock Purchase Warrant dated January 11, 2018 issued to EMA Financial, LLC, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.
4.25	8% Unsecured Convertible Note dated January 10, 2018 issued by the Company in favor of Auctus Fund, LLC, which was filed as Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.
4.26	Common Stock Purchase Warrant dated January 10, 2018 issued to Auctus Fund, LLC, which was filed as Exhibit 10.6 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.
4.27*	Amendment to Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock as filed with the Secretary of State of the State of Nevada on September 1, 2017
4.28*	Certificate of Withdrawal of Certificate of Designation of Series A Convertible Preferred Stock as filed with the Secretary of State of the State of Nevada on August 10, 2018
5.1**	Opinion of Baker & Hostetler LLP as to the legality of the securities registered hereby
10.1	2014 Stock Option Plan, which is filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on October 22, 2014, and is incorporated herein by reference thereto.

Exhibit No.	Description
10.3	Employment Agreement dated November 1, 2014, by and between the Company and Rory Cutaia, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 24, 2014, and is incorporated herein by reference thereto.
10.4	Secured Promissory Note dated December 11, 2014 issued by Songstagram, Inc. in favor of the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 17, 2014, and is incorporated herein by reference thereto.
10.5	Secured Promissory Note dated December 11, 2014 issued by Rocky Wright in favor of the Company, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on December 17, 2014, and is incorporated herein by reference thereto.
10.6	Security Agreement dated December 11, 2014 executed by Songstagram, Inc. in favor of the Company, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on December 17, 2014, and is incorporated herein by reference thereto.
10.7	Security Agreement dated December 11, 2014 executed Rocky Wright in favor of the Company, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on December 17, 2014, and is incorporated herein by reference thereto.
10.8	Acquisition Agreement dated January 20, 2015 among Songstagram, Inc., Rocky Wright, and us, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 26, 2015, and is incorporated herein by reference thereto.
10.9	Surrender of Collateral, Consent to Strict Foreclosure and Release Agreement dated January 20, 2015, by and between Songstagram, Inc. and the Company, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 26, 2015, and is incorporated herein by reference thereto.
10.10	Form of Termination Agreement and Release dated January 20, 2015, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on January 26, 2015, and is incorporated herein by reference thereto.
10.11	Settlement and Release Agreement dated February 6, 2015, by and among Songstagram, Inc., Jeff Franklin, and the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 9, 2015, and is incorporated herein by reference thereto.
10.12	Engagement letter dated March 20, 2015, by and among DelMorgan Group LLC, Globalist Capital, LLC, and the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 27, 2015, and is incorporated herein by reference thereto.
10.13	Form of Note Purchase Agreement dated March 20, 2015, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on March 27, 2015, and is incorporated herein by reference thereto.
10.14	Security Agreement issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on December 7, 2015, and is incorporated herein by reference thereto.
10.15	Form of Stock Repurchase Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on February 16, 2016, and is incorporated herein by reference thereto.
10.16	Form of Private Placement Subscription Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.
10.17	Form of Security Agreement issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.

Exhibit No.	Description
10.18	Form of Private Placement Subscription Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 19, 2016, and is incorporated herein by reference thereto.
10.19	Form of Option Agreement for Messrs. Geiskopf and Cutaia, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on May 19, 2016, and is incorporated herein by reference thereto.
10.20	Term Sheet dated July 12, 2016, between Nick Cannon and the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 19, 2016, and is incorporated herein by reference thereto.
10.21	Form of Stock Option Agreement between Jeffrey R. Clayborne and the Company, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on May 19, 2016, and is incorporated herein by reference thereto.
10.22	Form of Consulting Agreement dated August 8, 2016, by and between International Monetary and the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on August 15, 2016, and is incorporated herein by reference thereto.
10.23	Form of Private Placement Subscription Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on September 19, 2016, and is incorporated herein by reference thereto.
10.24	Securities Purchase Agreement dated February 13, 2017, by and between the Company and certain purchasers named therein, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on February 21, 2017, and is incorporated herein by reference thereto.
10.25	Equity Purchase Agreement, as corrected, dated September 15, 2017, by and between the Company and Kodiak Capital Group, LLC, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on October 27, 2017, and is incorporated herein by reference thereto.
10.26	Registration Rights Agreement dated September 15, 2017, by and between the Company and Kodiak Capital Group, LLC, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.
10.27	Securities Purchase Agreement dated December 5, 2017, by and between the Company and EMA Financial, LLC, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.
10.28	Securities Purchase Agreement, dated December 5, 2017, by and between the Company and Auctus Fund, LLC, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.
10.29	Securities Purchase Agreement dated December 13, 2017, by and between the Company and PowerUp Lending Group, LTD, which was filed as Exhibit 10.7 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.
10.30	Securities Purchase Agreement dated January 11, 2018, by and between the Company and EMA Financial, LLC, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.
10.31	Securities Purchase Agreement, dated January 10, 2018, by and between the Company and Auctus Fund, LLC, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.
10.32	SuiteCloud Developer Network Agreement, dated January 2, 2018, by and between the Company and Oracle America, Inc., which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on April 23, 2018, and is incorporated herein by reference thereto.
10.33*	Lease Agreement, dated June 22, 2017, by and between La Park La Brea B LLC and the Company
10.34*	Renewal Amendment of Lease Agreement, dated May 1, 2018, by and between La Park La Brea B LLC and the Company

Exhibit No.	Description
10.35*	Marketo LaunchPoint Accelerate Program Agreement, dated April 1, 2018, by and between the Company and Marketo, Inc.
14.1	Code of Ethics and Business Conduct for Directors, Senior Officers and Employees of Corporation, which was filed as Exhibit 14.1 to our Current Report on Form 8-K filed with the SEC on October 22, 2014, and is incorporated herein by reference thereto.
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Weinberg & Company, P.A.
23.2**	Consent of Baker & Hostetler LLP (included on Exhibit 5.1)
24	Power of Attorney (included on signature page)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

---

* Filed herewith.

** To the extent applicable, to be filed by an amendment to this registration statement or incorporated by reference pursuant to a Current Report on Form 8-K in connection with the offering of securities registered hereunder.

Item 17. Undertakings.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(i) The undersigned registrant hereby undertakes that:

(1) the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(2) each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bone fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, nFüsz, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Los Angeles, California, on August 14, 2018.

NFÜSZ, INC.

By: */s/ Rory J. Cutaia*
Rory J. Cutaia
Chairman of the Board, Chief Executive Officer, President, Secretary, and Treasurer (Principal Executive Officer)

By: */s/ Jeffrey R. Clayborne*
Jeffrey R. Clayborne Chief Financial Officer (Principal Financial and Accounting Officer)

SIGNATURES AND POWER OF ATTORNEY

NOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Rory J. Cutaia, as his true and lawful attorney-in-fact and agents with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) promulgated under the Securities Act and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of the, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Rory J. Cutaia Rory J. Cutaia	Chairman of the Board, Chief Executive Officer, President, Secretary, and Treasurer (Principal Executive Officer)	August 14, 2018
/s/ Jeffrey R. Clayborne Jeffrey R. Clayborne	Chief Financial Officer (Principal Financial and Accounting Officer)	August 14, 2018
/s/ James P. Geiskopf James P. Geiskopf	Lead Director	August 14, 2018

150303

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Filed in the office of	Document Number 20170376954-54
Barbara K. Cegavske Secretary of State State of Nevada	Filing Date and Time 09/01/2017 11:31 AM
	Entity Number E0609422012-3

Amendment to Certificate of Designation After Issuance of Class or Series

(PURSUANT TO NRS 78.1955)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Certificate of Designation For Nevada Profit Corporations
(Pursuant to NRS 78.1955 - After Issuance of Class or Series)

1. Name of corporation:

nFüsz, Inc.

2. Stockholder approval pursuant to statute has been obtained.

3. The class or series of stock being amended:

Series A Convertible Preferred Stock

4. By a resolution adopted by the board of directors, the certificate of designation is being amended as follows or the new class or series is:

A. Additional Sections to Section 3 (Dividends) of the Filed Certificate. Sections 3(Z-a), (Z-b), and (Z-c), respectively, and shall relate only to the first 131,250 Preferred Shares that are sold and issued subsequently to the date of this Amendment No 2.

* * *

5. Effective date of filing: (optional)

(must not be later than 90 days after the certificate is filed)

6. Signature: (required)

nFUSZ, INC.

X

By: [signature]

Name: Rory J. Cutaia
Title: Chief Executive Officer

Signature of Officer

Filing Fee: $175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS Amend Designation - After
Revised: 1-5-15

(Z-a) From and after August 31, 2017 (the "**Initial Issuance Date**"), each holder of a Preferred Share (each, a "**Holder**" and collectively, the "**Holders**") shall be entitled to receive dividends (the "**Dividends**"), which Dividends shall be paid by the Company out of funds legally available therefor, payable, subject to the conditions and other terms hereof, in shares of Common Stock or cash on the Stated Value (as defined below) of such Preferred Share at the Dividend Rate (as defined below), which shall be cumulative and shall continue to accrue whether or not declared and whether or not in any fiscal year there shall be net profits or surplus available for the payment of dividends in such fiscal year. Dividends on the Preferred Shares shall commence accumulating on the Initial Issuance Date and shall be computed on the basis of a 365-day year and actual days elapsed. Dividends shall be payable on the following dates (each, a "**Dividend Date**"): (1) the first (1st) Dividend Date being October 5, 2017; and (ii) and each subsequent Dividend Date shall be solely in connection with and concurrently with Installment Redemption Payments. Notwithstanding anything to the contrary contained herein, unless otherwise agreed to by the Company and the Holders, the Company shall pay Cash Dividends (as defined below) to the Holders on the first (1st) Dividend Date.

(Z-b) Dividends shall be payable on each Dividend Date, to the Holders of record of the Preferred Shares on the applicable Dividend Date, in shares of Common Stock (the "**Dividend Shares**") so long as there has been no Equity Conditions Failure

and so long as the delivery of Dividend Shares would not violate the provisions of Section 4; provided, however, that the Company may, at its option, pay Dividends on any Dividend Date in cash (the "**Cash Dividends**") or in a combination of Cash Dividends and, so long as there has been no Equity Conditions Failure, Dividend Shares. The Company shall deliver a written notice (each, a "**Dividend Election Notice**") to each Holder two (2) Trading Days prior to each Dividend Date (the date such notice is delivered to all of the Holders, the "**Dividend Notice Date**"), which notice (1) notifies the then-record Holders that the Company has elected to pay the accrued Dividends as Cash Dividends, Dividend Shares, or as a combination of Dividend Shares and Cash Dividends and, in any event, specifies the amount of the to-be-paid Dividends, if any, as Cash Dividends and the amount of the to-be-paid Dividends, if any, as Dividend Shares and (2) certifies that there has been no Equity Conditions Failure as of such time, if the Company has elected to pay any portion of the to-be-paid Dividends as Dividend Shares. Notwithstanding anything herein to the contrary, if no Equity Conditions Failure has occurred as of the Dividend Notice Date but an Equity Conditions Failure occurs at any time prior to the date on which a to-be-paid Dividend Shares are to be issued, (A) the Company shall provide each Holder with a subsequent notice to that effect and (B) unless such Holder waives the Equity Conditions Failure, such to-be-paid Dividends shall be paid as Cash Dividends. Dividends that are to be paid to each Holder in Dividend Shares shall be paid in a number of fully paid and non-assessable shares (rounded to the nearest whole share, with 0.50 or more of a share being rounded up to the nearest whole share and 0.49 or less of a share being rounded down to the nearest whole share) of Common Stock equal to the quotient of (1) the amount of Dividends payable to such Holder on such Dividend Date less any Cash Dividends paid and (2) the lesser of (i) the Redemption Price in effect on the applicable Dividend Date, and (ii) the VWAP on the Trading Day immediately preceding the Dividend Date.

(Z-c) When any Dividend Shares are to be paid to any Holder, the Company shall (i) (A) provided that (x) the Company's transfer agent (the "**Transfer Agent**") is participating in the Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and (y) either a Registration Statement for the resale by the applicable Holder of the Dividend Shares or such Dividend Shares to be so issued are otherwise eligible for resale pursuant to Rule 144 (as defined in the Securities Purchase Agreement), credit such aggregate number of Dividend Shares to which such Holder shall be entitled to such Holder's or its designee's balance account with DTC through its Deposit and Withdrawal at Custodian system, or (B) if either of the immediately preceding clauses (x) or (y) is not satisfied, issue and deliver on the applicable Dividend Date, to the address set forth in the register maintained by the Company for such purpose pursuant to the Securities Purchase Agreement or to such address as specified by such Holder in writing to the Company at least two (2) Business Days prior to the applicable Dividend Date, a certificate, registered in the name of such Holder or its designee, for the number of Dividend Shares to which such Holder shall be entitled and (ii) with respect to each such payment of a Dividend, pay to such Holder, in cash by wire transfer of immediately available funds, the amount of any Cash Dividend. The Company shall pay any and all taxes that may be payable with respect to the issuance and delivery of Dividend Shares.

B. Amendment No. 1 to Section 5(W-b) (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate.

The first sentence of Section 5(W-b) of the Filed Certificate is hereby stricken in its entirety and replaced with the following:

"Solely in respect of the 189,000 Preferred Shares that were issued on February 13, 2017, and are issued and outstanding as of August 28, 2017: beginning on the earlier of the effectiveness of a Registration Statement and August 28, 2017, and so long as any of such Preferred Shares are outstanding, with respect to any Holder, the Company shall redeem Thirty-one Thousand Five Hundred Dollars ($31,500) of the outstanding amount of such Preferred Shares and any accrued but unpaid Dividends thereon on the first (1st) Business Day of each week (each, an "**Installment Redemption Payment**") for six (6) consecutive weeks."

The reference to "three Trading Days" in the second paragraph of Subsection 5(W-b(i)) is hereby stricken and replaced with "one Trading Day."

C. Amendment No. 1 to Section 5(X-b) (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate.

The first sentence of Section 5(X-b) of the Filed Certificate is hereby stricken in its entirety and replaced with the following:

"Solely in respect of the 52,500 Preferred Shares that were issued on July 7, 2017, and are issued and outstanding as of the date of this Amendment No. 2: beginning on the earlier of the effectiveness of a Registration Statement and January 8, 2018, and so long as any of such Preferred Shares are outstanding, with respect to any Holder, the Company shall redeem Twenty-six Thousand Two Hundred Fifty Dollars ($26,250) of the outstanding amount of such Preferred Shares and any accrued but unpaid Dividends thereon on the first (1st) Business Day of each week (each, an "**Installment Redemption Payment**") for two (2) consecutive weeks."

The reference to "three Trading Days" in the second paragraph of Subsection 5(X-b(i)) is hereby stricken and replaced with "one Trading Day."

D. Amendment No. 1 to Section 5(Y-b) (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate.

The reference to "three Trading Days" in the second paragraph of Subsection 5(Y-b(i)) is hereby stricken and replaced with "one Trading Day."

E. Additional Section to Section 5 (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate. Section 5(Z-b) shall relate only to first 131,250 Preferred Shares that are sold and issued subsequently to the date of this Amendment No. 2.

(Z-b) Mandatory Installment Redemption.

(i) Beginning on the earlier of the effectiveness of a Registration Statement and February 28, 2018, and so long as any Preferred Shares are outstanding, with respect to any Holder, the Company shall redeem Twenty-six Thousand Two Hundred Fifty Dollars ($26,250) of the outstanding amount of Preferred Shares and any accrued but unpaid Dividends thereon on the first (1st) Business Day of each week (each, an "**Installment Redemption Payment**") for five (5) consecutive weeks. Each Installment Redemption Payment shall be made, at the Company's option (subject to the Company's compliance with the

Equity Conditions (*i.e.*, there is no Equity Conditions Failure)) in (i) cash at a price equal to the product of (A) the applicable Installment Redemption Payment multiplied by (B) the Redemption Premium or (ii) in shares of Common Stock (the "**Installment Redemption Shares**") at a price equal to the product of (A) the applicable Installment Redemption Payment multiplied by (B) the Redemption Premium divided by the lesser of (x) the Redemption Price (subject to adjustment for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Stock) or (y) the VWAP during the period commencing five (5) Trading Days prior to the Installment Redemption Payment (the "**Installment Redemption Price**"). Notwithstanding the foregoing, the Holder shall have the option to demand payment of one (1) Installment Redemption Payment in shares of Common Stock at price equal to the Installment Redemption Price, in lieu of the receipt of cash; provided, that the Holder shall give the Company at least one (1) week's notice prior to the applicable Installment Redemption Payment. In the event that the Company elects to not pay an Installment Redemption Payment in cash and the Equity Conditions are not met (*i.e.*, there is an Equity Conditions Failure), then each Holder shall be entitled to the redemption of the applicable Installment Redemption Payment at a price equal to the Triggering Event Redemption Price until such time that the Equity Conditions Failure is cured. For the avoidance of doubt, if Holder defers the receipt of Installment Redemption Shares due to the limitations set forth in Section 4, Holder shall remain entitled to such shares as originally calculated, *i.e.*, any weekly VWAP increase subsequent to the original Installment Redemption Payment shall not decrease the amount of shares due to the Holder. However, if Holder defers the receipt of Installment Redemption Shares due to the limitations set forth in Section 4 and any VWAP for the five (5) consecutive Trading Days subsequent to the original Installment Redemption Date decreases (the "**Subsequent Installment Redemption Payment**"), then Holder shall receive the Installment Redemption Shares at a price equal to the VWAP during any Subsequent Installment Redemption Payment. Additionally, if Holder defers only a portion of the Installment Redemption Shares due to the limitations set forth in Section 4, then such portion shall be subject to the pricing period of the Subsequent Installment Redemption Payment.

In the event that the Installment Redemption Price from the immediately prior Installment Redemption Payment is greater than the VWAP for the five (5) consecutive Trading Days following such Installment Redemption Payment (the "**Make-Whole VWAP Period**"), which shall be calculated in the same manner as the VWAP and which precedes the current Installment Redemption Payment, then the Company shall make one make-whole payment to such Holder in additional shares of Common Stock ("**Installment Redemption Price Make-Whole Shares**") to compensate the Holder for the loss of value for the immediately previous Installment Redemption Payment. The number of Installment Redemption Price Make-Whole Shares shall be determined by the quotient of (A) the Installment Redemption Payment (including the Redemption Premium) divided by (B) the VWAP calculated during the Make-Whole VWAP Period (the "**Make-Whole VWAP Price**"); and then subtracting from such result the number of shares of Common Stock issued in connection with the Installment Redemption Payment. Such Installment Redemption Price Make-Whole Shares shall be

delivered to Holder by no later than the next Installment Redemption Payment or, if such Installment Redemption Price Make-Whole Shares relates to the final Installment Redemption Payment, then Installment Redemption Price Make-Whole Shares shall be delivered to Holder by no later than one Trading Day following the last Trading Day of the relevant Make-Whole VWAP Period. For the avoidance of doubt, the Make-Whole VWAP Period for the final Installment Redemption Payment shall be the five (5) consecutive Trading Days following such final Installment Redemption Payment.

The Company's obligations to deliver the Installment Redemption Price Make-Whole Shares shall continue even though a Triggering Event has occurred (for the avoidance of doubt, in such event the Redemption Price that is utilized shall be the Triggering Event Redemption Price in lieu of the Installment Redemption Price). For an example of the issuance of Installment Redemption Price Make-Whole Shares, see **Exhibit I** attached hereto. For the avoidance of doubt, if Holder defers the receipt of Installment Redemption Price Make-Whole Shares due to the limitations set forth in Section 4, Holder shall remain entitled to the amount of the Installment Redemption Price Make-Whole Shares as originally calculated, *i.e.*, any weekly VWAP increase subsequent to the Make-Whole VWAP Period shall not decrease the amount of Installment Redemption Price Make-Whole Shares due to the Holder. However, if Holder defers the receipt of Installment Redemption Price Make-Whole Shares due to the limitations set forth in Section 4 and any VWAP for the five (5) consecutive Trading Days subsequent to the Make-Whole VWAP Period decreases (the "**Subsequent Make-Whole VWAP Period**"), then Holder shall receive the Installment Redemption Price Make-Whole Shares at a price equal to the VWAP during any Subsequent Make-Whole Period. Additionally, if Holder defers only a portion of the Installment Redemption Price Make-Whole Shares due to the limitations set forth in Section 4, then such portion shall be subject to the pricing period of the Subsequent Make-Whole VWAP Period. Further, the Holder may demand the receipt of any portion of the Installment Redemption Price Make-Whole Shares prior to the receipt of the next Installment Redemption Payment. In such event, the Company shall deliver a separate Redemption Notice to the Holder with respect to the next Installment Redemption Payment.

(ii) On the Business Day immediately prior to each Installment Redemption Payment, the Company shall deliver to each Holder a written notice of each Installment Redemption Payment by facsimile or electronic mail in the form attached hereto as **Exhibit II**, which shall (A) certify that there has been no Equity Conditions Failure and (B) state the aggregate amount of the Preferred Shares which is being redeemed in such Installment Redemption Payment from such Holder and all of the other Holders of the Preferred Shares pursuant to this Section 5(b). Redemptions made pursuant to this Section 5(b) shall be made in accordance with Section 5(d).

(iii) Pursuant to the limitations set forth in Section 4, each Holder may defer all or any portion of any Installment Redemption Payment (including without limitation, any Installment Redemption Price Make-Whole Shares) and have it be paid simultaneously with any future Installment Redemption

Payment(s) or on any other date. For the avoidance of doubt, if a Holder defers all or any portion of any Installment Redemption Payment (including without limitation, any Installment Redemption Price Make-Whole Shares) due to the limitations set forth in Section 4, such deferral alone shall not be deemed a Triggering Event.

F. Application of Subsections 5(c) and 5(d) of Section 5 and Amendment No. 1 of Certain Other Subsections of Section 5 (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate. Except as noted hereinbelow, Subsections 5(c) and 5(d) of Section 5 of the Filed Certificate shall apply both to the 372,750 Preferred Shares that are issued and outstanding as of the date of this Amendment No. 2 and to those Preferred Shares that are sold and issued subsequently to the date of this Amendment No. 2, in each case without amendment or modification hereby.

F-1 Subsection 5(c)(i)(G) is hereby stricken in its entirety and replaced with the following:

"G. the Company, either (A) fails to deliver the required number of shares of Common Stock within one (1) Trading Day after the applicable Installment Redemption Payment; (B) fails to deliver the required number of Installment Redemption Price Make-Whole Shares within one (1) Trading Day of the payment date provided in Section 5(W-b)(i), 5(X-b)(i), 5(Y-b)(i), or 5(Z-b)(i), as relevant, or (C) fails to remove any restrictive legend on any certificate for any shares of Common Stock issued to such Holder upon redemption of any Preferred Shares acquired by such Holder as and when required with respect to such securities in accordance with applicable federal securities laws, and any such failure remains uncured for at least one (1) Trading Day;"

F-2 The following phrase is hereby added at the end of Subsection 5(c)(i)(N):

", or unless such breach relates to a breach of Subsection 5(c)(i)(G), in which event, the five (5) consecutive Trading Day-period shall be reduced to one Trading Day;"

G. Application of Subsection 5(qq) of Section 5 (Certain Defined Terms) of the Filed Certificate. "Subscription Date: as defined in Subsection 5(qq) of Section 5 of the Filed Certificate shall mean (i) February 13, 2017, as to the 189,000 Preferred Shares that are issued and outstanding as of the date of this Amendment No. 2, (ii) July 7, 2017, as to the 52,500 Preferred Shares that are issued and outstanding as of the date of this Amendment No. 2, (iii) July 28, 2017, as to the 131,250 Preferred Shares that are issued and outstanding as of the date of this Amendment No. 2, and (iv) August 31, 2017, as to the first 131,250 Preferred Shares that are sold and issued subsequently to the date of this Amendment No. 2.

150403

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Filed in the office of	Document Number 20180355175-07
Barbara K. Cegavske	Filing Date and Time 08/10/2018 10:48 AM
Secretary of State State of Nevada	Entity Number E0609422012-3

Certificate of Withdrawal of Certificate of Designation

(PURSUANT TO NRS 78.1955(6))

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Withdrawal of Certificate of Designation for Nevada Profit Corporations (Pursuant to NRS 78.1955(6))

1. Name of corporation:

nFusz, Inc.

2. Following is the resolution by the board of directors authorizing the withdrawal of Certificate of Designation establishing the classes or series of stock:

RESOLVED, that the Certificate of Designation for this corporation's Series A Convertible Preferred Stock is hereby withdrawn, such that the existence of this series of preferred stock shall be terminated, and all authorized shares hereof shall no longer be so authorized and shall be added to and become undesignated shares of the Company's class of Preferred Stock.

3. No shares of the class or series of stock being withdrawn are outstanding.

4. Signature: (required)

X

Signature of Officer

Filing Fee: $175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

DEFINITION ANNEX TO APARTMENT LEASE

1. **Landlord**: La Park La Brea B LLC
2. **Landlord's Representative**:OP Property Mgmt, LPis the management company that manages the Community for Landlord, and which is authorized to receive notices, demands, and service of process on behalf of the Landlord. Landlord's Representative is Landlord's agent.
3. **Rental Payments and Notices to Landlord**: Rental payments are to be made to 348 Hauser Blvd
   Los Angeles CA 90036-3276
   Phone: (323) 937-5251
   Notices, demands and service of process on Landlord may be delivered to Landlord's Representative at the same location. The usual days and hours during which someone is available to receive payments are
   M-F: 10:00 AM - 06:00 PM, Sat & Sun: 10:00 AM - 05:00 PM
4. **Landlord's E-Mail Address**: palazzoeast@aimco.com
5. **Resident(s)**: Rory Cutaia
6. **Resident(s) Phone Numbers and Email Addresses**:
   (909) 896-0648 RoryCutaia@gmail.com
7. **Resident's Address**: The address of the Apartment Home.
8. **Additional Live-In Residents**:

First Name	Last Name

9. **Community**: Palazzo East at Park La Brea, The(C)-042667
10. **Apartment Home**: 344 South Hauser, Bldg 5 #5-414
    Los Angeles CA 90036
11. **Lease Start Date**: 06/22/2017
12. **Lease End Date**: 04/30/2018
13. **Deposit**: $1000.00
14. **Rent**: $4743.00 + Sales Tax per month where applicable.
15. **Short Term Renewal Rent**: $600.00 plus the higher of the Fair Market Rent or the current monthly Rent being paid by Resident immediately prior to the commencement of the Two-Month Renewal Term. The "Fair Market Rent" equals the rent that Landlord would charge for an apartment home comparable to the Apartment Home on the date that Landlord provides notice to Resident of the Short Term Renewal Rent.
16. **Late Charges Date**: The 4th day of the month.
17. **Late Charge**: $150.00
18. **NSF Charge**: $25.00
19. **Early Termination Option Fee**: Three months' Rent at the rate current when the Early Termination Option is exercised.
20. **Attorney Fee Cap**: $1,000.00
21. **Utilities To Be Provided By Landlord**:
    None
22. **Asbestos.** _______ [If this line is checked] This Community and the Apartment Home may/do contain asbestos.
23. **Pest Control** [check as applicable]:
    _______ Landlord has not contracted with a registered structural pest control company to provide periodic pest control services to the Community. Resident agrees to notify Landlord immediately upon the discovery of any insect or other pest infestation.
    Landlord has contracted with a registered structural pest control company to provide pest control services to the Community periodically and acknowledges receiving a written notice regarding pesticides used in the Community as provided for under California Business and Professions Code §8538 and California Civil Code §1940.8.
24. **Smoke Free Areas**: The following areas are designated smoke-free areas:

Resident shall pay Landlord upon demand for pest control as additional rent.

__X__ The Apartment Home
__X__ The building in which the Apartment Home is located
__X__ All common areas

_______ The entire Community, including individual Apartment Homes and common areas, except the following areas:
N/A

ADDITIONAL DEFINED TERMS

1. **Definition Annex:** This Definition Annex to Apartment Lease.
2. **Additional Live-In Resident**: A person who is under 18 years of age, or has a legal guardian, at the time of the Lease Start Date or when the applicable Renewal Term begins, as identified in Resident's rental application or as subsequently changed with the prior written consent of Landlord.
3. **Lease Term**: The term commencing on the Lease Start Date and ending on the Lease End Date. The Lease Term also includes any Renewal Term, or other extension of the Lease.
4. **Common Areas**: All parking lots, driveways, walkways, passageways, landscaped areas, laundry rooms, recreational areas and other areas and facilities available for common use by residents.
5. **Community Rules**: Any and all written Community policies, rules or procedures, all of which shall be considered part of this Lease, including without limitation, the Community Policies and Procedures attached as an addendum to this Lease.
6. **Landlord's Related Parties**: Collectively, Landlord, Landlord's Representative and the respective officers, directors, members, managers, partners, shareholders, employees, affiliates, agents and representatives of Landlord and Landlord's Representative.
7. **Resident Parties**. Resident, Additional Live-In Residents and their guests and invitees.
8. **Rent Concession**: Any rent or similar concession, whether by free rent, partially abated rent, reimbursed expenses, waived fees or otherwise.
9. **Losses**: Any claim, action, lien, liability, fine, damages, injury (whether to person or property or resulting in death), cost or expense, including reasonable attorneys' fees and costs (including in-house counsel and all levels of proceedings).
10. **Claim**. Any claim for relief, including any alleged damages, whether accrued, contingent, inchoate or otherwise, suspected or unsuspected, raised affirmatively or by way of defense or offset.
11. **Enforcement Costs**: Landlord's costs of enforcing the terms of this Lease and of collection, including collection agency costs, litigation costs, and reasonable attorneys' fees and costs (including in-house counsel and all levels of proceedings), whether or not a lawsuit is brought. The attorneys' fees portion of Enforcement Costs will be subject the Attorney Fee Cap.
12. **Non-Rent Defaults**: Defaults under this Lease, other than the failure to pay rent or other amounts due under this Lease that are considered "Rent" by applicable law or under this Lease.
13. **Rent Damages**: Rent due and owing, the Late Charge and Enforcement Costs.
14. **Rent Default Termination Damages**: The total sum of amounts due under this Lease through the end of the Lease Term, including mitigation costs and Enforcement Costs, minus any amounts that could have reasonably been mitigated by Landlord.

Please carefully read this entire lease prior to signing as this is a legally binding document. The lease consists of the Definition Annex, Apartment Lease, Exhibits, Addenda, and attachments.

If you have any feedback on your apartment home or community, please contact the community manager at the on-site management office. If you would like to talk with the Aimco leadership team to further discuss any concerns, or if there's something we're doing well that you'd like to tell us about, please visit www.aimco.com/feedback and the Aimco leadership team will contact you. We look forward to having you as a resident and hope you enjoy your new home!

LANDLORD: By: ______________________________ **Authorized Representative**

RESIDENT(S):
Resident is aware that Section 2.B. of this Lease contains an automatic renewal provision which provides that, after the Term End Date, this Lease will automatically renew for two (2) month periods until a notice of termination is given by either Resident or Landlord in accordance with Section 2.B, or, if applicable, until a Renewal Amendment is executed and delivered by Landlord and Resident.

	Rory Cutaia	
Signature	*Print Name*	*Date*
Signature	*Print Name*	*Date*
Signature	*Print Name*	*Date*
Signature	*Print Name*	*Date*
Signature	*Print Name*	*Date*
Signature	*Print Name*	*Date*

1. LEASE OF APARTMENT HOME 1
   A. Use 1
   B. Additional Live-In Residents 1

2. LEASE TERM 1
   A. Initial Term 1
   B. Termination Notice; Automatic Short-Term Renewal 1
   C. Renewal for a Term 1
   D. Delaying Possession 1
   E. Early Termination 1
   F. Notice of Termination 1

3. RENT 2
   A. Monthly Rent 2
   B. Late Payment and Late Fees 2
   C. Returned Checks, Rejected Credit Card Payment or Failed ACH Debit 2
   D. Taxes 2
   E. Application of Funds Received 2

4. SECURITY DEPOSIT 2
   A. Deposit 2
   B. Refund of Deposit 2
   C. Additional Deposit 2

5. UTILITIES 2
   A. Landlord's Payment for Utilities 2
   B. Direct Billing by Landlord 3
   C. Failure to Pay Utilities 3
   D. Use of Utilities 3
   E. Change or Interruption in Utility Service 3

6. CONDITION OF APARTMENT HOME 3
   A. Move-In Condition Form 3
   B. Cleaning and Upkeep of Apartment Home 3
   C. No Alterations 3
   D. Water Furniture 4
   E. Signal Reception Devices 4
   F. Damage to Apartment Home and/or Common Areas including but not limited to Community facilities 4
   G. Mold Remediation 5
   H. Emergencies 5
   I. Basements 5
   J. Fireplaces 5
   K. Bedbugs and Pests 5
7. REPAIRS AND MALFUNCTIONS 6

8. KEYS AND LOCKS 6
   A. Ownership of Keys and Access Cards 6
   B. Change in Locks 6

9. COMMUNITY POLICIES 6
   A. Community Rules 6
   B. Common Areas 6
   C. Defacing the Common Areas 6
   D. Other Improper Conduct 6
   E. Landlord's Right to Exclude Persons 7
   F. Member Cards 7
   G. Deliveries 7

10. PARKING AND VEHICLES 7
11. RESIDENT EQUIPMENT, SERVICES AND FACILITIES 7

12. LIABILITY 7
   A. Insurance 7
   B. Personal Safety 7
   C. Release 8

13. ENTRY BY LANDLORD 8

14. ANIMALS 8
15. ABANDONMENT 8
   A. When Abandonment Occurs 8
   B. Disposition of Personal Property 8
   C. Personal Property Upon Death 8

16. DEFAULT BY RESIDENT 8
   A. Default 8
   B. Remedies 9
   C. Duty to Mitigate 9
   E. Credit Reporting 9

17. MULTIPLE RESIDENTS 9
18. ASSIGNMENT 9

19. RELEASE OF RESIDENT 9
   A. No Release 9
   B. Limited Exception-Military Servicemembers 9
   C. Death of All Residents 9

20. MOVE OUT PROCEDURES 9
   A. Move Out Cleaning and Inspection 9
   B. Deductions 9
   C. Surrender 10

21. SMOKE FREE AREAS 10
   A. Purpose 10
   B. Smoking Definition 10
   C. Smoking Prohibited 10
   D. Landlord Rights 10
   E. No Guarantee or Warranty 10
   F. Current Resident 10

22. MISCELLANEOUS 10
   A. Casualty 10
   B. Notice Requirement 10
   C. Entire Agreement 10
   D. Rental Application 10
   E. No Claims Against Landlord's Related Parties 10
   F. Waiver 10
   G. Landlord's Representative 10
   H. Binding Effect 10
   I. Jurisdiction/Governing Law 10
   J. Continuing Liability 10
   K. Assignment By Landlord 10
   L. Standard of Decision 11
   M. Examples Are Not Limitations 11
   N. DISCLOSURE OF RESIDENT INFORMATION 11
   O. Background Investigation 11
   P. State Law 11
   Q. Fair Housing 11
   R. Prorations 11
   S. Other Deposits 11
   T. Attorneys Fees 11
   U. Registered Sex Offenders Notice 11
   V. Proposition 65 11
   W. Asbestos 11
   X. Communication with Resident 11
   Y. Time 11

APARTMENT LEASE

THE PARTIES TO THIS APARTMENT LEASE are Landlord, acting by and through Landlord's Representative, and Resident. The Apartment Lease, together with the Definition Annex, Exhibits, Addenda and all attachments are collectively referred to herein as the "**Lease**". All capitalized terms are defined in the Definition Annex unless otherwise defined in this Lease.

1. LEASE OF APARTMENT HOME.

A. Use. Landlord leases to Resident the Apartment Home. Resident may use the Apartment Home only as a private residence (or for small day care operations as allowed by Law) and not for any business or commercial use; however, Resident may maintain a home office in connection with a full-time off-premises business office (including telecommuting) as long as the home office use does not involve visitors, patrons or other persons coming to the Apartment Home or the sale of goods or services from or to the Apartment Home and if permitted under applicable laws.

B. Additional Live-In Residents. Only the Resident and Additional Live-In Residents identified in the Definition Annex may occupy the Apartment Home. Resident may have a guest for no more than 7 nights in any month, unless Landlord approves a longer period. Resident must obtain the prior written consent of Landlord to change Residents or add Additional Live-In Residents.

2. LEASE TERM.

A. Initial Term. The lease of the Apartment Home is for the Lease Term.

B. Termination Notice; Automatic Short-Term Renewal.

If Landlord or Resident intends to terminate the Lease on the Lease End Date the terminating party must give written notice to other party at least 60 days before the Lease End Date of the terminating party's intent to terminate the Lease. (the "**Termination Notice**"). This notice requirement contractually modifies any statutory termination notice period. Resident shall vacate the Apartment Home by the Lease End Date or the end of the Two-Month Renewal Term (as applicable). If Resident gives a proper 60 day Termination Notice, fully complies with the Lease, and vacates as agreed, Resident will be relieved of further liability to Landlord for future Rent accruing after the termination date. If Resident provides the Termination Notice less than a full 60 days before the Lease End Date, then Landlord may in its sole discretion elect to allow this Lease to end on the Lease End Date or the last day of the applicable Two-Month Renewal Term (rather than allowing the Lease to automatically renew as provided in the next paragraph), provided Resident pays Landlord an amount equal to one day of Short Term Renewal Rent for each day of the 60-day notice period that extends beyond the Lease End Date or end of the Two-Month Renewal Term, as applicable. Such charge is intended to be an enforceable liquidated damages amount. Actual damages of Landlord's lost revenue caused by the Resident's failure to provide 60 days' notice of Resident's intent to vacate would be difficult to determine with any certainty, and the charge is a reasonable estimate of such damages and not a penalty.

If Resident fails to provide written notice of Resident's intent to vacate at least sixty (60) days before the end of the Lease Term or any Two-Month Renewal Term, as applicable, then this except as may otherwise allowed by Owner in its sole discretion as provided in the first paragraph of this Section 2.B, this Lease shall automatically renew for additional two (2) month terms (each a "Two-Month Renewal Term") upon the Lease End Date or the end of each Two-Month Renewal Term, as applicable. Such renewals shall automatically continue until either (i) a written notice of termination is given by either Resident at least 60 days in advance in accordance with the first paragraph of this Section 2.B, (ii) a written notice of termination is given by Landlord at least 60 days in advance of the termination date, (iii) a Renewal Amendment is signed by Resident and Landlord. During the Two-Month Renewal Term, monthly Rent will be increased to the Short Term Renewal Rent. If Landlord does not give written notice of the Short Term Renewal Rent amount before the applicable Two-Month Renewal Term, then the monthly Rent for such Two-Month Renewal Term shall be deemed to be the same as the monthly Rent in effect immediately preceding such Two-Month Renewal Term.

C. Renewal for a Term. Resident and Landlord may renew this Lease and extend the Lease Term by executing a renewal amendment (the "**Renewal Amendment**"). If executed by Resident and approved by Landlord, the Renewal Amendment shall have the same force and effect as the execution of a new lease and shall incorporate all of the terms of this Lease except as specifically changed in the Renewal Amendment.

D. Delaying Possession. If Landlord is unable to deliver possession of the Apartment Home to Resident on the Lease Start Date for any reason, Landlord shall not be in default under this Lease or liable to Resident for such delay and this Lease shall remain in force subject to the following:

(i) Rent shall abate on a daily basis during the delay, and

(ii) if the delay in possession extends for more than 5 days, Resident may terminate this Lease by giving written notice to Landlord no later than the 10th day after the Lease Start Date.

If Resident terminates the Lease, Resident shall be entitled only to a refund of the Deposit and any pre-paid Rent and this Lease shall be null and void. Resident shall not have the right to abate Rent or terminate this Lease because of cleaning or repair delays which do not prevent occupancy by Resident. If Landlord provides a Rent concession or abatement (in the initial month of occupancy or thereafter) with respect to the condition of the Apartment Home or otherwise, the same shall not be a waiver by Landlord of its right to collect the full Rent due under this Lease for any other month.

E. Early Termination. Resident is expected to remain a resident and perform all Lease obligations throughout the term of this Lease. Resident understands that Resident is liable under the Lease through the end of the Lease Term, even if Resident relinquishes possession of the Apartment Home before the end of the Lease Term. If Resident vacates the Apartment Home before the end of the Lease Term, Resident will be liable to Landlord for Rent Default Termination Damages (described in the Definition Annex of this Lease). To avoid this uncertainty, and as an alternate to liability for Rent Default Termination Damages, Resident may choose to pay a flat fee in advance to terminate the Lease early, rather than remaining liable for rent due through the end of the Lease Term. To do so, Resident may elect to exercise an Early Termination Option under the following conditions and by following these procedures:

(i) At least 60 days before the date that Resident desires to end the Lease, Resident gives Landlord written notice of Resident's election to exercise the early termination option, signed by all Residents;

(ii) Resident receives written confirmation from Landlord that Landlord has received this notice;

(iii) Resident is not in default of this Lease both when Resident gives the notice and on the date of early termination;

(iv) Resident pays Landlord all Rent and other amounts due through the early termination date;

(v) Resident pays the Early Termination Option Fee and any Rent Concession, before the early termination date; and

(vi) Resident vacates the Apartment Home on the early termination date in the manner provided in this Lease.

Exercise of the Early Termination Option will affect only Resident's obligations after the early termination date; Resident must comply with all other Lease obligations. Early termination shall not release Resident from any liability for damage to the Apartment Home or from the payment of Rent and other amounts when due, through the early termination date. Resident may not exercise the Early Termination Option under this paragraph if there are less than 3 months remaining on the Lease Term, or during a Two-Month Renewal Term.

F. Notice of Termination. After Resident gives the notice of intent to vacate or terminate under this section (including a Termination Notice), Resident cannot change Resident's move-out date as stated in the notice without

Landlord's prior written approval. Verbal notice shall not be sufficient to constitute notice of intent to vacate or terminate. Except for an early termination under this section, Resident's move out from the Apartment Home before the last day of the Lease Term or before the date of termination of a Two-Month Renewal Term shall not terminate this Lease or release Resident from liability under this Lease.

3. **RENT.**

A. Monthly Rent. Resident shall pay the Rent specified in the Definition Annex, each calendar month. Resident shall pay the first month's Rent before the Lease Start Date. If Resident does not pay the first month's Rent before the Lease Start Date, Landlord will have no obligation to give Resident possession of the Apartment Home, Landlord may keep any funds paid by Resident necessary to compensate Landlord for Resident's breach of this Lease, and Landlord may pursue any other damages allowed by law. If the Lease Start Date is not the first day of the month, Rent shall be prorated from the Lease Start Date through the last day of the month and shall be payable before the Lease Start Date. If this Lease ends on a day other than the last day of a month, Rent for the final month shall be prorated from the first day of the final month through the Lease End Date. Except for a payment due date stated in a separate utility bill sent to Resident, and except for the first month's Rent, Rent and all other amounts to be paid by Resident to Landlord under this Lease are due and payable in advance and without demand, setoff or deduction at the Landlord's Address **on the 1st day of each calendar month, and Resident shall be in default under this Lease if Resident fails to pay by that date.** Landlord may require Resident to pay Rent to an address other than Landlord's Address specified above. If Resident delivers Rent or any other payment hereunder by mail, Resident ASSUMES THE RISK that the Rent or other payment is lost or delayed in delivery, and Resident shall be liable and responsible for the failure to make such lost or delayed Rent or other payment. Landlord may require Resident to pay Rent and other amounts due under this Lease by certified check, cashier's check, money order, or direct debit and by one monthly payment rather than multiple payments. If Landlord elects (in its sole discretion) to permit Resident to pay by personal check, Landlord may assess a convenience fee for such payment. Landlord may convert Resident's check to an electronic deposit or an electronic transmission (ACH) for processing. Except as otherwise provided by law, Landlord shall not be liable for any Loss related to any inaccuracies or mistakes made in the inputting of data or electronic deposit of such check, except to the extent caused by the gross negligence or willful misconduct of Landlord. If Landlord so elects, all payments of Rent, together with any utility charges payable by Resident to Landlord pursuant to this Lease, shall be made by the following methods: Automated Clearing House ("ACH") debit, certified check or money order. Following such election by Landlord: (i) if Resident elects to make payment by ACH, Resident shall promptly complete an automatic debit form provided by Landlord authorizing Landlord to establish arrangements for the transfer of payments of Rent and such utilities by ACH debit initiated by Landlord from an account in the name of Resident established at a United States Bank; (ii) Landlord may, at its option, refuse any amount tendered by Resident in any form other than an ACH debit, certified check or money order; and (iii) for purposes of this Lease (including, without limitation, the default, Late Charge, Daily Late Fee, NSF Charge, Rent Damages and Enforcement Costs provisions hereof), in the event that Landlord is unable, through no fault of Landlord or its bank, to successfully process any ACH debit hereunder, Resident shall be deemed not to have paid, and Landlord shall be deemed not to have received, such payment of Rent and/or utilities.

B. Late Payment and Late Fees. If in any month Resident does not pay and Landlord does not receive all Rent and all other amounts due under this Lease before the Late Charges Date, Resident shall pay the Late Charge. Actual damages to Landlord resulting from Resident's failure to pay Rent and other amounts when due would be difficult to determine with any certainty, and the Late Charge is a reasonable estimate of Landlord's costs and expenses necessarily incurred as a result of Resident's failure to pay, including the lost time value of monies owed and employee time and other costs associated with tracking late amounts, giving notice of late amounts and other collection-related activities. The Late Charge is not a penalty and is intended to be an enforceable liquidated damages amount. The Late Charge does not constitute a waiver by Landlord of Landlord's remedies or of the due date of the payment of Rent and other amounts.

C. Returned Checks, Rejected Credit Card Payment or Failed ACH Debit. If a check from Resident is returned to Landlord by a bank or other entity for any reason, if any credit card or debit card payment from Resident to Landlord is rejected or if Landlord is unable, through no fault of Landlord or its bank, to successfully process any ACH debit Landlord is permitted to make hereunder, then

(i) Resident shall pay to Landlord the NSF Charge;

(ii) Resident shall pay to Landlord the Late Charge;

(iii) Landlord retains all other rights and remedies under this Lease for default; and

(iv) Landlord reserves the right to refer the matter for criminal prosecution.

It would be difficult to determine with certainty Landlord's actual damages resulting from rejection of any credit card or debit card payment from Resident to Landlord or if Landlord is unable, through no fault of Landlord or its bank, to successfully process any ACH debit. The NSF Fee is a reasonable estimate of Landlord's costs and expenses necessarily incurred as a result, including the lost time value of monies owed and employee time and other costs associated with tracking rejected credit or debit card payments and ACH debits, giving notice of rejected or unsuccessful payments and other collection-related activities. The NSF Fee is not a penalty and is intended to be an enforceable liquidated damages amount. The NSF Fee does not constitute a waiver by Landlord of Landlord's remedies or of the due date of the payment of Rent and other amounts.

D. Taxes. If any sales, use, excise, gross receipts or similar taxes are imposed on any fees or charges that Resident is required to pay under this Lease, Resident shall pay such tax to Landlord upon receipt of a bill from Landlord.

E. Application of Funds Received. Resident's right to possess the Apartment Home and all of Landlord's obligations under this Lease are expressly contingent on the timely payment of Rent and other amounts due under this Lease. Except as otherwise stated in this Lease or as required by applicable law, all funds received by Landlord (including the Deposit) shall be applied first to amounts that are not considered "Rent" by this Lease or applicable law, then to delinquent Rent and then to current Rent.

4. **SECURITY DEPOSIT.**

A. Deposit. Resident shall pay the Deposit to Landlord on or before the Lease Start Date. If Resident does not pay the Deposit to Landlord on or before the Lease Start Date, Landlord will have no obligation to give Resident possession of the Apartment Home, Landlord may keep any funds paid by Resident necessary to compensate Landlord for Resident's breach of this Lease, and Landlord may pursue any other damages allowed by law.. Landlord need not hold the Deposit in trust, nor deposit it in a segregated account, nor invest it in an interest-bearing account, unless required by law. Landlord will not pay Resident, or accrue for the benefit of Resident, any interest on the Deposit and Landlord may retain any such interest, unless required by law. The Deposit is not advance rent and cannot be applied to Rent by Resident.

B. Refund of Deposit. Landlord shall refund the Deposit to Resident as provided in this Lease and applicable law. At the option of Landlord, Landlord may pay any refund of the Deposit after applying all deductions, by one check payable and delivered to any Resident or one check jointly payable to all Residents but delivered to only one Resident. The amount of any refund will be calculated without regard to who paid the Deposit or whose conduct resulted in any deductions. Residents must provide written notice of the mailing address for any refund of the Deposit. Landlord shall mail the Deposit (less lawful deductions) and an itemized list of deductions no later than 21 days after Resident's surrender or abandonment of the Apartment Home. Upon the sale or transfer of the Community by Landlord and transfer of the Deposit to the new owner of the Community (either as a transfer of the Deposit or a credit against the purchase price), Resident shall look solely to such new owner, and not to Landlord, for a refund of the Deposit.

C. Additional Deposit. If Resident is late with Rent or any other amounts due under this Lease more than two (2) times during the Lease Term, Landlord shall have the right to immediately increase the Deposit by one-half (1/2) of the monthly Rent (provided that at no time shall the Deposit exceed the maximum security deposit allowed under applicable law). Resident shall deliver such additional Deposit to Landlord within five (5) days after demand.

5. **UTILITIES.**

A. Landlord's Payment for Utilities. Landlord shall pay only for those utilities identified in the Definition Annex, which shall not include telephone.

Resident gives Landlord the right to select any utility provider and change the same from time to time without notice. Resident shall, subject to the direction of Landlord, pay for all other utilities (including related deposits, charges, fees and services). The records and all meters in the Community are presumed to be correct for all purposes. Resident shall transfer to Resident's name any utility(ies) required by Landlord to be so transferred. . If Resident fails to transfer such utility(ies) by the time requested by Landlord, Landlord shall have the right to fine Resident an amount not to exceed $25.00 after 2 days, plus $25.00 after 30 days, plus $25.00 after 60 days.

B. Direct Billing by Landlord.

(i) Certain utility services, such as water, wastewater/sewer, trash removal, pest control, electric, cable TV and gas, may, from time to time, be billed by Landlord to Resident. The Apartment Home may not receive all of the utilities listed in the preceding sentence or the Definition Annex or may receive additional utilities. Resident may be required to contract with or pay directly certain utility providers. Resident shall pay Landlord for those utilities billed by Landlord or Landlord's agent for such billing (a "**Utility Bill**"). Such Utility Bill may be issued separate and apart from any invoice or bill for rent, or may be part of a consolidated statement containing rent, utilities, pest control and other applicable charges. These additional charges where allowed by law are considered to be additional rent and are to be paid in addition to the base rent. Resident understands that Resident may be required to pay a consolidated statement fee of

$3.75which may be in addition to or in lieu of other applicable fees.

(ii) Landlord may bill Resident for utilities based on a ratio utility billing (RUB), estimate, flat fee or actual reading of a submeter for Resident's Apartment Home, as determined by Landlord. Resident acknowledges that the basis for any utility or service related charges for which Resident is responsible may be derived from Landlord's utility bills, tax statements or other charges paid by Landlord.

(iii) Landlord may at any time require Resident to pay utility providers directly for Resident's own utility usage on a submetered or other basis as determined by Landlord. Landlord shall give Resident 30 days prior written notice before requiring Resident to begin paying a utility provider directly for Resident's utility usage.

(iv) As a regular part of each monthly Utility Bill, Resident may be charged, in which case Resident shall pay, a monthly service in addition to the utility service charges for which Resident is billed. The monthly service fee is for administration, billing, overhead and similar expenses and charges incurred by Landlord for providing or processing Utility Bills. Landlord may use a third party billing provider to provide all or part of the billing services directly.

(v) Resident agrees to allow Landlord, a billing service provider or any utility providers designated by Landlord, reasonable access to the Apartment Home to read the submeter(s), if any, for Resident's Apartment Home.

(vi) If Resident moves into or out of the Apartment Home on a date other than the first day of the month, Resident will be charged for the period of time that Resident was living in, occupying, or responsible for payment of Rent or utilities for the Apartment Home. If Resident is in default under this Lease by vacating the Apartment Home before the end of the term, Resident shall be liable for all charges for utilities until the earlier of (1) the end of the term, or (2) until the Apartment Home is re-rented.

C. Failure to Pay Utilities. Resident shall pay all charges for utilities on the date specified in a Utility Bill, whether to Landlord or a utility provider. This covenant is independent of every other covenant of this Lease. If Landlord elects to require ACH debit pursuant to Section 3, all Utility Bills payable to Landlord shall thereafter be paid by ACH debit in accordance with Section 3. If Resident is charged for utilities separately from Rent, then such charges shall be deemed "Rent" for purposes of any defaults under this Lease. Resident shall not allow any utility, other than telephone, cable or internet (if subscribed to directly by Resident) to be interrupted or interfered with or disconnected by any means, including the non-payment of a bill, until the end of the Lease Term; interruption, interference or disconnection is hazardous, and a material breach of this Lease.

D. Use of Utilities. Resident shall use the utilities only for ordinary household purposes and shall not waste them. Resident shall not tamper with, adjust or disconnect any metering or submetering system or device. Resident must comply with all energy conservation requirements imposed by Landlord, utility providers or governmental authorities. Failure to comply will be a material breach of this Lease and Resident will be responsible for resulting damages to Landlord.

E. Change or Interruption in Utility Service. Utilities now provided, or any utility rates now in effect, may not continue in the future. Resident's responsibility to pay for utilities shall be unaffected by any change in utilities, rate increase and/or reclassification. Landlord may make changes to, or install, utility wires, meters, sub-metering or load management systems, and similar electrical and other utility equipment serving the Apartment Home. This work shall be done in a reasonable manner.

6. CONDITION OF APARTMENT HOME.

A. Move-In Condition Form. Before Resident takes possession of the Apartment Home, Resident and Landlord shall inspect the physical condition of the Apartment Home. Resident and Landlord shall execute Landlord's move-in and move-out condition form (the "**Condition Form**"), identifying all material damage or defects with the physical condition of the Apartment Home. Resident's failure to report specific defects or problems on the Condition Form shall be a binding agreement by Resident and conclusive evidence that the Apartment Home is acceptable and in good condition. Landlord has not made any promises to decorate, alter, repair or improve the Apartment Home, unless Landlord otherwise expressly states in the Condition Form or otherwise. **LANDLORD MAKES NO EXPRESS WARRANTIES REGARDING THE APARTMENT HOME AND COMMUNITY, AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EXPRESSLY DISCLAIMS AND EXCLUDES ANY AND ALL EXPRESS WARRANTIES.**

B. Cleaning and Upkeep of Apartment Home.

(i) Resident shall keep the Apartment Home, including all balconies, patios, and other areas reserved for Resident's private use, in a clean and sanitary condition.

(ii) Resident shall dispose of all garbage and recyclable materials in designated containers and areas in accordance with Landlord's regulations and applicable law. Resident shall not dispose of large items, except as permitted by Landlord. Landlord may charge Resident a fee for improper disposal of garbage.

(iii) Resident shall use all appliances, fixtures and equipment in the Apartment Home and Community in a safe manner and only for the purposes for which they are intended.

(iv) Resident shall maintain a temperature of at least 55°F in the Apartment Home so that the pipes will not freeze.

(v) Resident shall replace light bulbs in all light fixtures at Resident's expense.

(vi) Resident shall maintain all mechanical rooms located in the Apartment Home in compliance with applicable laws.

(vii) If the Apartment Home contains a "Stove Top Fire Stop" or similar canister above the stove, Resident shall be liable for any Loss related to such "Stove Top Fire Stop" or similar canister and shall pay Landlord for the replacement of each canister missing, damaged or not in working order. Resident shall notify Landlord immediately if any canister is missing or appears damaged.

(viii)Upon taking possession of the Apartment Home, Resident shall confirm that the smoke detector and carbon monoxide detector(s) (if any) are is in good working order, and Resident shall maintain the smoke detector(s) through the Lease Term.

(ix) Upon request by Landlord, Resident shall, at Resident's expense, install rugs on any wood or laminate flooring in the Apartment Home for noise mitigation if deemed necessary by Landlord.

C. No Alterations. Resident shall not make any alterations, improvements, or installations to the interior or exterior of the Apartment Home, including wallpapering, contact paper, cork boards, mirrored squares, painting, awnings, window guards, shelves, screen doors, carpeting, alarm systems,

electrical systems, telephone, computer, cable television outlets, shower head devices, washers, dryers (portable or otherwise), fans, heaters, or air conditioners without the prior written consent of Landlord. Resident may place a reasonable number of small holes in sheetrock walls and in the grooves of wood paneling to hang pictures. If Landlord permits Resident to install a washer, dryer or other appliance,

(i) Landlord may require Resident to permit Landlord to install the same (and to pay Landlord the reasonable costs of installation),

(ii) Landlord may require the use of non-burstable hoses,

(iii) Landlord may require Resident to carry Renter's Liability Insurance with a minimum of $10,000 per occurrence and $500 deductible, which insurance shall (a) be written by an insurance company licensed to write insurance in the jurisdiction in which the Community is located, (b) names Landlord as an additional insured, (c) provides that it cannot be cancelled or non-renewed without at least 30 days' prior written notice to Landlord, (d) includes a waiver of subrogation with respect to Landlord, and (e) is primary to any and all insurance carried by Landlord (collectively, the "**Insurance Requirements**").

(iv) Resident shall be liable for any Losses related to the use or presence of such appliance.

Resident shall be liable for all damage caused by any personal property or appliances permitted by Landlord. All such approved appliances must comply with applicable laws and Resident must furnish to Landlord satisfactory evidence of insurance that covers any and all damage related to such appliances prior to resident bringing such appliances into the Apartment Home, together with all insurance renewals. Resident shall not remove Landlord's fixtures, equipment, monitoring devices, or electronic alarm systems for any reason. If Resident makes any improvements to the Apartment Home (with or without Landlord's consent), such improvements shall, at the option of the Landlord, become the property of Landlord.

D. Water Furniture. Resident shall not place any water furniture in the Apartment Home, except that Resident may place a water bed in the Apartment Home so long as such water bed is permitted by applicable building codes and Resident has provided evidence to Landlord of renter's insurance that covers any property damage related to the water bed prior to Resident bringing the water bed into the Apartment Home, together with all insurance renewals. Subject to applicable law, the insurance shall

(i) be in a minimum amount of $100,000 per occurrence;

(ii) have a deductible of no more than $500; and

(iii) comply with the Insurance Requirements.

Resident shall maintain such insurance in effect for so long as the water bed is in the Apartment Home. Resident shall be liable for any Loss and shall indemnify and hold harmless Landlord with respect to the water bed. The presence of the insurance does not relieve Resident of any liability with respect to the water bed.

E. Signal Reception Devices. Resident may install signal reception devices (a "**satellite dish or antenna**") used to receive direct broadcast satellite services, receive or transmit fixed wireless signals via satellite, receive video programming services via multipoint distribution services, receive or transmit fixed wireless signals other than via satellite, and/or receive television broadcast signals at the Apartment Home, subject to the following conditions:

(i) A satellite dish or antenna may not be installed by Resident if the service received by such satellite dish or antenna is available to Resident through the building's master antenna system (if installed) at a cost comparable to the cost of Resident's proposed individual service.

(ii) A satellite dish or antenna may not exceed one meter (3.3 feet) in diameter.

(iii) The location of the satellite dish or antenna is limited to inside the Apartment Home or on a balcony or balcony railing, patio or terrace that is under the exclusive control of Resident. Installation is not permitted on any parking area, roof, exterior wall, window, windowsill, fence or Common Area or in an area that other residents are allowed to use. Allowable locations may not provide an optimal signal, or any signal at all.

(iv) Resident's installation, operation and use (a) must comply with reasonable safety standards; and all applicable laws; (b) may not interfere with Landlord's cable, telephone or electrical systems or those of neighboring properties; (c) may not be connected to Landlord's telecommunications systems; and (d) may not be connected to Landlord's electrical systems except by plugging into a 110-volt duplex receptacle. Installation must be in accordance with all applicable federal, state and local laws and in a manner that will not damage the Apartment Home. A satellite dish or antenna that is placed in a permitted outside area, must be safely secured by one of three methods: (x) securely attaching it to a portable, heavy object such as a small slab of concrete; (y) clamping it to a part of the building's exterior that lies within the Resident's Apartment Home (such as balcony or patio railing without protruding over the railing); or (z) any other methods approved by Landlord. No other methods of attachment are allowed. Landlord may require reasonable screening of the satellite dish or antenna that does not impair reception or transmission.

(v) Resident may not damage or alter the Apartment Home and may not drill holes through outside walls, door jambs, windowsills and the like. If Resident's satellite dish or antenna is located outside the Apartment Home (such as on a balcony or patio) the signals received by it may be transmitted to the interior of Resident's Apartment Home only by the following methods: (a) running a flat cable under a door jamb or window sash in a manner that does not physically alter the Apartment Home and does not interfere with proper operation of the door or window; (b) running a traditional or flat cable through a pre-existing hole in the wall that will not need to be enlarged to accommodate the cable; (c) connecting cables through a window pane similar to how an external car antenna for a cellular phone can be connected to inside wiring by a device glued to either side of the window, without drilling a hole through the window; (d) wireless transmission of the signal from the satellite dish or antenna to a device inside the Apartment Home; or (e) any other method approved by Landlord.

(vi) Resident shall maintain the satellite dish, antenna and all related equipment.

(vii) Resident shall remove the satellite dish or antenna and other related equipment when Resident moves out of the Apartment Home. Resident shall pay for any damages and for the cost of repairs or repainting which may be reasonably necessary to restore the Apartment Home to its condition prior to the installation of Resident's satellite dish, antenna or related equipment, ordinary wear and tear excepted.

(viii) As long as the satellite dish and antenna are installed in the Apartment Home, Resident shall maintain and provide Landlord prior to Resident bringing the satellite dish into the Community, with satisfactory evidence of liability insurance in the amount of $10,000 naming Landlord as an additional insured, together with all insurance renewals, to protect Landlord against Losses relating to Resident's satellite dish or antenna. Resident shall comply with all Insurance Requirements. Resident shall hold harmless and indemnify Landlord's Related Parties against any Losses related to the use, maintenance or presence of Resident's satellite dish, antenna or related equipment.

(ix) Resident's Deposit shall be increased by an Antenna Deposit of $0.00 to offset possible repair costs, damages, or failure to remove at time of move out. This addition to the Deposit does not imply a right to drill or otherwise alter the Apartment Home or Common Areas, and it may be used for any purpose, whether or not related to the satellite dish, antenna, or related equipment.

(x) Resident may start installation of Resident's satellite dish or antenna only after Resident has: (a) provided Landlord with a copy of written proof of the liability insurance referred to in this section; and (b) paid the additional Deposit referred to in this section. After Resident has met the requirements in this section, Landlord shall issue Landlord's written authorization on the Community's satellite dish approval form.

F. Damage to Apartment Home and/or Common Areas including but not limited to Community facilities. Resident shall pay to Landlord within 3 days after demand the Loss incurred by Landlord caused by any Resident Party or pets or animals. Landlord may demand such payment either before or after a repair is made. Landlord's delay in demanding such payment is not a waiver of Landlord's right to demand such payment.

G. Mold Remediation.

(i) Resident shall use best efforts to prevent any conditions in the Apartment Home that could create an environment conducive to mold growth, including:

a. Controlling indoor temperature and humidity by maintaining fresh air circulation, using the HVAC system during hot weather, (whether or not any Resident Party is in the Apartment Home) to maintain the temperature in the Apartment Home at 78°F or lower, keeping the humidity in the Apartment Home below 60%, and not running the air conditioner with windows or balcony doors open. Resident accepts responsibility for condensation and potential mold development if air conditioning is consistently run with the windows or balcony doors open. Landlord shall have the right, but not the obligation, to enter the Apartment Home upon reasonable notice to turn on the air conditioning in an effort to cause the temperature within the Apartment Home to be maintained as required herein while Resident is absent from the Apartment Home (with all utility consumption costs to be paid by Resident to the extent otherwise required herein);

b. Not disconnecting, altering or otherwise changing the HVAC system, bathroom, and kitchen exhaust fans;

c. Arranging furniture so as not to block airflow or thermostats;

d. Not installing any vapor barriers that can trap moisture in interior wall cavities, such as wall paper or paneling;

e. Not installing carpet in wet areas, such as kitchens or bathrooms, or on balconies;

f. Not storing paper and cardboard in unventilated areas;

g. Drying surfaces that develop condensation;

h. Using bathroom exhaust fans when showering;

i. Preventing elevated humidity levels from fish tanks and humidifiers;

j. Placing saucers underneath houseplants and avoiding excessive numbers of house plants;

k. Using exhaust fans when cooking, washing dishes or house cleaning;

l. Not obstructing or otherwise blocking building weep screens, drains, gutters, or any other means of water drainage from the building or balconies. Residents agree to notify building management if bathroom or kitchen sealants crack, dry out, rot, or are otherwise compromised;

m. Preventing rainwater from entering the Apartment Home;

n. Cleaning and drying any damp surfaces, carpeting or personal property within 48 hours of the dampness occurring;

o. Conducting visual inspections of the Apartment Home at least once a month for plumbing and other water leaks and reporting plumbing leaks or uncontrollable moisture to the management office promptly;

p. Conducting visual inspections of the Apartment Home at least once a month for mold on window frames, carpets, tiles, plants, personal property, wallpaper, books, and papers and regularly cleaning small amounts of mold or mildew, for example on bathtub areas and window sills, with detergent and drying the surface; and

q. Not bringing any personal property into the Apartment Home that contains visible mold.

(ii) If suspect fungal growth or excessive moisture develops, Resident shall notify Landlord immediately and shall remedy any such conditions caused by any Resident Party. Landlord's Related Parties are not responsible for the consequences of any conduct of any Resident Party that leads to or exacerbates mold growth, and Resident shall indemnify and hold harmless Landlord's Related Parties from any Loss related to such conduct. Resident promptly shall report to Landlord, in writing, any actual or potential moisture or mold problem, regardless of what may have caused such problem. Failure to make a prompt written report of any such potential moisture or mold problem constitutes a default and an unconditional waiver and release of Claims relating to the unreported conditions.

(iii) If Landlord notifies Resident of Landlord's intention to investigate and/or remediate mold in the Apartment Home, Resident shall provide immediate access to the Apartment Home to permit Landlord to investigate and/or remediate any problem. If Landlord determines that Resident should vacate the Apartment Home during investigation and/or remediation, Resident will relocate (at Landlord's expense) to another Apartment Home within the Community for the period of time necessary to complete such investigation and/or remediation. Resident's refusal to relocate in accordance with these provisions, or any other interference with Landlord's remediation efforts, shall constitute a breach of this Lease by Resident and an unconditional waiver and release of any Claims related to exposure to or the presence of mold. Upon Resident's breach of any provision of this section, Landlord may terminate this Lease, evict Resident immediately and exercise all other remedies for breach of this Lease.

(iv) If Resident is found to be partially or wholly liable for the mold infestation and cost of remediation, Resident shall be responsible for all Losses suffered by Landlord, including, but not limited to, any investigation and remediation expenses and costs to relocate Resident.

H. Emergencies. If an emergency or other event occurs which, in Landlord's reasonable opinion, jeopardizes the health, safety or welfare of Resident Parties or persons in the Community, Landlord may, subject to applicable law (i) lock-out, or otherwise prohibit, Resident from entering the Apartment Home for a reasonable period of time, and such action shall not constitute constructive or actual eviction, or (ii) terminate this Lease by written notice to Resident.

I. Basements. Resident may use the finished basement, if any, in the Apartment Home as living space as long as the occupancy limits for the Apartment Home are not exceeded. Resident acknowledges that the basement may not be flood free, and Landlord shall not be liable for any Losses arising from the use of the basement.

J. Fireplaces. Resident shall be liable for any Losses resulting from the use of any fireplace located in the Apartment Home.

K. Bed Bugs and Pests.

(i) "Pests" include (but are not limited to) ants, bed bugs, cockroaches, fleas, mites, spiders, termites, mice, rats, other vermin and insects.

(ii) Landlord has inspected the Apartment Home and is unaware of any pests in the Apartment Home. At move-in, Resident will complete and sign a Condition Form documenting the Apartment Home' condition. If Resident fails to report pests in the Condition Form, it will be presumed that the Apartment Home has been delivered in good condition and free of pests.

(iii) Resident agrees to cooperate with Landlord's pest control efforts by:

- Keeping the Apartment Home clean and uncluttered;
- Promptly advising Landlord of any pest infestations or pest control needs;
- Providing Landlord with access to Apartment Home for Landlord's pest control assessments and pest control treatment;
- Preparing the Apartment Home for pest control treatment and/or vacating the Apartment Home when necessary in connection with Landlord's pest control efforts. Resident will comply with all instructions necessary to prepare the Apartment Home for fumigation, testing/inspection or repair. Storage, cleaning, removal, or replacement of contaminated or potentially contaminated personal property will be Resident's responsibility and at Resident's expense unless the contamination was the result of Landlord's negligence, intentional wrongdoing or violation of law. Landlord is not responsible for any condition about which Landlord is not aware;
- Upon request by Landlord, promptly providing Landlord with copies of all records, documents, sampling data and other materials relating to the condition of the Apartment Home.

(iv) If requested by Landlord, Resident agrees to temporarily vacate the Apartment Home for fumigation, testing/inspection, or repairs. If Resident is required to vacate the Apartment Home for treatment, Landlord may (but will not be required to) waive rent due for the period of Resident's vacancy on a per diem basis. Alternatively, Landlord may

choose to temporarily relocate Resident to another unit for the Apartment Home during the treatment period. Resident will be entitled to neither unless the infestation was the result of Landlord's negligence, intentional wrongdoing or violation of law. Resident will bear the expense of moving Resident and his or her property to the substitute unit unless otherwise agreed by Landlord or otherwise provided by law. If Resident relocates, upon written notice of completion of the pest control measures requiring relocation, Resident will promptly return and reoccupy Resident's original unit (the Apartment Home) and vacate the substitute unit.

(v) Bed bugs are wingless parasites about 1/5 inch long. Adult bed bugs are rusty red or mahogany. Immature bed bugs are smaller and are a lighter, yellowish-white color. Bed bug infestations are becoming more common and can be found even in first class hotel and living accommodations. Bed bugs are transferred to new locations on people, their clothing, furniture, bedding, and luggage.

To prevent bed bug infestations, Resident agrees that before move-in and/or bringing new items to the Apartment Home, Resident will inspect all luggage, bedding, clothing, and personal property and to carefully scrutinize and consider the history of any used furniture before bringing it to the Apartment Home. (Resident should be mindful that furniture found discarded in or around dumpsters or elsewhere may have been discarded because of a bed bug infestation). Resident will allow Landlord to do the same upon request. If Landlord has a concern about possible infestation, Landlord may (but will not be obligated to) either prohibit Resident from bringing the item into the Apartment Home and building or, require Resident to have the item treated at Resident's expense before the item is brought into the Apartment Home or building.

Resident will immediately notify Landlord of any condition in the Apartment Home indicating a bed bug infestation, such as bed bugs (whether alive or dead); blood spots (either red or brown) or excrement spots (brown or black) on bedding or the bed; or a sweet odor.

Bed bug treatment is challenging. It requires Resident's cooperation, professional treatments over several weeks, and will require treatment and/or discarding of furniture, clothing, and personal property. Because of the difficulty of bed bug extermination, and because of the risk that bed bugs could spread into other units, Resident agrees that if bed bugs are found, Resident will immediately contact Landlord, and will not attempt to personally exterminate bed bugs without professional assistance. Resident acknowledges that Landlord shall not be responsible for any loss of personal property suffered by Resident as a result of an infestation of bedbugs. Resident may acquire renter's insurance to cover such losses.

(vi) Because pests may pose a risk to the health and safety of other residents, Resident's breach of Resident's pest control obligations is a material breach of the Lease.

(vii) Resident agrees to indemnify and hold Landlord harmless from any claims, losses, damages and expenses that Landlord incurs from the negligence of Resident or Resident's household members, guests or agents, or their failure to comply with Resident's pest control obligations.

7. <u>REPAIRS AND MALFUNCTIONS</u>. Resident shall request promptly any repairs to be made to the Apartment Home or its contents, fixtures, security devices and other equipment that belong to Landlord. Resident must notify Landlord immediately of any malfunction or damage caused by fire, water or similar cause and of any water leaks, electrical problems, heating problems, broken locks or latches or other condition that may pose a hazard to health, property or safety. Upon receipt of a request, Landlord shall endeavor to act with reasonable diligence to make the repairs and this Lease shall continue and the Rent shall not abate. The Resident's request for repair is Resident's agreement for Landlord to enter the Apartment Home to perform the repair. Landlord may decide not to enter the Apartment Home if a person under 18 years old is present without a person 18 years or older also present. Landlord temporarily may turn off equipment and interrupt utilities to avoid damage to property or to perform maintenance and this shall not constitute constructive eviction of Resident. If a request for repair is not made in writing, Resident must establish when Resident made the request.

8. <u>KEYS AND LOCKS</u>.

A. <u>Ownership of Keys and Access Cards</u>. All keys, access cards and remote controls are the sole property of Landlord. Landlord may charge an addition to the Deposit for any key, access card or remote control, and may charge a fee if any key, access card or remote control is lost or not returned. Resident shall be liable for any Loss related to the improper use of any key, access card or remote control. At the termination of this Lease, Resident shall return all keys, access cards and remote controls to Landlord.

B. <u>Change in Locks</u>. Resident shall not install additional or different locks or gates on any door or window of the Apartment Home without the prior written permission of Landlord. If Landlord approves Resident's request to install such locks, Resident shall provide Landlord with a key for each lock and shall reimburse Landlord all reasonable costs incurred to remove such locks. Resident shall not duplicate keys for the Apartment Home. Landlord may copy all keys for the Apartment Home, whether provided by Landlord or Resident.

9. <u>COMMUNITY POLICIES</u>.

A. <u>Community Rules</u>. Resident Parties shall comply with the Community Rules. Resident is responsible for the conduct of the Resident Parties. Landlord may make reasonable policy changes that are applicable to all residents if in writing and given to Resident. All policy changes shall be effective immediately and shall constitute a part of this Lease. **<u>Resident acknowledges receipt of the written Community Rules from Landlord prior to the execution of this Lease and understands that the terms and conditions of the Community Rules are incorporated in this Lease</u>**.

B. <u>Common Areas</u>. Common Areas are subject to Landlord's exclusive control. Sidewalks, steps, outside hallways, entrances, walkways and stairs shall not be obstructed in any way or used for any purpose other than ingress or egress. Common Areas may not be used for storage or the placement of bicycles, personal property, athletic equipment, trash, refuse or similar items. Landlord may impose specific restrictions on Resident's use of the Common Areas by giving notice by sign, letter or other means to Resident, and violation of any such restrictions shall be a default by Resident of this Lease. Resident Parties shall use Common Areas with care and solely at their own risk.

C. <u>Defacing the Common Areas</u>. Resident shall not litter the Community grounds or Common Areas, destroy, deface, damage or remove any part of the Apartment Home, Common Areas or other parts of the Community, or light any open fires except in designated fireplaces. Except as otherwise provided by law, Resident shall not display any sign or advertising matter that is visible outside the Apartment Home or is on the Common Areas or otherwise in the Community without Landlord's prior written consent.

D. <u>Other Improper Conduct</u>. Resident Parties shall not engage in unlawful, improper, unreasonable or prohibited behavior, all of which shall be a breach of this Lease, including the following:

(i) loitering in Common Areas or the management or leasing office;

(ii) using landscaped areas for recreational purposes;

(iii) serving alcoholic beverages in Common Areas;

(iv) loud, disorderly, or unlawful conduct, harassment, or nuisances, including, but not limited to, noxious odors or other emissions that violate any applicable law;

(v) disturbing, infringing upon, adversely affecting or threatening the rights, comfort, health, safety, property or convenience of others in or near the Community;

(vi) possessing, selling, or manufacturing illegal drugs or drug paraphernalia;

(vii) engaging in or threatening violence;

(viii) possessing a weapon prohibited by law;

(ix) discharging a firearm in the Community;

(x) displaying or possessing a gun, knife or other weapon in the Common Area in a way that may alarm others;

(xi) authorizing solicitors or salespersons to enter the Community;

(xii) operating a business;

(xiii) bringing hazardous materials into the Community;

(xiv) using sterno logs in the fireplace; using candles or kerosene lamps or heaters;

(xv) cooking on a balcony or in the Common Area (other than those in which such cooking is expressly permitted by Landlord);

(xvi) storing anything in closets which contains gasoline, kerosene, propane or other similar substances;

(xvii) engaging in any act or practice which will injure the reputation of the Community or cause harm to others; or

(xviii) violating any law, regulation, ordinance or order.

E. Landlord's Right to Exclude Persons. Landlord reserves the right to control the entry upon the Community by Resident's guests or invitees. Landlord reserves the right to exclude any Resident Party and other persons

(i) who, in Landlord's reasonable discretion, are involved in activities, including illegal drug-related activities, which may be harmful to the residents and neighbors of the Community,

(ii) who, in Landlord's reasonable discretion, cause disturbances at the Community which disrupt the livability of the Community or interfere with the management of the Community or the quiet enjoyment of any resident to their apartment home, or

(iii) whose activities at the Community are in violation of any laws.

Landlord may exclude anyone who previously has been evicted from the Community for a Non-Rent Default. Additional Live-In Residents, and guests and invitees who have been notified by Landlord not to return to the Community also may be arrested for criminal trespass if they return to and enter the Community. If Resident has an Additional Live-In Resident, guest or invitee in the Apartment Home or on the Community whose presence at the Community is a violation of this section, Resident shall be in violation of this Lease. If Resident does not cure such violation within 3 days after receipt of written notice from Landlord, or if Resident again is in violation of this section after receiving a notice of default and right to cure, this Lease shall terminate and Resident shall be in default of this Lease. If such violation may cause imminent harm to any person or property (as determined in Landlord's reasonable discretion), then the 3-day request shall be inapplicable and Resident shall cure the violation immediately upon verbal or written notice from Landlord.

F. Member Cards. Landlord may photograph each resident of the Community and give such resident a Member Card with his or her picture on the Member Card for identifying individuals who live and have access to the Community and the Common Areas. Landlord may install devices that require use of the Member Cards to gain access. Landlord may require that the Member Card be produced by anyone seeking access, and may exclude access for a reasonable period of time to anyone who does not produce the Member Card until the resident's identity can be verified. Landlord may disclose Resident information contained on the Member Cards, including photographs, only if Resident consents to disclosure, in accordance with the Community's resident privacy policy or if requested to do so by law enforcement officials. Landlord will not use the Member Cards for commercial purposes. Member Cards may be used only for identifying residents to the Community and not for proof of legal residency or identity to third parties. The Member Cards are the property of Landlord and must be returned upon request or upon termination of this Lease. Landlord shall have no obligation to provide or require the use of Member Cards.

G. Deliveries. Landlord may accept deliveries of certain types of parcels at the Landlord's management office. If Resident desires Landlord to permit a delivery person to enter the Apartment Home, Resident must execute Landlord's permission form. Landlord's Representatives shall not be liable for any Loss relating to deliveries accepted by Landlord or any entry into Resident's Apartment Home.

10. **PARKING AND VEHICLES**. Landlord may regulate and/or prohibit the time, manner, place of parking, number parked, charge for parking, use and/or storage of cars, trucks, recreational and commercial vehicles, motorcycles, mopeds, boats and other motor vehicles ("**Motor Vehicles**"), and of bicycles, trailers, tricycles, skateboards, roller skates, trampolines, and exercise equipment. Landlord may limit the parking spaces available for guests and invitees and limit the duration that a guest or invitee may park at the Community. A guest or invitee shall not be allowed to park at the Community for more than 7 days in any month. A Motor Vehicle is unauthorized or illegally parked in the Community if it: (A) has flat tires or other condition rendering it inoperable; (B) is on jacks, blocks or has wheel(s) missing; (C) has no current license or no current inspection sticker; (D) takes up more than one parking space; (E) belongs to a Resident or Additional Live-In Resident who has surrendered or abandoned the Apartment Home; (F) is parked in a marked handicap space without the legally required handicap insignia; (G) blocks another vehicle from exiting; (H) is parked in a fire lane or designated "no parking" or "restricted parking" area; (I) is parked in a space marked for other resident(s) or apartment homes(s); (J) is parked on the grass, sidewalk, patio or staircase; (K) blocks garbage trucks from access to a dumpster; (L) cannot lawfully be operated as a vehicle on the road; (M) has a malfunctioning alarm; or (N) is parked in a designated visitor or office parking space. Except as permitted by Landlord, Resident shall not perform repairs or maintenance on any Motor Vehicle anywhere in the Community. Motorcycles and mopeds may be parked only in designated areas and must have an operable device to prevent damage to the asphalt from the kickstand or similar support device. Gasoline, fuel grade alcohol or other explosive materials may not be stored at the Community, including, in parking areas. Resident shall be responsible for oil stains and other damage caused by any Motor Vehicle of any Resident Party. No Motor Vehicle may be parked or stored at the Community unless such Motor Vehicle is regularly used by a Resident Party as a means of transportation. Resident Parties are responsible for the proper operation of vehicle alarms and theft deterrent systems. Landlord may tow, at the expense of the owner and Resident, a Motor Vehicle that is unauthorized or illegally parked at the Community, or parked in violation of this Lease. Landlord shall not be liable for any Losses resulting from such towing.

11. **EQUIPMENT, SERVICES AND FACILITIES**. Landlord may provide for Resident's use various services, equipment and facilities (collectively, the "**Facilities**"), such as laundry rooms, exercise rooms and facilities, storerooms and swimming pools. Landlord may modify or cancel the Facilities at any time. Resident's use of the Facilities is subject to the Community Rules or the rules or instructions provided at the Community. Resident shall not allow Resident Parties who do not comply with the rules to use the Facilities. Resident may be required to show identification to enter or use the Facilities. Landlord may deny use or access to any Resident Party who fails to follow instructions or fails to comply with the rules or the requirements of this section. The Facilities are provided for Resident only as an incidental service, and Landlord may not provide any attendants or supervisors. To the extent allowed by law, Resident Parties shall use the Facilities wholly at their own risk, and will indemnify and hold harmless Landlord's Related Parties from any Claim or Loss suffered or sustained by Resident Parties in connection with the use of the Facilities, regardless of whether such Loss results from Landlord's negligence, but excluding Landlord's gross negligence or willful misconduct. Landlord disclaims, excludes and denies all express and implied warranties with respect to the physical condition and operation of the Facilities provided. The Facilities are for the exclusive use of Resident and Additional Live-In Residents and for invitees and guests of Resident and Additional Live-In Residents as permitted by Landlord.

12. **LIABILITY**

A. Insurance. **LANDLORD AND LANDLORD'S REPRESENTATIVE ARE NOT INSURERS. LANDLORD STRONGLY RECOMMENDS THAT RESIDENT SECURE INSURANCE TO PROTECT AGAINST PERSONAL INJURY AND PROPERTY DAMAGE, INCLUDING LOSSES FROM THEFT, FIRE, WATER DAMAGE AND VANDALISM.**

Resident specifically and expressly agrees that (1) he/she is not an implied co-insured of Landlord or Landlord's Related Parties under any insurance policies carried by Landlord or Landlord Related Parties and (2) Resident will be liable to Landlord for fire damage or other casualty to the Community caused by the Resident Parties.

B. Personal Safety.

(i) Landlord's Related Parties do not guarantee or warrant Resident's personal security or safety. Landlord has no duty to provide security devices. Any protective steps (such as courtesy patrols or guards) that Landlord takes are neither a guarantee nor warranty against criminal acts or against the violent tendencies of third persons in the Community or

otherwise. Resident's personal safety and security is Resident's personal responsibility.

(ii) Landlord is under no obligation or duty to inspect, test or repair any security device, except when advised by Resident that the locking device is not functioning necessary to maintain (a) an operable dead bolt lock on each main swinging entry door of a dwelling unit and (b) operable window security or locking devices for windows that are designed to be opened (except for louvered windows, casement windows and windows more than 12 feet vertically or 6 feet horizontally from the ground, a roof, or other platform). Landlord may elect to retain (or cancel) an independent contractor for lockouts, disturbances, fire lane violations and problems similar in nature. Landlord assumes no responsibility for the security of Resident through the retention of an independent contractor. Landlord has no liability for the acts or omissions, whether negligent, intentional or otherwise, of such independent contractor. The independent contractor is not a police force nor a guaranteed deterrent to crime. In the event of criminal activity, Resident should contact the police department.

(iii) Resident shall give Landlord keys, codes or operating devices immediately upon installation of any additional security device in the Apartment Home. Any security devices installed by Resident must comply with all applicable laws. Resident shall provide Landlord with a copy of any necessary permit or license prior to installing any additional security device. Resident shall be liable for any license or other fee, or any fine, related to any additional security device.

C. Release. To the greatest extent allowed by law, Resident, for Resident Parties, releases Landlord's Related Parties, and acknowledges and agrees that Landlord's Related Parties shall not be liable for any Loss incurred as a result of the following:

(i) theft, burglary, rape, assault, battery, arson, mischief or other crime, vandalism, fire, smoke, water, lightning, rain, flood, water leaks, hail, ice, snow, wind, explosion, sonic boom, interruption of utilities, electrical shock, defect in any of the contents of the Apartment Home, defects in the Community (including latent defects), pest infestations, acts of God, acts of other residents or their occupants, guests or invitees, or any other cause;

(ii) utility services, outages, interruptions or fluctuations in utilities provided to the Apartment Home;

(iii) the failure of Landlord to deliver possession of the Apartment Home or the termination of this Lease pursuant to the terms of this Lease;

(iv) the use of the Community's equipment, services and facilities;

(v) the storage, disposal or sale of personal property in the Apartment Home, including theft by others and under Section 15;

To the greatest extent allowed by law, (a) Resident, for Resident Parties, unconditionally and absolutely releases Landlord's Related Parties from all Losses and waives all claims for offset, setoff or reduction of Rent or diminished rental value of the Apartment Home resulting from such Losses, and (b) Resident shall indemnify and hold harmless Landlord's Related Parties from any Loss related to the use or occupancy of the Apartment Home or Community by Resident Parties and from any Claims made by Resident Parties.

13. **ENTRY BY LANDLORD**. Landlord and its contractors or servicemen may enter the Apartment Home as allowed by law, which includes the following purposes: to make necessary or agreed repairs, decorations, alterations or improvements, to supply necessary or agreed services, or to exhibit the Apartment Home to prospective or actual purchasers, mortgagees, tenants, workmen or contractors, or to make an inspection pursuant to subdivisions (f) of California Civil Code Section 1950.5 when Resident has abandoned or surrendered the Apartment Home or pursuant to court order. If the Apartment Home has been equipped with an electronic alarm system approved by Landlord, Landlord may turn the system off to enter the Apartment Home and may enter and allow the alarm to sound for the above described purposes.

14. **ANIMALS**. Resident shall not permit any animal, including pets (even temporarily except for service animals of guests or invitees with disabilities), to enter or remain in the Apartment Home or the Community without the prior written consent of Landlord. The presence of an animal without Landlord's consent shall constitute a material breach of this Lease.

15. **ABANDONMENT**.

A. When Abandonment Occurs. During the Lease Term, the Apartment Home and any of Resident's personal property in the Apartment Home shall be deemed abandoned and Landlord may re-take possession of it, in accordance with applicable law, if:

(i). Landlord reasonably believes that the tenant has left the Apartment Home and doesn't intend to return;

(ii). Rent has been unpaid for 14 days;

(iii). A notice of abandonment of real property has been mailed, and Resident has failed to respond within 18 days from the date of mailing, to the Resident's last known and any other addresses that have a reasonable chance of being received by Resident.

B. Disposition of Personal Property. If Resident leaves personal property in the Apartment Home at the end of this Lease or abandonment of the Apartment Home, Landlord may dispose of it as allowed by law. If Landlord does store or sell any such personal property, Resident shall pay Landlord the reasonable charges for packing, removing, storing and selling any property removed or stored by Landlord. If Landlord sells any personal property of Resident, Landlord may do so pursuant to any means permitted by law. If Landlord has stored any personal property, Resident may redeem it only as provided by law and after paying Landlord the reasonable storage costs. Landlord may require Resident to claim such redeemed personal property at the Community or place of storage.

C. Personal Property Upon Death.

(i) To the extent permitted by applicable law, upon the termination of this Lease because of the death of all Residents, Landlord may, at its option, (a) release it to Resident's "emergency contact" as designated in Resident's rental application or as otherwise provided in this section, provided that such person or the estate of Resident agrees to pay Landlord all storage costs; (b) release Resident's personal property as directed by a court or as allowed by law, provided that such person or the estate of Resident agrees to pay Landlord all storage costs; or (c) treat the personal property as abandoned personal property.

(ii) If after the death of a Resident, another Resident remains living, Landlord may treat all of the personal property located in an Apartment Home as belonging to any living Resident, unless otherwise directed by a court order.

(iii) Landlord is not required to select among competing claims to personal property.

16. **DEFAULT BY RESIDENT**.

A. Default. Resident shall be in default of this Lease if

(i) Resident fails to pay Rent or other lawful amounts when due under this Lease, including reimbursement for damages and repairs;

(ii) any Resident Party violates any covenant or condition of this Lease or any laws with respect to the use or occupancy of the Apartment Home or Community (regardless of whether arrest or conviction occurs);

(iii) Resident abandons the Apartment Home;

(iv) Resident (or Resident's Guarantor) has given incorrect or false information on the rental application;

(v) during the Lease Term, Resident or any Additional Live-In Resident is convicted of, or pleads guilty or "no contest" with respect to the manufacture, sale or distribution of any controlled substance (as defined in section 102 of the Controlled Substance Act (21 U.S.C. 802)) or any violent crime;

(vi) any illegal drugs or paraphernalia are found in the Apartment Home. Resident may exercise any statutory right to cure any default to the extent (but only to the extent) required by law; or

(vii) Resident or any Additional Live-In Resident has been is or becomes a Specially Designated National or other Blocked Person designated by the United States government as a person who commits or supports terrorism or is involved in international narcotics trafficking.

B. Remedies. Upon default by Resident, after the lapse of any applicable statutory cure period, Landlord shall have all remedies available at law, equity, statute or this Lease, all of which may be pursued individually, successively or together. Upon a default by Resident, Landlord may

(i) collect the Rent Damages, if any, and any other Loss, if any, related to any Non-Rent Defaults; or

(ii) terminate the Lease and collect the Rent Default Termination Damages, if any, and collect any other Loss, if any, related to any Non-Rent Defaults.

Landlord may (with or without demand for performance) terminate Resident's right of occupancy of the Apartment Home by giving Resident the minimum prior written notice required by law to vacate, and be entitled to immediate possession by eviction suit. If Resident vacates or abandons the Apartment Home, Resident expressly waives, to the maximum extent permitted by law, any and all notices to vacate. Upon any default by Resident, Landlord shall be entitled to collect the Enforcement Costs. To the extent permitted by law, Landlord may give notice to vacate, if required, by any of the following methods:

(i) personal delivery;

(ii) by leaving a copy of the notice with a person of suitable age and discretion, at Resident's residence or usual place of business if Resident is absent from such place and mailing a copy to each Resident at the Resident's place of residence;

(iii) by posting a copy for each Resident in a conspicuous place on the Apartment Home and mailing a copy to Resident at the Apartment Home, or

(iv) as otherwise permitted by law.

C. Duty to Mitigate. If applicable law requires Landlord to attempt to mitigate its damages by reletting the Apartment Home, Landlord is not required to relet the Apartment Home before it leases other vacant apartment homes, Landlord may relet the Apartment Home for a period longer or shorter than the remaining Lease Term, and Landlord is not required to relet the Apartment Home at a rent less than, or on terms less advantageous to Landlord than, it is leasing other similar apartment homes. If Landlord relets the Apartment Home, any payments made after reletting shall be credited first against the Rent Damages or Rent Default Termination Damages, as the case may be, then to any Losses incurred by Landlord, then to other amounts that are not considered "Rent" by applicable law, then to delinquent Rent and then to current Rent.

D. Credit Reporting. Landlord may report all Lease defaults, including unpaid Rent, other amounts due and/or insufficient funds or returned checks, to any national or local credit bureau or other similar collection or credit reporting service for permanent recordation in Resident's credit record as well as to any national or local tenant reporting bureau. Pursuant to Civil Code §1785.26, Resident is notified that a negative credit report reflecting on Resident's credit record may be submitted in the future to a credit reporting agency if Resident fails to fulfill the terms of any obligations to Landlord.

17. **MULTIPLE RESIDENTS.** If there is more than one Resident, each Resident is jointly and severally liable for all obligations under this Lease. The violation of this Lease by any Resident Party is a violation by all Residents. Requests and notices from Landlord to any Resident constitute notice to all Residents and Additional Live-In Residents. A notice from, consent by (including consent for entry into the Apartment Home) or action taken by any Resident is a notice from, consent by, or action of all Residents. All demonstrations, inspections and explanations made by Landlord to one of the Residents shall bind all Residents with the same force and effect as if made to each Resident. An Additional Live-In Resident who has permanently moved out according to an affidavit signed by a Resident is, at Landlord's option, no longer entitled to occupancy of or keys to the Apartment Home. The termination of such person's right of occupancy of the Apartment Home shall not release such person from any obligations under this Lease unless specifically agreed in writing by Landlord. In eviction suits, any one Resident is the agent of all other Residents in the Apartment Home for purposes of judicial service of process.

18. **ASSIGNMENT**. Resident shall not sublet the Apartment or assign this Lease for any length of time, including, but not limited to, renting out the Apartment using a short term rental service such as airbnb.com, VRBO.com or homeaway.com. Any purported assignment or sublet of this Lease or the Apartment Home without the prior written consent of Landlord is null and void. A departing Resident's claim to any Deposit automatically transfers to the replacing Resident upon the date of Landlord's written approval of such replacement, and the departing Resident shall have no rights or claims to the Deposit against Landlord.

19. **RELEASE OF RESIDENT**.

A. No Release. Resident shall not be released from this Lease on any grounds, including voluntary or involuntary school withdrawal or transfer, voluntary or involuntary business transfer, layoff or termination, marriage, divorce, marriage reconciliation, loss of co-residents, bad health, or any other reason (except as expressly stated in this section).

B. Limited Exception-Military Servicemembers. Resident may terminate this Lease before the Lease End Date by providing the written notice required below if:

(i) Resident enters military service of the United States (as defined in the Servicemembers' Civil Relief Act) after Resident enters into this Lease; or

(ii) Resident was a member of the military service of the United States when the lease was executed and thereafter receives: (I) Orders for a permanent change of station; or (II) Orders to deploy with a military unit for at least 90 days.

In order to terminate this Lease under this "Limited Exception-Military Servicemembers", Resident must give Landlord written notice of termination. The termination shall be effective 30 days after the first date on which the next rental payment is due and payable. (For example, if Resident gives Landlord notice on March 15th, this Lease would terminate on May 1 with respect to Resident and Resident's dependents). At the time Resident gives such notice, Resident must furnish Landlord with a copy of the servicemember's military orders proving eligibility for the Limited Exception under paragraph 19B(i) or (ii). Military permission for base housing does not constitute a permanent change of station order. The release under this subsection applies only to the Resident in U.S. military service and such Resident's dependents (including Resident's spouse).

C. Death of All Residents. If all Residents are no longer living, this Lease shall terminate upon the death of the last such Resident, except for those provisions of Section 15 applicable to a deceased Resident's personal property.

20. **MOVE OUT PROCEDURES**.

A. Move Out Cleaning and Inspection. Resident shall comply with the terms of Landlord's move-out instructions and otherwise peacefully vacate and surrender possession of the Apartment Home in the same condition as when leased, except for ordinary wear and tear. Resident shall clean thoroughly the Apartment Home, including bathrooms, kitchen appliances, windows, furniture, patios, garage and storage rooms, to the same level of cleanliness that existed at the time Resident first took occupancy. After Resident vacates the Apartment Home, Landlord will inspect the Apartment Home and shall complete the Condition Form. Resident may request in writing an initial inspection to take place no earlier than two weeks before the end of the tenancy as provided by law. Any verbal estimate of repairs, charges or deductions given by Landlord's Related Parties shall not bind Landlord.

B. Deductions. In addition to other amounts which Landlord may deduct from the Deposit pursuant to this Lease, Landlord may deduct the following items from the Deposit:

(i) the cost of cleaning the Apartment Home;

(ii) Landlord's actual expenses for repairs and damages beyond normal wear and tear to the Apartment Home or its contents;

(iii) charges for changing the locks if Resident does not leave the keys;

(iv) damages resulting from Resident's breach of any provision of this Lease;

(v) any unpaid Rent or other amounts due to Landlord under the terms of this Lease; and

(vi) to remedy future defaults by Resident of any obligation under this Lease to restore, replace, or return personal property or appurtenances, exclusive of ordinary wear and tear.

If lawful deductions exceed the total amount of the Deposit, Resident shall pay such excess amount upon written demand by Landlord.

C. Surrender. "Surrender" or "vacating" of the Apartment Home shall occur upon the first to occur of the following events:

(i) all Residents who signed this Lease live elsewhere and the Lease Term has expired or been terminated; or

(ii) all keys, access cards and remote openers have been turned in.

21. SMOKE FREE AREAS.

A. Purpose. The parties want to reduce or eliminate (a) the irritation and known health effects of secondhand smoke; (b) the increased maintenance, cleaning and redecorating costs from smoking, and (c) the increased risk of fire and insurance costs associated with smoking.

B. Smoking Definition. "Smoke" or "Smoking" as those terms are used in this Lease means inhaling, exhaling, breathing, or carrying any lighted cigar, cigarette, pipe, or other tobacco or medicinal marijuana product or similar lighted product, or any e-cigarette or similar vaporizer in any manner or in any form.

C. Smoking Prohibited. Resident, Additional Live-In Residents, guests or invitees may not smoke anywhere in the Smoke-Free Areas, identified in the Definition Annex. Resident must inform guests and invitees of the no-smoking policy within the Smoke-Free Areas.

D. Landlord Rights. Landlord will have the right, but not the obligation, to enforce the terms of this Section 21. A material breach of this Section 21 will be a material breach of the Lease and grounds for immediate termination of the Lease. Landlord shall also have the right to fine Resident $250 for each breach of this Addendum. Additionally, Resident will be responsible for any damage caused by Resident's breach. These damages may include (but are not limited to) the cost to clean items discolored or smelling of smoke (such as carpets, draperies, walls and other items), repair burn marks, and remove cigarette butts.

E. No Guarantee or Warranty. Neither Landlord nor Landlord's Representatives guarantee or warranty Resident's health or the smoke-free condition of the designated smoke-free areas. Resident acknowledges that the success of Landlord's efforts to make the designated areas smoke-free is dependent on voluntary compliance by Resident and others. Resident acknowledges that Landlord's adoption of a smoke-free living environment and the efforts to designate the Community or portions thereof as smoke-free do not in any way change the standard of care that Landlord would have to Resident's household to render buildings and Apartment Home designated as smoke-free any safer, more habitable, or improved in terms of air quality standards than any other rental premises. Landlord specifically disclaims any implied or express warranties that the building, common areas, or Resident's Apartment Home will have any higher or improved air quality standards than any other rental property. Landlord cannot and does not warrant or promise that the Apartment Home or common areas will be free from secondhand smoke. Resident acknowledges that Landlord's ability to police, monitor, or enforce the agreements of this Section is dependent in significant part on voluntary compliance by Resident and Resident's guests. Residents with respiratory ailments, allergies, or any other physical or mental condition relating to smoke are hereby notified that Landlord does not assume any higher duty of care to enforce this Section than any other Landlord obligation under the Lease.

F. Current Residents. Residents currently living in designated smoke-free areas under previous leases may not immediately be subject to the no-smoking policy. As current residents in designated smoke-free areas enter into new leases, or convert to month-to-month tenancies, Landlord intends to implement the smoke free policy as to those residents. As current residents in designated smoke-free areas vacate, Landlord intends to implement the smoke-free policy as to those apartment homes.

22. MISCELLANEOUS.

A. Casualty. If the Apartment Home becomes unfit for occupancy, as determined by Landlord, whether by casualty or otherwise, except as otherwise provided by applicable law Landlord may refuse to repair the same and, by giving written notice to Resident, terminate this Lease.

B. Notice Requirement. All notices by Resident to Landlord or Landlord's Representative shall be in writing and delivered to the location where Rent is paid or to Landlord's E-Mail Address. Notices by Landlord to Resident shall be served in any manner permitted under applicable law. Facsimile signatures are binding on all notices.

C. Entire Agreement. This Lease, together with the Definition Annex, and Community Rules, and addenda and exhibits attached to this Lease, are a part of, and constitute, the entire agreement between Landlord and Resident with respect to the lease of the Apartment Home, and are considered the "Lease" for this agreement. No prior or contemporaneous agreements or understandings are effective for any purpose. The Lease may not be amended or supplemented except by an agreement in writing signed by Resident and Landlord. No statement of any of Landlord's Related Parties shall modify, add, or delete provisions of this Lease unless in writing signed by Resident and Landlord. This Lease may be executed in multiple copies.

D. Rental Application. Resident represents and warrants that all of Resident's statements in the rental application are true and correct and understands that Landlord relied upon these statements in the execution of this Lease. If this Lease is executed prior to approval of Resident's rental application by Landlord, this Lease shall not become effective until Landlord has either tendered the Apartment Home to Resident or approved Resident's application(s) in writing. If any information stated in the rental application changes during the Lease Term, Resident shall immediately notify Landlord in writing of the change.

E. No Claims Against Landlord's Related Parties. To the maximum extent permitted by law, Resident waives any right to make any Claim against or seek to impose any personal liability upon any of Landlord's Related Parties and waives any right to specific performance or injunctive relief with respect to this Lease.

F. Waiver. The waiver by Landlord of any term contained in this Lease shall not be effective unless in writing and signed by Landlord, and any such waiver shall not be a waiver of any other term or any subsequent breach of the same or any other term of this Lease. The acceptance of Rent or other amounts due from Resident to Landlord shall not be deemed a waiver of any preceding default by Resident of any term of this Lease, other than the failure of Resident to pay the particular Rent or amount so accepted, regardless of Landlord's knowledge of such preceding default at the time of the acceptance of such Rent or other amounts.

G. Landlord's Representative. Landlord's Representative acts only as agent for Landlord. Responsibility for all obligations of Landlord, including Deposits, rests entirely with Landlord. Landlord's Representative shall have all the rights, powers and benefits of Landlord under this Lease.

H. Binding Effect. The covenants and conditions contained in this Lease shall inure to the benefit of and bind the successors and permitted assigns of the parties to this Lease.

I. Jurisdiction/Governing Law. Landlord and Resident agree that any action to enforce or interpret, or related to, this Lease shall be brought in a court of competent jurisdiction in the state in which the Community is located. Landlord and Resident consent to personal jurisdiction and venue in such courts. This Lease shall be governed by and construed in accordance with the laws of the state where the Community is located, without giving effect to the principles of conflict of laws thereof.

J. Continuing Liability. No termination or expiration of this Lease shall relieve Resident of any obligation to pay or reimburse sums to Landlord or to indemnify or hold harmless or defend Landlord's Related Parties from any Loss, where such obligation accrues or arises prior to such termination or expiration of this Lease.

K. Assignment By Landlord. Nothing in this Lease restricts Landlord's right to sell, convey, ground lease, hypothecate, assign or otherwise deal with the Apartment Home or Community or Landlord's interest under this Lease. Upon termination of Landlord's interest in the Community, Landlord will handle the Deposit as required by applicable law. A sale, conveyance, or assignment of the Apartment Home or Community will release automatically Landlord from future liability under this Lease. Except as provided by applicable law, Resident shall look solely to Landlord's transferee for performance of Landlord's obligations relating to the period after such effective date. This Lease will not be affected by any such sale, conveyance, ground lease hypothecation or assignment, and Resident will attorn to Landlord's transferee. Resident accepts the Apartment Home subject to and subordinate to any existing or future recorded mortgage, deed of trust, easement, lien or

encumbrance, or, if determined by any lender, superior to any existing or future mortgage or deed of trust.

L. Standard of Decision. Unless otherwise expressly provided in this Lease, if Landlord has discretion with respect to any matter, or any consent or approval is to be made by Landlord, such discretion, consent or approval shall be in Landlord's sole discretion.

M. Examples Are Not Limitations. All examples of items or matters included in a description are given as examples only, without limitation as to the description given of such matter.

N. **DISCLOSURE OF RESIDENT INFORMATION. RESIDENT ACKNOWLEDGES AND AGREES THAT LANDLORD MAY DISCLOSE INFORMATION WITH RESPECT TO RESIDENT AS REQUIRED BY LAW (SUCH AS SEARCH WARRANTS OR SUBPOENAS), IN COMPLIANCE WITH LAW ENFORCEMENT REQUESTS OR LEGAL NOTICES, WITH RESPECT TO AFFORDABLE OR SUBSIDIZED HOUSING-RELATED GOVERNMENT REQUESTS OR AS AUTHORIZED BY RESIDENT, INCLUDING RENTAL HISTORY.**

O. Background Investigation. Resident acknowledges and agrees that, as stated in Resident's rental application, and to the extent permitted by law, Landlord may request an investigative consumer report containing information obtained through personal interviews with Resident's landlord, employer or others with whom Resident is acquainted. This inquiry may include information as to Resident's character, general reputation, personal characteristics, mode of living and credit report. The federal Fair Credit Reporting Act requires Landlord to provide Resident with additional information about the nature and scope of the investigation if Resident provides a written request of Landlord within a reasonable time. In addition, upon written request, Landlord will notify Resident if an investigative consumer report has been obtained relating to Resident, and provide Resident with the name and address of the consumer reporting agency that prepared the report. Resident also may request a copy of any consumer report or investigative consumer report relating to Resident directly from the consumer reporting agency. Resident acknowledges that it received a summary of Resident's rights under the Fair Credit Reporting Act when Resident executed Resident's rental application. **Resident authorizes Landlord, or its agent, attorney or assign to order and review one or more consumer reports relating to Resident (including credit history, criminal history and rental history, including other properties owned by property owners affiliated with Landlord). Resident authorizes Landlord, or its agent, attorney or assign to order or prepare, and review, investigative consumer reports relating to Resident. Resident understands and authorizes Landlord, or its agent, attorney or assign to continue to obtain or prepare consumer reports and investigative consumer reports on Resident for the duration of this Lease and at any time thereafter, including for the purposes of collection of amounts Resident may owe under any lease or other agreement. Resident further authorizes and directs all employers, financial institutions, banks, creditors, and residential managers/landlords to release any and all information relating to Resident to Landlord or its agent, attorney or assign. The provisions of this section shall survive the termination of this Lease for the purpose of Landlord pursuing remedies against Resident for breach of this Lease.**

P. State Law. To the extent that federal law or the laws of the state, county or municipality in which the Community is located impose any requirement on Landlord or Resident that is contrary to any provision of this Lease or prohibit the inclusion in any lease of any provision included in this Lease, this Lease shall be deemed to be amended so as to comply with such law. The reformation of any provision of this Lease shall not invalidate this Lease. If an invalid provision cannot be reformed, it shall be severed and the remaining portions of this Lease shall be enforced.

Q. Fair Housing. Landlord adheres to the federal Fair Housing Act which stipulates that it is illegal to discriminate against any person in housing practices because of race, color, religion, sex, national origin, disability or familial status, and to California fair housing laws which prohibit discrimination based on ancestory, gender, marital status, sexual orientation, and source of income. All requirements of the Fair Housing Act and all other federal, state and local laws pertaining to civil rights of the Community's applicants and residents will be followed during all leasing and management activities of the Community.

R. Prorations. Any proration of Rent under this Lease shall be calculated by dividing the Rent by 30 days and multiplying that amount by the applicable number of days in the month.

S. Other Deposits. If Landlord collects a deposit, other than the Deposit, pursuant to an addendum or this Lease (an "**Other Deposit**"), then, to the maximum extent permitted by law, Landlord may apply the Other Deposits to any amounts owed by Resident to Landlord for which the Deposit may be used.

T. Attorneys Fees. In any legal proceeding brought by either Landlord or Resident against the other, in addition to any other relief granted, the prevailing party will recover reasonable attorneys' fees from the other party, not to exceed the Attorney's Fee Cap.

U. Registered Sex Offenders Notice. Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

V. Proposition 65. WARNING: THIS APARTMENT COMMUNITY CONTAINS CHEMICALS KNOWN TO THE STATE OF CALIFORNIA TO CAUSE CANCER, BIRTH DEFECTS AND REPRODUCTIVE HARM. THESE CHEMICALS MAY INCLUDE FORMALDAHYDE, TOBACCO SMOKE, UNLEADED GASOLINE, SOOTS, TARS AND MINERAL OILS. THE CHEMICALS ARE CONTAINED IN SOME OF THE BUILDING MATERIALS, IN SOME OF THE PRODUCTS AND MATERIALS USED TO MAINTAIN THE PROPERTY AND IN EMISSIONS, FUMES, AND SMOKE FROM TENANT ACTIVITIES, INCLUDING, BUT NOT LIMITED TO MOTOR VEHICLE USES, BARBEQUES AND TOBACCO PRODUCTS. THESE CHEMICALS MAY INCLUDE, BUT ARE NOT LIMITED TO, CARBON MONOXIDE, ASBESTOS AND LEAD BASED PAINT.

W. Asbestos. This Community and the Apartment Home may contain asbestos, a chemical known to the State of California to cause cancer. Disturbance or damage to certain interior apartment surfaces may increase the potential exposure to asbestos and other chemicals. Resident(s) and their guests, employees and contractors, may not damage or disturb the ceiling. Prohibited activities include:

(i) piercing the surface of the ceiling by drilling or any other method;

(ii) hanging plants, mobiles, or other objects from the ceiling;

(iii) attaching any fixtures to the ceiling;

(iv) allowing any objects to come in contact with the ceiling;

(v) permitting water or any liquid, other that ordinary steam condensation, to come in contact with the ceiling;

(vi) painting, cleaning, or repairing any portion of the ceiling;

(vii) replacing light fixtures in the ceiling; and

(vii) undertaking any activity which results in building vibrations which may cause damage to the ceiling.

Resident must notify Landlord immediately:

(i) if there is any damage to or deterioration of the ceiling in the Apartment Home, including any flaking, loose, cracking, hanging or dislodged ceiling material, and any water leaks or stains in the ceiling; or

(ii) upon the occurrence of any of the events described in the paragraph above.

X. Communication with Resident. Resident authorizes Landlord and Landlord's Representative to use the contact information above in Paragraph 6 of the Definition Annex, and also the Apartment Home address for purposes of contacting applicant. Landlord may use telephone, email, US mail, or any other means of communication. Resident agrees to promptly update Landlord with any new contact information during the Term and any extension.

Y. Time. Time is of the essence of the performance of each party's obligations under the Lease. All time periods under this Lease shall be calculated in calendar days.

DocuSigned by: Rory Cutaia C6E252291329498...

DocuSigned by: Matthew J. Loun 70A80FBBE3744DE...

RENEWAL AMENDMENT

THIS RENEWAL AMENDMENT (this "**Amendment**") to the Apartment Lease dated 06/22/2017 (the "**Lease**"), by and between Landlord and Resident, is incorporated and made an integral part of the Lease. Any word with its initial letter capitalized and not defined in this Amendment shall have the meaning given to it in the Lease.

A. **Landlord**: La Park La Brea B LLC

B. **Resident(s)**: Rory Cutaia

C. **Additional Live-In Residents**:

First Name	Last Name

D. **Community**: Palazzo East at Park La Brea, The(C)-042667

E. **Apartment Home**: 344 South Hauser, Bldg 5 #5-414
Los Angeles CA 90036

F. **Renewal Lease Start Date**: 05/01/2018

G. **Renewal Lease End Date**: 07/29/2019

H. **Deposit (to be completed only if modified):** Not Modified

I. **Renewal Rent**: $4743.00

J. **Short Term Renewal Rent**: $600.00 plus the higher of the Fair Market Rent or the current monthly Rent being paid by Resident immediately prior to the commencement of the two-Month Renewal Term. The "Fair Market Rent" equals the rent that Landlord would charge for an apartment home comparable to the Apartment Home on the date that Landlord provides notice to Resident of the Short Term Renewal Rent.

K. **Late Charges Date**: The 4th day of the month.

L. **Modified Fees (indicate as applicable)**:

	Fee	
Not Modified	Late Charge:	$150.00
Not Modified	NSF Charge:	25.00
	Other Fee (describe):	

M. **Early Termination Option Fee**: Three month's Rent at the rate current when the Early Termination Option is exercised.

N. **Utilities To Be Provided By Landlord**: None

O. **Pest Control** [check as applicable]:

_______Landlord has not contracted with a registered structural pest control company to provide periodic pest control services to the Community. Resident agrees to notify Landlord immediately upon the discovery of any insect or other pest infestation on the premises.
Landlord has contracted with a registered structural pest control company to provide pest control services to the Community periodically and acknowledges receiving a written notice regarding pesticides used in the Community as provided for under California Business and Professions Code §8538 and California Civil Code §1940.8.

Resident agrees to pay Landlord upon demand for pest control as additional rent.

P **Smoke-Free Areas**: The following areas are designated smoke-free areas:
__X__The Apartment Home
__X__ The building in which the Apartment Home is located
__X__ All common areas
______ The entire Community, including individual Apartment Homes and common areas, except the following areas: N/A

RESIDENT HAS READ AND SHALL ABIDE BY ALL OF THE RULES, REGULATIONS AND AGREEMENTS IN THIS AMENDMENT AND THE LEASE.

If you have any feedback on your apartment home or community, please contact the community manager at the on-site management office. If you would like to talk with the Aimco leadership team to further discuss any concerns, or if there's something we're doing well that you'd like to tell us about, please visit www.aimco.com/feedback and the Aimco leadership team will contact you.

RESIDENT:		**LANDLORD:**	
Signature:	____________________________	By:	____________________________
Signature:	____________________________	Name:	____________________________ *Print Name*
Signature:	____________________________	Title:	Authorized Representative
Signature:	____________________________	Date:	____________________________
Signature:	____________________________		
Signature:	____________________________		
Date:	____________________________		

RESIDENT AND LANDLORD AGREE AS FOLLOWS:

1. **Renewal Amendment**. This Amendment is a Renewal Amendment as described in the Lease.

2. **Lease Term**. The Lease Term is extended to the Renewal Lease End Date. The period commencing on the Renewal Lease Start Date and terminating on the Renewal Lease End Date (or sooner as provided in the Lease) is referred to as the "Renewal Term".

3. **Security Deposit**. If there has been a change in the Deposit, the change is indicated above. If the Deposit has increased, Resident shall deliver the difference to Landlord prior to the Renewal Lease Start Date. If the Deposit has decreased, Landlord shall refund the difference to Resident within 21 days after the Renewal Lease Start Date.

4. **Renewal Rent**. Rent for the Renewal Term shall be the Renewal Rent stated in this Amendment. If the Renewal Lease Start Date is not the first day of the month, then the Rent due for the month in which the Renewal Lease Start Date occurs shall be the then current monthly Rent prorated from the first day of the month through the Lease End Date (or the then Renewal Lease End Date, if applicable) plus the Renewal Rent prorated from the Renewal Lease Start Date through the end of the month. The monthly Rent shall be the Renewal Rent commencing on the first day of the first full month of the Renewal Term and thereafter. If the Lease ends on a day other than the last day of a month, Rent for the final month shall be prorated from the first day of the final month through the Renewal Lease End Date.

5. **Modified Fees**. The fees marked as Modified Fees above shall be at the amounts set forth above for the Renewal Term. If the Renewal Lease Start Date is the first day of the month, then the Modified Fees shall begin on that date. If the Renewal Lease Start Date is not on the first day of the month, then the Modified Fees shall commence on the first day of the first full month after the Renewal Lease Start Date occurs and any fees due for the month in which the Renewal Lease Start Date occurs shall be the then current monthly fees.

6. **Early Termination Option Fee**. The Early Termination Option Fee shall be the amount set forth above.

7. **Amended Provisions**: The following provisions of the Lease have been amended and shall read in their entirety as follows:

Section 2.B Termination Notice; Automatic Short-Term Renewal. If Landlord or Resident intends to terminate the Lease on the Lease End Date, the terminating party must give written notice to other party at least 60 days before the Lease End Date of the terminating party's intent to terminate the Lease (the "Termination Notice"). This notice requirement contractually modifies any statutory termination notice period. Resident shall vacate the Apartment Home by the Lease End Date or the end of the Two-Month Renewal Term (as applicable). If Resident gives a proper 60 day Termination Notice, fully complies with the Lease, and vacates as agreed, Resident will be relieved of further liability to Landlord for future Rent accruing after the termination date. If Resident provides the Termination Notice less than a full 60 days before the Lease End Date, then Landlord may charge the Resident an amount equal to 1 day of Short Term Renewal Rent for each day of the 60-day notice period that extends beyond the Lease End Date. The above charge is intended to be an enforceable liquidated damages amount. Actual damages of Landlord's lost rent caused by the Resident's failure to provide 60 days' notice of Resident's intent to vacate would be difficult to determine with any certainty, and the charge is a reasonable estimate of such damages.

If Resident fails to provide written notice of Resident's intent to vacate at least sixty (60) days before the end of the Lease Term or any Two-Month Renewal Term, as applicable, then except as may otherwise be allowed by Owner in its sole discretion as provided in the first paragraph of this Section 2.B, this Lease shall automatically renew for additional two (2) month terms (each a "Two-Month Renewal Term") upon the Lease End Date or the end of each Two-Month Renewal Term, as applicable. Such renewals shall automatically continue until either (i) a written notice of termination is given by either Resident at least 60 days in advance in accordance with the first paragraph of this Section 2.B, (ii) a written notice of termination is given by Landlord at least 60 days in advance of the termination date, or (iii) a Renewal Amendment is signed by Resident and Landlord. During the Two-Month Renewal Term, monthly Rent will be increased to the Short Term Renewal Rent. If Landlord does not give written notice of the Short Term Renewal Rent amount before the applicable Two-Month Renewal Term, then the monthly Rent for such Two-Month Renewal Term shall be deemed to be the same as the monthly Rent in effect immediately preceding such Two-Month Renewal Term.

Section 3.A Monthly Rent. Resident shall pay the Rent specified in the Definition Annex each calendar month. Resident shall pay the first month's Rent before the Lease Start Date. If Resident does not pay the first month's Rent before the Lease Start Date, Landlord will have no obligation to give Resident possession of the Apartment Home, Landlord may keep any funds paid by Resident necessary to compensate Landlord for Resident's breach of this Lease, and Landlord may pursue any other damages allowed by law. If the Lease Start Date is not the first day of the month, Rent shall be prorated from the Lease Start Date through the last day of the month and shall be payable on the Lease Start Date. If this Lease ends on a day other than the last day of a month, Rent for the final month shall be prorated from the first day of the final month through the Lease End Date. Except for a payment due date stated in a separate utility bill sent to Resident, and except for the first month's Rent, Rent and all other amounts to be paid by Resident to Landlord under this Lease are due and payable in advance and without demand, setoff or deduction at the Landlord's Address **on the 1st day of each calendar month, and Resident shall be in default under this Lease if Resident fails to pay by that date.** Landlord may require Resident to pay Rent to an address other than Landlord's Address specified above. If Resident delivers Rent or any other payment hereunder by mail, Resident ASSUMES THE RISK that the Rent or other payment is lost or delayed in delivery, and Resident shall be liable and responsible for the failure to make such lost or delayed Rent or other payment. Landlord may require Resident to pay Rent and other amounts due under this Lease by certified check, cashier's check, money order, or direct debit and by one monthly payment rather than multiple payments. If Landlord elects (in its sole discretion) to permit Resident to pay by personal check, Landlord may assess a convenience fee for such payment. Landlord may convert Resident's check to an electronic deposit or an electronic transmission (ACH) for processing. Except as otherwise provided by law, Landlord shall not be liable for any Loss related to any inaccuracies or mistakes made in the inputting of data or electronic deposit of such check, except to the extent caused by the gross negligence or willful misconduct of Landlord. If Landlord so elects, all payments of Rent, together with any utility charges payable by Resident to Landlord pursuant to this Lease, shall be made by Automated Clearing House ("ACH") debit. Following such election by Landlord: (i) Resident shall promptly complete an automatic debit form provided by Landlord authorizing Landlord to establish arrangements for the transfer of payments of Rent and such utilities by ACH debit initiated by Landlord from an account in the name of Resident established at a United States Bank; (ii) Landlord may, at its option, refuse any amount tendered by Resident in any form other than an ACH debit; and (iii) for purposes of this Lease (including, without limitation, the default, Late Charge, Daily Late Fee, NSF Charge, Rent Damages and Enforcement Costs provisions hereof), in the event that Landlord is unable, through no fault of Landlord or its bank, to successfully process any ACH debit hereunder, Resident shall be deemed not to have paid, and Landlord shall be deemed not to have received, such payment of Rent and/or utilities.

Section 5.A Landlord's Payment for Utilities. Landlord shall pay only for those utilities identified in the Definition Annex, which shall not include telephone. Resident gives Landlord the right to select any utility provider and change the same from time to time without notice. Resident shall, subject to the direction of Landlord, pay for all other utilities (including related deposits, charges, fees and services). The records and all meters in the Community are presumed to be correct for all purposes. Resident shall transfer to Resident's name any utility(ies) required by Landlord to be so transferred. If Resident fails to transfer such utility(ies) by the time requested by Landlord, Landlord shall have the right to fine Resident an amount not to exceed $25.00 after 2 days, plus $25.00 after 30 days, plus $25.00 after 60 days.

Section 5.B(i) Certain utility services, such as water, wastewater/sewer, trash removal, electric, cable TV, pest control, electric, cable TV, HVAC and gas (including, but not limited to, gas for heating hot water), may, from time to time, be billed by Landlord to Resident. The Apartment Home may not receive all of the utilities listed in the preceding sentence or the Definition Annex or may receive additional utilities. Resident may be required to contract with or pay directly certain utility providers. Resident shall pay Landlord for those utilities billed by Landlord or Landlord's agent for such billing (a "**Utility Bill**"). Such Utility Bill may be issued separate and apart from any invoice or bill for rent, or may be part of a consolidated statement containing rent, utilities, pest control and other applicable charges. These additional charges where allowed by law are considered to be additional rent and are to be paid in addition to the base rent. Resident understands that Resident may be required to pay a consolidated statement fee of $3.75 which may be in addition to or in lieu of other applicable fees.

Section 5.B(iv) As a regular part of each monthly Utility Bill, Resident may be charged, in which case Resident shall pay, a monthly service charge of up to $4.75 in addition to the utility service charges for which Resident is billed. The monthly service fee is for administration, billing, overhead and similar expenses and charges incurred by Landlord for providing or processing Utility Bills. Landlord may use a third party billing provider to provide all or part of the billing services directly.

Section 18 **ASSIGNMENT**. Resident shall not sublet the Apartment or assign this Lease for any length of time, including, but not limited to, renting out the Apartment using a short term rental service such as airbnb.com, VRBO.com or homeaway.com. Any purported assignment or sublet of this Lease or the Apartment Home without the prior written consent of Landlord is null and void. A departing Resident's claim to any Deposit automatically transfers to the replacing Resident upon the date of Landlord's written approval of such replacement, and the departing Resident shall have no rights or claims to the Deposit against Landlord.

Section 21.B Smoking Definition. "Smoke" or "Smoking" as those terms are used in this Lease means inhaling, exhaling, breathing, or carrying any lighted cigar, cigarette, pipe, or other tobacco or marijuana product or similar lighted product, or any e-cigarette or similar vaporizer, in any manner or in any form.

8. **New Provisions**. The following provisions are hereby added to the Lease:

   a. Additional Deposit. If Resident is late with Rent or any other amounts due under this Lease more than two (2) times during the Lease Term, Landlord shall have the right to immediately increase the Deposit by one-half (1/2) of the monthly Rent (provided that at no time shall the Deposit exceed the maximum security deposit allowed under applicable law). Resident shall deliver such additional Deposit to Landlord within five (5) days after demand.

   b. Disclosures re. Water Submeters. The following provisions shall apply only if the Apartment Home is submetered for water service:

(i) Water will be billed separate from rent;

(ii) The average monthly bill for water service for an apartment unit at the Community comparable to the Apartment Home is $124.78.

(iii) An average family of four uses 200 gallons of water per day;

(iv) Charges for water service shall be paid at the same time, place and manner as base rent;

(i) Resident shall promptly report to Landlord or Landlord's representative any water leaks in the Apartment Home, which will be repaired by Landlord within 21 days.

(ii) Upon Resident's request, Landlord will provide the location of Resident's submeter, calculations used to determine Resident's monthly bill, and the date Resident's submeter was last certified and the date it is next scheduled for certification (if known) upon inquiry.

(iii) If Resident believes that the submeter reading is inaccurate or the submeter is malfunctioning, the Resident shall first notify the Landlord in writing and request an investigation. If an alleged submeter malfunction is not resolved by the Landlord, Resident may contact the local county sealer and request that the submeter be tested. County sealer can be contacted at (626) 575-5451.

(iv) Residents may contact the Utility Billing Company with questions regarding their billing any time between 5:00 A.M. and 7:00 P.M. MT at (866) 947-7379, via letter to P.O. Box 4718, Logan, UT 84321, or email at service@conservice.com.

(v) The above is only a general overview of the laws regarding submeters. The complete law can be found at Chapter 2.5 (commencing with Section 19.54.201) of Title 5 of Part 4 of Division 3 of the Civil Code, available online or at most libraries.

9. **General**. As of the Renewal Lease Start Date, this Amendment supersedes all prior renewal addenda with respect to the matters stated in this Amendment. Except as expressly modified by this Amendment, all terms and conditions of the Lease remain unchanged, and the provisions of the Lease are applicable to the fullest extent not inconsistent with this Amendment. If a conflict between the terms of this Amendment and the Lease exists, the terms of this Amendment shall control the matters specifically governed by this Amendment. If any provision of this Amendment is invalid or unenforceable under applicable law, such provision shall be amended to comply with such law. The reformation of any provision of this Amendment shall not invalidate this Amendment or the Lease. An invalid provision that cannot be reformed shall be severed and the remaining portions of this Amendment shall be enforced. Any breach of the terms of this Amendment shall constitute a breach of the Lease to the same extent and with the same remedies to Landlord as provided in the Lease or otherwise available at law or equity. This Amendment does not limit any of Landlord's rights or remedies stated in the Lease, which are cumulative of those stated in this Amendment.

[end of page]

DocuSigned by:
Rory Cutaia
28D3CDB0721E4C9...

DocuSigned by:
Matthew J. Lonn
AAF4CDEBEF5C420...

MARKETO LAUNCHPOINT ACCELERATE PROGRAM AGREEMENT

This Marketo LaunchPoint Accelerate Program Agreement ("**Agreement**") is entered into as 1 April 2018 (the "**Effective Date**") by and between Marketo, Inc. with offices at: 901 Mariners Island Blvd., #500 San Mateo, CA 94404 ("**Marketo**"), and nFusz, Inc. having offices at: 344 Hauser Blvd, Suite, Suite 414, Los Angeles, CA 90036 ("**Partner**") (individually a "**party**" or collectively the "**parties**").

WHEREAS, Marketo provides a marketing automation solution and associated services to its customers;

WHEREAS, Partner desires to join the Marketo LaunchPoint Accelerate Program ("**Accelerate Program**"), under which Partner will be entitled to certain sales and marketing benefits and to use Marketo technology in accordance with the terms of this Agreement.

NOW, THEREFORE, Marketo and Partner agree as follows:

1. Definitions

"**Accelerate Program Fees**" has the meaning set forth in Section 5 (Fees) of Exhibit 2 (Accelerate Program Fees).

"**Affiliates**" means any legal entity directly or indirectly controlling, controlled by, or under common control with a party, where "control" means the ownership of a majority share of the voting stock, equity or voting interests of such entity.

"**Confidential Information**" has the meaning set forth in Section 9 (Confidentiality).

"**Connector**" means a standalone logical connection between the Partner Product and the Marketo Platform.

"**Ecosystem**" means the listing of Marketo solution and service partners as substantially described at: https://launchpoint.marketo.com/.

"**Marketo Accelerate Program Technologies**" means the fields, objects, activities, workflows, and triggers authored by Marketo which are generally described at: http://developers.marketo.com. For the avoidance of doubt, the Marketo Accelerate Program Technologies do not include any Marketo Platform Technologies.

"**Marketo LaunchPoint Page Exhibit**" means Exhibit 4 (Marketo LaunchPoint Page Exhibit).

"**Marketo Platform**" means the products and services provided by Marketo to its customers, excluding any products or services owned by third parties or Partner.

"**Marketo Platform Technologies**" means APIs, and web hooks authored by Marketo and generally described at: http://developers.marketo.com/.

"**Marketo Technology**" or "**Marketo Technologies**" means the Marketo Accelerate Program Technologies, Marketo Platform, and Marketo Platform Technologies.

"**Partner Product**" means a Partner software product or service that: (i) Partner generally makes available to its customers; and (ii) integrates or interoperates with the Marketo Platform by using the Marketo Platform Technologies and/or Marketo Accelerate Program Technologies.

"**Page**" means a web page listing within the Ecosystem identifying Partner Product, marketing copy, a screen shots, video and other content on, through and within this web-page listing.

"**Term**" has the meaning set forth in Section 6.a.

2. Accelerate Program Technology and Trademark Licenses

a. Commercial Platform Technologies License. Marketo grants to Partner a non-exclusive, world-wide, non-assignable, terminable license, under Marketo's copyrights, to use Marketo Platform Technologies (and to sublicense this use) in combination with Partner Products as provided to Partner customers. Partner may only grant a sublicense to its customers who use the Marketo Platform Technologies in combination with the Partner Product. Further, this sublicense is subject to the limitations related to Application Programming Interfaces ("**APIs**") imposed by Marketo upon a Marketo customer as part of a subscription, or other relevant term of use. As part of this license, Partner is required to associate an "API Key" ("**Tag**") with each API call that the Partner Product makes to the Marketo Platform so as to uniquely identify this product ("**Tagged API Calls**"). Partner shall implement these Tagged API Calls with thirty (30) days of the Effective Date. Any action by Partner to circumvent or prevent the tracking of API usage using these Tagged API Calls is strictly prohibited.

b. Accelerate Program Technology License. Marketo grants Partner a non-exclusive, world-wide, non-assignable, terminable license, under Marketo's copyrights, to both use and create derivatives of the Marketo Accelerate Program Technologies in combination with Partner Products during the Term (the "**Accelerate Technology License**"). Partner may also sublicense the Accelerate Technology License to Partner's customers who use Partner Products in combination with the Marketo Accelerate Program Technologies,

provided that Partner will be responsible for its customers' compliance with the Accelerate Technology License.

c. Enhanced Marketo Platform Technologies License. Marketo grants Partner a non-exclusive, world-wide, non-assignable, terminable license, under Marketo's copyrights, to use the Marketo Platform Technologies in combination with Partner Products during the Term (the "**Enhanced Marketo Platform Technologies License**") to support the extension (e.g., the addition of new data fields) of data structures, data types, or other data models provided by Marketo. Partner may also sublicense the Enhanced Marketo Platform Technologies License to Partner's customers who use Partner Products in combination with the Marketo Platform Technologies, provided that Partner will be responsible for its customers' compliance with the Enhanced Marketo Platform Technologies License.

d. Trademark License. Each party grants to the other a non-exclusive, world-wide, non-assignable, terminable, fully paid-up, royalty-free license for the term of this Agreement to use, in the case of the Partner, "Marketo," and associated logos and, in the case of Marketo, Partner's name, Partner Product name(s) and associated logos (collectively "**Marks**") solely to enable each party to exercise its rights and perform its obligations under this Agreement. For avoidance of doubt, Marketo's Marks do not include its certification marks or trademarks other than "Marketo" and the associated logo. Any use of Marks shall be in accordance with the granting party's reasonable trademark usage policies, with proper markings and legends. As to Marketo, its trademark usage policy may be found at: http://legal.marketo.com/legal-notices/Trademark-and-Guidelines.pdf. Marketo may use Partner's Marks in connection with its Page and in any medium to publicize and promote the Ecosystem or Marketo products and services. Partner may use Marketo Marks solely to indicate that Partner are a participant in the Ecosystem. All uses of the Marks and related goodwill will inure solely to the respective owner of each of the Marks ("Marketo" and the associated logos in the case of Marketo, and Partner marks and associated logos in the case of Partner), and the other party will obtain no rights or goodwill with respect to the other party's mark and associated logos.

e. Restrictions. Partner agrees not to delete or alter any copyright (e.g., "© Marketo, Inc.") or other proprietary notice signifying Marketo's ownership of the Marketo Technologies. Additionally, Partner agrees to and acknowledges the following restrictions on the licenses granted in Section 2.a-2.c: (i) in no event will Partner make available the Marketo Technology in source code form to an end user or any thirty party; (ii) none of the following rights are granted with respect to the Marketo Technology: the right to distribute, publicly display, and except as licensed herein the right to create derivatives

(e.g., a superset or subset of the Marketo Technology outside of an integration with the Partner Product); (iii) the Marketo Technology shall not be used to access a product or service other than the Marketo Platform; (iv) the Partner has not and will not engage in forking or otherwise attempt to modify (except as licensed herein) or reverse engineer the Marketo Technology; (v) except as licensed herein Partner has not and will not distribute a set of Marketo Technology or a development kit that is based upon or otherwise a modification of, the Marketo Technology including being a subset or superset of the Marketo Technology; and (vi) Partner is unlicensed under this Agreement to sell a Connector separate and apart from the Partner Product. Marketo may limit access to the Marketo Technology so as to prevent: damage to, the disablement of, the overburdening of, the impairment to, or other forms of interference with, the Marketo Platform.

f. Post-Termination License. If Partner desires to retain the licenses granted under this section after the termination of this Agreement, the parties may negotiate a separate agreement to do so, but Marketo is under no obligation to enter into such an agreement.

3. Accelerate Program Benefits

a. Sales and Marketing Benefits. Marketo will engage in activities intended to facilitate the sale of Partner Products ("**Sales Enablement Activities**") and activities intended to promote, market, or advertise Partner Products ("**Marketing Enablement Activities**"), as further described in Exhibit 1 (Sales & Marketing Enablement Activities).

b. Ecosystem Page Listing. Under this Agreement, Partner shall be entitled to promote a Partner Product in the Ecosystem via a Page.

c. Premium Sandbox. Marketo grants Partner a non-sublicensable, non-transferable, non-exclusive, revocable right to permit individuals authorized by Partner, and on Partner behalf, and who are Partner employees, contractors or agents (collectively "**Users**") to access and use a premium non-production instance of the Marketo Platform (collectively a "**Sandbox**") solely for the purposes of training such Users in the deployment and use of the Marketo Platform and the aforementioned functionality ("**Training**"). Partner shall be responsible for all acts and omissions of Partner Users. Partner shall reimburse Marketo for any damage to or loss of the Sandbox caused by Partner or Partner Users. Marketo will provide certain access information ("**Logins**") to enable Partner and Partner Users to access the Sandbox. Logins provided by Marketo may not be shared or used by anyone other than the Users. Partner shall promptly notify Marketo with reasonable security details when the security of any Login is compromised. Logins shall be and are Marketo

Confidential Information under the terms of this Agreement and shall be used for the sole purpose of accessing the Sandbox for training purposes as set forth herein. The following additional restrictions shall apply to the license granted hereunder:

(1) Restrictions on the Premium Sandbox. Partner may not modify, create derivative works, decompile, disassemble, decrypt, extract, or otherwise reverse engineer the Sandbox, except to the extent any of the preceding limitations are unenforceable under applicable law. Partner is not authorized to: (i) disclose, distribute, or transfer the Sandbox; (ii) make public any benchmarking or results of evaluating the Marketo Platform except with Marketo's prior written consent; or (iii) remove any proprietary markings or notices included as part of the Marketo Platform. If Partner does not access the Sandbox for three (3) consecutive months, Marketo may suspend Partner ability to access it. Partner shall limit access to the Sandbox to the Users and take adequate steps to protect the Sandbox from unauthorized disclosure or use including, without limitation, using any Logins provided by Marketo solely for the purpose of accessing the Sandbox for training purposes.

(2) Suspension of Sandbox. Partner can use the Sandbox subject to the following restriction: Marketo may postpone, curtail, suspend, or even terminate Partner access to the Sandbox at any time without notice, provided however that Marketo shall notify Partner of the reason promptly thereafter. Upon the termination or expiration of this Agreement for any reason, Partner shall immediately terminate Partner use of the Sandbox.

4. Partner Obligations

a. Marketo Connector Certification Program. If Partner is not certified under the Marketo LaunchPoint Connector Certification Program ("**Certification Program**"), Partner agrees to join the Certification Program under its standard terms ("**Certification Program Terms**") and complete the certification process described in those terms. Partner will maintain its certification under the Certification Program during the Term, which may include Partner obtaining re-certification when necessary under the Certification Program Terms.

b. Eligibility for Connector Certification. Upon termination of this Agreement, Partner's participation in, and connector certification under, the Certification Program will

terminate and Partner will cease to use the Marketo certification marks licensed to Partner under the Certification Program Terms. Marketo will not be required to refund any certification fees paid by Partner in the event of such a termination.

c. Monthly Reviews. Partner agrees to attend, and make an account manager or similar Partner representative available to attend, monthly review meetings with a Marketo representative. In such monthly review meetings, the parties will discuss, without limitation: (i) Qualifying Sales (defined in Exhibit 2) that have been made; (ii) Partner's pipeline of sales prospects and opportunities relating to Partner Products; and (iii) planning for any Sales Enablement Activities and Marketing Enablement Activities that require the parties to collaborate. As part of these monthly review meetings, Partner shall provide a version of the Partner Reporting Document (defined in Exhibit 3) to the Marketo representative documenting sales made to Marketo customers during the Term.

d. Audit Rights. Upon sixty (60) days' advance written notice, Marketo may retain an independent certified public accountant who will have reasonable access to Partner's records related to this Agreement for an audit period not to exceed thirty (30) consecutive days to confirm that the Accelerate Program Fees paid hereunder during an agreed-upon commercially reasonable period immediately preceding the commencement of the audit (the "**Audit Window**") are accurate. Any audit hereunder shall be conducted: (i) at the Marketo's sole expense; (ii) only during the normal business hours of Partner; (iii) not more than once per year; and (iv) not within twelve (12) months of any previous audit hereunder. Notwithstanding the foregoing, in the event that the results of the audit reveal an underpayment of more than ten percent (10%) of Accelerate Program Fees during the Audit Window, then Partner shall reimburse Marketo for the reasonable costs and expenses associated with the audit.

5. Fees

a. Accelerate Program Fees. Partner will pay Marketo the Accelerate Program Fees in accordance with Exhibit 2 (Accelerate Program Fees).

b. Taxes. All payments, prices and fees payable under this Agreement shall be made exclusive of sales taxes, use taxes and value added taxes (VAT/GST). If applicable, Partner will provide valid exemption documentation for each taxing jurisdiction to Marketo. For avoidance of any doubt, Marketo shall be responsible for paying any and all taxes imposed on or measured by Marketo's income, property and employment taxes. As applicable, Marketo shall provide Partner with a completed applicable withholding tax

certificate such as U.S. Form W-9, Form W-8 series or foreign jurisdiction equivalent of such withholding tax certificates. Marketo and Partner shall comply with all applicable tax laws and regulations.

6. Term and Termination

a. Term. This Agreement starts on the Effective Date and continues for one (1) year (the "**Initial Term**"), and will automatically renew for additional successive one (1) year terms (collectively, the "**Term**") unless either party gives the other party written notice of non-renewal at least three (3) months before the end of the then-current term.

b. Termination for Convenience. Marketo may terminate this Agreement for any reason upon thirty (30) days' prior written notice to Partner.

c. Termination for Cause. Either party may terminate this Agreement if the other party fails to cure any material breach of this Agreement within thirty (30) days of the date on which the breaching party received written notice thereof. If a party commits or suffers (whether voluntarily or involuntarily) an act of bankruptcy, receivership, liquidation, or similar event, the other party may immediately terminate this Agreement upon written notice.

d. Consequences of Termination. Upon termination of this Agreement: (i) Partner will remain liable to pay any fees payable to Marketo that were accrued under this Agreement prior to or on the effective date of termination; and (ii) Partner will cease using the Marketo Technologies and Marketo Marks.

e. Survival. The following sections of this Agreement will survive termination of this Agreement: Sections 1 (Definitions), 4.d (Audit Rights), 5 (Fees), 6 (Term and Termination), 7 (Intellectual Property), 9 (Confidentiality) to 14 (Miscellaneous), Exhibit 2 (Accelerate Program Fees), and Exhibit 3 (Partner Reporting Document).

f. Suspension. If Marketo determines in its reasonable discretion that a Partner Product has caused, or threatens to cause, any disruption to the Marketo Platform, Marketo may disable any interface between the Marketo Platform and the applicable Partner Product.

7. Intellectual Property

a. Ownership. As between the parties, each party retains ownership of its intellectual property rights and technology (including intellectual property rights in all upgrades and improvements thereto). No licenses or rights are granted by either party to the other party, other than as expressly provided for in this Agreement.

b. Feedback. If Partner provides any feedback or suggestions to Marketo concerning the functionality or performance of the Marketo Platform ("**Feedback**"), Partner hereby assigns all right, title, and interest in the Feedback to Marketo. Further, Partner agrees to execute all documents necessary to perfect Marketo's rights in such Feedback.

8. Disclaimer of Warranties. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, NEITHER PARTY MAKES ANY WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED (EITHER IN FACT OR BY OPERATION OF LAW), OR STATUTORY, AS TO ANY MATTER WHATSOEVER. EACH PARTY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUALITY, ACCURACY, AND TITLE.

9. Confidentiality

a. Confidential Information. For the purposes of this Agreement, the term "**Confidential Information**" means any information which one party (the "**Disclosing Party**") discloses to the other party (the "**Receiving Party**") pursuant to or in connection with this Agreement (whether in writing or orally) that would reasonably be considered as confidential given its nature and the circumstances of its disclosure. Subject to Section 9.b (Exceptions), Marketo's Confidential Information includes, without limitation, the terms of this Agreement, Marketo's product roadmaps, and any Marketo marketing materials related to the Accelerate Program. The Receiving Party shall maintain the Confidential Information of the Disclosing Party in confidence with at least the same degree of care it uses to safeguard its own confidential information, but in any event, no less than a reasonable degree of care. The Receiving Party shall not use the Confidential Information of the Disclosing Party for any purpose other than to perform its obligations and exercise its rights under this Agreement. The Receiving Party shall not disclose the Confidential Information of the Disclosing Party to any third party except to its officers, employees, and contractors who have a need to know for the purposes of this Agreement. The Receiving Party will ensure that any third party to which it discloses Confidential Information agrees to treat such Confidential Information in accordance with this Agreement, and the Receiving Party shall be responsible for any failure to do so by such a third party.

b. Exceptions. The parties' confidentiality obligations shall not apply to the extent that the Receiving Party can demonstrate that the Confidential Information: (i) was in the possession of the Receiving Party prior to the time of disclosure; (ii) is or becomes public knowledge through no act or omission of the Receiving Party in breach of this Agreement; (iii) is obtained by the Receiving Party from a third party under no obligation of confidentiality to the Disclosing Party; or (iv) is independently developed by the Receiving Party without use of or reference to the Disclosing Party's Confidential Information.

c. Required Disclosure. The Receiving Party may disclose any Confidential Information that is required to be disclosed by law, government regulation, or court order. If such disclosure is required, the Receiving Party shall give the Disclosing Party prompt notice (to the extent practicable and permitted by law) so that the Disclosing Party may seek a protective order or take other action that is reasonable in light of the circumstances. The parties agree that nFusz may disclose the existence of this Agreement and the material terms thereof in all requisite filings with the Securities and Exchange Commission ("SEC") consistent with nFusz's disclosure obligations under such SEC rules and regulations and no additional notice to Marketo is required.

d. Termination or Expiration. The parties' rights and obligations under this Section 9 shall continue for the duration of the Term and for one (1) year thereafter. Upon the Disclosing Party's request, the Receiving Party shall promptly return all the Confidential Information of the Disclosing Party, including all copies and tangible embodiments thereof, provided that the Receiving Party may retain copies of such Confidential Information as necessary in connection with its routine backup and archiving procedures and to ensure compliance with its legal obligations and its continuing obligations under Section 6.e (Survival) of this Agreement.

10. Disclaimer of Warranties. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, NEITHER PARTY MAKES ANY WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED (EITHER IN FACT OR BY OPERATION OF LAW), OR STATUTORY, AS TO ANY MATTER WHATSOEVER. EACH PARTY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUALITY, ACCURACY, AND TITLE.

11. Indemnification.

a. Partner Indemnification of Marketo. Partner shall indemnify, defend and hold Marketo, its Affiliates, employees, directors, agents, and representatives (collectively, the

"**Marketo Indemnified Parties**") harmless against any expense, loss, liability, damage or costs (including reasonable attorneys' fees) in connection with claims, demands, suits, or proceedings ("**Claims**") made or brought against any of the Marketo Indemnified Parties by a third party alleging that a Partner Product (including any combination of the Marketo Platform and a Partner Product) infringes a third party's intellectual property rights; provided that Marketo or the applicable Marketo Indemnified Party: (a) gives Partner sole control of the defense and settlement of the Claim (provided that Partner may not settle any Claim unless it unconditionally releases the applicable Marketo Indemnified Party of all liability); and (b) provides to Partner, at Partner's expense, all reasonable assistance.

b. Marketo's Indemnification of Partner. Marketo shall indemnify, defend and hold Partner, its Affiliates, employees, directors, agents, and representatives (collectively, the "**Partner Indemnified Parties**") harmless against any Claims made or brought against any of the Partner Indemnified Parties by a third party alleging that the Marketo Accelerate Program Technologies or Marketo Platform Technologies infringes a third-party's intellectual property rights; provided that Partner or the applicable Partner Indemnified Party: (a) gives Marketo sole control of the defense and settlement of the Claim (provided that Marketo may not settle any Claim unless it unconditionally releases the applicable Partner Indemnified Party of all liability); and (b) provides to Marketo, at Marketo's expense, all reasonable assistance.

12. Limitation of Liability

a. NO CONSEQUENTIAL DAMAGES. TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE, OR SPECIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS AND COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES, TECHNOLOGY, OR RIGHTS), EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT.

b. LIABILITY CAP. EXCEPT WITH RESPECT TO: (I) THE PAYMENT OBLIGATIONS SET FORTH IN THIS AGREEMENT, INCLUDING SECTION 5 (FEES); AND (II) THE INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 11 (INDEMNIFICATION), EACH PARTY'S AGGREGATE LIABILITY IN CONNECTION WITH THIS AGREEMENT SHALL NOT EXCEED THE TOTAL FEES PAID OR PAYABLE HEREUNDER DURING THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING THE DATE ON WHICH THE APPLICABLE CLAIM AROSE. WITH RESPECT TO (II), THE TOTAL MAXIMUM AGGREGATE LIABILITY OF A PARTY SHALL BE ONE MILLION DOLLARS ($1,000,000).

13. [Reserved] -

14. Miscellaneous

a. Notices. All notices and other communications required or permitted under this Agreement shall be in writing and shall be either: (i) delivered by electronic mail; (ii) delivered by hand, in which event the notice shall be deemed effective when delivered; (iii) delivered by prepaid registered or certified mail, return receipt requested, in which event the notice shall be deemed effective when received; or (iv) delivered by recognized overnight courier services, in which event the notice shall be deemed to have been received as of the regularly scheduled time for delivery established by such courier service. All notices and other communications under this Agreement shall be given to the Parties hereto at the following addresses (which may be updated from time to time upon written notice):

Marketo:

Marketo, Inc.

901 Mariners Island Blvd, #500

San Mateo, CA 94404

Attn: General Counsel

info@marketo.com

Partner:

nFusz, Inc.

344 Hauser Blvd, Suite 414

Los Angeles, CA 90036

Att: Rory J. Cutaia, CEO

rory@nfusz.com

b. No Joint Venture. This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary, or employment relationship between Marketo and Partner.

Neither party shall have the right to enter into any agreement that binds or obligates the other in any way, except as otherwise provided expressly in this Agreement.

c. Severability. If any provision of this Agreement is determined to be invalid or unenforceable for any reason, such provision shall be deemed modified, if possible, to the extent required to render it valid, enforceable and binding, and such determination shall not affect the validity or enforceability of any other provision of this Agreement.

d. Assignment. This Agreement may not be assigned or transferred by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld. Any attempted assignment without such consent will be void. Notwithstanding the foregoing, either party may assign this Agreement, without the other party's consent, in connection with any merger, consolidation, sale of all or substantially all of such party's assets, or any other similar transaction, provided that the applicable assignee agrees to be bound by the terms of this Agreement.

e. Binding Agreement. This Agreement shall be binding upon each party and its Affiliates, their past or present officers, directors, members, managers, shareholders, agents, employees, successors or assigns and will inure to the benefit of the other party and its successors and assigns.

f. Execution in Counterpart. This Agreement may be executed in multiple counterparts, each such counterpart being deemed an original copy thereof.

g. Force Majeure. Neither party will be responsible for failure or delay of performance caused by, and each party will use reasonable efforts to mitigate the effect of: (i) an act of nature, war, hostility or sabotage; (ii) an electrical, internet, or telecommunication outage that is not caused the obligated party; or (iii) other event outside of the obligated party's reasonable control.

h. Non-Waiver. Failure by either party at any time to enforce any of the terms hereof shall not constitute a waiver of any of the provisions hereof, and no such waiver shall be construed as a waiver of any succeeding breach of such provision.

i. Entire Agreement, Merger and Integration. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous related communications or agreements, whether oral, written, or electronically transmitted, between the parties.

j. Prior Agreements. This Agreement comprises the entire Agreement between the parties and supersedes all prior or contemporaneous negotiations, discussions or Exhibits, whether written or oral, between the parties regarding the Ecosystem (including prior versions the Marketo LaunchPoint Terms of Participation, Marketo LaunchPoint Elevate Program Agreement, and any archived versions of the Marketo Application Programming Interface License).

k. Amendments. This Agreement may only be amended, supplemented, or otherwise modified, by written agreement signed by duly authorized representatives of both parties.

l. Implied License and Estoppel. Nothing in this Agreement shall be construed as granting a license via the doctrines of implied license or legal estoppel to rights beyond what is expressly granted under this Agreement. Further, nothing in this Agreement shall be deemed a waiver of either party's intellectual property rights. Through agreeing to the terms of this Agreement, each party acknowledges that they are only licensed to the rights expressly enumerated in this Agreement and that the actions of the parties and/or the consideration granted under this Agreement is solely for these rights and for no others.

m. Keeping the Peace. During the Term of this Agreement, each party agrees not to directly or indirectly assert, make a demand related to, or sue for infringement of, any claim of any patent that reads on (or that would otherwise be infringed by) any of the other party's intellectual property or to permit any of their Affiliates to do any of the foregoing, against a party or its Affiliates.

n. Statements About the Ecosystem. Partner shall not make any false, misleading, unfavorable, or disparaging statements regarding the Ecosystem, the Marketo Platform Technologies, Marketo Platform, its program(s), or the capabilities, features, functions or performance of the foregoing, including without limitation in or in the course of any sales, marketing, customer or partner engagements, publicity, and other activities under this Agreement. Neither party shall make any disparaging statements about the other.

o. Anti-Bribery Provisions. Marketo represents, warrants, and covenants that its Affiliates, and its and their owners, partners, officers, directors, employees, agents, representatives, and subcontractors (collectively, "**Representatives**") shall comply with all applicable laws related to bribery, fraud, corruption, or international trade, including, but not limited to, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and any

applicable anti-bribery or trade laws of other countries ("**Anti-Corruption Laws**"). Marketo and its Representatives have not committed and will not commit, and have no information, reason to believe, or knowledge of anyone else having committed or intending to commit, any violation of the Anti-Corruption Laws or any act or omission which could cause Partner to be in violation of the Anti-Corruption Laws with respect to any activities related to the Agreement or the business of Partner.

p. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California, as applicable to agreements executed and wholly performed therein, but without regard to the choice of law provisions thereof. The exclusive jurisdiction and venue for any action initiated under or in relation to this Agreement shall be either the Superior Court for the County of San Mateo, California, or the United States Federal District Court for the Northern District of California. In the event of any controversy, claim or action between the parties, arising from or related to this Agreement, the prevailing party will be entitled to receive from the other party its reasonable attorneys' fees and costs. The United Nations Conventions on Contracts for the International Sale of Goods shall not apply to this Agreement.

q. Headings. The subject headings of the sections of this Agreement are included for convenience only, and shall not affect the construction or interpretation of its provisions.

r. Precedence. In the event of a conflict between this Agreement and an exhibit to this Agreement, this Agreement will prevail to the extent of the conflict.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective authorized representatives as of the Effective Date.

For nFusz, Inc.:	For Marketo:
Signature: RORY J. CUTAIA RORY J. CUTAIA (Feb 9, 2018)	Signature: Shai Alfandary Shai Alfandary (Feb 9, 2018)
Name: RORY J.CUTAIA _	Name: Shai Alfandary
Title: CEO _	Title: VP LaunchPoint
Date: 2.9.2018	Date: 2/9/2018

EXHIBIT 1

SALES & MARKETING ENABLEMENT ACTIVITIES

1. Sales Enablement Activities

Marketo may engage in Sales Enablement Activities that include:

a. Demo Days. Partner may participate in demo days, where Partner is given opportunity to showcase technology to the Marketo sales team.

b. Case Study. Partner to prepare a slide presentation and Marketo shall promote this slide presentation internally with Partner assistance discussing the integration between Partner Products and the Marketo Platform, and such integration's benefits

c. Sales Boot Camp. Marketo may invite Partner to attend the Marketo Sales Boot Camp, a training and education program that educates the Marketo sales team on the features and function of the Partner Product.

d. Commission Plan. Using Spiffs or other incentives, Marketo may implement a compensation plan for its sales and/or customer success teams to facilitate the promotion of Partner Products by such sales and/or customer success teams to Marketo customers.

2. Marketing Enablement Activities

Marketo may engage in Marketing Enablement Activities that include:

a. Joint Customer Webinar. Marketo may schedule, promote, and host a webinar with a joint customer about a Partner Product, with an opportunity for Partner to participate in such webinar.

b. Collateral Creation. Upon Partner's request, Marketo will provide guidelines and style templates to Partner to be used to create marketing collateral based upon Partner content.

c. Press Release. The parties may collaborate to jointly create and agree to the content of press releases and blog posts promoting this Agreement.

d. Event Marketing. The parties may jointly create, promote, and host a networking event with prospective and existing customers.

e. Marketing Nation Summit Sponsorship. Marketo may offer Partner an opportunity to be a sponsor at a Marketo Nation Summit event.

f. LaunchPoint Website Marketing. Marketo may list Partner Products and include Partner as a featured partner in a section of the main Marketo LaunchPoint website at http://launchpoint.marketo.com.

* * * * *

EXHIBIT 2

ACCELERATE PROGRAM FEES

1. Definitions

In this Agreement:

"**Accounting**" means a written record of the Fees paid by the Partner hereunder in an agreed to form and format.

"**Annualized Sale Revenue**" means Sale Revenue, adjusted to annualize such amount. For example, if a Qualifying Sale is of a subscription with a one (1) year term, the Annualized Sale Revenue equals the Sale Revenue for that Qualifying Sale. If a Qualifying Sale is of a subscription with a two (2) year term, the Annualized Sale Revenue is half of the Sale Revenue for that Qualifying Sale.

"**Beta Partner Products**" means a Partner Product provided to a Partner customer or prospective customer on a royalty free or fee free basis.

"**Buy Out Revenue Share**" means, in relation to a Qualifying Sale, the Annualized Sale Revenue for the Qualifying Sales multiplied by the Revenue Share Percentage.

"**Excluded Items**" means, in relation to the sale of a Partner Product, any applicable sales taxes, and any delivery, packaging, or handling charges.

"**Minimum Commitment**" means a minimum per Quarter amount payable to Marketo in the amount of US$25000.

"**Qualifying Sale**" means the sale of a Partner Product by Partner (whether directly or through a Partner reseller) to a third-party end customer who is also a customer of Marketo at the time of the sale, and any renewals as provided for pursuant to Section 4 (Treatment of Renewals) of this Exhibit. For the avoidance of doubt, a sale occurs when it is booked by Partner. Subject to Section 5, excluded from this definition are Beta Partner Products.

"**Quarter**" means a recurring three (3) month period after the Effective Date. For example, the period of October 1-December 31st, January 1-March 30th, and so on.

"**Revenue Share**" means for a given Quarter the greater of: (i) the sum of all Sale Revenue for every Qualifying Sale multiplied by the Revenue Share Percentage; or (ii) the Sale Revenue Floor Price for each Qualifying Sale.

"**Revenue Share Percentage**" means 20%.

"**Sale Revenue**" means, in relation to a Qualifying Sale, the total sales price of the relevant Partner Product, excluding any Excluded Items, but without reduction for any withholding tax paid by Partner or Partner's customer. Sale Revenue arises on the date the Qualifying Sale is booked.

"**Sale Revenue Floor Price**" means US$5000

2. Fees

Partner will pay Marketo the Revenue Share, and, subject to Section 3, the Minimum Commitment (collectively, the "**Accelerate Program Fees**").

3. Payment of Fees

Accelerate Program Fees accrued during each Quarter (upon booking of Qualifying Sales) will be calculated by Partner promptly after the end of the applicable Quarter and paid by Partner to Marketo in U.S. dollars within thirty (30) days after the end of such Quarter. Partner will also provide Marketo each Quarter with an Accounting of Accelerate Program Fees and how they were calculated. Within thirty (30) days of the end of each Quarter during the Term, Marketo will calculate the aggregate Accelerate Program Fees paid by Partner for such Quarter. If the aggregate Accelerate Program Fees paid during such Quarter do not equal or exceed the Minimum Commitment, Partner will pay to Marketo an amount equal to the difference between such aggregate Accelerate Program Fees paid for such Quarter and the Minimum Commitment within thirty (30) days after the end of such Quarter. Paid Accelerate Program Fees are non-refundable.

4. Treatment of Renewals

If a Qualifying Sale is made under an agreement that subsequently is renewed, and that agreement was initially entered into on or after the Effective Date, each renewal will be treated as a separate Qualifying Sale, and any Sale Revenue associated with that renewal will also be subject to the payment of Accelerate Program Fees by Partner. For clarity, if such agreement was initially entered into prior to the Effective Date, renewals of such agreement will not constitute Qualifying Sales.

5. Beta Partner Products

Partner may provide Beta Partner Products to prospective customers at no charge to Partner or the prospective customer. Unless approved by Marketo in writing, Partner must deactivate Beta Partner Products after sixty (60) days, and cannot extend Beta Partner Products beyond sixty (60) days, and can provision only one Beta Partner Product for each prospective customer. Beta Partner Products

utilized beyond this sixty (60) day period will be considered a Qualifying Sale within the meaning of this Agreement.

6. Buy Out Upon Termination

Upon termination of this Agreement, Partner will pay Marketo a Buy Out Fee within thirty (30) days of termination. "**Buy Out Fee**" means the aggregate Buy Out Revenue Share associated with all Qualifying Sales which are active (i.e. Qualifying Sales of Partner Product subscriptions that have not terminated or expired) on the effective date of termination that have actually been received by Partner as of the date of termination. The balance of the Buy Out Revenue Share, calculated as of the date of termination, shall be paid to Marketo as and when received by Partner.

* * * * *

EXHIBIT 3

PARTNER REPORTING DOCUMENT

Customer Name	Sale Revenue	Subscription Start Date	Subscription End Date	Partner Product Description
-		-		-
-		-		-

INSTRUCTIONS:

1. One row must be filled out for every Marketo customer where you have active subscriptions during the Term.

2. Column A: customer name (i.e., name of individual or corporate entity name, as applicable).

3. Column B: "Sales Revenue" has the meanings provided in Exhibit 2.

4. Column C: the date upon which the Partner Product is sold or made available to the customer.

5. Column D: the date upon which the Partner Product ceases to be made available to the customer based upon the term of the subscription agreement for the Partner Product.

6. Column E: Description of Partner Product sold to customer.

Exhibit 4

MARKETO LAUNCHPOINT PAGE EXHIBIT

This Marketo LaunchPoint Page Exhibit ("**Exhibit**") governs the Page listing of Your company, and associated service or solution in the Marketo Ecosystem, and the benefits associated with this listing ("**Ecosystem Benefits**"). This Exhibit is effective between the Partner (referenced in this Exhibit as "**You**", "**Your**", or "**Yours**") and Marketo (and its Affiliates) (collectively "**We**", "**Us**", or "**Our**") as of the Effective Date.

1. **Ecosystem Benefits**

1.1 Ecosystem Participation Generally

1.1.1 Open to both Services Partners. Be You a provider of services, solutions, or both this Exhibit has benefits that You can use including- the ability to post a Page, and use certain Marks just to name a few.

1.1.2 Market yourself to the Ecosystem and the world. You will be able to list Your name, solution(s), copy, screen shots, video and other content on, through and within a Page, and You agree to maintain Your Page pursuant to the terms and conditions of this Exhibit. However, We may, in Our sole discretion and for any reason at any time, edit, move, monitor, or collect data from Your Page, and suspend, or remove Your Page from the Ecosystem.

1.1.3 Feedback regarding your products. Once Your Page is posted, You will receive customer feedback regarding Your Page and the products listed on this Page. Note, absent a violation of the LaunchPoint terms of use, or the Marketo Use Policy We have no control over the content of these customer posts.

1.1.4 Let people know what you think. Another benefit is that We will allow You to post reviews and ratings of other pages. All reviews or ratings shall be made in good faith and may not be made anonymously. You acknowledge that We do not endorse any pages and have no responsibility for availability or accuracy related to the pages.

2. **Additional Terms**

2.1. It's Your page. You represent and warrant that You are solely responsible, and that We have no responsibility or liability of any kind, for the Page, or its development or maintenance. You represent and warrant that You will be solely responsible for: (a) the operation of Your solutions featured in Your Page; (b) creating and displaying Your Page; (c) the accuracy and appropriateness of Your Page; and (d) ensuring that Your Page does not violate or infringe the rights of any third party

(including, for example, patent, copyrights, trademarks, privacy, or other personal or proprietary rights).

2.2 You wrote it, right? You represent and warrant that: (a) Your Page and the use of Your Page by Us and any users of the Ecosystem does not and will not violate, misappropriate or infringe the rights of any person or entity including any contract rights or any proprietary or intellectual property right of any person or entity; (b) You will comply with all applicable local, state, national and international laws and regulations, including, without limitation, all applicable export control laws, and maintain all licenses, permits and other permissions necessary to Your Page; (c) Your Page will not be obscene, defamatory, fraudulent or otherwise illegal in any jurisdiction; and (d) Your Page will not contain any virus, worm, Trojan horse, adware, spyware or other malicious code.

2.3 Additional Products. Subject to each party's respective rights and obligations under this Exhibit, each party acknowledges that any person or entity who lists pages on the Ecosystem may develop and market products that are similar to or otherwise compete with Your or Our respective products and services.

2.4 No warranties generally. We disclaim all warranties relating to the Ecosystem, including but not limited to any implied warranties of merchantability or fitness for a particular purpose. We make no warranty or representation: (a) regarding any Ecosystem Benefits or services that We provide to You as an Ecosystem partner; (b) that Ecosystem participation will increase Your sales; (c) regarding any pages on the Ecosystem, even if We reviewed, posted, certified, or rated those pages; or (d) that Your Page or the Ecosystem will operate on an error free or uninterrupted basis.

2.5 Page Data. We shall have the ability to monitor and record the number of times: (a) Your Page has been viewed; or (b) a widget or trigger is executed on Your Page. Further, We may aggregate data related to clauses (a) or (b) to generate statistical information related to Your Page for the purpose of, for example, comparing page view traffic across the Ecosystem. We own all right and title to this aggregate data.

Exhibit 21.1

Subsidiaries

Global System Designs Inc. (Canada)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion in the foregoing Registration Statement on Form S-1 of our report dated April 2, 2018 relating to the financial statements of nFüsz, Inc. as of December 31, 2017 and for the year then ended which appear in nFüsz, Inc. Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on April 2, 2018. We also consent to the reference to our firm under the caption "Experts".

/s/ Weinberg & Company, P.A.

Weinberg & Company, P.A.
Los Angeles, California
August 14, 2018