

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

CMG HOLDINGS GROUP INC

A Nevada Corporation

2130 North Lincoln Park West
Chicago, IL 61614

773.770.3440

CMGHoldingsInc19@gmail.com

Quarterly Report For the Period Ending: June 30, 2019 (the "Reporting Period")

As of August 12, 2019, the number of shares outstanding of our Common Stock was: 449,506,008.

As of June 30, 2019, the number of shares outstanding of our Common Stock was: 449,506,008.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No: (Double- click and select "Default Value" to check)

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: No:

1) Name of the issuer and its predecessors (if an

Creative Management Group, Inc. was formed in Delaware on August 13, 2002 as a limited liability company named Creative Management Group, LLC. On August 7, 2007, this entity converted to a corporation and changed its legal name to Creative Management Group Inc.

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable)
Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

July 30, 2004 in Nevada

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: No: X

2) Security Information

Trading symbol:	CMGO
Exact title and class of securities outstanding:	\$0.001 Common Shares
CUSIP:	125749 101
Par or stated value:	\$0.001
Total shares authorized:	450,000,000 as of date: June 30, 2019
Total shares outstanding:	449,506,008 as of date: June 30, 2019
Number of shares in the Public Float: Total	410,371,046 as of date: June 30, 2019
number of shareholders of record:	199 as of date: June 30, 2019

Transfer Agent

Name: Corporate Stock Transfer
Phone: 303-282-4800
Email: cbell@corporatestock.com

Is the Transfer Agent registered under the Exchange Act? Yes: X No:

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

3) Issuance History

Creative Management Group, Inc. was formed in Delaware on August 13, 2002 as a limited liability company named Creative Management Group, LLC. On August 7, 2007, this entity converted to a corporation and changed its legal name to Creative Management Group Inc. The Company is a sports, entertainment, marketing and management company providing event management implementation, sponsorships, licensing and broadcast, production and syndication.

On February 20, 2008, Creative Management Group, Inc. formed CMG Acquisitions, Inc., a Delaware company, for the purpose of acquiring companies and expansion strategies. On February 20, 2008, Creative Management Group, Inc. acquired 92.6% of Pebble Beach Enterprises, Inc. (a publicly traded company) and changed the name to CMG Holdings Group, Inc. ("the Company"). The purpose of the acquisition was to effect a reverse merger with Pebble Beach Enterprises, Inc. at a later date. On May 27, 2008, Pebble Beach entered into an Agreement and Plan of Reorganization with its controlling shareholder, Creative Management Group, Inc., a privately held Delaware corporation. Upon closing the eighty shareholders of Creative Management Group delivered all of their equity interests in Creative Management Group to Pebble Beach in exchange for shares of common stock in Pebble Beach owned by Creative Management Group, as a result of which Creative Management Group became a wholly-owned subsidiary of Pebble Beach. The shareholders of Creative Management Group received one share of Pebble Beach's common stock previously owned by Creative Management Group for each issued and outstanding common share owned of Creative Management Group. As a result, the 22,135,148 shares of Pebble Beach that were issued and previously owned by Creative Management Group, are now owned directly by its shareholders. The 22,135,148 shares of Creative Management Group previously owned by its shareholders are now owned by Pebble Beach, thereby making Creative Management Group a wholly-owned subsidiary of Pebble Beach. Pebble Beach did not issue any new shares as part of the Reorganization. The transaction was accounted for as a reverse merger and recapitalization whereby Creative Management Group is the accounting acquirer. Pebble Beach was renamed CMG Holdings Group, Inc.

On April 1, 2009, the Company, through a newly formed wholly owned subsidiary CMGO Capital, Inc., a Nevada corporation, completed the acquisition of XA, The Experiential Agency, Inc. On March 31, 2010, the Company and AudioEye, Inc. ("AudioEye") completed the final Stock Purchase Agreement under which the Company acquired all of the outstanding capital stock of AudioEye. On June 22, 2011 the Company entered into a Master Agreement subject to shareholder approval as may be required under applicable law and subject to closing conditions with AudioEye Acquisition Corp., a Nevada corporation where the shareholders of AudioEye Acquisition Corp. exchanged 100% of the stock in AudioEye Acquisition Corp for 80% of the capital stock of AudioEye. The Company retained 15% of AudioEye subject to transfer restrictions in accordance with the Master Agreement; on October 2012, the Company distributed to its shareholders, in the form of a dividend, 5% of the capital stock of AudioEye in accordance with provisions of the Master Agreement.

On March 28, 2014, CMG Holdings Group, Inc. (the "Company" or "CMG"), completed its acquisition of 100% of the shares of Good Gaming, Inc. ("GGI") by entering into a Share Exchange Agreement (the "SEA") with BMB Financial, Inc. and Jackie Beckford, the then shareholders of GGI. The sole owner of BMB Financial, Inc. is also the sole owner of Infinite Alpha, Inc. which provides consulting services to CMG Pursuant to the SEA, the Company received 100% of the shares of GGI in exchange for 5,000,000 shares of the Company's common stock, \$33,000 in equipment and consultant compensation and a commitment to pay \$200,000 in development costs. As of September 30, 2014, the Company has paid \$58,600 of equipment and consultant compensation and \$190,550 in development costs, of which 50,000 of the development costs had been advanced by the Company, prior to entering the agreement. In addition, pursuant to the SEA, CMG shall adopt an incentive plan for GGI which shall entitle the GGI officers, directors and employees to receive up to 30% of the net profits of GGI and up to 30% of the proceeds, in the event of a sale of GGI or its assets.

On February 18, 2016, the Company, sold the assets of Good Gaming, Inc. to HDS International Corp. and thereafter, they changed their name to Good Gaming, Inc, from CMG Holdings Group, Inc. (OTCQB: GMER) ("Good Gaming"). The Company received in exchange 100,000,000 Class B Preferred Shares in Good Gaming which are convertible into shares of common stock at a rate of 200 common shares for each Class B Preferred Shares. Good Gaming, Inc. did a 1,000 to 1 reverse split, thus the 100,000,000 Class B Preferred Shares were converted to 100,000 Class B Preferred Shares. The Company has sold a portion of these Good Gaming shares to date in the market and currently owns the equivalent of 14,076,000 Common Shares in Good Gaming.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: X

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe any issuance of promissory notes, convertible notes or convertible debentures **in the past two completed fiscal years and any subsequent interim period.**

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: [g]

4) Financial Statements

A. The following financial statements were prepared in accordance with:

X U.S. GAAP
IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: **Vikram Grover,**
Title: **CFA Senior V.P.**
Relationship to Issuer: **Senior V.P.**

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance Sheet;
- D. Statement of Operations;
- E. Statement of Cash Flows;
- F. Financial Notes; and
- G. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below.

n/a

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5 Issuer's Business, Products and Services

The Company is a sports, entertainment, marketing and management company providing event management implementation, sponsorships, licensing and broadcast, production and syndication.

A. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

The Company's operating subsidiaries are XA The Experiential Agency, Inc. which is a sports, entertainment, marketing and management company providing event management implementation, sponsorships, licensing and broadcast, production and syndication. Its president is Alexis Laken, the daughter of the Company's president. The other subsidiary is Lincoln Acquisition Corp. which was formed for the purpose of liquidating shares in Good Gaming, Inc. and any other investment shares which might be held by CMG at any given time.

B. Describe the issuers' principal products or services, and their markets

XA, The Experiential Agency, Inc. ("XA") is the Company's wholly owned subsidiary engaged in event marketing and management. XA was acquired by the Company on April 1, 2009. It engages in a diverse range of marketing services, including interactive event strategy and planning, creative development, public relations, and nontraditional marketing. XA has staged movie and show premiers, cross country tours, hosted VIP events, staged press stunts, and other types of media events and services for leading shows, production houses, non-profit agencies and local communities across the United States. In addition to the physical event planning, logistics and event implementation, XA also engages in the interactive side of the events to increase branding awareness over the Internet.

XA's strong competitive advantage are (i) its long term presence and it is in its 25th year as a successful top tier event marketing agency, (ii) its outstanding long term vendor relationships that help deliver exceptional programs to its clients, and (iii) the vertical integration that gives its clients a single source for all their event marketing needs, which we believe will require less outsourcing and increased profitability and delivering superior customer service and creates one of a kind events and programs.

6) Issuer's Facilities

The Company leases space in Brooklyn, New York where XA is located.

7) Officers, Directors, and Control Persons

Glenn Laken is the President and sole Director of the Company he has over the past 30 years held multiple senior executive positions and created successful growth strategies in the financial services sector. His expansive professional experience includes working as an advisor to the 22 billion dollar Ameritech Pension fund, partnership in a Wall Street specialist firm, ownership of a Chicago clearing house with offices nationwide, and the purchase and restructuring of the Cigarette Racing Team Company. He has also enjoyed success in the area of mergers and acquisitions as an accomplished business leader.

A Company shareholder since 2010, Mr. Laken organized a shareholder group that forced changes in Company management in 2012, after careful analysis revealed that the Company was failing to reach its potential due to mismanagement by the original management team. Since orchestrating this change, Mr. Laken has worked as Company consultant, introducing Jeffrey Devlin and David Kovacs to the Board, and bringing Ron Burkhardt on as a board member and executive chairman of XA, The Experiential Agency, Inc. ("XA"). He also introduced a new subsidiary partially owned by his wife, Good Gaming Inc., to the Companies portfolio and arranged the sale of Audio Eye, Inc. stock to fund the elimination of the Company's toxic debt.

Using the tabular format below, please provide information regarding any person or entity owning 5% of more of the issuer, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Glenn Laken	President/Director	Chicago, IL	9,000,000	Common	2%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); No.
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities; No.
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; No.
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities. No.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Morgan E. Petitti, Esq.
118 W. Steetsboro Road #317
Hudson, Ohio 44236

Accountant or Auditor

Name: None

Investor Relations Consultant

Name: None

Other Service Providers

Provide the name of any other service provider(s), including, counsel, advisor(s) or consultant(s) **that assisted, advised, prepared or provided information with respect to this disclosure statement**, or provided assistance or services to the issuer during the reporting period.

Name: None

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Glenn Laken certify that:

1. I have reviewed this Quarterly Report of CMG Holdings Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 12, 2019 [Date]

/s/ Glenn Laken [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Glenn Laken certify that:

1. I have reviewed this Quarterly Report of CMG Holdings Group, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 12 2019 [Date]

/s/ Glenn Laken [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

CMG Holdings Group, Inc.
Consolidated Balance Sheet
Unaudited

	June 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 409,589	\$ 162,931
Accounts receivable	225,000	
Prepaid and other current expenses	8,400	8,400
Total current assets	<u>642,989</u>	<u>171,331</u>
Property and equipment	15,482	17,339
Goodwill	54,500	54,500
Total Assets	<u>\$ 712,971</u>	<u>\$ 243,170</u>
 LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 548,942
Accrued liabilities	-	40,408
Deferred compensation	721,500	760,000
Loan from outside party	125,000	125,000
Loan from shareholder	96,100	96,100
Note payable	<u>150,000</u>	<u>150,000</u>
Total current liabilities	<u>1,092,600</u>	<u>1,720,450</u>
TOTAL LIABILITIES	<u>1,092,600</u>	<u>1,720,450</u>
 COMMITMENTS AND CONTINGENCIES		
 STOCKHOLDERS' DEFICIT		
Common Stock 450,000,000 shares authorized; \$0.001 par value, 449,506,008 shares issued and outstanding as of June 30, 2019 and December 31, 2018	449,506	449,506
Additional paid in capital	14,687,865	14,687,865
Treasury Stock	(8,075)	-
Accumulated deficit	<u>(15,508,925)</u>	<u>(16,614,651)</u>
TOTAL STOCKHOLDERS DEFICIT	<u>(379,629)</u>	<u>(1,477,280)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 712,971</u>	<u>\$ 243,170</u>

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

CMG Holdings Group, Inc.
Consolidated Statements of Operations
Unaudited

	For the three months ended June 30, 2019	For the six months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2018
Revenues	\$ 1,064,842	\$ 1,841,011	\$ 232,800	\$ 676,321
Operating expenses				
Cost of revenues	648,806	968,163	226,638	475,329
General and administrative expenses	140,937	308,089	189,831	438,522
Total operating expenses	<u>789,743</u>	<u>1,276,252</u>	<u>416,469</u>	<u>913,851</u>
Net income from operations	<u>275,099</u>	<u>564,759</u>	<u>(183,669)</u>	<u>(237,530)</u>
Other income				
Settlement of notes payable	-	(25,000)	-	-
Write-off of accounts payable	205,967	565,967	-	-
Total other income	<u>205,967</u>	<u>540,967</u>	<u>-</u>	<u>-</u>
Net income	<u>\$ 481,066</u>	<u>\$ 1,105,726</u>	<u>\$ (183,669)</u>	<u>\$ (237,530)</u>

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

CMG Holdings Group, Inc.
Consolidated Statement of Cash Flows
Unaudited

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,105,726	\$ (237,530)
Adjustments to reconcile net income to cash used in operating activities		
Accounts receivable	(225,000)	
Depreciation	1,857	1,857
Deferred compensation	-	45,000
Basis of stock sold	76,304	-
Settlement of notes payable	-	-
Accounts payable	(665,654)	-
Net cash provided by operations	293,233	(190,673)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of deferred compensation	(38,500)	-
Net cash provided by investing activities	(38,500)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of Treasury Stock	(8,075)	-
Net cash provided by financing activities	(8,075)	-
Net increase in cash	246,658	(190,673)
Cash, beginning of year	162,931	214,983
Cash, end of year	\$ 409,589	\$ 24,310

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

CMG HOLDINGS GROUP, INC.

Notes to the Consolidated Financial Statements

1. Nature of Operations and Continuance of Business

Creative Management Group, Inc. was formed in Delaware on August 13, 2002 a limited liability company named Creative Management Group, LLC. On August 7, 2007, this entity converted to a corporation and changed its legal name to Creative Management Group Inc. The Company is a sports, entertainment, marketing and management company providing event management implementation, sponsorships, licensing and broadcast, production and syndication.

On February 20, 2008, Creative Management Group, Inc. formed CMG Acquisitions, Inc., a Delaware company, for the purpose of acquiring company and expansion strategies. On February 20, 2008, Creative Management Group, Inc. acquired 92.6% of Pebble Beach Enterprise, Inc. (a publicly traded company) and changed the name to CMG Holdings Group, Inc. ("the Company"). The purpose of the acquisition was to effect a reverse merger with Pebble Beach Enterprises, Inc. at a later date. On May 27, 2008, Pebble Beach entered into an Agreement and Plan of Reorganization with its controlling shareholder, Creative Management Group, Inc., a privately held Delaware corporation. Upon closing the eighty shareholder of Creative Management Group delivered all of their equity interests in Creative Management Group to Pebble Beach in exchange for shares of common stock in Pebble Beach owned by Creative Management Group, as a result of which Creative Management Group became a wholly-owned subsidiary of Pebble Beach. The shareholders of Creative Management Group received one share of Pebble Beach's common stock previously owned by Creative Management Group for each issued and outstanding common share owned of Creative Management Group. As a result, the 22,135,148 shares of Pebble Beach that were issued and previously owned by Creative Management Group, are now owned directly by its shareholders. The 22,135,148 shares of Creative Management Group previously owned by its shareholders are now owned by Pebble Beach thereby making Creative Management Group a wholly owned subsidiary of Pebble Beach. Pebble Beach did not issue any new shares as part of the Reorganization. The transaction was accounted for as a reverse merger and recapitalization whereby Creative Management Group is the accounting acquirer. Pebble Beach was renamed CMG Holdings Group, Inc.

On April 1, 2009, the Company, through a newly formed wholly owned subsidiary CMGO Capital, Inc., a Nevada corporation, completed the acquisition of XA, The Experiential Agency, Inc. On March 31, 2010, the Company and AudioEye, Inc. ("AudioEye") completed the final Stock Purchase Agreement under which the Company acquired all the outstanding capital stock of Audio Eye. On June 22, 2011 the Company entered into a Master Agreement subject to shareholder approval as may be required under applicable law and subject to closing conditions with AudioEye Acquisition Corp., a Nevada corporation where the shareholders of AudioEye Acquisition Corp. exchanged 100% of the stock in AudioEye Acquisition Corp for 80% of the capital stock of AudioEye. The Company retained 15% of AudioEye subject to transfer restrictions in accordance with the Master Agreement; on October 2012, the Company distributed to its shareholders, in the form of a dividend, 5% of the capital stock of AudioEye in accordance with provisions of the Master Agreement.

On March 28, 2014, CMG Holdings Group, Inc. (the "Company" or "CMG"), completed its acquisition of 100% of the shares of Good Gaming, Inc. ("GGI") by entering into a Share Exchange Agreement (the "SEA") with BMB Financial, Inc. and Jackie Beckford, the then shareholders of GGL The sole owner of BMB Financial, Inc. is also the sole owner of Infinite Alpha, Inc. which provides consulting services to CMG. Pursuant to the SEA, the Company received 100% of the shares of GGI in exchange for 5,000,000 shares of the Company's common stock, \$33,000 in equipment and consultant compensation and a commitment to pay \$200,000 in development costs. As of September 30, 2014, the Company has paid 58,600 of equipment and consultant compensation and 190,550 in development costs, of which \$50,000 of the development costs had been advanced by the Company, prior to entering the agreement. In addition, pursuant to the SEA, CMG shall adopt an incentive plan for GGI which shall entitle the GGI officers, directors and employees to receive up to 30% of the net profits of GGI and up to 30% of the proceeds, in the event of a sale of GGI or its assets.

On February 18, 2016, the Company, sold the assets of Good Gaming, Inc. to HDS International Corp. and thereafter, they changed their name to Good Gaming, Inc, from CMG Holdings Group, Inc. (OTCQB: GMER) ("Good Gaming "). The Company received in exchange 100,000,000 (which were subject to a 1-1000 reverse split making then 100,000) Class B Preferred Shares in Good Gaming which are convertible into shares of common stock at a rate of 200 common shares for each Class B Preferred Shares. The Company has sold a portion of these Good Gaming shares to date in the market and currently owns the equivalent of 14,076,200 common shares in the form of preferred stock and common stock.

CMG HOLDINGS GROUP, INC.

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies

a) Basis of Presentation and Principles of Consolidation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in US dollars. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Ship Ahoy LLC. All intercompany transactions have been eliminated. The Company's fiscal year-end is December 31.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the recoverability of its long-lived assets, stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents. As of June 30, 2019, and December 31, 2018, the Company had no cash equivalents.

d) Basic and Diluted Net Loss Per Share

The Company computes net loss per share in accordance with ASC 260, *Earnings Per Share*, which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

e) Financial Instruments

ASC 820, "*Fair Value Measurements*", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. It establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. It prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

CMG HOLDINGS GROUP, INC.

Notes to the Consolidated financial Statements

2. Summary of Significant Accounting Policies (Continued)

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts payable, and amounts due to related parties. Pursuant to ASC 820, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. We believe that the recorded values of all our other financial instruments approximate their current *fair* values because of their nature and respective maturity dates or durations.

t) Property and Equipment

Property and equipment are comprised of a vehicle and is amortized on a straight-line basis over an expected useful life of three years. Maintenance and repairs are charged to expense as incurred. The land is not depreciated.

g) Impairment of Long-lived Assets

The Company evaluates the recoverability of long-lived assets and the related estimated remaining lives at each balance sheet date. The Company records an impairment or change in useful life whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed.

h) Reclassification

Certain prior period amounts have been reclassified to conform to current presentation.

3 Equity

a. Common Stock

During the six months ended June 30, 2019 and year ended December 31, 2018, the Company did not sell any shares of its \$0.001 par value per share common stock.

b. Common Stock Warrants

During the six months ended June 30, 2019 and year ended December 31, 2018, the Company did not issue any warrants for its common shares. On December 15, 2017, the Company's Board of Directors lowered the strike price on the outstanding 40,000,000 Warrants previously issued to Glenn Laken to \$0.0035 and extended the expiration of the exercise date for an additional 5 years.

c. In June of 2019, the Company repurchased 1,050,098 shares of its common stock according to a repurchase agreement dated June 10, 2019

4. Notes Payable

Convertible Promissory Notes

During the six months ended June 30, 2019 and year ended December 31, 2018, the Company did not issue any new convertible promissory notes.

The Company settled an amount due that was in dispute of \$62,000. The Company settled this amount for \$25,000. An expense was taken for the \$25,000 for the three months ended March 31, 2019.

5. Legal Proceedings

We are subject to certain claims and litigation in the ordinary course of business. It is the opinion of management that the outcome of such matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

In January 2019, the Company settled a lawsuit. The Company received an initial payment of \$268,198 during the quarter ended March 31, 2019 as part of the settlement. The Company received an additional \$148,000 during the quarter ended June 30, 2019.

In October 2014, Ronald Burkhard, XA's former Executive Chairman and former member of the Company's Board of Directors filed a lawsuit in the Supreme Court of the State of New York, County of New York, alleging breach of his employment contract and seeking approximately \$695,000 in damages*. This lawsuit, where a judgement was entered against the Company for approximately \$775,000, was settled with Burkhard for \$105,000.

6. Income Taxes

The Company has a net operating loss carryforward of \$15,517,000 available to offset taxable income in future years which commence expiring in 2027. The Company is subject to United States federal and state income taxes at an approximate rate of 21%. As at June 30, 2019 and December 31, 2018, the Company had no uncertain tax positions.

	June 30, 2019	December 31, 2018
Income tax recovery at Statutory rate	\$ 218,058	\$ 9,551
Permanent differences and other	-	-
Valuation allowance change	(218,058)	(9,551)
Provision for income taxes	<u>\$ -</u>	<u>\$ -</u>

The significant components of deferred income tax assets and liabilities at June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	2018
Net operating loss carried forward	\$ 15,517,000	\$ 16,614,651
Valuation allowance	(15,517,000)	(16,614,651)
Net deferred income tax asset	<u>\$ -</u>	<u>\$ -</u>

7. Segments

The Company splits its business activities during the three months ended June 30, 2019 into three reportable segments. Each segment represents an entity of which are included in the consolidation. The table below represents the operations results for each segment or entity, for the three months ended June 30, 2019.

	<u>XA</u>	<u>Lincoln Acquisition</u>	<u>CMG Holding Group</u>	<u>Total</u>
Revenues	976,119	-	148,000	1,124,119
Operating expenses	669,003	-	95,740	764,743
Operating income(loss)	<u>307,116</u>	<u>-</u>	<u>52,260</u>	<u>359,376</u>
Other income(expenses)	180,967	-	-	180,967
Net income(loss)	<u><u>488,083</u></u>	<u><u>-</u></u>	<u><u>52,260</u></u>	<u><u>540,343</u></u>

The Company splits its business activities during the six months ended June 30, 2019 into three reportable segments. Each segment represents an entity of which are included in the consolidation. The table below represents the operations results for each segment or entity, for the six months ended June 30, 2019.

	<u>XA</u>	<u>Lincoln Acquisition</u>	<u>CMG Holding Group</u>	<u>Total</u>
Revenues	1,414,813	10,000	416,198	1,841,011
Operating expenses	980,698	75	295,479	1,276,252
Operating income(loss)	<u>434,115</u>	<u>9,925</u>	<u>120,719</u>	<u>564,759</u>
Other income(expenses)	540,967	-	-	540,967
Net income(loss)	<u><u>975,082</u></u>	<u><u>9,925</u></u>	<u><u>120,719</u></u>	<u><u>1,105,726</u></u>

8. Subsequent Events

In July of 2019 the Company repurchased 990,000 shares of its common stock for \$7,821, pursuant to a repurchase agreement dated June 10, 2019.

Per management review, no other material subsequent events have occurred.