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

FORM 10-K

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

[_] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

HALO COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**000-15862**	**13-3018466**
(State or other jurisdiction of incorporation or organization)	**(Commission File No.)**	**(IRS Employee Identification No.)**

7668 Warren Parkway, Suite 350
Frisco, Texas 75034
(Address of Principal Executive Offices)

214-644-0065
(Issuer Telephone number)

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [_] No [X]

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

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

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

Indicate by check mark if disclosures of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. [X]

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

Large Accelerated Filer [_] Accelerated Filer [_] Non-Accelerated Filer [_] Smaller Reporting Company [X]

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act.
Yes [_] No [X]

As of June 30, 2013, the aggregate market value of the registrant's Common Stock held by non-affiliates of the issuer was approximately $327,102 based on the last sales price of the issuer's Common Stock, as reported by OTCMarkets. This amount excludes the market value of all shares as to which any executive officer, director or person known to the registrant to be the beneficial owner of at least 5% of the registrant's Common Stock may be deemed to have sole or shared voting power.

The number of shares outstanding of the registrant's Common Stock as of March 31, 2014 was 66,364,083.

DOCUMENTS INCORPORATED BY REFERENCE

Listed below are documents incorporated herein by reference and the part of this Report into which each such document is incorporated:

None

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Report that are not statements of historical fact constitute “forward-looking statements.” Words such as “may,” “seek,” “expect,” “anticipate,” “estimate,” “project,” “budget,” “goal,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “strategy,” “believes,” “predicts,” “potential,” “continue,” and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Although the Company believes that the current views and expectations reflected in these forward-looking statements are reasonable, those views and expectations, and the Company’s future plans, operations, business strategies, operating results and financial position, are inherently subject to risks, uncertainties, and other factors, many of which are not under the Company’s control. Those risks, uncertainties, and other factors could cause the actual results to differ materially from those in the forward-looking statements. Those risks, uncertainties, and factors (including the risks contained in the section of this report titled “Risk Factors”) that could cause the Company’s actual results, performance or achievements to differ materially from those described or implied in the forward-looking statements and its goals and strategies to not be achieved. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Report. The Company expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements to reflect any change in its views or expectations. The Company can give no assurances that such forward-looking statements will prove to be correct.

PART I

Item 1. BUSINESS.

General

Halo Companies, Inc. (“Halo” or the “Company”) was incorporated under the laws of the State of Delaware on December 9, 1986. Its principal executive offices are located at 7668 Warren Parkway Suite 350, Frisco, Texas 75034 and its telephone number is 214-644-0065. The Company’s stock symbol is HALN.

Unless otherwise provided in footnotes, all references from this point forward in this Report to “we,” “us,” “our company,” “our,” or the “Company” refer to the combined Halo Companies, Inc. entity, together with its subsidiaries.

Business Overview

The Company, through its subsidiaries, operates a nationwide distressed asset services company, providing technology-driven asset management, portfolio due diligence, acquisition, repositioning and liquidation strategies for the private investment and mortgage servicing industry. Founded in 2004, Halo began operating in the mortgage origination sector, expanding quickly to an award-winning consumer financial services company. Halo’s years of experience, key leadership and industry knowledge, laid the foundation for its emergence as a premier distressed asset services company.

Products and Services

Halo focuses its distressed asset services, portfolio due diligence, and asset liquidation strategies primarily on single family residential real estate across the United States for its business customers (typically distressed debt investors or debt servicers) to market turnkey solutions for improved performance and monetization of their portfolios. In today’s economy, lenders are experiencing an overflow of distressed assets. Many mortgage debt servicers are currently overwhelmed with externally imposed programs that are stretching the limits of their human resources, money and time. Halo’s technology systems are bundled with transparency, accountability, efficiency, and flexibility. This unique strategy directs borrowers into an intelligent, results-driven process that establishes affordable, long-term mortgages while also achieving an improved return for lenders and investors, when compared to foreclosure.

The following outline briefly describes Halo’s various subsidiaries and the services they offer. The Company provides segment reporting in accordance with generally accepted accounting principles in Note 4 to the consolidated financial statements. Halo sold or wound down multiple subsidiaries during 2012 (discussed in the recent developments section below). These subsidiaries are not included in this section.

Halo Asset Management, LLC Halo Asset Management ("HAM") was formed as the operating company for a "fee for service" default and disposition asset management business model supporting our clients' investment into funds of real estate owned ("REO") properties or non-performing loans. The client's primary investment focus is to acquire properties in metropolitan areas with an emphasis on acquiring below replacement cost, undervalued or distressed properties through REO. The Company has allocated many of its resources to the development and launch of HAM which management notes is the core business of the Company today and moving forward. HAM created a unique business plan that takes advantage of two of the largest anomalies that exist in today's residential real estate market: (1) the collapse of available capital for lending to a large percentage of the consumer market, and (2) the over-correction of home prices particularly in low to moderate-income markets.

Halo Portfolio Advisors, LLC Halo Portfolio Advisors ("HPA") works with asset managers, investors and servicers to provide ongoing default management, asset/liability management, asset preservation management, portfolio acquisition and liquidation support. Secondarily, HPA offers its customers custom tailored workout programs that will improve the performance of the assets or notes through a myriad of creative analytic and retention strategies. HPA utilizes Halo's proprietary, in-house technology to provide a proprietary, customized analysis of a Client's position. HPA then custom tailors a solution for the Client which provides the Client analytics on which assets or notes to monetize first and what options are best utilized to monetize each individual asset or note.

Recent Developments

In January 2012, based on management's assessment of the Halo Group Realty, LLC ("HGR") operating segment performance along with the Company's continued focus and financial capitalization efforts on growing the asset management and portfolio advisor subsidiaries, the Company committed to a plan to sell the subsidiary entity. On January 31, 2012, the Company sold HGR for $30,000. On August 31, 2012, in a separate transaction, the Company sold the primary technology platform, including the source code, of HGR for $50,000.

In November 2012, the Company entered into a stock/unit purchase agreement for the sale of the Company's subsidiaries Halo Debt Solutions, Inc. ("HDS"), Halo Financial Services, LLC ("HFS"), and Halo Credit Solutions ("HCS"). The purchase agreement was finalized at $250,000, which included a $25,000 down payment at closing and promissory note financing for the remainder of the purchase price. The Company recorded a gain on the sale of HDS, HFS and HCS of $134,731. As of December 31, 2013, the buyer has paid (including the down payment) the Company $250,000 (paid in full).

In April 2013, the Company eliminated the noncontrolling interest balance on its balance sheet when it effectively closed the non-operating subsidiary Halo Choice Insurance Services, LLC ("HCIS"). See further discussion in Note 2 of the consolidated financial statements.

In August 2013, the Company and its office lessor agreed to a final settlement whereby it would vacate its previously leased office facilities in Allen, Texas. In doing so, the final settlement obligation of $254,023 is to be paid over twelve equal installments beginning in September 2013 through August 2014. This balance is included in the current portion of deferred rent. The final settlement released previously recognized rent expense which was included in accounts payable and deferred rent. The release of these obligations was credited to rent expense which is included in general and administrative expense on the consolidated statements of operations. Additionally, the final settlement included requirements that (1) the office lessor retain the Company's $45,000 deposit and (2) the Company sell certain furniture and equipment in the office. Both the cost of the furniture and equipment and the related accumulated depreciation have been removed from the respective accounts, with the resulting income statement impact being expensed in general and administrative expenses on the consolidated statements of operations.

In October 2013, the Company entered into a senior unsecured convertible promissory note agreement of $1,500,000. The terms of the note include an interest rate of 15% with a maturity date of October 10, 2016. See further discussion in Note 10 of the consolidated financial statements.

Competition

The asset management and financial services industries are highly competitive, and there is considerable competition from major institutions in Halo's lines of business, including national financial institutions, real estate agencies and insurance companies, as well as specialty consumer financial services companies offering one or more of the products and services offered by Halo. The development and commercialization of new products and services to address consumers' financial needs is highly competitive, and there will be considerable competition from major companies seeking to expand their own product and service offerings. Many of Halo's competitors have substantially more resources than Halo, including both financial and technical resources. Additionally, competition is intense in obtaining highly qualified employees.

Intellectual Property

The Company maintains copyrights on its printed marketing materials, web pages and proprietary software. Halo's goal is to preserve the Company's trade secrets, without infringing on the proprietary rights of other parties.

To help protect its proprietary know-how, which is not patentable, Halo currently relies and will in the future rely on trade secret protection and confidentiality agreements to protect its interest. To this end, Halo requires all of its employees, consultants, advisors and other contractors to enter into confidentiality agreements that prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to Halo of the ideas, developments, discoveries and inventions important to its business.

Employees

As of December 31, 2013, the Company had 30 full-time employees. None of the Company's employees are covered by a collective bargaining agreement. Halo believes that it maintains good relationships with its employees.

Government Regulation

The services provided by the Company, through its subsidiaries, are extensively regulated by federal and state authorities in the United States. Halo believes it is in compliance with federal and state qualification and registration requirements in order that it may continue to provide services to its clients consistent with applicable laws and regulations. See *Risk Factors* below for further discussion about the risks involved with Company's regulatory environment.

Item 1A. RISK FACTORS.

Our limited operating history may not serve as an adequate basis to judge our future prospects and results of operations. The Company has a relatively limited operating history. Our limited operating history and the unpredictability of the distressed real estate and mortgage services industry make it difficult for investors to evaluate our business. An investor in our securities must consider the risks, uncertainties and difficulties frequently encountered by companies in rapidly evolving markets.

We will need additional financing to implement our business plan. The Company will need additional financing to fully implement its business plan in a manner that not only continues to expand an already established direct-to-consumer approach, but also allows the Company to establish a stronger brand name in all the areas in which it operates, including mortgage servicing and distressed asset sectors. In particular, the Company will need substantial financing to:

- further develop its product and service lines and expand them into new markets;
- expand its facilities, human resources, and infrastructure;
- increase its marketing efforts and lead generation; and
- expand its business into purchasing and servicing distressed asset portfolios.

There are no assurances that additional financing will be available on favorable terms, or at all. If additional financing is not available, the Company will need to reduce, defer or cancel development programs, planned initiatives and overhead expenditures. The failure to adequately fund its capital requirements could have a material adverse effect on the Company's business, financial condition and results of operations. Moreover, the sale of additional equity securities to raise financing will result in additional dilution to the Company's stockholders, and incurring additional indebtedness could involve the imposition of covenants that restrict the Company's operations.

Our products and services are subject to changes in applicable laws and government regulations. In the United States, we are regulated pursuant to laws applicable to businesses in general. And in some areas of our business, we are subject to specific laws regulating the availability of certain material related to, or to the obtaining of, personal information. Adverse developments in the legal or regulatory environment relating to the debt collection, mortgage servicing and mortgage origination industries in the United States could have a material adverse effect on our business, financial condition and operating results. A number of legislative and regulatory proposals from the federal government and various state governments in the areas of debt collection, mortgage servicing, mortgage origination, consumer protection, advertising, and privacy, among others, have been adopted or are now under consideration. We are unable at this time to predict which, if any, of the proposals under consideration may be adopted and, with respect to proposals that have been or will be adopted, whether they will have a beneficial or an adverse effect on our business, financial condition and operating results.

For the mortgage origination and mortgage servicing industries in particular, legislation in the United States has been pervasive and is under constant review for amendment or expansion. Pursuant to such legislation, numerous federal, state and local departments and agencies have issued extensive rules and regulations, some of which carry substantial penalties for failure to comply. These laws and regulations increase the cost of doing business and, consequently, affect profitability. Since new legislation affecting the mortgage origination and mortgage servicing industries is commonplace and existing laws and regulations are frequently amended or reinterpreted, the company is unable to predict the future cost or impact of complying with these laws and regulations. However, the Company considers the cost of regulatory compliance a necessary and manageable part of its business. Further, the Company has been able to plan for and comply with new regulatory initiatives without materially altering its operating strategies.

Specific laws which affect HAM and HPA in particular are the following: The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("S.A.F.E. Act"), the Fair Debt Collection Practices Act ("FDCPA"), and the Real Estate Settlement Procedures Act ("Regulation X" or "RESPA"). Currently, the Company believes it is fully compliant with each of these laws. The Company believes that these laws, as currently enacted, provide barriers to entry for potential competitors, by virtue of their respective bonding and licensing requirements, and the overall cost of compliance. The Company believes that HAM and HPA maintain a competitive advantage in the marketplace because of these barriers to entry.

In addition to the referenced federal laws and regulations, state mortgage origination and mortgage servicing laws and regulations also affect the HAM and HPA businesses, by providing further barriers to entry as well as additional compliance and enforcement procedures for our unlicensed, noncompliant competition. The Company believes it is currently compliant with all relevant state laws and regulations in the states in which the Company does business, however, if the relevant laws and regulations were to change in the states where the Company has its highest concentration of business, such change could have an adverse impact on the Company's operating strategy and overall revenues.

We rely on key executive officers, and their knowledge of our business and technical expertise would be difficult to replace. We are highly dependent on our executive officers. If one or more of the Company's senior executives or other key personnel are unable or unwilling to continue in their present positions, the Company may not be able to replace them easily or at all, and the Company's business may be disrupted. Such failure could have a material adverse effect on the Company's business, financial condition and results of operations.

We may never pay dividends to our common stockholders. The Company currently intends to retain its future earnings to support operations and to finance expansion and therefore the Company does not anticipate paying any cash dividends in the foreseeable future other than to holders of Halo Group preferred stock.

The declaration, payment and amount of any future dividends on common stock will be at the discretion of the Company's Board of Directors, and will depend upon, among other things, earnings, financial condition, capital requirement, level of indebtedness and other considerations the Board of Directors considers relevant. There is no assurance that future dividends will be paid on common stock or, if dividends are paid, the amount thereof.

Our common stock is quoted through the OTCQB, which may have an unfavorable impact on our stock price and liquidity. The Company's common stock is quoted on the OTCQB, which is a significantly more limited market than the New York Stock Exchange or NASDAQ. The trading volume may be limited by the fact that many major institutional investment funds, including mutual funds, follow a policy of not investing in Bulletin Board stocks and certain major brokerage firms restrict their brokers from recommending Over the Counter stock because they are considered speculative and volatile.

The trading volume of the Company's common stock has been and may continue to be limited and sporadic. As a result, the quoted price for the Company's common stock on the OTC Bulletin Board may not necessarily be a reliable indicator of its fair market value.

Additionally, the securities of small capitalization companies may trade less frequently and in more limited volume than those of more established companies. The market for small capitalization companies is generally volatile, with wide price fluctuations not necessarily related to the operating performance of such companies.

Our common stock is subject to price volatility unrelated to our operations. The market price of the Company's common stock could fluctuate substantially due to a variety of factors, including market perception of the Company's ability to achieve its planned growth, operating results of it and other companies in the same industry, trading volume of the Company's common stock, changes in general conditions in the economy and the financial markets or other developments affecting the Company or its competitors.

Our common stock is classified as a "penny stock."

Rule 3a51-1 of the Securities Exchange Act of 1934 establishes the definition of a "penny stock," for purposes relevant to us, as any equity security that has a minimum bid price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to a limited number of exceptions which are not available to us. It is likely that the Company's common stock will be considered a penny stock for the immediately foreseeable future.

For any transactions involving a penny stock, unless exempt, the penny stock rules require that a broker or dealer approve a person's account for transactions in penny stocks and the broker or dealer receive from the investor a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience and objectives of the person and make a reasonable determination that the transactions in penny stocks are suitable for that person and that person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also provide disclosures to its customers, prior to executing trades, about the risks of investing in penny stocks in both public offerings and in secondary trading in commissions payable to both the broker-dealer and the registered representative, and the rights and remedies available to an investor in cases of fraud in penny stock transactions.

Because of these regulations, broker-dealers may not wish to furnish the necessary paperwork and disclosures and/or may encounter difficulties in their attempt to buy or sell shares of the Company's common stock, which may in turn affect the ability of Company stockholders to sell their shares.

Accordingly, this classification severely and adversely affects any market liquidity for the Company's common stock, and subjects the shares to certain risks associated with trading in penny stocks. These risks include difficulty for investors in purchasing or disposing of shares, difficulty in obtaining accurate bid and ask quotations, difficulty in establishing the market value of the shares, and a lack of securities analyst coverage.

We may continue to encounter substantial competition in our business. The Company believes that existing and new competitors will continue to improve their products and services, as well as introduce new products and services with competitive price and performance characteristics. The Company expects that it must continue to innovate, and to invest in product development and productivity improvements, to compete effectively in the several markets in which the Company participates. Halo's competitors could develop a more efficient product or service or undertake more aggressive and costly marketing campaigns than those implemented by the Company, which could adversely affect the Company's marketing strategies and could have a material adverse effect on the Company's business, financial condition and results of operations.

Important factors affecting the Company's current ability to compete successfully include:

- lead generation and marketing costs;
- service delivery protocols;
- branded name advertising; and
- product and service pricing.

In periods of reduced demand for the Company's products and services, the Company can either choose to maintain market share by reducing product service pricing to meet the competition or maintain its product and service pricing, which would likely sacrifice market share. Sales and overall profitability would be reduced in either case. In addition, there can be no assurance that additional competitors will not enter the Company's existing markets, or that the Company will be able to continue to compete successfully against its competition.

We may not successfully manage our growth. Our success will depend upon the expansion of our operations and the effective management of our growth, which will place significant strain on our management and our administrative, operational and financial resources. To manage this growth, we may need to expand our facilities, augment our operational, financial and management systems and hire and train additional qualified personnel. If we are unable to manage our growth effectively, our business would be harmed.

Item 1B. UNRESOLVED STAFF COMMENTS.

None.

Item 2. PROPERTIES.

The Company's corporate offices are located at 7668 Warren Parkway, Suite 350, Frisco, Texas 75034. The Company currently pays for its office space on a month to month basis, and will continue to do so for the foreseeable future. In relation to its previous office facilities, effective August 31, 2013 the Company and its office lessor agreed to a final settlement whereby it would vacate its previously leased office facilities in Allen, Texas.

Item 3. LEGAL PROCEEDINGS.

The Company and certain of its affiliates, officers and directors have been named as defendants in an action filed on December 12, 2011 in the 191st District Court of Dallas County, Texas. The Plaintiffs allege that the Company has misappropriated funds in connection with offerings of securities during 2010 and 2011. The complaint further alleges that Defendants engaged in fraudulent inducement, negligent misrepresentation, fraud, breach of fiduciary duty, negligence, breach of contract, unjust enrichment, conversion, violation of the Texas Securities Act, and civil conspiracy. The Plaintiffs amended their Petition on April 24, 2012 and dropped the conversion and civil conspiracy claims. The action seeks an injunction and a demand for accounting along with damages in the amount of $4,898,157. The Company has taken the position that the Plaintiff's claims have no merit, and accordingly is defending the matter vigorously. Defendants have filed a general denial of the claims as well as a Motion to Designate Responsible Third Parties whom Defendants believe are responsible for any damages Plaintiffs may have incurred. Defendants have also filed a Motion for Sanctions against the Plaintiffs and their counsel arguing, among other things, that (i) Plaintiffs' claims are "judicially stopped" from moving forward by virtue of the fact that the same Plaintiffs previously filed suit against separate entities and parties with dramatically opposed and contradicting views and facts; (ii) Plaintiffs have asserted claims against Defendants without any basis in law or fact; and (iii) Plaintiffs have made accusations against Defendants that Plaintiffs know to be false. Additionally, Defendants have filed a no evidence Motion for Summary Judgment which was scheduled to be heard in October of 2012. The Plaintiffs requested and were granted a six month continuance on the hearing of that motion. The Plaintiffs have also filed a Motion to Stay the case pending the outcome of the Company's lawsuit with the insurance companies which the Company has opposed. Initially the motion to stay was granted and Defendants moved for reconsideration. The parties were alerted that the court had reversed the Stay on appeal. The no evidence Motion for Summary Judgment was heard on August 9, 2013. Prior to the hearing, the Plaintiff's filed a 3rd Amended Petition in which they dropped any claim of fraud including fraudulent inducement, fraud, conversion and civil conspiracy and added a new "control person" claim which was not subject to the no evidence Motion for Summary Judgment heard on August 9, 2013. On September 25, 2013, Defendants no evidence Motion for Summary Judgment was granted in its entirety. Defendants subsequently filed a no evidence Motion for Summary Judgment on the final remaining "control person" claim which was heard before the court on October 21, 2013. On December 18, 2013 a final Order Granting Defendant's Second No-Evidence Motion of Final Summary Judgment was signed. The Plaintiff's subsequently filed a motion for new trial. Following a hearing, the Plaintiff's motion for new trial was denied by operation of law. The Plaintiff's Filed a Notice of Appeal on March 11, 2014.

The Company and certain of its affiliates, officers and directors named as defendants in an insurance action filed on April 27, 2012 in the United States District Court for the Northern District of Texas. The Plaintiffs allege that it had no duty to indemnify the Company, its affiliates, officers or directors because the claims set forth in the lawsuit mentioned herein above were not covered by the insurance policy issued by Plaintiff in favor of Defendants. The action sought declaratory judgment that the Plaintiff had no duty to indemnify the Defendants pursuant to the insurance policy that Defendants purchased from Plaintiff. The Company took the position that Plaintiff's claim had no merit, and defended the matter vigorously. Additionally, Defendants filed a counterclaim against the insurer alleging breach of contract, violation of the Texas Insurance Code and violation of the duty of good faith and fair dealing. On March 12, 2013, Plaintiff and Defendants entered into an agreement whereby Plaintiff's and Defendant's claims, are to be dismissed without prejudice while the underlying liability suit in the 191st District Court of Dallas County proceeds. An Agreed Motion to Dismiss Without Prejudice was filed on March 12, 2013, and the parties are awaiting the court's entry of the Agreed Order of Dismissal Without Prejudice.

The Company and certain of its affiliates, officers and directors have been named as defendants in an action filed on July 19, 2012 in the United States District Court for the Northern District of Texas. The Plaintiff alleges that it has no duty to defend or indemnify the Company, its affiliates, officers or directors because the claims set forth in the lawsuit mentioned herein above are not covered by the insurance policy written by Plaintiff in favor or Defendants. The action seeks declaratory judgment that the Plaintiff has no duty to defend or indemnify the Defendants pursuant to the insurance policy that Defendants purchased from Plaintiff. Initially, the Company took the position that Plaintiff's claims had no merit, and defended the matter vigorously. Additionally, Defendants filed a counterclaim against the insurer alleging breach of contract, violation of the Texas Insurance Code and violation of the duty of good faith and fair dealing. Plaintiff has filed a Motion for Summary Judgment seeking a judgment that it owes no duty to defend or indemnify Defendants. After careful consideration, Defendants decided not to oppose the Motion for Summary Judgment and a response in opposition was not filed. The Motion for Summary Judgment was granted in part and the remaining matter remains pending before the court.

See Note 15 to the consolidated financial statements in Part II, Item 8 of this Form 10-K for more information.

Item 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASE OF EQUITY SECURITIES.

Market Information

The Company's Common Stock is currently traded in the over-the-counter market and quoted under the symbol HALN. The following are the high and low sales prices for the Company's Common Stock for the periods reflected below:

Fiscal Year Ended December 31, 2013	High	Low
First Quarter	$ .50	$ .02
Second Quarter	$ .03	$ .01
Third Quarter	$ .49	$ .01
Fourth Quarter	$ .01	$ .01
Fiscal Year Ended December 31, 2012	High	Low
First Quarter	$ 1.01	$ .05
Second Quarter	$ .99	$ .20
Third Quarter	$ .25	$ .06
Fourth Quarter	$ .50	$ .05

The above prices reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

Holders

The Company estimates that there are approximately 3,730 shareholders including approximately 2,030 stockholders of record and approximately 1,700 stockholders with shares held in "street name".

Dividends

We intend to retain future earnings for use in our business and do not anticipate paying cash dividends in the foreseeable future.

Recent Sales of Unregistered Securities

During the fiscal year ended December 31, 2013, we have not sold any equity securities not registered under the Securities Act.

Repurchases of Equity Securities

The Company did not repurchase any of its equity securities during the year ended December 31, 2013.

Item 6. SELECTED FINANCIAL DATA.

Not applicable.

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

Forward-Looking Statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand our historical results of operations during the periods presented and our financial condition. This MD&A should be read in conjunction with our financial statements and the accompanying notes, and contains forward-looking statements that involve risks and uncertainties and assumptions that could cause our actual results to differ materially from management's expectations. See the sections entitled "*Forward-Looking Statements*" and "*Risk Factors*" above.

Plan of Operations

Halo has developed a fee for service business model through HAM for the monetization of non-performing, residential mortgage notes ("NPNs") or foreclosed single family homes ("REO") (collectively, "Assets"). Halo, through HAM and HPA, provides investors and asset owners a complete suite of asset management and mortgage services including, but not limited to (i) portfolio due diligence such as valuation engines, tax research, portfolio bid management, cost allocations and decision support; (ii) acquisition services including portfolio reconciliation, title, and tax reporting, an investor portal, initial portfolio inspection and servicing transfer assistance; (iii) repositioning services including portfolio restructuring, valuations, document preparation engine, document e-vaulting and proprietary loan underwriting; (iv) asset management and mortgage servicing including portfolio accounting, servicing and loan management functions, escrow administration, payment processing, loss mitigation and default resolution; and (v) liquidation strategies including predictive liquidity waterfalls, portfolio liquidation analysis, market analysis and disposition support. Halo focuses on the monetization and servicing of distressed real estate assets and finding a win-win solution for the asset owner/investor and the consumer. Halo will board REO properties as well as sub-performing and non-performing first lien mortgages from banks, financial institutions and mortgage servicers which have been purchased by investors. The majority of the assets will be either modified first lien mortgages or sold via owner finance, as opposed to a fire sale through a real estate network. HAM, through its strategic sub-servicing relationship, will "season" the notes (season is defined as collecting consistent cash flow payments from the borrower). Following several months of seller financed payment seasoning, Halo will assist in the disposal of the performing Assets in bulk to various bulk performing asset buyers.

For the NPN's, Halo will attempt to restructure or modify the note for those borrowers who have a desire to stay in the home and have the capacity to afford the home. For the borrowers who either lack the desire to stay in the home, or who lack the capacity to afford the home, Halo will obtain a deed-in-lieu of foreclosure from the borrower (which ensures the investor ownership of the underlying asset; not just the purchased note), often times through incentives, and take the home back to an REO.

For the REO's, traditional apartment or home renters become buyers after a qualification and screening process because they are given the opportunity to purchase affordable homes with achievable and manageable down payments and subsequent monthly payments. Halo originates land contracts or mortgage notes for the new home owners. A land contract (sometimes known as an "installment contract" or "contract for deed") is a contract between a seller and buyer on real property in which the seller provides the buyer financing to buy the property for an agreed-upon purchase price, and the buyer repays the loan in installments. Under a land contract, the seller retains the legal title to the property, while permitting the buyer to take possession of it for most purposes other than legal ownership. The sales price is typically paid in periodic installments. As a general rule, the seller is obligated to convey legal title of the property to the buyer when the full purchase price has been paid including any interest. This process creates entry level housing with built-in, fully amortized financing that equates to payments that are equivalent to what the buyers are currently paying in rent, and often as much as 35% less.

When the loans are "seasoned," they are attractive investment vehicles to be either refinanced or sold in bulk. Halo will attempt to refinance the rehabilitated borrowers through an FHA loan providing the Client with an exit at 90-95% of par value. The notes of borrowers who did not achieve qualifying levels will be sold in bulk at a discount of par value on the remaining unpaid principle balance of the notes.

Currently, HAM is under contract to manage and service approximately 4,100 assets in various stages of their life-cycle including REO, non-performing loans, re-performing note modifications, and performing owner financed contract-for-deeds. As the Company currently has the management, infrastructure, and physical work area capacity to scale and support additional assets under contract, it is actively seeking new clients as well as helping existing clients increase their respective asset pool. The Company believes that the country is in a long-term deleveraging cycle whereby home financing will continue to be difficult to obtain. For this same reason, we believe that investors will continue to be able to purchase assets in bulk from large institutional sellers at deep discounts and Halo's goal is to establish itself, with the help of its unique technology platform and key servicing and vendor relationships, as the premier asset manager/servicer in the distressed non-performing loan and REO industry.

HPA services include portfolio strategy consulting, default management, asset/liability management, asset preservation management, debt restructuring, portfolio acquisition and liquidation support. In addition, HPA also focuses its work with asset managers, investors and servicers to provide a custom, tailored workout program that will improve the performance of the assets or notes through a myriad of creative analytic and retention strategies. HPA utilizes Halo's proprietary in-house technology to provide a customized analysis of a Client's position. HPA then custom tailors a solution for the Client which provides the Client analytics on which assets or notes to monetize first and what options are best utilized to monetize each individual asset or note.

The current economic environment finds lenders and servicers drowning in an overflow of defaulted assets and Halo recognizes the cause behind a typical troubled asset is often not one, but several contributing factors. HPA's workout program allows for management of a diverse portfolio of loans. HPA's technology systems are bundled with transparency, accountability, efficiency, speed, and flexibility. This unique strategy delivers Clients an intelligent, results-driven process that achieves an improved return for lenders, investors and servicers. Halo's operational support services allow endless opportunities for strategic relationships with major distressed asset managers and servicers.

Our management team is well-positioned to execute its business plan. At its core, the plan seeks to execute on delivering asset management, valued analytics, and consumer financial rehabilitation to mid-size institutional and private investors.

Significant effort and investment capital has been incurred by the Company over the past nine years in order to attract and maintain a qualified and capable staff, develop proprietary software platforms, and implement systems, procedures, and infrastructure to execute the business plan on a large scale. Given the short time frame this current market opportunity has existed, we have a significant competitive advantage over others who may try to execute the same business plan.

Results of Operations for the year ended December 31, 2013 compared to the year ended December 31, 2012

Revenues

For the year ended December 31, 2013, revenue increased $444,693 or 9% to $5,255,287 for the year ended December 31, 2013 from $4,810,594 for the year ended December 31, 2012. The $444,693 increase is primarily attributable to the following; HPA revenue increased $596,179 and HAM revenue increased $326,449, offset by a decrease of $477,935 in other cumulative Halo subsidiaries. The HPA revenue increase of $596,179 for the year ended December 31, 2013 compared to the year ended December 31, 2012 is primarily attributable to the increase of assets under property preservation management and fees associated with portfolio strategy consulting and portfolio acquisition support.

As discussed in Note 2 of the consolidated financial statements, HAM revenues include boarding and initial asset management fees, success fees, and its monthly servicing fee. The $326,449 increase in HAM revenues year over year is broken down as follows (1) increase in success fees of $927,512, (2) offset by a decrease in asset management fees of $580,525 and monthly servicing fees of $20,538. The Company saw an increase in its success fees during the year ended December 31, 2013 compared to the year ended December 31, 2012, primarily attributable to a significant transaction during April 2013 in which Halo facilitated and earned a fee of $1,700,000 for the sale of a majority of one of its customer's assets to another existing Halo customer. Outside of the $1,700,000 one-time significant transaction noted above, the Company saw a reduction in its remaining success fees during the year December 31, 2013 compared to the year ended December 31, 2012. This reduction is primarily attributable to the volume of assets in our book considered sellable in 2012 compared to 2013. As the Company successfully earns a default/disposition success fee on a unit, that unit is no longer in its potential success fee pipeline. As the pipeline of units decreases, the Company would expect its overall success fees to decrease (all other factors such as reset value, workout rate, etc. remaining the same). The $580,525 decrease in asset management fees is primarily due to one significant client boarding in early 2012 compared to 2013. Lastly, related to HAM, the Company saw a slight decrease of $20,538 in monthly service fees for the year ended December 31, 2013 compared to the year ended December 31, 2012.

The $477,935 decrease in other cumulative Halo subsidiaries is related to previous immaterial subsidiaries of the Company having some transactional revenue for the year ended December 31, 2012 compared to very immaterial activity for the year ended December 31, 2013 (entities sold in 2012 as discussed in Note 1 in the consolidated financial statements).

Operating Expenses

Sales and marketing expenses include direct sales costs related to HPA's revenue streams including property preservation, tax and title reporting, eviction filing, mobile notary services, asset valuation, credit reports, and all other contract service commissions. Sales and marketing expenses increased $32,258 and 2% to $1,663,474 for the year ended December 31, 2013 from $1,631,216 for the year ended December 31, 2012. This increase is primarily attributable to the following factors; (1) overall increase in HPA direct sales cost and marketing associated with the above noted increases in HPA revenues, (2) offset by decreases attributable to a reduction in contract service costs from the Company's servicer in 2013 compared to the previous year's (and previous servicer relationship) servicing contract.

General and administrative expenses decreased $486,840 and 35% to $899,776 for the year ended December 31, 2013 from $1,386,616 for the year ended December 31, 2012. The variance is primarily attributable to the reduction in rent expense directly related to the final settlement with the Company's previous office space lessor. As discussed fully in Note 1 and Note 15 to the consolidated financial statements, the final settlement released previously recognized rent expense which was included in accounts payable and deferred rent. Offsetting the above decrease, the settlement agreement required the sale of certain furniture and equipment by the Company to the office lessor. Both the cost of the furniture and equipment and the related accumulated depreciation have been removed from the respective accounts with the remaining asset value sold being expensed within general and administrative expenses. Other decreasing variances over the same time period include reduced legal fees (Company had reduced legal fees in defending the litigation matters discussed in Note 15 to the consolidated financial statements), reduced general insurance expense, utilities, and general office overhead expenditures.

Salaries, wages and benefits decreased $240,314 and 10% to $2,269,006 for the year ended December 31, 2013 from $2,509,320 for the year ended December 31, 2012. The decrease is primarily attributable to a reduction in overall employee headcount primarily in the HDS, HCS, HFS and HSIS entities that were operational during the majority of 2012 until sold, as discussed in Note 1 of the consolidated financial statements. The decrease noted above was offset by an increase in HAM payroll during the first part of the year 2013 compared to the same time period during 2012. Looking forward to the remainder of 2014, the Company will continue to gauge its headcount in the HAM subsidiary in line with the growth of asset units managed under HAM. As salaries, wages and benefits are the most significant cost to the Company, management actively monitors this cost to ensure it is in line with our business plan.

Interest expense decreased $177,664 or 41% to $253,823 for the year ended December 31, 2013 from $431,487 for the year ended December 31, 2012. The decrease is primarily attributable to the paydown of the secured asset promissory note, scheduled paydowns of subordinated debt and related party notes, offset by the capitalized interest on the promissory note that originated in October 2013. The above is discussed fully in Notes 9-12 to the consolidated financial statements.

The Company experienced an overall increase in its net income of $1,077,489 and 108% to a net income of $78,203 for the year ended December 31, 2013 from net loss of $999,286 for the year ended December 31, 2012, primarily attributable to the reasons noted above.

Significant Accounting Policies

Certain critical accounting policies affect the more significant judgments and estimates used in the preparation of the Company's consolidated financial statements. These policies are contained in Note 2 to the consolidated financial statements and summarized here.

Revenue Recognition, Accounts Receivable and Deferred Revenue

The Company recognizes revenue in the period in which services are earned and realizable. To further understand the Company's business, HAM earns fees from its clients for its boarding and initial asset management fee, success fees, and its monthly servicing fee. The boarding and initial asset management services are performed in the first 30-60 days of assets being boarded and include; IRR analysis of loans boarded, detailed asset level workout exit strategy analysis, boarding the assets onto HAM's proprietary software platform and the integrated servicing platform, identification and oversight of custodial files, oversight of mortgage/deed assignment from previous servicer, oversight of title policy administration work, and delinquent property tax research and exposure review. HAM's monthly success fees are earned for completing its default and asset disposition services including note sales, originating owner finance agreements, and cash sales of REO properties owned by the client. HAM's servicing fees are earned monthly and are calculated on a monthly unit price for assets under management.

HAM and HPA receivables are typically paid the month following services performed. As of December 31, 2013, the Company's accounts receivable are made up of the following percentages; HAM at 84% and HPA at 16%.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: past transaction history with the customer, current economic and industry trends, and changes in customer payment terms. The Company provides for estimated uncollectible amounts through an increase to the allowance for doubtful accounts and a charge to earnings based on actual historical trends and individual account analysis. Balances that remain outstanding after the Company has used reasonable collection efforts are written-off through a charge to the allowance for doubtful accounts.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates include the Company's revenue recognition method, valuation of equity based compensation and derivative liabilities.

Equity-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with ASC 718 "Compensation-Stock Compensation". Under ASC 718, the fair value of stock options at the date of grant is recognized in earnings over the vesting period of the options beginning when the specified events become probable of occurrence. For the year ended December 31, 2013 and 2012, there were 0 and 20,000 shares, respectively, of stock options awarded (discussed in Note 16). All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of (i) the date on which the counterparty's performance is complete, or (ii) the date on which it is probable that performance will occur.

Liquidity and Capital Resources

As of December 31, 2013, the Company had cash and cash equivalents of $127,048. The decrease of $57,073 in cash and cash equivalents from December 31, 2012 was due to net cash used in operating activities of $169,322, offset by net cash provided by investing activities and financing activities of $104,210 and $8,039, respectively.

Net cash used in operating activities was $169,322 for the year ended December 31, 2013, compared to $1,104,520 net cash used in operating activities for the year ended December 31, 2012. The net cash used in operating activities for the year ended December 31, 2013 was due to net income of $78,203, adjusted primarily by the following: (1) non cash depreciation and amortization, capitalization of interest into the note payable (discussed in Note 10 of the consolidated financial statements), immaterial bad debt expense, non cash gain on the change in fair value of derivative, (2) reduction of the non-controlling interest balance from $82,460 to $0, reduction in net deposits and other assets, reduction of gross accounts receivable, and (3) offset by a decrease in accounts payable of $83,470, decrease in accrued and other liabilities (includes long term accrued interest) of $267,859, decrease in deferred rent of $136,995, and a decrease in deferred revenue of $11,300.

The $267,859 decrease in accrued and other liabilities is primarily related to the the following: (1) decrease in deferred compensation which was paid to a portion of the management team, (2) decrease in salaries and wages payable due to the timing of the payroll pay date for the period ended December 31, 2012 compared to December 31, 2013, and (3) decrease in accrued interest at December 31, 2013, compared to December 31, 2012, primarily related to the payment on the secured asset promissory note and its corresponding accrued interest discussed in Note 12 of the consolidated financials. The decrease in deferred rent of $136,996 is due to the final settlement with the office lessor, further discussed in Note 1 of the consolidated financial statements. The Company anticipates the deferred rent balance will continue to decrease moving forward until final payment of the landlord settlement is made in August 2014 (discussed in Note 15 to the consolidated financial statements).

Net cash provided by investing activities was $104,210 for the year ended December 31, 2013, compared to net cash provided by investing activities of $156,618 for the year ended December 31, 2012. Investing activities for the year ended December 31, 2013 consisted primarily of $165,000 in proceeds received on the note receivable from the sale of the HDS, HFS, and HCS subsidiaries, offset by $60,790 in purchases of software and computer equipment.

Net cash provided by financing activities was $8,039 for the year ended December 31, 2013, compared to net cash provided by financing activities of $474,888 for the year ended December 31, 2012. Financing activities for the year ended December 31, 2013 consisted primarily of October 2013 proceeds received from the note payable of $1,500,000, proceeds received of $472,011 from notes payable to related parties, offset by the $1,200,000 principal payment on the secured asset promissory note, $527,713 in principal payments on notes payable to related parties, $227,750 in principal payments on subordinated debt, and $8,509 payment of principal on the note payable in early 2013.

As shown below, at December 31, 2013, our contractual cash obligations totaled approximately $2,651,350, all of which consisted of operating lease obligations and debt principal and accrued interest repayment.

	Payments due by Period				
Contractual Obligations	**Less than 1 Year**	**1-3 years**	**4-5 years**	**More than 5 years**	**Total**
Debt Obligations	$ 670,691	$ 1,784,999	$ 0	$ 0	$ 2,455,690
Operating Lease Obligations	$ 181,059	$ 14,601	$ 0	$ 0	$ 195,660
Total Contractual Cash Obligations	$ 851,750	$ 1,799,600	$ 0	$ 0	$ 2,651,350

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the Company will need additional financing to fund additional material capital expenditures and to fully implement its business plan including asset management and mortgage servicing of distressed asset sectors. There are no assurances that additional financing will be available on favorable terms, or at all. If additional financing is not available, the Company will need to reduce, defer or cancel development programs, planned initiatives and overhead expenditures as a way to supplement the cash flows generated by operations. The Company has a backlog of fees under contract in addition to the Company’s accounts receivable balance. The failure to adequately fund its capital requirements could have a material adverse effect on our business, financial condition and results of operations. Moreover, the sale of additional equity securities to raise financing will result in additional dilution to the Company’s stockholders, and incurring additional indebtedness could involve the imposition of covenants that restrict our operations. Management, in the normal course of business, is trying to raise additional capital through sales of common stock as well as seeking financing from third parties, via both debt and equity, to balance the Company’s cash requirements and to finance specific capital projects.

Off Balance Sheet Transactions and Related Matters

Other than operating leases discussed in Note 15 to the consolidated financial statements, there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons that have, or may have, a material effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources of the Company.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk. Our business is leveraged and, accordingly, is sensitive to fluctuations in interest rates. Any significant increase in interest rates could have a material adverse affect on our financial condition and ability to continue as a going concern.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements required by this item are included in this report in Part IV, Item 15 beginning on page F-1.

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

None

Item 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company's principal executive officer and principal financial officer evaluated the effectiveness of the Company's "disclosure controls and procedures," as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Based on that evaluation, the officers concluded that, as of the date of the evaluation, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's periodic filings under the Securities Exchange Act of 1934 is accumulated and communicated to management, including the officers, to allow timely decisions regarding required disclosure. It should be noted that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

Report of Management on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed by, or under the supervision of the Company's principal executive officer and principal financial officer, to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Company's transactions and dispositions of the Company's assets; (2) provide reasonable assurance that the Company's transactions are recorded as necessary to permit preparation of the Company's financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in *Internal Control – Integrated Framework* (issued 1992). Based on this assessment, the Company's management concluded that, as of December 31, 2013, the Company's internal control over financial reporting is effective based on those criteria.

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

Changes in Internal Control Over Financial Reporting

During the period covered by this report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION.

None.

Item 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

Directors and Executive Officers

On November 14, 2013, Tony Chron resigned from the Board of Directors of the Company. Set forth below is certain information regarding the persons who were directors and executive officers at any time during the fiscal year 2013.

Name	Age	Positions with the Company
Brandon C. Thompson	34	Chairman of the Board, Chief Executive Officer and Director
Paul Williams	57	Vice Chairman of the Board, Treasurer, Assistant Secretary and Director
Tony J. Chron	59	Director (through November 14, 2013)
T. Craig Friesland	42	Secretary and Director
Richard G. Morris	59	Director
Reif Chron	35	President and Chief Legal Counsel
Robert A. Boyce	51	Chief Operating Officer
Robbie Hicks	34	Chief Accounting Officer and Controller

Brandon C. Thompson

Brandon C. Thompson, 34, currently serves as Chairman of the Board and Chief Executive Officer of the Company. Mr. Thompson was a co-founder of HGI and has served as the Chairman of the Board of Directors and Chief Executive Officer of HGI since its founding in January 2007. Commencing in March 2003, Mr. Thompson served as a Loan Officer with Morningstar Mortgage, LLC, a mortgage company, and eventually acquired the assets of that company through Halo Funding Group, LLC in February 2005, which was ultimately consolidated into HGI in January 2007. Following this acquisition, Mr. Thompson founded and has served as Chairman, President, and Chief Executive Officer of Halo Credit Solutions, LLC, Halo Debt Solutions, Inc., and Halo Group Consulting, Inc. In January 2007, upon the founding of HGI, Mr. Thompson contributed his interest in these companies, as well as his interest in Halo Funding Group, LLC (currently named Halo Group Mortgage, LLC), to HGI. The breadth of Mr. Thompson's entrepreneurial and consumer services experience led the Board of Directors to believe this individual is qualified to serve as a director of the Company. Mr. Thompson was nominated for the Ernst & Young Entrepreneur of the Year Award, has served on the advisory board of Independent Bank of Texas. Mr. Thompson graduated from Abilene Christian University with a degree in Finance.

Paul Williams

Paul Williams, 57, currently serves as Vice Chairman of the Board, Treasurer and Assistant Secretary of the Company. Mr. Williams was a co-founder of HGI, has served as Vice Chairman of the Board, Chief Financial Officer (thru August 2012) and Treasurer of HGI since its founding in January 2007 and as Assistant Secretary since late September 2009. Mr. Williams has over 30 years of business experience primarily in the capital markets and mergers and acquisitions. Since October 2007, Mr. Williams has also served as an executive officer for Bison Financial Group, Inc., a business development company, and as an executive officer for Blue Star Equities, Inc., a capital markets company, since September 2007. From November 1999 to the present, Mr. Williams has also served as the managing member of Lincoln America Investments, LLC, a real estate and equity investment company. From January 15, 2006 to March 12, 2008, Mr. Williams served as an officer and director of NeXplore Corporation. In June 2007, NeXplore and its executive team received an administrative order from the Arkansas Securities Department, suspending their ability to offer or sell securities in the state. Mr. Williams has previously served three terms on the Board of the Texas Economic Development Council in Austin. In 2007 he served as Chairman of the Board of the Frisco Chamber of Commerce and in 2009 was recognized by the Dallas Business Journal as the CFO of the Year for companies under $50MM in revenues. Mr. Williams graduated from Austin College in Sherman, Texas with a double-major in Economics and Business Administration. He also graduated from the Institute of Organization Management, affiliated with the U.S. Chamber of Commerce. The breadth of Mr. Williams' entrepreneurial and financial services experience led the Board of Directors to believe this individual is qualified to serve as a director of the Company.

Tony J. Chron

Tony J. Chron, 59, served as a Director of the Company through November 14, 2014. Mr. Chron joined Halo in late September 2009 as its President. Mr. Chron brought to the Company over 33 years of business experience in both public and private companies. From 1997 to September 2009, Mr. Chron was a Senior Partner with Trademark Property Company, a major mixed-use and retail developer, and served in various executive capacities including, most recently, as Chief Operating Officer and Executive Vice President. Mr. Chron also served on Trademark Property's Executive Committee. From 1986-1992 Mr. Chron served as Associate Corporate Counsel and Director of Real Estate and Property Management for Pier 1 Imports, Inc., a specialty retailer. In 1992, following Pier 1 Imports' purchase of Sunbelt Nursery Group, Inc., Mr. Chron served as General Counsel and Vice-President of Real Estate for Sunbelt, a specialty nursery retailer, and following the purchase by Frank's Nursery & Crafts, Inc. of a 49% interest in Sunbelt, as Vice President of Store Development for Frank's, a specialty retailer, where he remained until 1994. From 1994 until 1997 Mr. Chron served as Vice President of Real Estate and Real Estate Legal for Michael Stores, Inc., a specialty retailer. Mr. Chron is Mr. Thompson's uncle and Reif Chron's father. Mr. Chron earned a Doctor of Jurisprudence degree from South Texas College of Law in 1983. He also has a BS degree from Abilene Christian University. Mr. Chron has been a licensed attorney in the State of Texas for more than twenty-six years. The breadth of Mr. Chron's professional and legal experience led the Board of Directors to believe this individual is qualified to serve as a director of the Company.

T. Craig Friesland

T. Craig Friesland, 42, currently serves as Secretary of the Company and served as Chief Legal Officer until October of 2010. Mr. Friesland was a co-founder of HGI and had served as a Director and Chief Legal Officer since its inception in January 2007. He also practices law in his own firm, Law Offices of T. Craig Friesland, founded in January 2005. Prior to establishing his own firm, Mr. Friesland practiced law with Haynes and Boone, LLP, one of the largest law firms in Texas, from September 1998 through December 2004. Mr. Friesland earned his law degree at Baylor University School of Law in 1998. He also has a Master of Business Administration degree from Baylor University and a Bachelor of Business Administration degree in Finance from The University of Texas at Austin. Mr. Friesland was admitted to the State Bar of Texas in 1998. The breadth of Mr. Friesland's professional legal experience led the Board of Directors to believe this individual is qualified to serve as a director of the Company.

Richard G. Morris

Richard G. Morris, 59, currently serves as a Director of the Company. Mr. Morris was a co-founder of HGI, and has served as a Director since its inception in January 2007. Prior to joining the Company, he served in various positions with United Parcel Service from 1976 until March 2002, most recently, from January 2001 to March 2002 as one of its three District Operations Managers. In that role, Mr. Morris was responsible for 5,400 employees, a staff of 18 senior managers, a monthly operating budget of approximately $28 million, and revenues in excess of $35 million. After departing UPS, in July 2002, Mr. Morris became the principal owner of Rammco Distributors, Incorporated, an equipment rental company which he still owns. In July 2004, Mr. Morris co-founded Blue River Development, Inc., a real estate investment and development company, and is currently the sole owner and operator of this company. In August 2008, Mr. Morris acquired Port City, Inc., a plastics manufacturing company which Mr. Morris also currently owns and operates. The breadth of Mr. Morris' entrepreneurial, managerial and operational experience led the Board of Directors to believe this individual is qualified to serve as a director of the Company.

Reif O. Chron

Reif O. Chron, 35, currently serves as President and General Counsel of the Company. Mr. Chron joined Halo in March of 2009 to serve as General Counsel. Mr. Chron studied Accounting at Texas A&M University and subsequently graduated with his Juris Doctorate from Washington University School of Law. Prior to attending Washington University, Mr. Chron spent time at Pricewaterhouse Coopers LLP where he specialized in tax planning for high net worth clients. Mr. Chron also worked at Trademark Property Company, where he participated in several projects, including a $160 million real estate portfolio sale to Heritage Property Investment Trust, a new 400,000 square foot shopping center in Flowood, MS and a $100 million lifestyle center located in the Woodlands, TX. Mr. Chron also compiled market research that has led to three new development projects. After earning his law degree, he practiced as a real estate attorney at Kelly Hart & Hallman where his experience includes the negotiation, due diligence review, documentation, and closing of sophisticated real estate transactions, including the acquisition and disposition of office buildings, hotels, commercial tracts and ranch land as well as representing developers in the acquisition, leasing and management of shopping centers and mixed-use projects.

Robert A. Boyce, Jr.

Robert A. Boyce, Jr., 51, currently serves as Chief Operating Officer of the Company. Mr. Boyce joined Halo in June of 2011 bringing over 27 years of business operating experience in public companies and the private sector. For the five years prior to joining Halo, Mr. Boyce managed and operated commercial real estate holdings in Texas and commercial agricultural properties in Mississippi. From 1990 to 2005, Mr. Boyce held various executive positions for United Agri Products (and its related entities), which prior to being taken public by the Apollo Group, was a wholly-owned subsidiary of ConAgra Foods. While with UAP, Mr. Boyce held the positions of President of Verdicon, the non-crop distribution business with revenues of $300 million; Executive Vice President of United Agri Products responsible for $1.2 billion in revenue; and President and General Manager for two independent operating companies with revenue of $200 million. Prior to joining UAP, Mr. Boyce worked for Helena Chemical Company and ICI Americas. Throughout his career, Mr. Boyce has served on national and regional industry-related boards. He is a graduate from the University of Mississippi, B.B.A., 1984.

Robbie Hicks

Robbie Hicks, 34, currently serves as Chief Accounting Officer and Controller of the Company. Mr. Hicks joined Halo in April of 2009 as the Company's Controller. In this capacity, Mr. Hicks has been responsible for the preparation and timely filing of the Company's annual and quarterly financials with the Securities Exchange Commission, all accounting functions including accounting policy and procedure and implementation, treasury management, and internal management reporting to the Company's Executive Committee and Board of Directors. Prior to joining the Company, Mr. Hicks was an audit manager with KPMG LLP, servicing its financial services clients in the Dallas metro area. Several clients included a public national bank, a large mortgage servicing company, and several private investment companies. Mr. Hicks is a certified public accountant in the State of Texas. He is a 2003 graduate of Texas Tech University where he received both his B.B.A and Master of Science in Accounting.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires officers, directors and persons who beneficially own more than 10% of a class of our equity securities registered under the Exchange Act to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us during fiscal year 2011 and Forms 5 and amendments thereto furnished to us with respect to fiscal year 2011, or written representations that Form 5 was not required for fiscal year 2011, we believe that except as noted below, all Section 16(a) filing requirements applicable to each of our officers, directors and greater-than-ten percent stockholders were fulfilled in a timely manner. James G. Temme, beneficial owner of greater than 10% of our common stock, failed to comply with his Section 16(a) filing requirements. We have notified all known beneficial owners of more than 10% of our common stock of their requirement to file ownership reports with the Securities and Exchange Commission.

Code of Ethics

We do not currently have a Code of Ethics applicable to our principal executive, financial, and accounting officers.

No Committees of the Board of Directors; No Financial Expert

We do not presently have a separately constituted audit committee, compensation committee, nominating committee, executive committee or any other committees of our Board of Directors. Nor do we have an audit committee "financial expert". At present, our entire Board of Directors acts as our audit committee. None of the members of our Board of Directors meets the definition of "audit committee financial expert" as defined in Item 407(d) of Regulation S-K promulgated by the Securities and Exchange Commission. We have not retained an audit committee financial expert because we do not believe that we can do so without undue cost and expense. Moreover, we believe that the present members of our Board of Directors, taken as a whole, have sufficient knowledge and experience in financial affairs to effectively perform their duties.

Item 11. EXECUTIVE COMPENSATION.

Summary Compensation Table

The particulars of compensation paid to the following persons during the fiscal period ended December 31, 2013 and 2012 are set out in the summary compensation table below:

- our Chief Executive Officer (Principal Executive Officer);
- our Chief Accounting Officer (Principal Financial Officer);
- each of our three most highly compensated executive officers, other than the Principal Executive Officer and the Principal Financial Officer, who were serving as executive officers at the end of the fiscal year ended December 31, 2013 and 2012; and
- up to two additional individuals for whom disclosure would have been provided under the item above but for the fact that the individual was not serving as our executive officer at the end of the fiscal year ended December 31, 2013 and 2012;

(collectively, the " **Named Executive Officers** "):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)**	Bonus ($)	Stock Awards ($)	Option Awards ($)	All Other Compensation ($)***	Total ($)
Brandon C. Thompson, CEO	2013 2012	$250,000 $225,000	-0- -0-	-0- -0-	-0- -0-	-0- -0-	$250,000 $225,000
Paul Williams, CFO (Principal Financial Officer thru August 31, 2012)	2013 2012	-0- $75,000	-0- -0-	-0- -0-	-0- -0-	$22,000 $3,000	$22,000 $78,000
Robbie Hicks, CAO (Principal Financial Officer from August 31, 2012)	2013 2012	$150,000 $138,865	-0- -0-	-0- -0-	-0- -0-	-0- -0-	$150,000 $138,865
Reif Chron, President & General Counsel	2013 2012	$250,000 $225,000	$0 $0	-0- -0-	-0- -0-	-0- -0-	$250,000 $225,000

** 2013 and 2012 Salary includes both gross cash payments made and deferred compensation accrued during the year ended December 31, 2013 and 2012, respectively

*** Other compensation includes non-employee compensation for the sale of HDS, HFS and HCS subsidiaries. This compensation is paid as a percentage of cash proceeds received against the note receivable as discussed in Note 2 of the consolidated financial statements.

Summary Compensation

The Company has no employment agreements with any of its Directors or executive officers.

For the fiscal year ended December 31, 2013, no outstanding stock options or other equity-based awards were re-priced or otherwise materially modified. No stock appreciation rights have been granted to any of our Directors or executive officers and none of our Directors or executive officers exercised any stock options or stock appreciation rights. There are no non-equity incentive plan agreements with any of our Directors or executive officers.

Outstanding Equity Awards

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS					STOCK AWARDS			
Name	Number of Securities Underlying Unexercised options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or other Rights that have not Vested ($)
Brandon C. Thompson, CEO	0	0	0	0	0	0	0	0	0
Robbie Hicks, CAO	23,000 77,000	0	0	$0.94 $1.59	3/04/2014 6/29/2014	0	0	0	0
Reif Chron, President & General Counsel	23,000 77,000	0 0	0 0	$0.94 $1.59	3/11/2014 6/29/2014	0 0	0 0	0 0	0 0

Compensation of Directors

DIRECTOR COMPENSATION					
Name	Fees earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
T. Craig Friesland	$13,235	-0-	-0-	-0-	$13,235
Richard G. Morris	$13,235	-0-	-0-	-0-	$13,235
Tony Chron	$11,550	-0-	-0-	-0-	$11,550
Paul Williams	$13,235	-0-	-0-	-0-	$13,235

Employment Contracts, Termination of Employment, Change-in-Control Arrangements

There is no employment or other contracts or arrangements with officers or Directors. There are no compensation plans or arrangements, including payments to be made by us, with respect to our officers, Directors or consultants that would result from the resignation, retirement or any other termination of service in respect of such Directors, officers or consultants. There are no arrangements for Directors, officers, employees or consultants that would result from a change-in-control.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to the beneficial ownership, as of March 31, 2014 of the Company's common stock, which is the Company's only outstanding class of voting securities, and the voting power resulting from such beneficial ownership, by

- each stockholder known by the Company to be the beneficial owner of more than 5% of the Company's outstanding common stock;
- each director of the Company;
- each executive officer of the Company; and
- all directors and executive officers of the Company as a group.

Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class (3)
Brandon C. Thompson (2)	20,051,110	28.1%
James Temme (2)	17,808,000 (7)	24.9%
Jimmy Mauldin (2)	8,500,000	11.9%
Paul Williams (2)	4,395,243	6.2%
T. Craig Friesland (2)	2,250,122	3.2%
Richard G. Morris (2)	4,210,006 (4)	5.9%
Tony J. Chron (2)	1,290,071 (5)	1.8%
Reif Chron (2)	1,160,005 (6)	1.6%
Robbie Hicks (2)	150,005 (6)	*(3)
Directors and executive officers as a group (six persons)	33,356,557 (8)	46.9%

(1) We understand that, except as noted below, each beneficial owner has sole voting and investment power with respect to all shares attributable to that owner.

(2) The address for each such beneficial owner is 7668 Warren Parkway, Suite 350, Frisco, Texas 75034.

(3) Asterisk indicates that the percentage is less than one percent.

(4) Includes 3,822 shares of the Company's Series Z preferred stock (172,009 shares of the Company's common stock into which such Series Z preferred stock will be convertible) issuable upon exercise of HGI stock options. Further, includes 40,000 shares of Series E convertible preferred stock (conversion rate of 50 common shares per share of Series E) for a total of 2,000,000 shares issuable upon conversion of the preferred stock.

(5) Includes 978 shares of the Company's Series Z preferred stock (44,004 shares of the Company's common stock into which such Series Z preferred stock is convertible) issuable upon conversion of HGI preferred stock.

(6) Includes 2,222 shares of the Company's Series Z preferred stock (100,005 shares of the Company's common stock into which such Series Z preferred stock is convertible) issuable upon exercise of HGI stock options.

(7) Shares issued pursuant to the transaction between Halo and Equitas Asset Management, described in Note 17 to the consolidated financial statements.

(8) Includes (a) 3,822 shares of the Company's Series Z preferred stock (172,009 shares of the Company's common stock into which such Series Z preferred stock will be convertible) issuable upon exercise of HGI stock options and (b) 978 shares of the Company's Series Z preferred stock (44,004 shares of the Company's common stock into which such Series Z preferred stock will be convertible) issuable upon conversion of HGI preferred stock and (c) two separate calculations of 2,222 shares of the Company's Series Z preferred stock (100,005 shares of the Company's common stock into which such Series Z preferred stock will be convertible) issuable upon exercise of the HGI stock options. This also includes 40,000 shares of Series E convertible preferred stock (conversion rate of 50 common shares per share of Series E) for a total of 2,000,000 shares issuable upon conversion of the preferred stock into common stock.

Changes in Control

All of the shares of the Company owned by Messrs. Cade Thompson and Reif Chron have been pledged as security in a loan agreement. A default under the loan agreement which is not timely remedied may result in a change of control in the Company. The default provisions of the loan agreement include the following: (i) non-payment of loan obligations; (ii) breach of a representation or warranty; (iii) non-performance of certain covenants and obligations; (iv) default on other indebtedness; and (v) judgments exceeding $100,000.

Securities authorized for issuance under equity compensation plans

The following table provides information as of the end of the most recently completed fiscal year, with respect to Company compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance.

Equity Compensation Plan Information

	A(1)	B	C
Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)**
Equity compensation plans approved by security holders	681,700(1)	$1.00	-0-
Equity compensation plans not approved by security holders	20,000	$0.34	-6,980,000-
Total	701,700	$0.98	-6,980,000-

(1) Includes 681,700 shares subject to stock options under the HGI 2007 Stock Plan.

Following is a brief description of the material features of each compensation plan under which equity securities of the Company are authorized for issuance, which was adopted without the approval of the Company security holders:

Prior to the merger in 2009, HGI granted stock options to certain employees and contractors under the HGI 2007 Stock Plan. Pursuant to the terms of the merger and the terms of the HGI 2007 Stock Plan, the Company's common stock will be issued upon the exercise of the HGI stock options. At December 31, 2009, pursuant to the terms of the merger agreement, all options available for issuance under the HGI 2007 Stock Plan have been forfeited and consequently the Company has no additional shares subject to options or stock purchase rights available for issuance under the HGI 2007 Stock Plan. Currently outstanding options under the HGI 2007 Stock Plan have fully vested and expire upon termination of employment or five years from the date of grant. This plan is discussed in further detail in Note 16 to the consolidated financials.

On July 19, 2010, the board of directors approved the Company's 2010 Incentive Stock Plan (2010 Stock Plan). The 2010 Stock Plan allows for the reservation of 7,000,000 shares of the Company's common stock for issuance under the plan. The 2010 Stock Plan became effective July 19, 2010 and terminates July 18, 2020. As of December 31, 2013, 20,000 shares were granted under the 2010 Stock Plan.

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

Transactions with Related Persons, Promoters and Certain Control Persons

Since the beginning of the fiscal year January 1, 2013 and except as disclosed below, none of the following persons has had any direct or indirect material interest in any transaction to which the Company was or is a party, or in any proposed transaction to which the Company proposes to be a party:

- any director or officer of the Company;
- any proposed director of officer of the Company;
- any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to the Company's common stock; or
- any member of the immediate family of any of the foregoing persons (including a spouse, parents, children, siblings, and in-laws).

Prior to and during 2013, the Company was indebted to Reif Chron, President and Chief Legal Officer, for $73,000 in proceeds less the $43,000 in paydowns on working capital advances he made to the Company. As of December 31, 2013, the advance balance was $30,000. The advance did not accrue interest. Subsequent to December 31, 2013, Mr. Chron advanced an additional $40,000 for total advances of $70,000.

Prior to and during 2013, the Company was indebted to Cade Thompson, CEO and Director of the Board, for $112,000 in proceeds less the $62,000 in paydowns on working capital advances he made to the Company. As of December 31, 2013, the advance balance was $50,000. The advance did not accrue interest. Subsequent to December 31, 2013, Mr. Thompson advanced an additional $65,000 for total advances of $115,000.

As of December 31, 2012, a Company director had an outstanding advance to the Company of $100,000, for short term capital. During the twelve months ended December 31, 2013, the director advanced an additional $325,000 to the Company for working capital less repayment of $375,000 advanced. As of December 31, 2013, the advance balance was $50,000. The advance did not accrue interest. Subsequent to December 31, 2013, a Director advanced an additional $300,000 for total outstanding advances of $350,000.

During 2011, the Company entered into one unsecured promissory note with Tony Chron, Director of the Company, in the amount of $250,000. The note accrued interest of $52,426. During 2011, the note and accrued interest were consolidated into one note balance of $302,426, with future payments to be made per the note amortization schedule. As of December 31, 2013 the remaining total principal on this consolidated note balance was $182,379. The balance accrues interest at an annual rate of 6%. Total interest paid to Mr. Chron during 2013 totaled $18,327.

During 2010, Martin Williamson invested $1,200,000 in the $20,000,000 Equitas Housing Fund 25% Secured Promissory Note Offering. In May 2013, the $1,200,000 of principal balance was paid in full, along with $150,000 of the outstanding accrued interest balance. Halo and the secured asset promissory note holder agreed to include the remaining accrued interest in a promissory note due December 31, 2013. The maturity date has been extended to December 31, 2014. The new promissory note will accrue interest at a 10% annual rate, with interest only payments due periodically and final balloon payment due at maturity. As of December 31, 2013, the accrued interest balance was $218,568. Mr. Williamson is Reif Chron's stepfather.

Prior to and during 2013, the Company had a related party note with an entity owned by the father of Jimmy Mauldin, a beneficial owner, totaling $370,639. The note currently bears interest of 6% and has a maturity date of September 15, 2016. As of December 31, 2013, the note balance was $270,180. Total interest paid in 2013 on this note totaled $29,103.

Director Independence; Board Leadership Structure

The Company's common stock is quoted through the OTC System. For purposes of determining whether members of the Company's Board of Directors are "independent," the Company's Board utilizes the standards set forth in the NASDAQ Stock Market Marketplace Rules. At present, the Company's entire Board serves as its Audit, Compensation and Nominating Committees. The Company's Board of Directors has determined that, of the Company's present directors, both Richard G. Morris and T. Craig Friesland, constituting two of the four members of the Board, is an "independent director," as defined under NASDAQ's Marketplace Rules, for purposes of qualifying as independent members of the Board and an Audit, Compensation and Nominating Committee of the Board, but that Brandon C. Thompson and Paul Williams are not "independent directors" since they currently serve as or in the past three years have served as executive officers of the Company. In reaching its conclusion, the Board determined that both Mr. Morris and Mr. Friesland do not have a relationship with the Company that, in the Board's opinion, would interfere with his exercise of independent judgment in carrying out the responsibilities of a director, nor does Mr. Morris have any of the specific relationships set forth in NASDAQ's Marketplace Rules that would disqualify him from being considered an independent director.

Since the effective date of the merger in 2009, the Company has not changed the structure of its Board of Directors and currently, Mr. Brandon C. Thompson serves as both Chairman of the Board and Chief Executive Officer. As noted above, Mr. Richard G. Morris and Mr. T. Craig Friesland are the only independent directors and, neither Mr. Morris nor Mr. Friesland have taken on any supplemental role in their capacity as director. It is anticipated that additional independent directors will be added to the Board, however, the Company's Board of Directors has not set a timetable for such action.

The Company's Board of Directors is of the view that the current leadership structure is suitable for the Company at its present stage of development, and that the interests of the Company are best served by the combination of the roles of Chairman of the Board and Chief Executive Officer.

As a matter of regular practice, and as part of its oversight function, the Company's Board of Directors undertakes a review of the significant risks in respect of the Company's business. Such review is conducted in concert with the Company's in-house legal staff, and is supplemented as necessary by outside professionals with expertise in substantive areas germane to the Company's business. With the Company's current governance structure, the Company's Board of Directors and senior executives are, by and large, the same individuals, and consequently, there is not a significant division of oversight and operational responsibilities in managing the material risks facing the Company.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The following information summarizes the fees billed to us by Whitley Penn LLP and Montgomery Coscia Greilich L.L.P. for professional services rendered for the fiscal year ended December 31, 2013 and 2012, respectively.

Audit Fees. Fees billed or remainder to be billed for audit services by Whitley Penn LLP were $77,500 for fiscal year 2013 and $74,000 for fiscal year 2012, and $1,838 was paid to Montgomery Coscia Greilich L.L.P. for fiscal year 2012. Audit fees include fees associated with the annual audit and the reviews of the Company's quarterly reports on Form 10-Q, and other SEC filings.

Audit-Related Fees. The Company did not pay any audit-related service fees to Whitley Penn LLP, other than the fees described above, for services rendered during fiscal year 2013 or 2012.

Tax Fees. Fees billed for tax compliance by Whitley Penn LLP were $9,500 for fiscal year 2013 and $9,000 for fiscal year 2012.

All Other Fees. Other Fees billed by Whitley Penn LLP were $0 in fiscal year 2013 and 2012.

Consistent with SEC policies regarding auditor independence, the audit committee has responsibility for appointing, setting compensation, approving and overseeing the work of the independent auditor. In recognition of this responsibility, the audit committee pre-approves all audit and permissible non-audit services provided by the independent auditor. The Board of Directors serves as the audit committee for the Company.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and financial statement schedules

(1) and (2) The financial statements and financial statement schedules required to be filed as part of this report are set forth in Item 8 of Part II of this report.

(3) Exhibits. See Item 15(b) below.

(b) Exhibits required by Item 601 of Regulation S-K

Exhibit No.	**Description**
2.1	Assignment and Contribution Agreement by and among Halo Companies, Inc, Halo Asset Management, LLC, the Members of Equitas Asset Management, LLC and Equitas Asset Management, LLC. (filed as Exhibit 2.1 to Form 8-K filed with the Commission on December 17, 2010, and incorporated herein by reference).
3.1	Restated Certificate of Incorporation of GVC Venture Corp. changing the name of the Company to Halo Companies, Inc., filed with the Secretary of State of the State of Delaware on December 11, 2009 (filed as Exhibit 3.1 to Form 8-K filed with the Commission on December 15, 2009, and incorporated herein by reference).
3.2	Amendment to Restated Certificate of Incorporation of Halo Companies, Inc., filed with the Secretary of State of the State of Delaware on December 11, 2009 (filed as Exhibit 3.2 to Form 8-K filed with the Commission on December 15, 2009, and incorporated herein by reference).
3.3	Amended By-Laws of Halo Companies, Inc., as amended through December 11, 2009 (filed as Exhibit 3.3 to Form 8-K filed with the Commission on December 15, 2009, and incorporated herein by reference).
16.1	Changes in Registrant's Certifying Accountant (filed as Exhibit 16 to Form 8-KA filed with the Commission on May 10, 2012, and incorporated herein by reference).
21.1	List of subsidiaries
31.1	Sarbanes-Oxley Section 302(a) Certification of Brandon C. Thompson
31.2	Sarbanes-Oxley Section 302(a) Certification of Robbie Hicks
32.1	Sarbanes-Oxley Section 906 Certifications

SIGNATURES

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

Date: March 31, 2014	By: /s/ Brandon Cade Thompson Brandon Cade Thompson Chief Executive Officer (Principal Executive Officer)
Date: March 31, 2014	By: /s/ Robbie Hicks Robbie Hicks Chief Accounting Officer (Principal Financial Officer)

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

Signature	Capacity	Date
/s/ Brandon Cade Thompson Brandon Cade Thompson	Chairman, CEO, Director (principal executive officer)	March 31, 2014
/s/ Robbie Hicks Robbie Hicks	Chief Accounting Officer (principal financial officer)	March 31, 2014
/s/ Paul Williams Paul Williams	Vice Chairman, Director	March 31, 2014
/s/ T. Craig Friesland T. Craig Friesland	Director	March 31, 2014
/s/ Richard Morris Richard Morris	Director	March 31, 2014

HALO COMPANIES, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

The following consolidated financial statements of the Company are contained in this Report on the pages indicated:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Halo Companies, Inc.

We have audited the accompanying consolidated balance sheets of Halo Companies, Inc. (the "Company"), as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in shareholders' equity (deficit), and cash flows for the years then ended. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the consolidated financial statements, the Company has had recurring losses from operations, and has an accumulated deficit. Management's plans in regard to these matters are also described in Note 5. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These 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 classification of liabilities that may result from the outcome of this uncertainty.

/s/ WHITLEY PENN LLP

Dallas, Texas
March xx, 2014

Halo Companies, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2013	December 31, 2012
CURRENT ASSETS		
Cash and cash equivalents	$ 127,048	$ 184,121
Trade accounts receivable, net of allowance for doubtful accounts of $375,665 and $375,665, respectively	157,765	183,151
Note receivable	—	165,000
Total current assets	284,813	532,272
PROPERTY, EQUIPMENT AND SOFTWARE, net	108,348	146,697
DEPOSITS AND OTHER ASSETS	39,589	45,000
TOTAL ASSETS	$ 432,750	$ 723,969
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 616,878	$ 700,348
Accrued and other liabilities (including $58,149 and $55,927 to related parties, respectively)	345,524	601,742
Deferred revenue	—	11,300
Current portion of secured asset promissory note	—	1,200,000
Current portion of subordinated debt	5,417	226,713
Current portion of notes payable to related parties	388,232	396,129
Current portion of notes payable	—	8,509
Current portion of deferred rent	169,349	186,227
Total current liabilities	1,525,400	3,330,968
NOTES PAYABLE, LESS CURRENT PORTION	1,551,828	—
NOTES PAYABLE TO RELATED PARTIES, LESS CURRENT PORTION	194,327	242,132
SUBORDINATED DEBT, LESS CURRENT PORTION	15,833	20,833
ACCRUED INTEREST ON RELATED PARTY NOTES, LESS CURRENT PORTION	23,011	34,652
DERIVATIVE LIABILITY	15,772	29,351
DEFERRED RENT, LESS CURRENT PORTION	—	120,117
Total liabilities	3,326,171	3,778,053
SHAREHOLDERS' DEFICIT		
Series Z Convertible Preferred Stock, par value $0.01 per share; 82,508 shares authorized; 0 shares issued and outstanding at December 31, 2013 and December 31, 2012	—	—
Preferred Stock, par value $0.001 per share; 917,492 shares authorized; 0 shares issued and outstanding at December 31, 2013 and December 31, 2012	—	—
Series X Convertible Preferred Stock, par value $0.01 per share; 143,677 shares authorized; 143,677 shares issued and outstanding at December 31, 2013 and December 31, 2012, liquidation preference of $1,436,770	1,437	1,437
Series E Convertible Preferred Stock, par value $0.001 per share; 100,000 shares authorized; 70,000 shares issued and outstanding at December 31, 2013 and December 31, 2012, respectively, liquidation preference of $700,000	70	70
Halo Group, Inc. Preferred Stock, par value $0.001 per share; 2,000,000 shares authorized		
Series A Convertible Preferred Stock; 372,999 shares issued and outstanding at December 31, 2013 and December 31, 2012 liquidation preference of $648,667	373	373
Series B Convertible Preferred Stock; 229,956 shares issued and outstanding at December 31, 2013 and December 31, 2012 liquidation preference of $539,010	230	230
Series C Convertible Preferred Stock; 124,000 shares issued and outstanding at December 31, 2013 and December 31, 2012 liquidation preference of $363,276	124	124
Common Stock, par value $0.001 per share; 375,000,000 shares authorized; 66,364,083 shares issued and outstanding at December 31, 2013 and December 31, 2012	66,364	66,364
Additional paid-in capital	7,638,764	7,638,764
Accumulated deficit	(10,600,783)	(10,678,986)
Total deficit	(2,893,421)	(2,971,624)
NONCONTROLLING INTEREST	—	(82,460)
Total shareholders' deficit	(2,893,421)	(3,054,084)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 432,750	$ 723,969

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

Halo Companies, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
REVENUE (including $457,148 and $20,783 from related parties, respectively)	$ 5,255,287	$ 4,810,594
OPERATING EXPENSES		
Sales and marketing expenses	1,663,474	1,631,216
General and administrative expenses	899,776	1,386,616
Salaries, wages, and benefits	2,269,006	2,509,320
Total operating expenses	4,832,256	5,527,152
OPERATING INCOME (LOSS)	423,031	(716,558)
OTHER INCOME (EXPENSE)		
Gain (loss) on change in fair value of derivative	13,579	(4,381)
Gain on sale of software	—	50,000
Gain on sale of HDS, HFS and HCS subsidiaries	—	134,731
Wind down of noncontrolling interest subsidiary	(82,460)	—
Loss on sale of HGR subsidiary	—	(7,500)
Interest expense (including $33,128 and $36,633 to related parties, respectively)	(253,823)	(431,487)
Net income (loss) from operations, before income tax provision	100,327	(975,195)
INCOME TAX PROVISION	22,124	24,172
NET INCOME (LOSS)	78,203	(999,367)
Gain attributable to the noncontrolling interest	—	81
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 78,203	$ (999,286)
Earning per share:		
Basic	$ 0.00	$ (0.02)
Diluted	$ 0.00	$ (0.02)
Weighted Average Shares Outstanding		
Basic	66,364,083	65,929,295
Diluted	71,661,135	65,929,295

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

Halo Companies, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
For the Years Ended December 31, 2013 and 2012

	Halo Companies, Inc. Common Stock		Halo Companies, Inc. Series X Convertible Preferred Stock		Halo Companies, Inc. Series E Convertible Preferred Stock		Halo Group, Inc. Series A Convertible Preferred Stock		Halo Group, Inc. Series B Convertible Preferred Stock		Halo Group, Inc. Series C Convertible Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2011	65,494,506	$ 65,495	152,177	$ 1,522	—	$ —	372,999	$ 373	229,956	$ 230	124,000	$ 124	7,000,218	$ (9,679,700)	$ (82,379)	$ (2,694,117)
Stock-based compensation expense	—	—	—	—			—	—	—	—	—	—	6,800	—	—	$ 6,800
Exercise of Stock Options	10,000	10	—	—	—	—	—	—	—	—	—	—	90	—	—	$ 100
Issuance of Common Shares	79,546	79	—	—	—	—	—	—	—	—	—	—	17,421	—	—	17,500
Discretionary redemption of Series X Convertible Preferred Stock	—	—	(8,500)	(85)	—	—	—	—	—	—	—	—	(84,915)	—	—	(85,000)
Issuance of Common Stock Shares as payment of stock dividends	780,031	780	—	—	—	—	—	—	—	—	—	—	(780)	—	—	—
Issuance of Series E Convertible Preferred Stock for cash	—	—	—	—	70,000	70	—	—	—	—	—	—	699,930	—	—	700,000
Net loss attributable to common shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(999,286)	—	(999,286)
Allocation of gain to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(81)	(81)
Balance at December 31, 2012	66,364,083	$ 66,364	143,677	$ 1,437	70,000	$ 70	372,999	$ 373	229,956	$ 230	124,000	$ 124	$ 7,638,764	$ (10,678,986)	$ (82,460)	$ (3,054,084)
Net income attributable to common shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	78,203	—	78,203
Wind down of noncontrolling interest subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	82,460	82,460
Balance at December 31, 2013	66,364,083	$ 66,364	143,677	$ 1,437	70,000	$ 70	372,999	$ 373	229,956	$ 230	124,000	$ 124	$ 7,638,764	$ (10,600,783)	$ —	$ (2,893,421)

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

Halo Companies, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
CASH FLOWS FROM OPERATIONS		
Net income (loss)	$ 78,203	$ (999,286)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	99,139	71,435
Amortization of debt discount	1,454	17,444
Amortization of loan origination costs	3,333	—
Capitalization of interest into note payable	51,828	—
Bad debt expense	1,197	35,259
(Gain) loss on change in fair value of derivative	(13,579)	4,381
Gain on sale of software and equipment	—	(50,000)
Stock based compensation	—	6,800
Stock based payment for services	—	17,500
Gain on sale of HDS, HFS and HCS subsidiaries	—	(134,731)
Loss on sale of HGR subsidiary	—	7,500
Noncontrolling interest	82,460	(81)
Changes in operating assets and liabilities:		
Accounts receivable	24,189	410,908
Deposits and other assets	2,078	(35,000)
Accounts payable	(83,470)	86,971
Accrued and other liabilities	(267,859)	253,506
Deferred rent	(136,995)	(114,311)
Deferred revenue	(11,300)	(682,815)
Net cash used in operating activities	(169,322)	(1,104,520)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds received from joint venture	—	9,823
Proceeds received from sale of HDS, HFS and HCS subsidiaries	—	85,000
Proceeds received from note receivable	165,000	—
Proceeds received from sale of HGR subsidiary	—	30,000
Purchases of property and equipment	(60,790)	(18,205)
Proceeds received on sale of software and equipment	—	50,000
Net cash provided by investing activities	104,210	156,618
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from issuance of preferred stock	—	700,000
Discretionary redemption of preferred stock	—	(85,000)
Issuance of common stock for the exercise of stock options	—	100
Principal payments on secured asset promissory note	(1,200,000)	—
Proceeds from notes payable	1,500,000	—
Principal payments on notes payable	(8,509)	(164,365)
Proceeds from notes payable to related parties	472,011	190,000
Principal payments on notes payable to related parties	(527,713)	(113,847)
Proceeds from subordinated debt	—	25,000
Principal payments on subordinated debt	(227,750)	(77,000)
Net cash provided by financing activities	8,039	474,888
Net decrease in cash and cash equivalents	(57,073)	(473,014)
CASH AND CASH EQUIVALENTS, beginning of year	184,121	657,135
CASH AND CASH EQUIVALENTS, end of year	$ 127,048	$ 184,121
SUPPLEMENTAL INFORMATION		
Cash paid for taxes - Texas Margin Tax	$ 22,124	$ 24,172
Cash paid for interest	$ 243,172	$ 173,507

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

NOTE 1. ORGANIZATION AND RECENT DEVELOPMENTS

Halo Companies, Inc. (“Halo”, “HCI” or the “Company”) was incorporated under the laws of the State of Delaware on December 9, 1986. Its principal executive offices are located at 7668 Warren Parkway, Suite 350, Frisco, Texas 75034 and its telephone number is 214-644-0065.

Unless otherwise provided in footnotes, all references from this point forward in this Report to “we,” “us,” “our company,” “our,” or the “Company” refer to the combined Halo Companies, Inc. entity, together with its subsidiaries.

Halo has multiple wholly-owned subsidiaries including Halo Group Inc. (“HGI”), Halo Asset Management, LLC (“HAM”), Halo Portfolio Advisors, LLC (“HPA”), and Halo Benefits, Inc. (“HBI”). HGI is the management and shared services operating company. HAM provides asset management and mortgage servicing services to investors and asset owners including all aspects of buying and managing distressed REO and non-performing loans. HPA exists to market the Company’s operations as a turnkey solution for strategic business to business opportunities with HAM’s investors and asset owners, major debt servicers and field service providers, lenders, and mortgage backed securities holders. HBI was originally established as an association benefit services to customers throughout the United States and although a non-operating entity, remains a subsidiary due to its historical net operating loss carryforward. During the year, several non-operating subsidiary entities were legally closed. They included Halo Select Insurance Services, LLC (“HSIS”), Halo Group Mortgage, LLC (“HGM”), and Equitas Housing Fund, LLC (“EHF”). These subsidiaries were established in previous years to provide insurance brokerage and mortgage services. EHF was set up as the Company’s investment in non-performing loans as discussed below in Note 7.

In November 2012, the Company entered into a stock/unit purchase agreement for the sale of the Company’s subsidiaries Halo Debt Solutions, Inc. (“HDS”), Halo Financial Services, LLC (“HFS”), and Halo Credit Solutions (“HCS”). The purchase agreement was finalized at $250,000, which included a $25,000 down payment at closing and promissory note financing for the remainder of the purchase price. The Company recorded a gain on the sale of HDS, HFS and HCS of $134,731. As of December 31, 2013, the buyer has paid (including the down payment) the Company $250,000 (paid in full).

In April 2013, the Company eliminated the noncontrolling interest balance on its balance sheet when it effectively closed the non-operating subsidiary Halo Choice Insurance Services, LLC (“HCIS”). See further discussion in Note 2 of the consolidated financial statements.

In August 2013, the Company and its office lessor agreed to a final settlement whereby it would vacate its previously leased office facilities in Allen, Texas. In doing so, the final settlement obligation of $254,023 is to be paid over twelve equal installments beginning in September 2013 through August 2014. This balance is included in the current portion of deferred rent. The final settlement released previously recognized rent expense which was included in accounts payable and deferred rent. The release of these obligations was credited to rent expense which is included in general and administrative expense on the consolidated statements of operations. Additionally, the final settlement included requirements that (1) the office lessor retain the Company’s $45,000 deposit and (2) the Company sell certain furniture and equipment in the office. Both the cost of the furniture and equipment and the related accumulated depreciation have been removed from the respective accounts, with the resulting income statement impact being expensed in general and administrative expenses on the consolidated statements of operations.

In October 2013, the Company entered into a senior unsecured convertible promissory note agreement of $1,500,000. The terms of the note include an interest rate of 15% with a maturity date of October 10, 2016. See further discussion in Note 10 of the consolidated financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Consolidated Financial Statements as of December 31, 2013 and 2012 include the accounts of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Certain balances have been reclassified in prior period to be consistent with current year presentation.

Revenue Recognition, Accounts Receivable and Deferred Revenue

The Company recognizes revenue in the period in which services are earned and realizable. To further understand the Company's business, HAM earns fees from its clients for its boarding and initial asset management fee, success fees, and its monthly servicing fee. The boarding and initial asset management services are performed in the first 30-60 days of assets being boarded and include; IRR analysis of loans boarded, detailed asset level workout exit strategy analysis, boarding the assets onto HAM's proprietary software platform and the integrated servicing platform, identification and oversight of custodial files, oversight of mortgage/deed assignment from previous servicer, oversight of title policy administration work, and delinquent property tax research and exposure review. HAM's monthly success fees are earned for completing its default and asset disposition services including note sales, originating owner finance agreements, and cash sales of REO properties owned by the client. HAM's servicing fees are earned monthly and are calculated on a monthly unit price for assets under management.

HAM and HPA receivables are typically paid the month following services performed. As of December 31, 2013, the Company's accounts receivable are made up of the following percentages; HAM at 84% and HPA at 16%.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: past transaction history with the customer, current economic and industry trends, and changes in customer payment terms. The Company provides for estimated uncollectible amounts through an increase to the allowance for doubtful accounts and a charge to earnings based on actual historical trends and individual account analysis. Balances that remain outstanding after the Company has used reasonable collection efforts are written-off through a charge to the allowance for doubtful accounts. The below table summarizes the Company's allowance for doubtful accounts as of December 31, 2013 and December 31, 2012, respectively;

	Balance at Beginning of Period	Increase in the Provision	Accounts Receivable Write-offs	Balance at End of Period
Year ended December 31, 2013				
Allowance for doubtful accounts	$ 375,665	$ 1,197	$ 1,197	$ 375,665
Year ended December 31, 2012				
Allowance for doubtful accounts	$ 446,722	$ 35,259	$ 106,316	$ 375,665

As of December 31, 2013, the Company's allowance for doubtful accounts is made up of the following percentages; HAM at 96% and HPA at 4%. The HAM and HPA allowance is related to one client. The client is in a court appointed receivership and the Company is awaiting final outcome of its receivable claim into the receivership to determine any potential recoverability. As of December 31, 2013, the Company has fully reserved all outstanding accounts receivables of this client.

Net Income (Loss) Per Common Share

Basic net income (loss) per share is computed by dividing (i) net income (loss) available to common shareholders (numerator), by (ii) the weighted average number of common shares outstanding during the period (denominator). Diluted net income (loss) per share is computed using the weighted average number of common shares and dilutive potential common shares outstanding during the period. At December 31, 2013 and 2012, there were 5,030,327 and 5,563,777 shares, respectively, underlying potentially dilutive convertible preferred stock and stock options outstanding. These shares were not included in dilutive weighted average shares outstanding for the year ended December 31, 2012 because their effect is anti-dilutive due to the Company's reported net loss.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates include the Company's revenue recognition method, valuation of equity based compensation and derivative liabilities.

Principles of Consolidation

The consolidated financial statements of the Company for the year ended December 31, 2013 include the financial results of HCI, HGI, HGM, HBI, HSIS, HCIS, HPA, HAM, and EHF. All significant intercompany transactions and balances have been eliminated in consolidation.

The consolidated financial statements of the Company for the year ended December 31, 2012 include the financial results of HCI, HGI, HGM, HBI, HSIS, HCIS, HPA, HAM, and EHF. The financial results of Halo Group Realty are included for the one month period ended January 31, 2012. The financial results of HDS, HFS, and HCS are included for period beginning January 1, 2012 thru November 9, 2012. All significant intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all liquid investments with a maturity of 90 days or less to be cash equivalents.

Note Receivable

In November 2012, the Company entered into a stock/unit purchase agreement for the sale of the Company's subsidiaries HDS, HFS, and HCS for consideration of $250,000 (sale discussed in further detail above). As of December 31, 2013, the buyer has paid (including the down payment) the Company $250,000. The balance has been paid in full. The note receivable did not bear interest.

Deposits and Other Assets

At December 31, 2013, deposits and other assets was $39,589, which included $36,667 in deferred origination costs ($40,000 in total origination fees offset by $3,333 in accumulated amortization) for the senior unsecured promissory note discussed in Note 10, with the remaining $2,922 as a prepaid vendor expense. The fees are to be amortized over the life of the promissory note. During the year ended December 31, 2012, the Company established a $45,000 deposit held with the Company's office lessor. As discussed in Note 1, in August 2013, the office lessor final settlement with the Company required that the lessor retain the Company's $45,000 deposit. As such, the office lessor deposit was $0 at December 31, 2013.

Property, Equipment and Software

Property, equipment, and software are stated at cost. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives, ranging from three to seven years. Provisions for depreciation are made using the straight-line method.

Major additions and improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon sale or retirement, the cost of the property and equipment and the related accumulated depreciation are removed from the respective accounts, and any resulting gains or losses are credited or charged to other general and administrative expenses.

Fair Value of Financial Instruments

The carrying value of trade accounts receivable, accounts payable, and accrued and other liabilities approximate fair value due to the short maturity of these items. The estimated fair value of the notes payable and subordinated debt approximates the carrying amounts as they bear market interest rates.

The Company considers the warrants related to its subordinated debt to be derivatives, and the Company records the fair value of the derivative liabilities in the consolidated balance sheets. Changes in fair value of the derivative liabilities are included in gain (loss) on change in fair value of derivative in the consolidated statements of operations. The Company's derivative liability has been classified as a Level III valuation according to Accounting Standards Codification ("ASC") 820.

Internally Developed Software

Internally developed legacy application software consisting of database, customer relations management, process management and internal reporting modules are used in each of the Company's subsidiaries. The Company accounts for computer software used in the business in accordance with ASC 350 "Intangibles-Goodwill and Other". ASC 350 requires computer software costs associated with internal use software to be charged to operations as incurred until certain capitalization criteria are met. Costs incurred during the preliminary project stage and the post-implementation stages are expensed as incurred. Certain qualifying costs incurred during the application development stage are capitalized as property, equipment and software. These costs generally consist of internal labor during configuration, coding, and testing activities. Capitalization begins when (i) the preliminary project stage is complete, (ii) management with the relevant authority authorizes and commits to the funding of the software project, and (iii) it is probable both that the project will be completed and that the software will be used to perform the function intended. Management has determined that a significant portion of costs incurred for internally developed software came from the preliminary project and post-implementation stages; as such, no costs for internally developed software were capitalized.

Long-Lived Assets

Long-lived assets are reviewed on an annual basis or whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is generally measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by that asset. If it is determined that the carrying amount of an asset may not be recoverable, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is the estimated value at which the asset could be bought or sold in a transaction between willing parties. There were no impairment charges for the year ended December 31, 2013 and 2012.

Equity-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with ASC 718 "Compensation-Stock Compensation". Under ASC 718, the fair value of stock options at the date of grant is recognized in earnings over the vesting period of the options beginning when the specified events become probable of occurrence. For the year ended December 31, 2013 and 2012, there were 0 and 20,000 shares, respectively, of stock options awarded (discussed in Note 16). All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of (i) the date on which the counterparty's performance is complete, or (ii) the date on which it is probable that performance will occur.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740 "Income Taxes". ASC 740 requires the use of the asset and liability method whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. These differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheets.

The Company then assesses the likelihood of realizing benefits related to such assets by considering factors such as historical taxable income and the Company's ability to generate sufficient taxable income of the appropriate character within the relevant jurisdictions in future years. Based on the aforementioned factors, if the realization of these assets is not likely a valuation allowance is established against the deferred tax assets.

The Company accounts for its position in tax uncertainties under ASC 740-10. ASC 740-10 establishes standards for accounting for uncertainty in income taxes. ASC 740-10 provides several clarifications related to uncertain tax positions. Most notably, a "more likely-than-not" standard for initial recognition of tax positions, a presumption of audit detection and a measurement of recognized tax benefits based on the largest amount that has a greater than 50 percent likelihood of realization. ASC 740-10 applies a two-step process to determine the amount of tax benefit to be recognized in the financial statements. First, the Company must determine whether any amount of the tax benefit may be recognized. Second, the Company determines how much of the tax benefit should be recognized (this would only apply to tax positions that qualify for recognition.) No additional liabilities have been recognized as a result of the implementation. The Company has not taken a tax position that, if challenged, would have a material effect on the financial statements or the effective tax rate during the years ended December 31, 2013 or 2012.

The Company incurred no penalties or interest for taxes for the years ended December 31, 2013 or 2012. The Company is subject to a three year statute of limitations by major tax jurisdictions for the fiscal years ended December 31, 2010, 2011 and 2012. The Company files income tax returns in the U.S. federal jurisdiction.

Deferred Rent

As discussed in Note 1, in August 2013, the Company and its office lessor agreed to a final settlement whereby it would vacate its previously leased office facilities. In doing so, the final settlement obligation of $254,023 is to be paid over twelve equal installments beginning in September 2013 through August 2014. At December 31, 2013, the $169,349 balance is included in current portion of deferred rent.

Non-controlling Interest

On January 1, 2009, HSIS entered into a joint venture with another entity to form HCIS. HSIS contributed 49% of the opening equity balance. Under a qualitative analysis performed in accordance with ASC 810 "Consolidation", HCIS is a variable interest entity and HSIS is the primary beneficiary as HSIS's parent company, HGI, acts as the sole manager of the entity. Based on this analysis, HSIS has consolidated HCIS with the non-controlling 51% interest included in non-controlling interest on the consolidated balance sheets and consolidated statements of operations. In April 2013, the Company closed the non-operating HCIS subsidiary. With the closure of HCIS, there is no future income stream to offset the deficit in the non-controlling interest balance, and as the non-controlling 51% entity will not reimburse HSIS for its share of cumulative losses, HSIS incurred an expense of $82,460, included in other expense on the consolidated statements of operations. As of December 31, 2013, the non-controlling interest balance was $0.

NOTE 3. CONCENTRATIONS OF CREDIT RISK

The Company maintains aggregate cash balances, at times, with financial institutions, which are in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). During the year ended December 31, 2013, the FDIC insured deposit accounts up to $250,000. At December 31, 2013, the Company's cash accounts were all less than the $250,000 FDIC insured amount and as such were insured in full.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable.

In the normal course of business, the Company extends unsecured credit to its customers. Because of the credit risk involved, management has provided an allowance for doubtful accounts which reflects its estimate of amounts which will eventually become uncollectible. In the event of complete non-performance by the Company's customers, the maximum exposure to the Company is the outstanding accounts receivable balance at the date of non-performance.

NOTE 4. OPERATING SEGMENTS

The Company has several operating segments as listed below and as defined in Note 1. The results for these operating segments are based on our internal management structure and review process. We define our operating segments by service industry. If the management structure and/or allocation process changes, allocations may change. See the following summary of operating segment reporting;

Operating Segments	For the Year Ended December 31, 2013	2012
Revenue:		
Halo Asset Management	$ 3,190,393	$ 2,863,944
Halo Portfolio Advisors	2,036,362	1,440,183
Other	28,532	506,467
Net revenue	$ 5,255,287	$ 4,810,594
Operating income (loss):		
Halo Asset Management	$ 1,882,315	$ 1,248,448
Halo Portfolio Advisors	367,075	350,968
Other	(201,411)	(142,158)
Less: Corporate expenses (a)	(1,969,776)	(2,456,544)
Operating income (loss):	$ 78,203	$ (999,286)

a. Corporate expenses include salaries, benefits and other expenses, including rent and general & administrative expenses, related to corporate office overhead and functions that benefit all operating segments. Corporate expenses are expenses that the Company does not directly allocate to any segment above. Allocating these indirect expenses to operating segments would require an imprecise allocation methodology. Further, there are no material amounts that are the elimination or reversal of transactions between the above reportable operating segments.

The assets of the Company consist primarily of cash, trade accounts receivable, and property, equipment and software. Cash is managed at the corporate level of the Company and not at the segment level. Each of the remaining primary assets has been discussed in detail, including the applicable operating segment for which the assets and liabilities reside, in the consolidated notes to the financial statements. As such, the duplication is not warranted in this footnote.

All debt of the Company is recorded at the corporate parent companies HCI and HGI, with the exception of the $1,200,000 secured asset promissory note of EHF, which was paid in full during May 2013, as discussed further in Note 12. Interest expense related to the secured asset promissory note totaled $129,069 for the year ended December 31, 2013, and is included above in “Other” and in “Other Income (expense)” in the consolidated statements of operations. The remaining $124,754 of the $253,823 interest expense in the consolidated statements of operations for the year ended December 31, 2013 are included in corporate expenses above.

For the year ended December 31, 2013 and 2012, there have been no material transactions between reportable units that would materially affect an operating segment profit or loss. Intercompany transactions are eliminated in the consolidated financial statements.

NOTE 5. GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the Company will need to manage additional asset units under contract and/or additional financing to fully implement its business plan, including continued growth and establishment of a stronger brand name of HAM’s asset management in the distressed asset sector. The Company has recognized net income of $78,203 for the year ended December 31, 2013, however, as included in the consolidated statements of cash flows, the Company has used a material amount of its net cash provided by financing activities, specifically the $1,500,000 new promissory note, towards the repayment of previously borrowed financing sources and previously existing liabilities. The new promissory note agreement, as discussed in Note 10, specifically required certain repayment of previous financing and other liability obligations.

The Company is actively seeking growth of its asset units under management, both organically and via new client relationships. Management, in the ordinary course of business, is trying to raise additional capital through sales of common stock as well as seeking financing via equity or debt, or both from third parties. There are no assurances that additional financing will be available on favorable terms, or at all. If additional financing is not available, the Company will need to reduce, defer or cancel development programs, planned initiatives and overhead expenditures. The failure to adequately fund its capital requirements could have a material adverse effect on the Company’s business, financial condition and results of operations. Moreover, the sale of additional equity securities to raise financing will result in additional dilution to the Company’s stockholders, and incurring additional indebtedness could involve an increased debt service cash obligation, the imposition of covenants that restrict the Company operations or the Company’s ability to perform on its current debt service requirements. The Company has incurred an accumulated deficit of $10,600,783 as of December 31, 2013. However, of the accumulated deficit, $2,110,748 of expense was incurred as stock-based compensation, $533,600 in depreciation expense, and $279,241 in impairment loss on investment in portfolio assets, all of which are noncash expenses. Further, $906,278 of the accumulated deficit is related to the issuance of stock dividends, also non cash reductions. The $3,829,867 total of these non-cash retained earnings reductions represents 36% of the total deficit balance. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 6. PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software consist of the following as of December 31, 2013 and December 31, 2012, respectively:

Computers and purchased software	$ 149,557	$ 159,159
Furniture and equipment	235,515	352,800
	385,072	511,959
Less: accumulated depreciation	(276,724)	(365,262)
	$ 108,348	$ 146,697

Depreciation totaled $99,139 and $70,603 for the year ended December 31, 2013 and 2012, respectively. As discussed further in Note 1, in August 2013, the Company entered into a settlement agreement with its previous landlord. As part of this agreement, the Company was required to sell certain furniture and equipment to the landlord. As of December 31, 2013, both the cost of the furniture and equipment and the related accumulated depreciation have been removed from the respective accounts, with $40,460 of the $99,139 noted above included in other general and administrative expenses on the consolidated statements of operations. Further, the Company retired $187,677 of fully depreciated assets for the year ended December 31, 2013.

NOTE 7. INVESTMENTS IN PORTFOLIO ASSETS

In December 2010, EHF entered into an agreement to purchase non-performing mortgage notes secured by the property, across the United States, for 6.6% of unpaid principal balance. Total purchase price of the investment was $300,000. Payments of $20,759 were received during 2011 and applied to the investment. During 2011, the seller's estate, including the above mentioned non-performing mortgage notes purchased for $300,000 were placed into receivership with a court appointed receiver of the seller. The receiver has asserted ownership of the assets in receivership, including the referenced mortgage notes. As the Company's right to these assets had been impaired, the Company assessed its ability to reclaim the assets as remote and an impairment of the investment in portfolio assets was warranted. Accordingly, the Company recognized impairment of the assets of $279,241 as of December 31, 2011. As of December 31, 2013, the Company is still awaiting final outcome of any potential recoverability from the receivership and as such the value remains $0.

NOTE 8. ACCRUED AND OTHER LIABILITIES

The Company had $345,524 in accrued liabilities at December 31, 2013. Included in this accrual is $63,926 in deferred compensation to multiple senior management personnel, $277,042 in accrued interest ($218,568 of this balance related to interest on the secured asset promissory note discussed in more detail in Note 12), and $4,556 in other. The Company had $601,742 in accrued liabilities at December 31, 2012. Included in this accrual was $77,296 in salaries and wages payable, $211,936 in deferred compensation to multiple senior management personnel, $311,365 in accrued interest ($252,000 of this balance is discussed in more detail in Note 12), and $1,145 in other.

NOTE 9. NOTES PAYABLE TO RELATED PARTIES

The notes payable to related parties reside as follows;

During March 2011, the Company entered into one unsecured promissory note with a related party (a company director) in the amount of $250,000 (the "2011 Related Party Note"). The 2011 Related Party Note had a fixed interest amount of $50,000 and a maturity date of July 31, 2011. On September 20, 2011, the 2011 Related Party Note was amended to include the 2011 Related Party Note plus $52,426 of accrued interest for a total note balance of $302,426. The 2011 Related Party Note has a 6% interest rate and is a monthly installment note with final maturity of September 2014. Interest and principal is due upon maturity. As of December 31, 2012, the balance of the 2011 Related Party Note was $206,292, all of which is included in current portion of notes payable to related parties. As of December 31, 2013, the 2011 Related Party Note was $182,379, all of which is included in current portion of notes payable to related parties.

On September 1, 2011, several previous related party notes totaling $370,639 were amended and consolidated ("the 2011 Consolidated Related Party Note"). This note bears interest of 6% and has a maturity date of September 15, 2016. As of December 31, 2012, the 2011 Consolidated Related Party Note balance was $291,969, of which $49,837 is included in current portion of notes payable to related parties. As of December 31, 2013, the 2011 Consolidated Related Party Note balance was $270,180, of which $75,853 is included in current portion of notes payable to related parties.

As of December 31, 2012, a Company director had an outstanding advance to the Company of $100,000, for short term capital. During the twelve months ended December 31, 2013, the director advanced an additional $325,000 to the Company for working capital less repayments of $375,000 advanced. As of December 31, 2013, the advance balance was $50,000. At the time of the filing of these consolidated financial statements, the Company and the director had not finalized a maturity date for the advance repayment, and as such the entire balance is included in current portion of notes payable to related parties. The advance does not accrue interest.

In December 2012, the Company's President and Chief Legal Officer advanced $28,000 to the Company for short term capital. During the twelve months ended December 31, 2013, an additional advance of $45,000 was made for working capital less repayments of $43,000 advanced. As of December 31, 2013, the advance balance was $30,000. At the time of the filing of these consolidated financial statements, the Company and the President had not finalized a maturity date for the advance repayment, and as such the entire balance is included in current portion of notes payable to related parties. The advance does not accrue interest.

In December 2012, the Company's CEO and Director of the Board advanced $12,000 to the Company for short term capital. During the twelve months ended December 31, 2013, an additional advance of $100,000 was made for working capital less repayments of $62,000 advanced. As of December 31, 2013, the advance balance was $50,000. At the time of the filing of these consolidated financial statements, the Company and the CEO had not finalized a maturity date for the advance repayment, and as such the entire balance is included in current portion of notes payable to related parties. The advance does not accrue interest.

As of December 31, 2013, the notes payable to related party balance totaled $582,559, of which $388,232 is included in current portion of notes payable to related parties in the consolidated financial statements. As of December 31, 2012, the notes payable to related party balance totaled $638,261, of which $396,129 is included in current portion of notes payable to related parties in the consolidated financial statements.

The Company incurred $33,128 and $36,633 of interest expense to directors, officers, and other related parties during the year ended December 31, 2013 and 2012, respectively. Accrued interest due to directors and other related parties totaled $81,160 at December 31, 2013, of which $58,149 is included in accrued and other current liabilities at December 31, 2013. Accrued interest due to directors and other related parties totaled $90,579 at December 31, 2012, of which $55,927 is included in accrued and other current liabilities.

NOTE 10. NOTES PAYABLE

In October 2013, the Company entered into a senior unsecured convertible promissory note agreement of $1,500,000. The terms of the note include an interest rate of 15% with a maturity date of October 10, 2016. The Company, although not required, is entitled to capitalize any accrued interest into the outstanding principal balance of the note up until maturity. At the maturity date, all unpaid principal and accrued interest is due. As part of the promissory note, the Company was required to pay origination fees and expenses associated with this note agreement (discussed in Other Assets Note 2), pay the subordinated debt originated in January 2010 (debt discussed in Note 11), pay $375,000 to a related party note held by a director (discussed in Note 9 above), with the remaining use of proceeds for general corporate purposes including paying deferred compensation to several management personnel. Additionally, the noteholder has the right, but not the obligation, to convert up to $1,000,000 of the principal balance of the note into common shares of the Company. The $1,000,000 maximum conversion ratio would entitle the noteholder to a maximum total of 10% of the then outstanding common stock of the Company, calculated on a fully diluted basis. Any conversion of the principal amount of this note into common stock would effectively lower the outstanding principal amount of the note. As of December 31, 2013, the notes payable balance was $1,551,828, which includes capitalized interest of $51,828.

On August 15, 2011, the Company entered into an agreement with LegacyTexas Bank ("LTB") to refinance a previously outstanding $75,001 line of credit into an 18 month note. The terms of the new note include an interest rate of 3% with a maturity date of February 15, 2013. The note payable balance was paid in full in February 2013. As of December 31, 2012, the note payable balance was $8,509, which is included in current portion of notes payable.

NOTE 11. SUBORDINATED DEBT

During January 2010, the Company authorized a $750,000 subordinated debt offering ("Subordinated Offering"), which consists of the issuance of notes paying a 16% coupon with a 1% origination fee at the time of closing. The maturity date of the notes was originally January 31, 2013, however, subsequent to December 31, 2012, the Company and the subordinated debt holders agreed to an extended maturity date of April 30, 2013, and then again to December 31, 2013. Repayment terms of the notes included interest only payments through July 31, 2010. Thereafter, level monthly payments of principal and interest are made as calculated on a 60 month payment amortization schedule with final balloon payment due at maturity. The rights of holders of notes issued in the Subordinated Offering are subordinated to any and all liens granted by the Company to a commercial bank or other qualified financial institution in connection with lines of credit or other loans extended to the Company in an amount not to exceed $2,000,000, and liens granted by the Company in connection with the purchase of furniture, fixtures or equipment. This includes the LTB debt disclosed in Note 10. Since inception of the offering, the Company has raised $420,000 in the Subordinated Offering. In October 2013, the company entered into a senior unsecured convertible promissory note (discussed in Note 10) which required the use of those financing proceeds to pay down the subordinated debt. As such, as of December 31, 2013, the remaining balance was $0.

As part of the Subordinated Offering, the Company granted to investors common stock purchase warrants (the "Warrants") to purchase an aggregate of 200,000 shares of common stock of the Company at an exercise price of $0.01 per share. The 200,000 shares of common stock contemplated to be issued upon exercise of the Warrants are based on an anticipated cumulative debt raise of $750,000. The investors are granted the Warrants pro rata based on their percentage of investment relative to the $750,000 aggregate principal amount of notes contemplated to be issued in the Subordinated Offering. The Warrants shall have a term of seven years, exercisable from January 31, 2015 to January 31, 2017. The Company will have a call option any time prior to maturity, so long as the principal and interest on the notes are fully paid, to purchase the Warrants for an aggregate of $150,000. After the date of maturity until the date the Warrants are exercisable, the Company will have a call option to purchase the Warrants for $200,000. The call option purchase price assume a cumulative debt raise of $750,000.

The Company adopted the provisions of ASC 815, "Derivatives and Hedging". ASC 815 requires freestanding contracts that are settled in a company's own stock to be designated as an equity instrument, assets or liability. Under the provisions of ASC 815, a contract designated as an asset or liability must be initially recorded and carried at fair value until the contract meets the requirements for classification as equity, until the contract is exercised or until the contract expires. Accordingly, the Company determined that the warrants should be accounted for as derivative liabilities and has recorded the initial value as a debt discount which will be amortized into interest expense using the effective interest method. As of December 31, 2013, the balance of the debt discount was $0 (fully amortized). As of December 31, 2012, the balance of the debt discount was $1,454, included in current portion of subordinated debt. Subsequent changes to the marked-to-market value of the derivative liability will be recorded in earnings as derivative gains and losses. As of December 31, 2013, there were 112,000 warrants outstanding with a derivative liability of $15,772. As of December 31, 2012, there were 112,000 warrants outstanding with a derivative liability of $29,351. The $13,579 decrease in fair value is included in the consolidated statements of operations as gain on change in fair value of derivative. The Warrants were valued using the Black-Scholes model, which resulted in the fair value of the warrants at $0.14 per share using the following assumptions:

	December 31, 2013
Risk-free rate	0.76%
Expected volatility	602.94%
Expected remaining life (in years)	3.00
Dividend yield	0.00%

During August 2012, the Company entered into an additional $25,000 subordinated term note with a then current holder of the Company's subordinated debt. The note pays an 18% coupon rate with a maturity date of August 31, 2015. There are no warrants associated with this subordinated term note. Repayment terms of the note include interest only payments through February 28, 2013. Thereafter, level monthly payments of principal and interest are made as calculated on a 60 month payment amortization schedule with final balloon payment due at maturity. The rights of the holder of this note is subordinated to any and all liens granted by the Company to a commercial bank or other qualified financial institution in connection with lines of credit or other loans extended to the Company in an amount not to exceed $2,000,000, and liens granted by the Company in connection with the purchase of furniture, fixtures or equipment. As of December 31, 2013, the remaining balance of this note totals $21,250 of which $5,417 is included in current portion of subordinated debt. As of December 31, 2012, the balance of this note totals $25,000.

As of December 31, 2012, the cumulative subordinated debt balance (including the January 2010 and August 2012 offering) was $247,546, of which $226,713 was included in current portion of subordinated debt.

NOTE 12. SECURED ASSET PROMISSORY NOTE

During December 2010, the Company authorized a debt offering to be secured by real estate assets purchased in connection with Equitas Housing Fund, LLC, ("Equitas Offering"). The Equitas Offering, which is now closed, generated $1,200,000 in proceeds. Of the $1,200,000 in proceeds received in December 2010, $300,000 was used to acquire non-performing, residential mortgage notes and the balance was used for mortgage note workout expenses and operational expenses of Halo Asset Management. The Secured Asset Promissory Notes consist of a 25% coupon with a maturity date of December 31, 2012. Accrued interest is to be paid quarterly at the end of each fiscal quarter beginning March 31, 2011 through maturity date and continuing until the promissory note has been paid in full. The rights of the holders of the Secured Asset Promissory Notes include a security interest in the collateral of the above mentioned securities of real estate properties. As of December 31, 2012, the Secured Asset Promissory Note balance was $1,200,000.

In May 2013, the Secured Asset Promissory Note was paid in full, along with $150,000 of the outstanding accrued interest balance. Halo and the secured asset promissory note holder agreed to include the remaining accrued interest in a promissory note originally due December 31, 2013. The maturity date has been extended to December 31, 2014. The new promissory note will accrue interest at a 10% annual rate, with interest only payments due periodically and final balloon payment due at maturity. As of December 31, 2013, the accrued interest balance was $218,568. As of December 31, 2012, the accrued interest balance was $252,000. For the year ended December 31, 2013 and 2012, the Company incurred $129,069 and $327,000 respectively, in interest expense on the note.

NOTE 13. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2013 and 2012, HAM recognized monthly servicing fee revenue totaling $457,148 and $20,783 from an entity that is an affiliate of the Company.

For the year ended December 31, 2013 and 2012, the Company incurred interest expense to related parties (See Note 9).

NOTE 14. INCOME TAXES

The following table summarizes the difference between the actual tax provision and the amounts obtained by applying the statutory tax rates to the income or loss before income taxes for the years ended December 31, 2013 and 2012:

	Years Ended December 31, 2013	2012
Tax benefit calculated at statutory rate	34.0%	34.0%
Permanent Differences	3.3	(0.6)
State Income Tax	18.5	(1.6)
Other	(0.0)	(0.0)
Total	55.8	31.8
Increase to Valuation Allowance	(27.7)	(34.3)
Provision for income taxes	28.1%	(2.5%)

Deferred tax assets and liabilities are computed by applying the effective U.S. federal and state income tax rate to the gross amounts of temporary differences and other tax attributes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. At December 31, 2013, the Company believed it was more likely than not that future tax benefits from net operating loss carry-forwards and other deferred tax assets would not be realizable through generation of future taxable income and are fully reserved.

The Company has net operating loss ("NOL") carry-forwards of approximately $4,760,000 available for federal income tax purposes, which expire from 2024 to 2033. Separately, because of the changes in ownership that occurred on June 30, 2004 and September 30, 2009, prior to GVC merging with HCI, and based on the Section 382 Limitation calculation, the Company will be allowed approximately $6,500 per year of GVC Venture Corp.'s federal NOLs generated prior to June 30, 2004 until they would otherwise expire. The Company would also be allowed approximately $159,000 per year of GVC Venture Corp.'s federal NOLs generated between June 30, 2004 and September 30, 2009 until they would otherwise expire.

Significant components of the Company's deferred income tax assets and liabilities as of December 31, 2013 and 2012 are as follows:

	2013	2012
Net current deferred tax assets:		
Bad debt allowance	$ 127,726	$ 127,726
Installment sale of HDS		(47,465)
Net	127,726	80,261
Net non-current deferred tax assets:		
Property and equipment	19,555	0
Capital loss carryover	635,743	94,942
Deferred rent	57,579	104,157
Stock compensation	279,111	279,111
Other	7,095	9,356
Net operating loss carry-forward	1,620,088	1,634,374
Net	2,746,897	2,202,201
Less valuation allowance	(2,746,897)	(2,202,201)
Net deferred taxes	$ —	$ —

NOTE 15. COMMITMENTS AND CONTINGENCIES

The Company leases various office equipment, each under a non-cancelable operating lease providing for minimum monthly rental payments. In relation to its office facilities, as discussed in Note 1, effective August 31, 2013 the Company and its office lessor agreed to a final settlement whereby it would vacate its previously leased office facilities in Allen, Texas. In doing so, the final settlement obligation of $254,023 is to be paid over twelve equal installments beginning in September 2013 through August 2014. This balance is included in current portion of deferred rent. As of December 31, 2013, the Company has not entered into any additional office lease whereby it is contractually committed. The Company currently pays for its office space on a month to month basis, and will continue to do so for the foreseeable future.

Future minimum rental obligations, including its previous office lease space, as of December 31, 2013 are as follows:

Years Ending December 31:	
2014	$ 181,059
2015	14,601
Thereafter	0
Total minimum lease commitments	$ 195,660

For the year ended December 31, 2013 and 2012, the Company incurred facilities rent expense totaling $155,334 and $408,850, respectively. As discussed in Note 1, the final settlement released previously recognized rent expense which was included in accounts payable and deferred rent. The release of these obligations was credited to rent expense which is included in general and administrative expense on the consolidated statements of operations.

In the ordinary course of conducting its business, the Company may be subject to loss contingencies including possible disputes or lawsuits. The Company notes the following;

The Company and certain of its affiliates, officers and directors have been named as defendants in an action filed on December 12, 2011 in the 191st District Court of Dallas County, Texas. The Plaintiffs allege that the Company has misappropriated funds in connection with offerings of securities during 2010 and 2011. The complaint further alleges that Defendants engaged in fraudulent inducement, negligent misrepresentation, fraud, breach of fiduciary duty, negligence, breach of contract, unjust enrichment, conversion, violation of the Texas Securities Act, and civil conspiracy. The Plaintiffs amended their Petition on April 24, 2012 and dropped the conversion and civil conspiracy claims. The action seeks an injunction and a demand for accounting along with damages in the amount of $4,898,157. The Company has taken the position that the Plaintiff's claims have no merit, and accordingly is defending the matter vigorously. Defendants have filed a general denial of the claims as well as a Motion to Designate Responsible Third Parties whom Defendants believe are responsible for any damages Plaintiffs may have incurred. Defendants have also filed a Motion for Sanctions against the Plaintiffs and their counsel arguing, among other things, that (i) Plaintiffs' claims are "judicially stopped" from moving forward by virtue of the fact that the same Plaintiffs previously filed suit against separate entities and parties with dramatically opposed and contradicting views and facts; (ii) Plaintiffs have asserted claims against Defendants without any basis in law or fact; and (iii) Plaintiffs have made accusations against Defendants that Plaintiffs know to be false. Additionally, Defendants have filed a no evidence Motion for Summary Judgment which was scheduled to be heard in October of 2012. The Plaintiffs requested and were granted a six month continuance on the hearing of that motion. The Plaintiffs have also filed a Motion to Stay the case pending the outcome of the Company's lawsuit with the insurance companies which the Company has opposed. Initially the motion to stay was granted and Defendants moved for reconsideration. The parties were alerted that the court had reversed the Stay on appeal. The no evidence Motion for Summary Judgment was heard on August 9, 2013. Prior to the hearing, the Plaintiff's filed a 3rd Amended Petition in which they dropped any claim of fraud including fraudulent inducement, fraud, conversion and civil conspiracy and added a new "control person" claim which was not subject to the no evidence Motion for Summary Judgment heard on August 9, 2013. On September 25, 2013, Defendants no evidence Motion for Summary Judgment was granted in its entirety. Defendants subsequently filed a no evidence Motion for Summary Judgment on the final remaining "control person" claim which was heard before the court on October 21, 2013. On December 18, 2013 a final Order Granting Defendant's Second No-Evidence Motion of Final Summary Judgment was signed. The Plaintiff's subsequently filed a motion for new trial. Following a hearing, the Plaintiff's motion for new trial was denied by operation of law. The Plaintiff's Filed a Notice of Appeal on March 11, 2014.

As noted above, the Company, in conjunction with its Directors and Officers insurance carrier, is defending the matter vigorously. Based on the facts alleged and the proceedings to date, the Company believes that the Plaintiffs' allegations will prove to be false, and that accordingly, it is not probable or reasonably possible that a negative outcome for the Company or the remaining Defendants will occur. As with any action of this type the timing and degree of any effect upon the Company are uncertain. If the outcome of the action is adverse to the Company, it could have a material adverse effect on our business prospects, financial position, and results of operation.

The Company and certain of its affiliates, officers and directors named as defendants in an insurance action filed on April 27, 2012 in the United States District Court for the Northern District of Texas. The Plaintiffs allege that it had no duty to indemnify the Company, its affiliates, officers or directors because the claims set forth in the lawsuit mentioned herein above were not covered by the insurance policy issued by Plaintiff in favor of Defendants. The action sought declaratory judgment that the Plaintiff had no duty to indemnify the Defendants pursuant to the insurance policy that Defendants purchased from Plaintiff. The Company took the position that Plaintiff's claim had no merit, and defended the matter vigorously. Additionally, Defendants filed a counterclaim against the insurer alleging breach of contract, violation of the Texas Insurance Code and violation of the duty of good faith and fair dealing. On March 12, 2013, Plaintiff and Defendants entered into an agreement whereby Plaintiff's and Defendant's claims, are to be dismissed without prejudice while the underlying liability suit in the 191st District Court of Dallas County proceeds. An Agreed Motion to Dismiss Without Prejudice was filed on March 12, 2013, and the parties are awaiting the court's entry of the Agreed Order of Dismissal Without Prejudice.

As noted above, the Company has defended this matter vigorously. Based on the status of the litigation, it is not probable or reasonably possible that a negative outcome for the Company or the remaining Defendants will occur. As with any action of this type the timing and degree of any effect upon the Company are uncertain. If the outcome of the action is adverse to the Company, it could have a material adverse effect on our financial position.

The Company and certain of its affiliates, officers and directors have been named as defendants in an action filed on July 19, 2012 in the United States District Court for the Northern District of Texas. The Plaintiff alleges that it has no duty to defend or indemnify the Company, its affiliates, officers or directors because the claims set forth in the lawsuit mentioned herein above are not covered by the insurance policy written by Plaintiff in favor or Defendants. The action seeks declaratory judgment that the Plaintiff has no duty to defend or indemnify the Defendants pursuant to the insurance policy that Defendants purchased from Plaintiff. Initially, the Company took the position that Plaintiff's claims had no merit, and defended the matter vigorously. Additionally, Defendants filed a counterclaim against the insurer alleging breach of contract, violation of the Texas Insurance Code and violation of the duty of good faith and fair dealing. Plaintiff has filed a Motion for Summary Judgment seeking a judgment that it owes no duty to defend or indemnify Defendants. After careful consideration, Defendants decided not to oppose the Motion for Summary Judgment and a response in opposition was not filed. The Motion for Summary Judgment was granted in part and the remaining matter remains pending before the court.

Based on the current status of the litigation, the Company believes it is not probable or reasonably possible that a negative outcome for the Company or the remaining Defendants will occur. As with any action of this type the timing and degree of any effect upon the Company are uncertain. If the outcome of the action is adverse to the Company, it could have a material adverse effect on our financial position.

NOTE 16. STOCK OPTIONS

The Company granted stock options to certain employees under the HGI 2007 Stock Plan, as amended (the "Plan"). The Company was authorized to issue 2,950,000 shares subject to options, or stock purchase rights under the Plan. These options (i) vest over a period no greater than two years, (ii) are contingently exercisable upon the occurrence of a specified event as defined by the option agreements, and (iii) expire three months following termination of employment or five years from the date of grant depending on whether or not the options were granted as incentive options or non-qualified options. At September 30, 2009, pursuant to the terms of the merger, all options granted prior to the merger were assumed by the Company and any options available for issuance under the Plan but unissued, have been forfeited and consequently the Company has no additional shares subject to options or stock purchase rights available for issuance under the Plan. As of December 31, 2013, 438,300 option shares have been exercised. Total stock options outstanding through December 31, 2013 total 681,700. The weighted average remaining contractual life of the outstanding options at December 31, 2013 is approximately 2.5 years.

A summary of stock option activity in the Plan is as follows:

	Number of Options	Exercise Price Per Option	Weighted Average Exercise Price
Outstanding at December 31, 2011	1,462,350	$ 0.01 – 1.59	$ 0.81
Granted	—	—	—
Exercised	(10,000)	0.01	0.01
Canceled	(237,200)	0.01	0.01
Outstanding at December 31, 2012	1,215,150	$ 0.01 – 1.59	$ 0.97
Granted	—	—	—
Exercised	—	—	—
Canceled	(533,450)	0.01 – 0.94	0.93
Outstanding at December 31, 2013	681,700	$ 0.01 – 1.59	$ 1.00

All stock options granted under the Plan and as of December 31, 2013 became exercisable upon the occurrence of the merger that occurred on September 30, 2009. As such, equity-based compensation for the options was recognized in earnings from issuance date of the options over the vesting period of the options effective December 31, 2009. Total compensation cost expensed over the vesting period of stock options was $2,103,948, all of which was expensed as of September 30, 2011.

On July 19, 2010, the board of directors approved the Company's 2010 Incentive Stock Plan ("2010 Stock Plan"). The 2010 Stock Plan allows for the reservation of 7,000,000 shares of the Company's common stock for issuance under the plan. The 2010 Stock Plan became effective July 19, 2010 and terminates July 18, 2020. As of December 31, 2013, 20,000 shares were granted under the 2010 Stock Plan with an exercise price of $0.34 per option. These are the only shares that have been issued under the 2010 Stock Plan. The shares granted vested immediately and can become exercisable for so long as the Company remains a reporting company under the Securities Exchange Act of 1934. Total compensation cost expensed over the vesting period of the stock options was $6,800, all of which was expensed in the year ended December 31, 2012. As of December 31, 2013, none of the shares issued under the 2010 Stock Plan have been exercised.

NOTE 17. SHAREHOLDERS' (DEFICIT) EQUITY

Common Stock

On December 13, 2010 ("the Closing"), the Company was party to an Assignment and Contribution Agreement (the "Agreement"). Pursuant to the terms of Agreement, the members of Equitas Asset Management, LLC, ("EAM"), a non Halo entity, which owned 100% of the interests of Equitas Housing Fund, LLC ("EHF"), assigned and contributed 100% of the interests of EAM to HAM (a Halo subsidiary) in exchange for shares of 21,200,000 shares of the Company's Common Stock, $0.001 par value, of the Company. The Agreement did not constitute a business combination.

The Company issued 7,500,000 shares of Halo common stock in exchange for $3,000,000 in debt or equity capital. The aggregate of 7,500,000 shares of Halo common stock will be subject to clawback (and cancellation) by Halo in the event that EAM does not generate at least three million dollars ($3,000,000) in new capital to Halo within twelve months following the closing. Halo shall have the right to claw back 2.5 shares of Halo common stock for every dollar not raised within the twelve months. Any cash generated by EAM will need to be designated for use in Halo's general operations and not that of the EHF business to release the clawback rights.

The Company issued 13,700,000 shares of Halo common stock for the purchase of intangible assets owned by EAM which included trade secrets and business processes used in the EHF business. The aggregate 13,700,000 shares of Halo common stock shall be subject to clawback (and cancellation) by Halo in the event that EAM fails to generate at least $10,000,000 of net operating cash flows from the EHF business within twenty-four months following the closing. Halo shall have the right to claw back 1.37 shares of Halo common for every dollar not generated from the net operating cash flows of the EHF business. Once the $10,000,000 in net operating cash flows from the EHF business is generated, the clawback rights will be released.

In applying the guidance of ASC 505 "Equity" to the above transactions, the clawback provisions create a performance commitment that has not been met. As such, although the transaction did provide for a grant date at which time the equity shares are issued and outstanding, the equity shares have not met the measurement date requirements required by ASC 505. Accordingly, the par value of the shares issued and outstanding have been recorded at the grant date and as the clawback rights are released and the measurement dates established, the fair value of the transactions will be determined and recorded. The pro-rata fair value of equity issued in connection with fund raising efforts at each measurement date will be recorded as debt issuance costs or a reduction in the equity proceeds raised by the counter party. The pro-rata fair value of equity issued in connection with the purchase of intangible assets at the measurement date will be recorded as amortization expense because the amortization period of the underlining asset purchase and the clawback release rights are commensurate.

As mentioned above, the Agreement provides for “clawback” provisions, pursuant to which all of the shares of Halo Common Stock issued to the member of EAM are subject to forfeiture in the event certain financial metrics are not timely achieved. The financial metrics call for significant cash generation by EHF within the first 12 months, and within the first 24 months following the closing date. We refer you to Section 2(b)(i) and (ii) of the Agreement, for the specifics of the clawback provisions. As of December 31, 2012, no cash was generated by EHF. The times to meet both the 12 month and 24 month financial metrics have lapsed and the metrics have not been met. Based upon the events that have transpired, and the lack of progress toward the financial metrics, the Company demanded that the recipients of the shares of Halo Common Stock give effect to both clawback provisions and immediately forfeit back all of the Halo shares issued to such recipients – an aggregate of 21,200,000 shares. Additionally, the Company has instructed the Company’s transfer agent to cancel all of the shares of Company Common Stock issued pursuant to the Agreement. To date, the Company’s transfer agent has refused to cancel the shares without either (i) presentation of the physical certificates to the transfer agent, or (ii) a court order requiring the transfer agent to cancel. At the time of issuing these consolidated financial statements, the Company has been unsuccessful in its attempts to procure the physical certificates for presentment to the transfer agent, and the Company has yet to secure a court order requiring the transfer agent to cancel the certificates. Accordingly, the 21,200,000 shares issued are still outstanding at December 31, 2013.

The Company’s total common shares outstanding totaled 66,364,083 at December 31, 2013.

Preferred Stock

In connection with the merger, the Company authorized 1,000,000 shares of Series Z Convertible Preferred Stock with a par value of $0.01 per share (the “Series Z Convertible Preferred”). The number of shares of Series Z Preferred Stock may be decreased by resolution of the Board; provided, however, that no decrease shall reduce the number of Series Z Preferred Shares to less than the number of shares then issued and outstanding. In the event any Series Z Preferred Shares shall be converted, (i) the Series Z Preferred Shares so converted shall be retired and cancelled and shall not be reissued and (ii) the authorized number of Series Z Preferred Shares set forth in this section shall be automatically reduced by the number of Series Z Preferred Shares so converted and the number of shares of the Corporation’s undesignated Preferred Stock shall be deemed increased by such number. The Series Z Convertible Preferred is convertible into common shares at the rate of 45 shares of common per one share of Series Z Convertible Preferred. The Series Z Convertible Preferred has liquidation and other rights in preference to all other equity instruments. Simultaneously upon conversion of the remaining Series A Preferred, Series B Preferred, and Series C Preferred and exercise of any outstanding stock options issued under the HGI 2007 Stock Plan into Series Z Convertible Preferred, they will automatically, without any action on the part of the holders, be converted into common shares of the Company. Since the merger, in connection with the exercise of stock options into common stock and converted Series A Preferred, Series B Preferred and Series C Preferred as noted above, 82,508 shares of Series Z Convertible Preferred were automatically authorized and converted into shares of the Company’s common stock leaving 917,492 shares of authorized undesignated Preferred Stock in the Company in accordance with the Series Z Convertible Preferred certificate of designation. As of December 31, 2013, there were 82,508 shares of Series Z Preferred authorized with zero shares issued and outstanding.

The Company authorized 175,000 shares of Series X Convertible Preferred Stock with a par value of $0.01 per share (the “Series X Preferred”). The number of shares of Series X Preferred may be decreased by resolution of the Board; provided, however, that no decrease shall reduce the number of Series X Preferred to less than the number of shares then issued and outstanding. In the event any Series X Preferred Shares shall be redeemed, (i) the Series X Preferred so redeemed shall be retired and cancelled and shall not be reissued and (ii) the authorized number of Series X Preferred Shares set forth in this section shall be automatically reduced by the number of Series X Preferred Shares so redeemed and the number of shares of the Corporation's undesignated Preferred Stock shall be deemed increased by such number. The Series X Preferred Shares rank senior to the Company’s common stock to the extent of $10.00 per Series X Preferred Shares and on a parity with the Company’s common stock as to amounts in excess thereof. The holders of Series X Preferred shall not have voting rights. Holders of the Series X Preferred shall be entitled to receive, when and as declared by the board of directors, dividends at an annual rate of 9% payable in cash when declared by the board. Holders of Series X Preferred have a liquidation preference per share equal to $10.00. The liquidation preference was $1,436,770 as of December 31, 2013. As of December 31, 2013, there were 143,677 shares authorized with 143,677 shares issued and outstanding. Of the 143,677 shares issued and outstanding, 53,677 shares were related to the 2010 conversion from notes payable due to related parties. The remaining 90,000 shares were issued for cash consideration.

In April 2012, the Company authorized 100,000 shares of Series E Convertible Preferred Stock (the "Series E Preferred") with a par value of $0.001 per share, at ten dollars ($10.00) per share with a conversion rate of fifty (50) shares of the Company's common stock for one share of Series E Preferred. The number of shares of Series E Preferred may be decreased by resolution of the Board; provided, however, that no decrease shall reduce the number of Series E Preferred to less than the number of shares then issued and outstanding. In the event any Series E Preferred Shares shall be converted, (i) the Series E Preferred so converted shall be retired and cancelled and shall not be reissued and (ii) the authorized number of Series E Preferred Shares set forth shall be automatically reduced by the number of Series E Preferred Shares so converted and the number of shares of the Corporation's undesignated Preferred Stock shall be deemed increased by such number. The Series E Preferred Shares rank senior to the Company's common stock to the extent of $10.00 per Series E Preferred Shares and on a parity with the Company's common stock as to amounts in excess thereof. The holders of Series E Preferred shall not have voting rights. Holders of the Series E Preferred shall be entitled to receive, when and as declared by the board of directors, dividends at an annual rate of 9% payable in cash or common stock when declared by the board. Holders of Series E Preferred have a liquidation preference per share equal to $10.00. The liquidation preference was $700,000 as of December 31, 2013. Each share of Series E Preferred, if not previously converted by the holder, will automatically be converted into common stock at the then applicable conversion rate after thirty-six months from the date of purchase. As of December 31, 2013, there were 70,000 shares issued and outstanding with total cash consideration of $700,000, convertible into 3,500,000 shares of the Company's common stock.

The HGI Series A Convertible Preferred Stock (the "Series A Preferred") has a par value of $0.001 per share and has a liquidation preference of the greater of (a) the consideration paid to the Company for such shares plus all accrued but unpaid dividends, if any or (b) the per share amount the holders of the Series A Preferred would be entitled to upon conversion, as defined in the Series A Preferred certificate of designation. The liquidation preference was $648,667, of which $89,168 is an accrued (but undeclared) dividend as of December 31, 2013. Holders of the Series A Preferred are entitled to receive, if declared by the board of directors, dividends at a rate of 8% payable in cash or common stock of the Company. The Series A Preferred is convertible into the Company's common stock at a conversion price of $1.25 per share. The Series A Preferred is convertible, either at the option of the holder or the Company, into shares of the Company's Series Z Convertible Preferred Stock, and immediately, without any action on the part of the holder, converted into common stock of the Company. The Series A Preferred is redeemable at the option of the Company at $1.80 per share prior to conversion. As of December 31, 2013, there have been 127,001 shares of Series A Preferred converted or redeemed. The Series A Preferred does not have voting rights. The Series A Preferred ranks senior to the following capital stock of the Company: (a) Series B Preferred, and (b) Series C Preferred.

The HGI Series B Convertible Preferred Stock (the "Series B Preferred") has a par value of $0.001 per share and has a liquidation preference of the greater of (a) the consideration paid to the Company for such shares plus all accrued but unpaid dividends, if any or (b) the per share amount the holders of the Series B Preferred would be entitled to upon conversion. The liquidation preference was $539,010, of which $79,098 is an accrued (but undeclared) dividend as of December 31, 2013. Holders of the Series B Preferred are entitled to receive, if declared by the board of directors, dividends at a rate of 8% payable in cash or common stock of the Company. The Series B Preferred is convertible into the Company's common stock at a conversion price of $1.74 per share. The Series B Preferred is convertible, either at the option of the holder or the Company, into shares of the Company's Series Z Convertible Preferred Stock, and immediately, without any action on the part of the holder, converted into common stock of the Company. The Series B Preferred is redeemable at the option of the Company at $2.30 per share prior to conversion. As of December 31, 2013, there have been 270,044 shares of Series B Preferred converted or redeemed. The Series B Preferred does not have voting rights. Series B Preferred ranks senior to the following capital stock of the Company: the Series C Preferred.

The HGI Series C Convertible Preferred Stock (the "Series C Preferred") has a par value of $0.001 per share and has a liquidation preference of the greater of (a) the consideration paid to the Company for such shares plus all accrued but unpaid dividends, if any or (b) the per share amount the holders of the Series C Preferred would be entitled to upon conversion. The liquidation preference was $363,276, of which $53,276 is an accrued (but undeclared) dividend as of December 31, 2013. Holders of the Series C Preferred are entitled to receive, if declared by the board of directors, dividends at a rate of 8% payable in cash or common stock of the Company. The Series C Preferred is convertible into the Company's common stock at an initial conversion price of $2.27 per share. The Series C Preferred is convertible, either at the option of the holder or the Company, into shares of the Company's Series Z Convertible Preferred Stock, and immediately, without any action on the part of the holder, converted into common stock of the Company. The Series C Preferred is redeemable at the option of the Company at $2.75 per share prior to conversion. As of December 31, 2013, there have been 28,000 shares of Series C Preferred converted or redeemed. The Series C Preferred does not have voting rights. Series C Preferred ranks senior to the following capital stock of the Company: None.

The Company had issued and outstanding at December 31, 2013, 372,999 shares of Series A Preferred, 229,956 shares of Series B Preferred, and 124,000 shares of Series C Preferred, all with a par value of $0.001.

NOTE 18. SUBSEQUENT EVENTS

Subsequent to December 31, 2013, the CEO and Director of the Board advanced $65,000 for working capital. At the time of the filing of these financial statements, a maturity date had not been set.

Subsequent to December 31, 2013, the President and Chief Legal Officer advanced $40,000 for working capital. At the time of the filing of these financial statements, a maturity date had not been set.

Subsequent to December 31, 2013, a Director advanced $300,000 for working capital. At the time of the filing of these financial statements, a maturity date had not been set.

There were no other subsequent events to disclose.

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

Name of Subsidiary	**State of Incorporation**	**Percentage of Ownership by Registrant**
Halo Group, Inc.	Texas	98.9%
Halo Benefits, Inc.	Texas	100%
Halo Portfolio Advisors, LLC	Texas	100%
Halo Asset Management, LLC	Texas	100%

Exhibit 31.1

Certification of the Principal Executive Officer

I, Brandon Cade Thompson, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Halo Companies, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2014

By: /s/ Brandon Cade Thompson
Brandon Cade Thompson
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of the Principal Financial Officer

I, Robbie Hicks, chief accounting officer, certify that:

1. I have reviewed this annual report on Form 10-K of Halo Companies, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2014

By: /s/ Robbie Hicks
Robbie Hicks
Chief Accounting Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report of Halo Companies, Inc. (the "Company") on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brandon Cade Thompson, Principal Executive Officer, and I, Robbie Hicks, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

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

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

Date: March 31, 2014

By: /s/ Brandon Cade Thompson
Brandon Cade Thompson
Chief Executive Officer
(Principal Executive Officer)

Date: March 31, 2014

By: /s/ Robbie Hicks
Robbie Hicks
Chief Accounting Officer
(Principal Financial Officer)