HALO COMPANIES, INC.

FORM 10-K
(Annual Report)

Filed 03/30/16 for the Period Ending 12/31/15

Address	18451 N. DALLAS PARKWAY, SUITE 100
	DALLAS, TX 75287
Telephone	214-644-0065
CIK	0000814286
Symbol	HALN
SIC Code	7320 - Consumer Credit Reporting Agencies, Mercantile
Industry	Diversified Investment Services
Sector	Financials
Fiscal Year	12/31

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

FORM 10-K

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

For the fiscal year ended December 31, 2015

☐ **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.)

18451 N. Dallas Parkway, Suite 100
Dallas, Texas 75287
(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 ☒

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 ☒

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 ☒ 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 ☒ 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 ☒

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act.

Yes ☐ No ☒

As of June 30, 2015, the aggregate market value of the registrant's Common Stock held by non-affiliates of the issuer was approximately $76,009 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 30, 2016 was 48,562,750.

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 18451 N. Dallas Parkway, Suite 100, Dallas, Texas 75287. On December 15, 2014, the Company moved from its previous office location at 7668 Warren Parkway, Suite 350, Frisco, Texas 75034. The Company's 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 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 one of the core businesses of the Company today. 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.

The Company is currently exploring potential opportunities with several client relationships that would allow the Company to implement its internally used asset management software platform as an external service for those customers. This is commonly known as Software as a Service ("SaaS"). The Company entered into a consulting and development agreement with a customer during late 2014 with the primary goal to launch the SaaS platform during the first part of 2016. The Company is still in its research phase of determining if this service line will remain ancillary or become a primary business component of the Company.

Recent Developments

See discussion on SaaS above.

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, 2015, the Company had 3 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.

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.

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 OTCPink, which may have an unfavorable impact on our stock price and liquidity. The Company's common stock is quoted on the OTCPink marketplace, 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 Over the Counter 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 OTCPink 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 18451 N. Dallas Parkway, Suite 100, Dallas, Texas 75287. On December 15, 2014, the Company moved from its previous office location 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.

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 191 st 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 defended the matter vigorously. Defendants 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 3 rd 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 Plaintiffs have requested multiple extensions to their time to file their brief on the Appeal. After having multiple extensions granted, the Plaintiff's requested that the Appeals court stay the Appeal pending the outcome of the Company's approved settlement agreement with the court appointed Receiver for James G. Temme and Stewardship Fund, LLC, appointed by the Federal Court in the Eastern District of Texas. On September 16, 2014 the Sixth Appellate District Court of Appeals of Texas issued an order abating the Plaintiff's appeal pending a final determination by the federal courts of an order issued by the federal district court in a separate action directing the Plaintiff's, among others, not to further pursue this separate litigation. For administrative purposes, this case is abated and will be treated as closed. Any party may seek reinstatement by promptly filing a motion with the Sixth Appellate District Court of Appeals of Texas showing that the injunction or order of the federal court no longer restricts pursuit of this litigation and specifying what further action, if any, is required from the Court. On October 30, 2015 Plaintiffs/Appellants filed a Motion for Involuntary Dismissal with the Court of Appeals for the Sixth District of Texas at Texarkana, Texas asking that the court dismiss the case on the basis that the United States District Court, Eastern District of Texas, Sherman Division entered an order permanently barring all Stewardship Creditors from continuing and/or asserting or prosecuting any claims or causes of action against Halo. Because Appellants in this action fall within the definition of "Stewardship Creditors" they are barred from continuing to pursue this appeal thereby divesting the Court of Appeals for the Sixth District of Texas, Sherman Division, of jurisdiction over this appeal. On November 6, 2015, the court granted the above mentioned Involuntary Motion to Dismiss and on January 20, 2016 the final mandate was issued.

The Company and certain of its affiliates, officers and directors were 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 191 st 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, 2015	High	Low
First Quarter	$.02	$.02
Second Quarter	$.01	$.01
Third Quarter	$.03	$.01
Fourth Quarter	$.01	$.01

Fiscal Year Ended December 31, 2014	High	Low
First Quarter	$.02	$.01
Second Quarter	$.02	$.01
Third Quarter	$.01	$.01
Fourth Quarter	$.05	$.01

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, 2015, 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, 2015.

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 Halo Asset Management for the monetization of non-performing, residential mortgage notes ("NPNs") or foreclosed single family homes ("REO") (collectively, "Assets"). Halo 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 1,200 assets in various stages of their life-cycle including REO, non-performing loans, re-performing note modifications, and performing owner financed contract-for-deeds. During 2015 the Company has seen a sharp decline in the number of assets that Halo's clients have been evaluating for purchase which is an early indicator of a substantial softening in the market. Additionally, many smaller existing and potential clients have exited the market altogether, as well as there is beginning to be significant consolidation. For all of the aforementioned reasons the Company has started to decrease the management, infrastructure, and physical work area capacity in order to rationalize the associated expenses and prepare for a potential transition out of this business.

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.

In response to the expected protraction in the HAM and HPA operating segments, the Company is aggressively exploring potential opportunities with several client relationships that would allow the Company to implement and provide its internally used asset management software platform as an external service for those customers. The Company entered into a consulting and development agreement with a customer during late 2014 with the primary goal to launch the SaaS platform during the first part of 2016. The Company is still in its research phase of determining if this service line will remain ancillary or become a primary business component of the Company.

Significant effort and investment capital has been incurred by the Company over the past ten 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, 2015 compared to the year ended December 31, 2014

Revenues

For the year ended December 31, 2015, revenue increased $556,400 or 22% to $3,101,441 from $2,545,041 for the year ended December 31, 2014. The increase is primarily attributable to a (1) revenue increase in HPA of $796,290, (2) a revenue decrease in HAM of $340,034 and (3) an offsetting revenue increase of $100,144 in other revenue.

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 HAM revenue decrease of $340,034 is primarily attributable to a decrease in its asset management fees and success fees during the year ended December 31, 2015 compared to the year ended December 31, 2014. HAM asset management fee revenue and success fees decreased by $96,000 and $338,230 respectively for the year ended December 31, 2015 compared to the year ended December 31, 2014, primarily due to less boarding volume and a decrease in the average price per boarding year over year. Lastly, related to HAM, the Company saw an increase of $96,694 in monthly service fees for the year ended December 31, 2015 compared to the year ended December 31, 2014.

The HPA revenue increase of $796,290 is primarily attributable to (1) the increase of asset units the Company performed portfolio strategy consulting and portfolio acquisition support for, and (2) increase of assets for which broker price opinion (asset valuation) and title work and document recording services were performed.

Other revenue increased $100,144 for the year ended December 31, 2015 compared to the year ended December 31, 2014. As discussed in the Products and Services section of Item 1 above, the Company is currently exploring potential opportunities with several client relationships that would allow the Company to implement its internally used asset management software platform as an external service for those customers (i.e. SaaS). The increase in Other revenue is associated with the Company entering into a consulting and development agreement with a customer during late 2014 with the primary goal to launch the SaaS platform during the first part of 2016.

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 $257,075 or 26% to $1,247,014 for the year ended December 31, 2015 from $989,939 for the year ended December 31, 2014. This 26% increase is primarily attributable to the variable expense associated with the above noted 68% increase in HPA revenue (for property preservation management and portfolio acquisition support) offset by an increase in asset valuation work over the same time period.

General and administrative expenses decreased $58,189 and 8% to $638,353 for the year ended December 31, 2015 from $696,542 for the year ended December 31, 2014. The variance is attributable to overall reductions in (1) health and general insurance expense, rent, depreciation, legal, accounting fees, and general overhead.

Salaries, wages and benefits increased $389,352 and 23% to $2,076,102 for the year ended December 31, 2015 from $1,686,750 for the year ended December 31, 2014. The increase is primarily attributable to an increase in overall wages primarily in HAM early in the year and compensation paid to key executives upon separation. Looking forward to 2016, 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 increased $490,585 and 118% to $907,818 for the year ended December 31, 2015 from $417,233 for the year ended December 31, 2014. The increase is primarily attributable to the note payable established during October 2014 and the $300,000 interest penalty for the extension and renewal of a related party note payable agreement. The note payable is discussed in Note 10 and the related party note payable is discussed in Note 9 of the consolidated financial statements.

The Company experienced a decrease in its bottom line of $516,910 and 41% to a net loss of $1,780,990 for the year ended December 31, 2015 from a net loss of $1,264,080 for the year ended December 31, 2014, 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. HGI receivables are due when invoiced. As of December 31, 2015, the Company's accounts receivable are made up of the following percentages; HAM at 47%, HPA at 53% and HGI at 0%.

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.

Liquidity and Capital Resources

As of December 31, 2015, the Company had cash and cash equivalents of $20,544. The decrease of $52,438 in cash and cash equivalents from December 31, 2014 was due to and net cash used in investing activities of $125,000, offset by net cash used in operating activities of $28,745 and net cash provided by financing activities of $43,817.

Net cash provided by operating activities was $28,745 for the year ended December 31, 2015, compared to $688,607 net cash used in operating activities for the year ended December 31, 2014. The net cash provided by operating activities for the year ended December 31, 2015 was due to net loss of $1,780,990, adjusted primarily by the following: (1) a decrease in accounts payable of $247,616, (2) offset by an increase in accrued and other liabilities of $1,012,762 (includes long term accrued interest) and deferred revenue of $18,200 and a decrease in gross trade accounts receivable of $98,027.

The $1,012,762 increase in accrued and other liabilities is primarily related to a $382,343 increase in deferred compensation to a portion of the management team and a $43,891 increase in accrued interest primarily on notes payable to related parties as discussed in Note 9 to the consolidated financials. The remaining immaterial offsetting variance is made up of a decrease in other liabilities.

Net cash used in investing activities was $125,000 for the year ended December 31, 2015, compared to net cash provided by investing activities of $9,432 for the year ended December 31, 2014. The Company invested in notes receivable of $125,000 (investment was done in a $50,000 and $75,000 advance) in an affiliated company for working capital advances. The payments were made as a strategic investment in the affiliate as that affiliate provides revenue sourcing to the Company. As there is not a high probability of collecting the proceeds advanced, the Company wrote off the notes receivable in 2015.

Net cash provided by financing activities was $43,817 for the year ended December 31, 2015, compared to net cash provided by financing activities of $643,883 for the year ended December 31, 2014. Financing activities for the year ended December 31, 2015 consisted primarily of $100,000 in proceeds from notes payable to related parties, offset by the $25,000 and $31,250 in principal payments on notes payable to related parties and subordinated debt, respectively.

As shown below, at December 31, 2015, our contractual cash obligations totaled approximately $5,011,239 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	$ 4,941,927	$ 65,000	$ 0	$ 0	$ 5,006,927
Operating Lease Obligations	$ 4,312	$ 0	$ 0	$ 0	$ 4,312
Total Contractual Cash Obligations	$ 4,946,239	$ 65,000	$ 0	$ 0	$ 5,011,239

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-2.

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, 2015. 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 2013). Based on this assessment, the Company's management concluded that, as of December 31, 2015, 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.

PART III

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

Directors and Executive Officers

Set forth below is certain information regarding the persons who were directors and executive officers at any time during the fiscal year 2015.

Name	Age	Positions with the Company
Brandon C. Thompson	36	Chairman of the Board, Chief Executive Officer and Director
Paul Williams	59	Vice Chairman of the Board, Chief Financial Officer, Treasurer, Assistant Secretary and Director
T. Craig Friesland	44	Secretary and Director
Richard G. Morris	61	Director
Jimmy Mauldin	66	Director
Reif Chron*	37	President and Chief Legal Counsel
Robert A. Boyce	53	Chief Operating Officer
Robbie Hicks*	36	Chief Accounting Officer and Controller

Brandon C. Thompson

Brandon C. Thompson, 36, 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, 59, currently serves as Vice Chairman of the Board, Chief Financial Officer, 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.

T. Craig Friesland

T. Craig Friesland, 44, 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, 61, 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.

Jimmy Mauldin

Jimmy Mauldin, 66, served as Chief Strategy Officer of the Company until August 6, 2010. Mr. Mauldin was a co-founder of HGI, has served in various capacities with HGI, including as President, Director, and Chief Strategy Officer, since its founding in January 2007. Mr. Mauldin joined the company which is currently named Halo Credit Solutions, LLC in June of 2005. In 2002, Mauldin founded Fund America Now, LLC, a national fund-raising company, and served as Chairman, President, and Chief Executive Officer. Mr. Mauldin rejoined the Board of Directors on March 27, 2015. The breadth of Mr. Mauldin's entrepreneurial 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, 37, 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. On October 5, 2015, Mr. Reif Chron, President and General Counsel, tendered his resignation.

Robert A. Boyce, Jr.

Robert A. Boyce, Jr., 53, 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, 36, 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. On November 6, 2015, Mr. Robbie Hicks, Chief Accounting Officer, tendered his resignation.

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. 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, 2015 and 2014 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, 2015 and 2014; 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, 2015 and 2014;

(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, Principal Executive Officer	2015* 2014*	$250,000 $250,000	-0- -0-	-0- -0-	-0- -0-	-$400,000-*** -0-	$650,000 $250,000
Robbie Hicks, CAO Principal Financial Officer**	2015 2014	$150,000 $150,000	-0- -0-	-0- -0-	-0- -0-	-0- -0-	$150,000 $150,000
Reif Chron, President & General Counsel**	2015* 2014	$166,666 $250,000	-0- -0-	-0- -0-	-0- -0-	-$400,000-*** -0-	$566,666 $250,000

* 2015 and 2014 Salary includes both gross cash payments made and deferred compensation accrued during the year ended December 31, 2015 and 2014, respectively.

** On November 6, 2015, Mr. Robbie Hicks, Chief Accounting Officer, tendered his resignation. On October 5, 2015, Mr. Reif Chron, President and General Counsel, tendered his resignation.

*** 2015 incentive compensation, which payment of such amounts have been deferred.

Summary Compensation

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

For the fiscal year ended December 31, 2015, 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 at Fiscal Year-end

This section is not applicable to any named executive officer as of 12/31/2015.

Compensation of Directors

DIRECTOR COMPENSATION					
Name	**Fees earned or Paid in Cash ($)**	**Stock Awards ($)**	**Option Awards ($)**	**All Other Compensation ($)**	**Total ($)**
T. Craig Friesland	$14,400	-0-	-0-	-0-	$14,400
Richard G. Morris	$14,400	-0-	-0-	-0-	$14,400
Paul Williams	$14,400	-0-	-0-	-0-	$14,400
Jimmy Mauldin	$50,000	-0-	-0-	-0-	$50,000

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 30, 2016 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	37.8%
Jimmy Mauldin(2)	8,500,000	16.0%
Paul Williams(2)	4,395,243	8.3%
T. Craig Friesland(2)	2,250,122	4.2%
Richard G. Morris(2)	4,037,997 (3)	7.6%
Directors and executive officers as a group (seven persons)	39,234,472 (3)	73.9%

(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 18451 N. Dallas Parkway, Suite 100, Dallas, Texas 75287.
(3) 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.

Changes in Control

We are unaware of any contract or other arrangement the operation of which may at a subsequent date result in a change of control of our Company.

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	170,000(1)	$0.01	-0-
Equity compensation plans not approved by security holders	20,000	$0.34	-6,980,000-
Total	190,000	$0.04	-6,980,000-

(1) Includes 170,000 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, 2015, 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, 2015 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 or 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).

As of December 31, 2014, the Company was indebted to Reif Chron, President and Chief Legal Officer, for $70,000 in proceeds on working capital advances he made to the Company. During the twelve months ended December 31, 2015, the officer advanced an additional $100,000 in working capital and deferred compensation of an additional $200,000 from the Company and was repaid $25,000. As of December 31, 2015, the debt balance was $345,000. The debt accrues interest at a rate of 15%.

As of December 31, 2014, the Company was indebted to Cade Thompson, CEO and Director of the Board, for $115,000 in proceeds on working capital advances he made to the Company. During the twelve months ended December 31, 2015, the officer deferred compensation for an additional $400,000 from the Company. As of December 31, 2015, the debt balance was $515,000. The debt accrues interest at a rate of 15%.

As of December 31, 2014, a Company director, Rick Morris, had an outstanding advance to the Company of $500,000, for short term capital. During the twelve months ended December 31, 2015, in exchange for an additional extension and renewal of the loan the director agreed to an interest penalty of $300,000 and the director further agreed to convert all accrued interest of $460,476. As of December 31, 2015, the debt balance was $960,476. The debt accrues interest at a rate of 15%.

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, 2015 the remaining total principal on this consolidated note balance was $197,636. The balance accrues interest at an annual rate of 6%.

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, 2016. 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, 2015, the accrued interest balance was $245,663. Mr. Williamson is Reif Chron's stepfather.

Prior to and during 2014, 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, 2015, the note balance was $267,569.

During 2015 and 2014, the Company incurred $20,000 and $10,000, respectively, in expense for business development services to an entity that is an affiliate of the Company. The affiliate is owned by Reif Chron and Cade Thompson.

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 for professional services rendered for the fiscal year ended December 31, 2015 and 2014, respectively.

Audit Fees . Fees billed or remainder to be billed for audit services by Whitley Penn LLP were $58,500 for fiscal year 2015 and $75,000 for fiscal year 2014. 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 2015 or 2014.

Tax Fees . Fees billed or remainder to be billed for tax compliance services by Whitley Penn LLP were $6,000 for fiscal year 2015 and $9,500 for fiscal year 2014.

All Other Fees . Other Fees billed by Whitley Penn LLP were $0 in fiscal year 2015 and 2014.

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
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

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 30, 2016	By: /s/ Brandon Cade Thompson Brandon Cade Thompson Chief Executive Officer (Principal Executive Officer)
Date: March 30, 2016	By: /s/ Paul Williams Paul Williams Chief Financial 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 30, 2016
/s/ Paul Williams Paul Williams	Vice Chairman, CFO, Director (principal financial officer)	March 30, 2016
/s/ T. Craig Friesland T. Craig Friesland	Director	March 30, 2016
/s/ Richard Morris Richard Morris	Director	March 30, 2016
/s/ Jimmy Mauldin Jimmy Mauldin	Director	March 30, 2016

HALO COMPANIES, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

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, 2015 and 2014, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. The Company's management is responsible for these consolidated 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. Our audit included 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as 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, 2015 and 2014, 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 30, 2016

Halo Companies, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 20,544	$ 72,982
Trade accounts receivable, net of allowance for doubtful accounts of $0 and $375,665, respectively	43,365	141,634
Total current assets	63,909	214,616
PROPERTY, EQUIPMENT AND SOFTWARE, net	47,172	70,526
OTHER ASSETS	10,000	23,333
TOTAL ASSETS	$ 121,081	$ 308,475
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 488,253	$ 485,869
Accrued and other liabilities (including $177,724 and $166,992 to related parties, respectively)	1,328,662	915,900
Deferred revenue	20,000	1,800
Current portion of subordinated debt	20,000	31,250
Current portion of note payable	2,099,475	–
Current portion of notes payable to related parties	2,822,452	959,365
Total current liabilities	6,778,842	2,394,184
SUBORDINATED DEBT, LESS CURRENT PORTION	65,000	85,000
NOTES PAYABLE TO RELATED PARTIES, LESS CURRENT PORTION	–	179,358
NOTE PAYABLE	–	1,805,000
DERIVATIVE LIABILITY	2,434	2,434
Total liabilities	6,846,276	4,465,976
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, 2015 and December 31, 2014	–	–
Preferred Stock, par value $0.001 per share; 917,492 shares authorized; 0 shares issued and outstanding at December 31, 2015 and December 31, 2014	–	–
Series X Convertible Preferred Stock, par value $0.01 per share; 53,677 and 143,677 shares authorized; 0 and 143,677 shares issued and outstanding, liquidation preference of $0 and $1,436,770 at December 31, 2015 and December 31, 2014, respectively	–	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, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, liquidation preference of $771,967	373	373
Series B Convertible Preferred Stock; 229,956 shares issued and outstanding at December 31, 2015 and December 31, 2014, liquidation preference of $634,695	230	230
Series C Convertible Preferred Stock;124,000 shares issued and outstanding at December 31, 2015 and December 31, 2014, liquidation preference of $427,773	124	124
Common Stock, par value $0.001 per share; 375,000,000 shares authorized; 48,562,750 and 66,364,083 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	48,563	66,364
Additional paid-in capital	6,871,298	7,638,764
Accumulated deficit	(13,645,853)	(11,864,863)
Total shareholders' deficit	(6,725,195)	(4,157,501)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 121,081	$ 308,475

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, 2015	For the Year Ended December 31, 2014
REVENUE (including $360,395 and $431,940 from related parties, respectively)	$ 3,101,441	$ 2,545,041
OPERATING EXPENSES		
Sales and marketing expenses	1,247,014	989,939
General and administrative expenses (including $20,000 and $10,000 to related parties, respectively)	638,353	696,542
Salaries, wages, and benefits	2,076,102	1,686,750
Total operating expenses	3,961,469	3,373,231
OPERATING LOSS	(860,028)	(828,190)
OTHER INCOME (EXPENSE)		
Gain on change in fair value of derivative	–	13,338
Interest expense (including $579,366 and $109,674 to related parties, respectively)	(907,818)	(417,233)
Net loss from operations, before income tax provision	(1,767,846)	(1,232,085)
INCOME TAX PROVISION	13,144	31,995
NET LOSS	$ (1,780,990)	$ (1,264,080)
Loss per share:		
Basic & Diluted	$ (0.03)	$ (0.02)
Weighted Average Shares Outstanding		
Basic & Diluted	57,463,417	66,364,083

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, 2015 and 2014

	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	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
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)
Net loss	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,264,080)	(1,264,080)
Balance at December 31, 2014	66,364,083	$ 66,364	143,677	$ 1,437	70,000	$ 70	372,999	$ 373	229,956	$ 230	124,000	$ 124	$ 7,638,764	$ (11,864,863)	$ (4,157,501)
Redemption of Series X Convertible Preferred Stock per settlement agreement (FN 16)	–	–	(90,000)	(900)	–	–	–	–	–	–	–	–	(249,100)	–	(250,000)
Redemption of Series X Convertible Preferred Stock (FN 16)	–	–	(53,677)	(537)	–	–	–	–	–	–	–	–	(536,234)	–	(536,771)
Issuance of Common Shares	6,667	7	–	–	–	–	–	–	–	–	–	–	60	–	67
Cancellation of Common Shares per settlement agreement (FN 16)	(17,808,000)	(17,808)	–	–	–	–	–	–	–	–	–	–	17,808	–	–
Net loss	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,780,990)	(1,780,990)
Balance at December 31, 2015	48,562,750	$ 48,563	–	$ –	70,000	$ 70	372,999	$ 373	229,956	$ 230	124,000	$ 124	$ 6,871,298	$ (13,645,853)	$ (6,725,195)

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

Halo Companies, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years ended December 31, 2015 and 2014

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
CASH FLOWS FROM OPERATIONS		
Net loss	$ (1,780,990)	$ (1,264,080)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	23,354	43,830
Amortization of loan origination costs	13,333	13,333
Capitalization of interest into note payable and notes payable to related parties	766,433	260,453
Bad debt expense	242	135
Gain on change in fair value of derivative	–	(13,338)
Notes receivable to related party writeoff	125,000	–
Loss on disposal of fixed assets	–	3,334
Changes in operating assets and liabilities:		
Trade accounts receivable	98,027	15,996
Other assets	–	2,923
Accounts payable	(247,616)	(131,009)
Accrued and other liabilities	1,012,762	547,365
Deferred rent	–	(169,349)
Deferred revenue	18,200	1,800
Net cash provided by (used in) operating activities	28,745	(688,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Note receivable to related party	(125,000)	–
Purchases of property and equipment	–	(9,342)
Net cash used in investing activities	(125,000)	(9,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable to related parties	100,000	555,000
Principal payments on notes payable to related parties	(25,000)	(6,117)
Proceeds from subordinated debt	–	100,000
Principal payments on subordinated debt	(31,250)	(5,000)
Proceeds received from issuance of common stock	67	–
Net cash provided by financing activities	43,817	643,883
Net decrease in cash and cash equivalents	(52,438)	(54,066)
CASH AND CASH EQUIVALENTS, beginning of period	72,982	127,048
CASH AND CASH EQUIVALENTS, end of period	$ 20,544	$ 72,982
SUPPLEMENTAL INFORMATION		
Cash paid for taxes - Texas Margin Tax	$ 13,144	$ 31,995
Cash paid for interest	$ 97,421	$ 58,025
NONCASH SUPPLEMENTAL INFORMATION		
Cancellation of stock for settlement payment	$ 250,000	$ –
Conversion of accrued and other liability to notes payable to related parties	600,000	–
Preferred stock redemption	536,771	–
Net noncash supplemental information	$ 1,386,771	$ –

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 18451 N. Dallas Parkway, Suite 100, Dallas, Texas 75287. On December 15, 2014, the Company moved from its previous office location at 7668 Warren Parkway, Suite 350, Frisco, Texas 75034.

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 real estate owned (“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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Consolidated Financial Statements for the years ended December 31, 2015 and 2014 include the accounts of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

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. HGI receivables are due when invoiced. As of December 31, 2015 and 2014, the Company’s accounts receivable are made up of the following percentages; HAM at 47% and 84%, HPA at 53% and 11%, and HGI at 0% and 5%, respectively.

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, 2015 and December 31, 2014:

	Balance at Beginning of Period	Increase in the Provision	Accounts Receivable Write-offs	Balance at End of Period
Year ended December 31, 2015				
Allowance for doubtful accounts	$ 375,665	$ 0	$ 375,665	$ 0
Year ended December 31, 2014				
Allowance for doubtful accounts	$ 375,665	$ 135	$ 135	$ 375,665

As of December 31, 2015 and 2014, the Company's allowance for doubtful accounts is made up of the following percentages; HAM at 0% and 96% and HPA at 0% and 4%, respectively. The HAM and HPA allowance was related to one client. The client was in a court appointed receivership and the Company was awaiting final outcome of its receivable claim into the receivership to determine any potential recoverability. As of December 31, 2015, the Company has written-off 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, 2015 and 2014, there were 4,518,626 and 4,518,626 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 years ended December 31, 2015 and 2014 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 and derivative liabilities.

Principles of Consolidation

The consolidated financial statements of the Company for the years ended December 31, 2015 and 2014 include the financial results of HCI, HGI, HBI, HPA and HAM. 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.

Deposits and Other Assets

At December 31, 2015, deposits and other assets was $10,000 ($40,000 in total origination fees offset by $30,000 in accumulated amortization) for the senior unsecured promissory note discussed in Note 10. The fees are to be amortized over the life of the promissory note. At December 31, 2014, deposits and other assets was $23,333 ($40,000 in total origination fees offset by $16,667 in accumulated amortization) for the senior unsecured promissory note.

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 years ended December 31, 2015 and 2014.

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. 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.) 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 year ended December 31, 2015 or 2014.

The Company incurred no penalties or interest for taxes for the year ended December 31, 2015 or 2014. The Company is subject to a three year statute of limitations by major tax jurisdictions for the fiscal years ended December 31, 2012, 2013 and 2014. The Company files income tax returns in the U.S. federal jurisdiction.

Recent Accounting Standards

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (“* ASU 2014-09”), which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP.

The standard is effective, as amended, for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We are currently evaluating the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements and have not yet determined the method by which we will adopt the standard in 2018.

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, 2015, the FDIC insured deposit accounts up to $250,000. At December 31, 2015, 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, 2015	2014
Revenue		
Halo Asset Management	$ 975,688	$ 1,315,722
Halo Portfolio Advisors	1,961,859	1,165,569
Other	163,894	63,750
Net Revenue	$ 3,101,441	$ 2,545,041
Operating income (loss):		
Halo Asset Management	$ 698,287	$ 571,167
Halo Portfolio Advisors	750,385	204,378
Other	–	–
Less: Corporate expenses (a)	(3,229,662)	(2,039,625)
Operating income (loss):	$ (1,780,990)	$ (1,264,080)

a. Corporate expenses include salaries, benefits and other expenses, including rent and general and administrative expenses, related to corporate office overhead and functions that benefit all operating segments. Corporate expenses also include interest expense. 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. In 2015 and 2014, all interest expense is included in corporate expenses above. Interest expense is discussed in further detail in Notes 9, 10, 11 and 12.

For the year ended December 31, 2015 and 2014, 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 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 consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Company has incurred an accumulated deficit of $13,645,853 as of December 31, 2015. However, of the accumulated deficit, $2,110,748 of expense was incurred as stock-based compensation, $604,119 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 $3,900,386 total of these non-cash retained earnings reductions represents 29% of the total deficit balance.

NOTE 6. PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software consist of the following as of December 31, 2015 and December 31, 2014, respectively:

Computers and purchased software	$	147,800	$	158,899
Furniture and equipment		203,427		203,427
		351,227		362,326
Less: accumulated depreciation		(304,055)		(291,800)
	$	47,172	$	70,526

Depreciation totaled $23,354 and $43,830 for the year ended December 31, 2015 and 2014, respectively. The Company did not retire any assets for the year ended December 31, 2015. The depreciation is included in general and administrative expenses in the consolidated statements of operations.

NOTE 7. INVESTMENTS IN PORTFOLIO ASSETS

In December 2010, Equitas Housing Fund, LLC ("EHF"), a subsidiary of the Company, 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, 2015, the Company has reached a final outcome with the receivership and does not expect to recover any further value in the future.

NOTE 8. ACCRUED AND OTHER LIABILITIES

The Company had $1,328,662 in accrued liabilities at December 31, 2015. Included in this accrual is $423,623 in accrued interest ($245,663 of this balance is related to interest on the secured asset promissory note discussed in more detail in Note 12) and $724,208 in deferred compensation to several senior management personnel. The Company had $915,900 in accrued liabilities at December 31, 2014. Included in this accrual is $392,756 in accrued interest ($223,987 of this balance is related to interest on the secured asset promissory note discussed in more detail in Note 12) and $523,144 in deferred compensation to several senior management personnel.

NOTE 9. NOTES PAYABLE TO RELATED PARTIES

During March 2011, the Company entered into one unsecured promissory note with a related party (a previous 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 balloon payment at maturity in September 2014. At the time of the filing of these consolidated financial statements, the Company and the related party had not finalized an extended maturity date, and as such the entire $197,636 2011 Related Party Note balance is included in current portion of notes payable to related parties as of December 31, 2015. As of December 31, 2014, the 2011 Related Party Note was $186,154, 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, 2014, the 2011 Consolidated Related Party Note balance was $267,569, of which $88,211 is included in current portion of notes payable to related parties. As of December 31, 2015, the 2011 Consolidated Related Party Note balance was $267,569 all of which is included in current portion of notes payable to related parties.

As of December 31, 2014, a Company director had an outstanding advance to the Company of $500,000 for short term capital. During the twelve months ended December 31, 2015, in exchange for an additional extension and renewal of the loan the director agreed to an interest penalty of $300,000 and the director further agreed to convert all accrued interest of $460,476 into a new debt agreement due October 1, 2016. As of December 31, 2015, the outstanding balance was $960,476. The entire balance is included in current portion of notes payable to related parties. The debt accrues interest at a rate of 15%.

As of December 31, 2014, the Company's President and Chief Legal Officer had an outstanding advance balance of $70,000 for short term capital. During the twelve months ended December 31, 2015, the President advanced an additional $100,000 in working capital and deferred compensation of an additional $200,000 from the Company and was repaid $25,000. As of December 31, 2015, the outstanding advance balance was $345,000 and is due December 28, 2016. The entire balance is included in current portion of notes payable to related parties. The debt accrues interest at a rate of 15%.

As of December 31, 2013, the Company's CEO and Director of the Board had an outstanding advance balance of $115,000 for short term capital. During the twelve months ended December 31, 2015, the CEO deferred compensation of an additional $400,000 from the Company. As of December 31, 2015, the outstanding advance balance was $515,000 and is due December 28, 2016. The entire balance is included in current portion of notes payable to related parties. The debt accrues interest at a rate of 15%.

During the twelve months ended December 31, 2015, the Company redeemed the remaining outstanding shares of Series X Preferred Stock in exchange for promissory notes due on December 28, 2016. The CEO was issued a promissory note from the Company of $209,000. A Company director was issued a promissory note from the Company of $267,771. A related party was issued a promissory note from the Company of $60,000. The entire balance of $537,661 is included in the current portion of notes payable to related parties. The debt accrues with an interest rate of 8%.

As of December 31, 2015, the notes payable to related party balance totaled $2,822,452, all of which is included in current portion of notes payable to related parties in the consolidated financial statements. As of December 31, 2014, the notes payable to related party balance totaled $1,138,723, of which $959,365 is included in current portion of notes payable to related parties in the consolidated financial statements.

The Company incurred $579,366 and $109,674 of interest expense to directors, officers, and other related parties during the years ended December 31, 2015 and 2014, respectively. Accrued interest due to directors and other related parties totaled $177,724 at December 31, 2015, all of which is included in accrued and other current liabilities. Accrued interest due to directors and other related parties totaled $166,992 at December 31, 2014, all of which is included in accrued and other current liabilities.

NOTE 10. NOTE 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, pay $375,000 to a related party note held by a director, with the remaining use of proceeds for general corporate purposes including payment of 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, 2015, the note payable balance was $2,099,475, which includes capitalized interest of $599,475. As of December 31, 2014, the note payable balance was $1,805,000, which includes capitalized interest of $305,000.

NOTE 11. SUBORDINATED DEBT

During January 2010, the Company authorized a $750,000 subordinated debt offering ("Subordinated Offering"), which consisted 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, the subordinated debt holders agreed to an extended maturity date of December 31, 2013. 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 of December 31, 2015 and 2014, 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 assumed a cumulative debt raise of $750,000.

The Company follows 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). 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, 2015, there were 105,333 warrants outstanding with a derivative liability of $2,434. As of December 31, 2014, there were 112,000 warrants outstanding with a derivative liability of $2,434. The Warrants were valued using the Black-Scholes model, which resulted in the fair value of the warrants at $0.02 per share using the following assumptions:

	December 31, 2015	December 31, 2014
Risk-free rate	.65%	.66%
Expected volatility	543.97%	620.37%
Expected remaining life (in years)	1.00	2.00
Dividend yield	0.00%	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, 2015, the remaining balance of this note totals $0 as the balance was paid in full. As of December 31, 2014, the remaining balance of this note totals $16,250 all of which is included in current portion of subordinated debt.

During October 2014, the Company entered into an additional $100,000 subordinated term note with the current holder of the Company's subordinated debt. The note pays an 18% coupon rate with a maturity date of September 30, 2017. There are no warrants associated with this subordinated term note. Repayment terms of the note include interest only payments through March 31, 2015. 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 $3,500,000, and liens granted by the Company in connection with the purchase of furniture, fixtures or equipment. As of December 31, 2015, the remaining balance of this note totals $85,000, of which $20,000 is included in current portion of subordinated debt. As of December 31, 2014, the remaining balance of this note totals $100,000, of which $15,000 is 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 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 consisted of a 25% coupon. 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 due December 31, 2014. The promissory note will accrue interest at a 10% annual rate, with interest only payments due periodically and final balloon payment due at maturity. At the time of the filing of these consolidated financial statements, the Company and note holder have not finalized an extended maturity date. As such, as of December 31, 2015, the entire accrued interest balance of $245,663 is included in current portion of accrued and other liabilities. As such, as of December 31, 2014, the entire accrued interest balance of $223,987 is included in current portion of accrued and other liabilities.

NOTE 13. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2015 and 2014, HAM recognized monthly servicing fee revenue totaling $360,395 and $431,940, respectively, from an entity that is an affiliate of the Company. Further, the facilities rent expense of $72,599 incurred during 2015 was paid to the same affiliate.

For the year ended December 31, 2015 and 2014, the Company incurred interest expense to related parties (See Note 9).

For the year ended December 31, 2015 and 2014 the Company incurred $20,000 and $10,000, respectively, in expense for business development services to an entity that is an affiliate of the Company.

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, 2015 and 2014:

	Years Ended December 31,	
	2015	2014
Tax benefit calculated at statutory rate	34.0%	34.0%
Permanent differences	(0.2)	(0.3)
State Income tax	(0.4)	(1.7)
Total	33.4	32.0
Increase to valuation allowance	(33.9)	(34.6)
Provision for income taxes	(0.5)%	(2.6)%

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 including net losses. 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, 2015, 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 $7,600,000 available for federal income tax purposes, which expire from 2024 to 2035. 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, 2015 and 2014 are as follows:

	2015	2014
Net current deferred tax assets:		
Bad debt allowance	$ –	$ 127,726
Net	–	127,726
Net non-current deferred tax assets:		
Property and equipment	18,173	10,470
Capital loss carryover	635,743	635,743
Stock compensation	279,111	279,111
Deferred Compensation	246,231	170,000
Deferred Revenue	6,800	–
Other	1,732	2,559
Net operating loss carry-forward	2,584,498	1,939,304
Net	3,772,288	3,164,913
Less valuation allowance	(3,772,288)	(3,164,913)
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, 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 as of December 31, 2015 are as follows:

Years Ending December 31:	
2016	$ 4,312
Thereafter	–
Total minimum lease commitments	$ 4,312

For the year ended December 31, 2015 and 2014, the Company incurred facilities rent expense totaling $72,599 and $122,741, respectively.

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 3 rd 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 Plaintiffs have requested multiple extensions to their time to file their brief on the Appeal. After having multiple extensions granted, the Plaintiff's requested that the Appeals court stay the Appeal pending the outcome of the Company's approved settlement agreement with the court appointed Receiver for James G. Temme and Stewardship Fund, LLC, appointed by the Federal Court in the Eastern District of Texas. On September 16, 2014 the Sixth Appellate District Court of Appeals of Texas issued an order abating the Plaintiff's appeal pending a final determination by the federal courts of an order issued by the federal district court in a separate action directing the Plaintiff's, among others, not to further pursue this separate litigation. For administrative purposes, this case is abated and will be treated as closed. Any party may seek reinstatement by promptly filing a motion with the Sixth Appellate District Court of Appeals of Texas showing that the injunction or order of the federal court no longer restricts pursuit of this litigation and specifying what further action, if any, is required from the Court. On October 30, 2015 Plaintiffs/Appellants filed a Motion for Involuntary Dismissal with the Court of Appeals for the Sixth District of Texas at Texarkana, Texas asking that the court dismiss the case on the basis that the United States District Court, Eastern District of Texas, Sherman Division entered an order permanently barring all Stewardship Creditors from continuing and/or asserting or prosecuting any claims or causes of action against Halo. Because Appellants in this action fall within the definition of “Stewardship Creditors” they are barred from continuing to pursue this appeal thereby divesting the Court of Appeals for the Sixth District of Texas, Sherman Division, of jurisdiction over this appeal. On November 6, 2015, the court granted the above mentioned Involuntary Motion to Dismiss and on January 20, 2016 the final mandate was issued.

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, 2015, 438,300 option shares have been exercised. Total stock options outstanding as of December 31, 2015 total 170,000. The weighted average remaining contractual life of the outstanding options at December 31, 2015 is approximately 1.8 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, 2013	681,700	$ 0.01 – 1.59	$ 1.00
Granted	–	–	–
Exercised	–	–	–
Canceled	(511,700)	0.94 – 1.59	1.06
Outstanding at December 31, 2014	170,000	$ 0.01	$ 0.01
Granted	–	–	–
Exercised	–	–	–
Canceled	–	–	–
Outstanding at December 31, 2015	170,000	$ 0.01	$ 0.01

All stock options granted under the Plan and as of December 31, 2015 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, 2015, 20,000 shares had previously been granted (all granted in the year ended December 31, 2012) 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, 2015, 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. As of December 31, 2014, the Company's transfer agent had 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.

During March 2015, the Company entered into a $250,000 compromise and settlement agreement with the court appointed receivership holding 17,808,000 shares of the Company's 21,200,000 common stock noted above. The physical stock certificate has been sent to the Company's transfer agent to immediately cancel those respective outstanding shares of that Agreement. An additional 1,272,000 shares of the company's common stock, all subject to the clawback provisions of the Agreement, have also been sent to the Company's transfer agent to immediately cancel those respective common shares of that Agreement but as of the time of this filing those shares have not yet been canceled. The Company expects that to happen during 2016. Secondarily, subject to the clawback provisions of the Agreement, the Company is actively pursuing the procurement of an additional physical certificate of 2,120,000 shares from a respective individual still in possession of the common stock certificate. As of the time of the filing of these consolidated financials, 3,392,000 of the 21,200,000 shares issued as part of the Agreement remain outstanding.

The Company's total common shares outstanding totaled 48,562,750 at December 31, 2015.

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, 2015, 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 $0 as of December 31, 2015. As of December 31, 2014, there were 143,677 shares authorized with 143,677 shares issued and outstanding. During March 2015, as part of the $250,000 compromise and settlement agreement with the court appointed receivership discussed above, the settlement agreement calls for a relinquishment and abandonment of any and all claims against Halo on 90,000 shares of the Company’s Series X Preferred stock belonging to the receivership. During December 2015, the Company exercised its redemption right and redeemed the remaining issued and outstanding 53,677 shares in exchange for promissory notes. As such, as of December 31, 2015, there were no shares authorized, issued or outstanding.

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, 2015. 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, 2015, 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 $771,697, of which $212,469 is an accrued (but undeclared) dividend as of December 31, 2015. 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, 2015, 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 $634,695, of which $174,783 is an accrued (but undeclared) dividend as of December 31, 2015. 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, 2015, 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 $427,773, of which $117,773 is an accrued (but undeclared) dividend as of December 31, 2015. 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, 2015, 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, 2015, 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

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 30, 2016

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

Exhibit 31.2

Certification of the Principal Financial Officer

I, Paul Williams, chief financial 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 30, 2016

By: /s/ Paul Williams
Paul Williams
Chief Financial 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, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brandon Cade Thompson, Principal Executive Officer, and I, Paul Williams, 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 30, 2016	By: /s/ Brandon Cade Thompson Brandon Cade Thompson Chief Executive Officer (Principal Executive Officer)
Date: March 30, 2016	By: /s/ Paul Williams Paul Williams Chief Financial Officer (Principal Financial Officer)