COMPETITIVE COMPANIES INC
Form 10-Q
August 11, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarter ended: **June 30, 2015**

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from ___________ to____________

Commission File Number**: 333-76630**

Competitive Companies, Inc.

(Exact Name of registrant as specified in its charter)

Nevada	**65-1146821**
(State or other jurisdiction of incorporation)	

(IRS Employer
I.D. No.)

19206 Huebner Rd., Suite 202

San Antonio, TX 78258

(Address of principal executive offices and Zip Code)

(210) 233-8980

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

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 and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

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

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x

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

Yes o No x

As of August 7, 2015, there were 333,208,662 shares outstanding of the registrant's common stock.

COMPETITIVE COMPANIES, INC.

FORM 10-Q

June 30, 2015

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

COMPETITIVE COMPANIES, INC.

CONSOLIDATED BALANCE SHEETS

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets		
Current assets:		
Cash	$370,270	$318,397
Accounts receivable, net	15,852	7,162
Prepaid expense	2,633	76,041
Total current assets	388,755	401,600
Property and equipment, net	887,882	990,464
Other assets:		
Construction in process	421,231	476,099
Software, net	3,151	3,504
Deposits and other assets	43,548	43,183
	467,930	522,786
Total assets	$1,744,567	$1,914,850
Liabilities and Stockholders' (Deficit)		
Current liabilities:		
Accounts payable	$249,042	$263,181
Accrued expenses	100,430	161,739
Deferred revenues, net of commissions	5,630,000	4,685,000
Notes payable	–	47,006
Convertible debentures	159,289	676,160
Nonconvertible debentures	91,350	109,210
Total current liabilities	6,230,111	5,942,296
Total liabilities	6,230,111	5,942,296

Stockholders' (deficit):		
Controlling interest:		
Preferred stock, $0.001 par value 100,000,000 shares authorized:		
Class A convertible, no shares issued and outstanding with no liquidation value	–	–
Class B convertible, 1,495,436 shares issued and outstanding with no liquidation value	1,495	1,495
Class C convertible, 1,000,000 shares issued and outstanding with no liquidation value	1,000	1,000
Class D convertible, 100,000 shares issued and outstanding with no liquidation value	100	100
Common stock, $0.001 par value, 500,000,000 shares authorized, 335,621,533 shares issued and 333,258,662 outstanding at June 30, 2015 and December 31, 2014	335,618	335,618
Additional paid-in capital	6,015,010	5,925,499
Accumulated (deficit)	(16,738,423)	(15,391,514)
Treasury Stock, at cost, 2,362,871 shares at June 30, 2015 and December 31, 2014	(70,548)	(70,548)
Noncontrolling interest	5,970,204	5,170,904
Total stockholders' (deficit)	(4,485,544)	(4,027,446)
Total liabilities and stockholders' (deficit)	$1,744,567	$1,914,850

See accompanying notes to consolidated financial statements.

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COMPETITIVE COMPANIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Revenue	$31,268	$13,552	$50,859	$24,841
Cost of sales	12,414	13,120	26,216	26,042
Gross profit (loss)	18,854	432	24,643	(1,201)
Expenses:				
General and administrative	331,698	1,831,550	824,999	2,521,501
Research and development	–	–	6,012	–
Salaries and wages	196,824	297,658	398,965	525,645
Depreciation and amortization	53,248	24,657	106,496	26,780
Bad debts	1,065	–	1,065	–
Total operating expenses	582,835	2,153,865	1,337,537	3,073,926
Net operating loss	(563,981)	(2,153,433)	(1,312,894)	(3,075,127)
Other income (expense):				
Interest expense	(17,457)	(23,187)	(129,622)	(46,374)
Interest income	6	30	10	106
Other income	–	6,991	–	9,367
Other expense	–	–	(150)	–
Total other income (expense)	(17,451)	(16,166)	(129,762)	(36,901)
Net loss	(581,432)	(2,169,599)	(1,442,656)	(3,112,028)
Net loss attributable to the noncontrolling interest	(33,849)	(128,495)	(95,747)	(128,495)
Net loss attributable to Competitive Companies, Inc.	$(547,583)	$(2,041,104)	$(1,346,909)	$(2,983,533)
Weighted average number of common shares outstanding - basic and fully diluted	333,258,662	334,676,533	333,258,662	334,762,334
Net loss per share - basic and fully diluted	$–	$(0.01)	$–	$(0.01)

See accompanying notes to consolidated financial statements.

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COMPETITIVE COMPANIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Six Months Ended June 30, 2015	2014
Cash flows from operating activities		
Net loss	$(1,442,656)	$(3,112,028)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock-based compensation	21,500	9,500
Warrants issued for services	–	984,000
Depreciation and amortization	106,496	26,780
Decrease (increase) in assets:		
Accounts receivable	(8,690)	4,809
Prepaid expenses	73,408	–
Equipment held for installation	–	(127,748)
Deposits and other assets	(365)	(35,605)
Increase (decrease) in liabilities:		
Accounts payable	(14,139)	127,817
Accrued expenses	9,653	42,865
Deferred revenues	945,000	2,135,520
Net cash provided by (used in) operating activities	(309,793)	55,910
Cash flows from investing activities		
Purchases of property and equipment	(3,561)	(16,628)
Return of construction in process equipment	54,868	–
Net cash provided by (used in) investing activities	51,307	(16,628)
Cash flows from financing activities		
Principal payments on nonconvertible debentures	(49,641)	–
Proceeds from issuance of Wytec preferred stock	360,000	–
Purchase of treasury stock	–	(19,285)
Net cash provided by (used in) financing activities	310,359	(19,285)
Net increase in cash	51,873	19,997
Cash - beginning	318,397	901,785
Cash - ending	$370,270	$921,782
Supplemental disclosures:		
Interest paid	$29,604	$–
Income taxes paid	$–	$–
Non-cash investing and financing activities:		

Wytec International, Inc. preferred stock issued for conversion of CCI convertible debentures	$61,438	$–
Wytec International, Inc. preferred stock issued for conversion of Wytec convertible debentures	$243,230	$–
Wytec International, Inc. preferred stock issued for exchange of Wytec non-convertible debentures	$230,380	$–
Refinanced convertible debentures to nonconvertible debentures	$262,161	$–
Notes payable converted to additional paid-in capital	$68,010	$–
Issuance of Wytec International, Inc. preferred stock to satisfy subscription payable	$–	$4,229,480
Issuance of Wytec International, Inc. preferred stock in exchange for registered links and related equipment	$–	$450,000

See accompanying notes to consolidated financial statements.

Note 1 – Nature of Business and Basis of Presentation

The consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2014 and notes thereto included in the Company's Form 10-K annual report. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim period are not indicative of annual results.

Through the Company’s subsidiary, Wireless Wisconsin, LLC, the Company provides high speed wireless Internet connections to residents in rural communities, as well as some dial-up internet services to businesses and residents within various markets throughout rural Wisconsin. The Company operates in both a regulated and non-regulated environment.

In the fourth quarter of 2012, the Company began its program of selling FCC registered links (“Registered Links”) and related telecommunication equipment.

The consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred continuous losses from operations, has an accumulated deficit of $16,738,423 and a working capital deficit of $5,841,356 at June 30, 2015, and has reported negative cash flows from operations in most periods over the last five years. In addition, the Company does not currently have the cash resources to meet its operating commitments for the next twelve months. The Company’s ability to continue as a going concern must be considered in light of the problems, expenses, and complications frequently encountered by entrance into established markets and the competitive nature of the industry in which the Company operates.

The Company’s ability to continue as a going concern is dependent on the Company’s ability to generate sufficient cash from operations to meet its cash needs and/or to raise funds to finance ongoing operations and repay debt. There can be no assurance that the Company will be successful in its efforts to raise additional debt or equity capital and/or that cash generated by operations will be adequate to meet the Company’s needs. These factors, among others, indicate that the Company may be unable to continue as a going concern for a reasonable period of time. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 – Property and Equipment

Property and equipment consist of the following:

	June 30, 2015	December 31, 2014
Telecommunication equipment and computers	$1,052,621	$1,049,060
Furniture and fixtures	44,746	44,746
	1,097,367	1,096,806
Less accumulated depreciation	(209,485)	(103,342)
	$887,882	$990,464

Depreciation expense totaled $106,143 and $26,780 for the six months ending June 30, 2015 and 2014, respectively.

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Note 3 – Construction in Process

Construction in process consists of equipment and materials that will be used to construct network property and equipment. Equipment, materials, and certain direct and indirect non-equipment costs are capitalized when each construction project is completed. During the six months ended June 30, 2015, the Company received a $54,868 vendor credit for the return of equipment that was not used in construction.

Note 4 – Software

Computer software costs include packaged software, customized software, and major modifications and enhancements to the customized computer system and are being amortized using the straight-line method over 3 to 5 year lives.

	June 30, 2015	December 31, 2014
Software	$3,533	$ 3,533)
Less accumulated amortization	(382)	(29)
	$3,151	$ 3,504)

Amortization expense was $353 and $-0- for the six months ending June 30, 2015 and 2014, respectively.

Note 5 – Notes Payable

The Company has unsecured notes payable to individuals, with original maturity dates ranging from June 5, 2009 to February 23, 2011, totaling $47,006 at December 31, 2014. The notes bear interest at 8%. As of June 30, 2015 all of these notes are believed to be unenforceable due to the statute of limitations.

Interest continued to accrue on these notes as long as they remained outstanding. The Company recorded interest expense on notes payable in the amount of $1,880 and $2,680 for the six months ended June 30, 2015 and 2014 respectively.

Note 6 – Convertible Debentures

The Company has issued unsecured convertible promissory notes at various times from 2008 through 2015. The notes bear interest at rates at 8.0% to 12.5% per annum. The notes mature at various times through June 2016. During the six months ending June 30, 2015, the Company refinanced $262,161 in convertible debentures to nonconvertible debentures. During the six months ending June 30, 2015, the Company converted $40,000 of CCI's convertible promissory notes plus $21,438 of accrued interest to 20,479 shares of Wytec series B preferred stock. Also during the six months ending June 30, 2015, the Company converted $214,710 of Wytec's convertible promissory notes plus $28,520 of accrued interest to 81,077 shares of Wytec series B preferred stock. At June 30, 2015, convertible debentures totaling $159,289 were outstanding with $151,789 of these convertible notes in default.

The principal balance of each note is convertible into shares of the Company's common stock. The conversion terms of each note varies, but in general, the notes are convertible at a rate equal to a specified percentage (most range from 80% to 90%) of the Company's average common stock closing price for a short period of time prior to conversion.

Note 7 – Warrants

The Company currently has a total of 101,523,810 common stock purchase warrants outstanding to purchase a total of 101,523,810 shares of its common stock exercisable until various dates ranging from December 31, 2015 to April 17, 2024, 4,000,000 of which are exercisable at an exercise price of $0.05 per share, 8,000,000 of which are exercisable at an exercise price of $0.01 per share, and 89,523,810 of which are exercisable at an exercise price of $0.025 per share only if the Company achieves certain milestones. As of June 30, 2015 these milestones have not been met.

During the six months ended June 30, 2015, the Company paid $10,000 to repurchase 476,190 of the 90,000,000 CCI common stock purchase warrants issued to the Chief Executive Officer.

Wytec currently has a total of 2,738,672 common stock purchase warrants outstanding to purchase a total of 2,738,672 shares of Wytec common stock exercisable until various dates to December 31, 2017, 170,000 of which are exercisable at an exercise price of $1.75 per share, 787,903 of which are exercisable at an exercise price of $1.50 per share, 1,000,000 of which are exercisable at an exercise price of $1.25 per share, and 780,769 of which are exercisable at an exercise price of $1.00 per share.

During the six months ended June 30, 2015, Wytec granted 30,769 common stock warrants for the Registered Links Exchange offer. During the six months ended June 30, 2015, Wytec granted 367,523 common stock warrants for the settlement of convertible debentures. Also, during the six months ended June 30, 2015, Wytec granted 190,000 common stock warrants for the sale of Wyteck Series B preferred stock.

The following is a summary of activity of CCI and Wytec outstanding common stock warrants:

	Number of CCI Warrants	Number of Wytec Warrants
Balance, December 31, 2014	102,000,000	3,261,525
Warrants granted	–	588,292
Warrants exercised	–	–
Warrants repurchased	(476,190)	–
Warrants expired	–	(1,111,145)
Balance, June 30, 2015	101,523,810	2,738,672
Exercisable, June 30, 2015	12,000,000	2,738,672

Note 8 – Nonconvertible Debenture

During the six months ending June 30, 2015, the Company refinanced convertible promissory notes totaling $262,161 and bearing interest at 12.5% per annum into non-convertible notes, maturing at various times through December 15, 2015. Also during the six months ending June 30, 2015, the Company exchanged $230,380 of the non-convertible promissory notes for 76,793 shares of Wytec series B preferred stock. At June 30, 2015, nonconvertible debentures totaling $91,350 were outstanding with $31,781 of these non-convertible notes in default.

Note 9 – Changes in Stockholders’ Equity (Deficit)

In October 2012, the Company granted employees options to purchase 3,000,000 shares of common stock exercisable at $0.01 per share with a three year vesting schedule and expiration dates four years from the grant date. For the six month periods ended June 30, 2015 and 2014, the stock-based compensation related to these option grants was $1,000 and $1,000, respectively.

In April 2014, the Company granted 10,000,000 stock options to purchase 10,000,000 shares of its common stock to the Company’s Chief Executive Officer, exercisable at $0.025 per share with a three year vesting schedule and an expiration date of April 17, 2019. For the six month periods ended June 30, 2015, and 2014 the stock-based compensation related to these option grants was $17,000 and $8,500, respectively.

In September 2014, the Company granted 1,500,000 options to purchase 750,000 shares of common stock to each of the two employees, exercisable at $0.02 per share with a three year vesting schedule and an expiration date of September 1, 2018. For the six month period ended June 30, 2015, the stock-based compensation related to these option grants was $2,500.

In May 2015, the Company granted 750,000 options to an employee to purchase 750,000 shares of common stock, exercisable at $0.02 per share with a three year vesting schedule and an expiration date of May 14, 2019. For the six month period ended June 30, 2015, the stock-based compensation related to this option grant was $1,000.

During the six months ending June 30, 2015, the Company issued 120,000 shares of Series B Preferred stock for $360,000 cash. During the six months ending June 30, 2015, the Company issued 101,556 shares of Wytec Series B Preferred stock for the conversion of $304,668 in convertible debentures and related accrued interest. Also during the six months ending June 30, 2015, the Company issued 76,793 shares of Wytec Series B Preferred stock for the exchange of $230,380 in convertible debentures.

Note 10 – Treasury Stock

During the six month period ended June 30, 2014, the Company purchased 475,000 shares of its common stock, from officers of the Company an aggregate cost of $19,285.

Note 11 – Subsequent Events

In July 2015, the Company redeemed 119,048 additional warrants from our Chief Executive Officer for a cash payment of $2,500.

In July 2015, the Company purchased 50,000 shares of its common stock from a director of the Company for $1,073.

In July 2015, a convertible promissory note payable by Wytec International. Inc. with an outstanding balance of $33,990 and a maturity date of June 30, 2015 was paid off in cash.

In July 2015, a convertible promissory note payable by Wytec International, Inc. with an outstanding balance of $16,107 and a maturity date of June 30, 2015 was converted into 5,369 shares of Wytec International, Inc. Series B Convertible Preferred Stock and 8,053 warrants to purchase 8,053 shares of Wytec common stock at an exercise price of $1.50 per share, exercisable until June 30, 2017.

In July 2015, a convertible promissory note payable by CCI with an outstanding balance of $7,385 and a maturity date of June 30, 2015 was converted into 2,462 shares of Wytec International, Inc. Series B Convertible Preferred Stock and 3,693 warrants to purchase 3,693 shares of Wytec common stock at an exercise price of $1.50 per share, exercisable until June 30, 2017.

In July 2015, the Company sold 38,200 shares of Wytec Series B Preferred Stock for $114,600.

In August 2015, a convertible promissory note payable by CCI with an approximate outstanding balance of $76,549 in default was converted into approximately 1,546,458 shares of CCI common stock.

In August 2015, the Company purchased 50,000 shares of its common stock from our Chief Technical Officer for $1,041.

In August 2015, The Company redeemed 357,143 additional warrants from our Chief Executive Office for a cash payment of $7,500.

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and plan of operations together with our financial statements and related notes appearing elsewhere in this Quarterly Report. Various statements have been made in this Quarterly Report on Form 10-Q that may constitute “forward-looking statements.” Forward-looking statements may also be made in Competitive Companies, Inc.’s other reports filed with or furnished to the United States Securities and Exchange Commission (the “SEC”) and in other documents. In addition, from time to time, Competitive Companies, Inc. and its subsidiaries (“CCI,” “we,” “us,” “our,” or the “Company”) through its management may make oral forward-looking statements. The words “believe,” “expect,” “anticipate,” “optimistic,” “intend,” “plan,” “aim,” “wil “should,” “could,” “would,” “likely” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from such statements. The most important facts that could prevent us from achieving our stated goals include, but are not limited to, the following:

(a) volatility or decline of the Company's stock price;
(b) potential fluctuation in quarterly results;
(c) failure of the Company to earn revenues or profits;
(d) inadequate capital to continue or expand its business, and inability to raise additional capital or financing to implement its business plans;
(e) failure to further commercialize its technology or to make sales;
(f) loss of customers and reduction in demand for the Company's products and services;
(g) rapid and significant changes in markets;
(h) litigation with or legal claims and allegations by outside parties, reducing revenue and increasing costs;
(i) insufficient revenues to cover operating costs;
(j) failure of our Registered Link Program to produce sales, revenues, or profits;
(k) aspects of our business are not proprietary and in general we are subject to inherent competition;
(l) further dilution of existing shareholders’ ownership in us;
(m) uncollectible accounts and the need to incur expenses to collect amounts owed to the Company; and
(n) the Company does not have an Audit Committee nor any independent directors.

There is no assurance that the Company will be profitable, the Company may not be able to successfully develop, manage, or market its products and services, the Company may not be able to attract or retain qualified executives and technology personnel, the Company may not be able to obtain customers for its products or services or successfully compete, the Company’s products and services may become obsolete, government regulation may hinder the Company’s business, additional dilution in outstanding stock ownership may be incurred due to the issuance of more shares, warrants, and stock options and the exercise of outstanding warrants and stock options, or other risks inherent in the Company’s businesses. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise any forward-looking statements.

Business

Competitive Companies, Inc. (the “Company”) was originally incorporated in the state of Nevada in October 2001 and acts as a holding company for its operating subsidiaries, Wytec International, Inc. (“Wytec”), Wylink, Inc., Wireless Wisconsin LLC, Capaciti Networks, Inc., Innovation Capital Management, Inc., and Innovation Capital Management LLC (collectively, the “Subsidiaries”). The Company and its Subsidiaries (also collectively referred to as “CCI”) are involved in providing next generation fixed and mobile wireless broadband Internet services nationally and internationally to wholesale, retail and enterprise customers.

Due to recent developments in our intellectual property and the continued development of our municipal and governmental relationships along with the addition of key personnel, we believe we will be able to obtain our market entry in the near future. Included in our 30 market entry schedule are optimization strategies for assisting municipalities in leveraging current assets such as utility poles for maximum utilization related to the provisioning of telecommunication services.

We plan to accomplish these objectives by applying the extended development of our current intellectual property along with utilizing proprietary next generation technology to build our platform networks. We believe the benefits of the platform network is its ability to support multiple mobile communications services including but not limited to public safety, first responder, machine to machine and carrier offload services.

CCI is currently in high-level discussions with more than ten U.S. city governments including Columbus, Ohio where we have been developing a 4G Wi-Fi network throughout the central business district of Columbus. CCI’s network infrastructure is capable of delivering bandwidth services up to 1.5 gigabits per second to a wide range of customers including midsize and large corporate operations located in Tier One, Tier Two and Tier Three (the term “Tier” defines the population size of the link location) cities throughout the United States as well as data transport services to carriers, municipalities and energy operations. CCI deploys millimeter wave technology in its backhaul design for supporting its platform networks for its high capacity data throughput objectives.

On December 18, 2014, Wytec performed an outside speed test on the first LPN-16 working prototype and produced record performance speeds in excess of 380 Mbps to a smart phone and over 400 Mbps to a laptop computer. These and earlier speed test results enabled us, through Wytec, to consummate our first services agreement with the City of Columbus. Wytec has now substantially completed its footprint coverage of the Central Business District (“CBD”) of Columbus, Ohio with more than 100 high speed access points providing, among other services, direct connections to public safety devices, high capacity Wi-Fi access to commercial enterprises and the extension of the Company’s micro-cell site designed for carrier offload and other enterprise services.

Through the Company’s subsidiary, Wireless Wisconsin, LLC, we provide high speed wireless Internet connections to residents in rural communities, as well as some dial-up internet services to businesses and residents within various markets throughout rural Wisconsin. We operate in both a regulated and non-regulated environment. Our current plan includes the delivery of 4G mobile broadband services via Wi-Fi in urban, suburban and rural markets throughout the United States.

Wytec International, Inc., a Nevada corporation, designs, manufactures, and installs "proprietary" carrier-class Wi-Fi solutions to local government, Mobile Service Operations ("MSOs"), National Telecommunications Operators ("NTOs"), and corporate enterprises. Wytec owns an interest in five patents focused on high capacity millimeter wave technology (the "Patents"), which Wytec holds in a partnership with General Patent Corporation ("GPC"). Wytec has developed and filed for patent protection with its sixth patent dealing in multi-channeling technology known as the LPN-16.

On September 7, 2012, Wytec entered into a definitive agreement with GPC to form Wytec LLC, a Delaware limited liability company, for the purpose of transferring ownership of our five patents originally owned by Wytec into Wytec LLC. GPC is the managing partner of Wytec, LLC and is expected to assist in the monetization of the five patents. Wytec's current product development of the LPN-16 is designed to meet the stringent bandwidth needs of both government "first responder" services as well as "carrier offload" services. Management believes the LPN-16 transmitter is the first of its kind specifically developed to participate in the Small Cells as a Service ("SCaaS") market which has been forecasted by SNS Research to reach $15 billion globally by 2020.

In addition to the SCaaS market, management believes the LPN-16 transmitter will support the needs of the massive growth of the M2M market forecasted by SNS Research to account for nearly $196 billion in global revenues by the end of 2020. Wytec's LPN-16 transmitter is proprietary intellectual property of Wytec for which management has applied for U.S. patent protection rights in the second quarter of 2014 and is a significant part of Wytec's intellectual property portfolio. CCI has most recently filed its Patent Cooperation Treaty ("PCP") application for 148 foreign countries. Design and engineering of the LPN-16 was completed on December 22, 2014 and tested in San Antonio, Texas producing what management believes to be record breaking mobile broadband speeds.

Wylink Inc., a Texas corporation and wholly owned subsidiary of Wytec, operates and manages a unique sales organization engaged in the sale of Federal Communications Commission ("FCC") registered links participating in the 70 and 80 gigahertz licensed frequency program (the Program"). The Program allows qualified individuals to own a segment of the "backhaul" infrastructure of the Wytec's citywide business deployment. A total of eight cities were chosen for initial deployment of the Company's Registered Link Program. The first market, Columbus, Ohio, has most recently sold out of its Registered Links representing 52 Links averaging $25,000 per Link totaling $1,300,000 in sales. As of August 7, 2015, Wylink has sold 347 Registered Links in eleven markets averaging $31,441 per Link totaling $10,899,480 in sales. There is no assurance, however, as to whether or not Wylink will continue to sell more Registered Links or how many Registered Links Wylink will sell in 2015. Furthermore, with each Registered Link it sells, Wylink incurs a liability to provide and install telecommunications equipment at its cost for the Link owner, and monthly lease payments for access to a portion of the Link's capacity.

On January 27, 2014, Registered Link holders were offered the opportunity by Wytec to exchange each Registered Link in consideration for (1) a pro rata percentage interest in the net income of Wytec, calculated in accordance with generally accepted accounting principles ("GAAP") and distributable on a quarterly basis until the earlier to occur of (a) the date on which Wytec becomes a fully reporting company with the Securities and Exchange Commission ("SEC") and its common stock is traded on the NASDAQ Capital Market or higher, or (b) five (5) years from the date of the closing of the exchange offer, (2) 20,000 shares of Wytec's Series A Convertible Preferred Stock, each share of which is convertible into one share of Wytec's common stock at any time, and (3) a first priority perfected security interest in Wytec's interest in the Patents. The Units will share in a total of 33.3% of Wytec's net profits (the "Net Profits Pool"). The exchange offer ended in July, 2014 and 70 of our 97 Registered Link holders participated in the exchange offer resulting in a total exchange value of $4,730,000.

Capaciti Networks, Inc., a Texas corporation ("CNI"), is a wholly owned subsidiary of CCI, and was formed on August 12, 2013 to provide marketing services for our internet products and services to small and medium businesses, as well as commercial and enterprise clients. Most recently, Capaciti entered into an agreement with Wytec pursuant to which CNI will act as a master agent with respect to the use of Wytec's "online quote system" called "WyQuote" which caters to direct agents who sell telecommunications products and services to small, medium and enterprise customers. Current online quote systems list both wired and wireless Internet service products. The Wytec quote system "WyQuote" lists only fixed wireless Internet services. The system also provides an information portal to educate users of the benefits of today's advanced fixed wireless technology versus its wired counterpart. We believe that master agents, such as CNI, will now be able to empower their direct agents on the benefits and positive differences of fixed wireless. Our research has shown that there are more than 100,000 direct agents utilizing the services of master agents providing more than 60% of all telecommunication products and services sales in the United States. Capaciti plans to launch its new master agent services in April 2015 utilizing Wytec's online quote system "WyQuote".

Innovation Capital Management, Inc., ("ICM") operates as the Company's private equity placement division focused on raising capital and developing joint ventures and acquisitions while Innovation Capital Management, LLC ("ICMLLC") focuses on structuring strategic marketing relationships for the Company's products and services. IN 2014, ICM managed an exchange offer with several holders of the Company's outstanding convertible notes. In the exchange offer, we offered up to 300,000 of units, each unit consisting of one dollar principal amount of 12.5% convertible promissory note of Wytec (the "Exchange Offer Notes") and one warrant to purchase one share of Wytec's common stock ("Exchange Offer Warrants"), in exchange for up to $300,000 of outstanding principal amount and accrued but unpaid interest of the Company's convertible notes, which were then cancelled. The security interest in the Exchange Offer Notes is *pari pasu* with the security interest securing Wytec's other outstanding notes. The Exchange Offer Warrants are exercisable for a period of two years after the date of issuance at an exercise price of $3.00 per share. To date, Wytec has issued $111,149 of Exchange Offer Notes and 111,145 Exchange Offer Warrants exercisable until various dates ranging from June 30, 2015 to October 18, 2015. ICM is also managing our exchange offer with Registered Link holders, as discussed in the following paragraph. ICM does not receive any remuneration for its managerial services to the Company and its other Subsidiaries.

ICM also managed our $5,374,480 buyback unit offering for Wytec International, Inc. The offering consisted of 205 units consisting of 4,100,000 shares of Series A Convertible Preferred Stock and Participating Interest. The units were exchangeable for up to 205 registered links owned by Wytec linkholders. Each unit consisted of (1) a pro rata percentage interest in the net profits of the Company, calculated in accordance with generally accepted accounting principles ("GAAP") and distributable on a quarterly basis until the earlier to occur of (a) the date on which the Company becomes a fully reporting company with the Securities and Exchange Commission ("SEC") and its common stock is traded on the NASDAQ Capital Market or higher, or (b) five (5) years from the date of the closing of this offering, and (2) 20,000 shares of the Wytec's Series A Convertible Preferred Stock, each Share of which is convertible into one share of the Wytec's common stock at any time. The Units will share in a total of 33.3% of the Company's net profits. As of August 7, 2015, Wytec had issued 168 units in the buyback unit offering.

Wireless Wisconsin, LLC, a Wisconsin limited liability company (“Wireless WI”), and managed by Capaciti, provides high speed wireless Internet connections to residents in rural communities to include dial-up, DSL and wireless internet services to businesses and residents within various markets throughout rural Wisconsin. Wireless WI operates in both a regulated and non-regulated environment. The Company is planning to install its high capacity wireless technology and begin offering its high capacity broadband services prior to year-end of 2015. Our current plan now includes the delivery of 4G mobile broadband services via WiFi in major and rural markets throughout the United States.

CCI generates revenues through the sale of its products and services offered through its subsidiary operations.

Products

Wireless Wisconsin, LLC

CCI, through its wholly owned subsidiary, Wireless Wisconsin LLC, currently provides residential customers in Western Wisconsin dial-up, DSL, and wireless broadband services. Both DSL and dial-up internet are provided via a wholesale relationship with Ikano Wholesale. This wholesale relationship provides multiple territory access to many markets throughout North America and allows CCI to potentially expand its coverage nationwide. The Company’s local “fixed” broadband wireless services are currently restricted to areas located in western Wisconsin with plans to include mobile 4G Internet access and expand to other Wisconsin markets utilizing millimeter wave backhaul technology.

Wytec International, Inc.

Wytec International, Inc. is currently developing its next generation of point-to-point and point-to-multipoint millimeter equipment technology in multiple licensed and “limited” licensed frequencies, including the 60, 71-76, 81-86, and 92-95 GHz bands. This technology has most recently come to the forefront as a significant piece in delivering 4G telecommunications services because of its high capacity internet throughput features. These features enable a further high capacity delivery to a microcell or “small cell” network ultimately delivering 100+ Mbps bandwidth to 4G mobile devices such as smartphones, tablets and laptops. Management believes that the Wytec network design is one of the few 4G networks to comply with the International Mobile Telecommunications Advanced (“IMT-A”) standards of 4G technology in North America. Wytec is currently developing a 4G network in the Central Business District (“CBD”) of Columbus, Ohio and has successfully produced “mobile” speeds in excess of 200 Mbps for a laptop and over 100 Mbps for a smartphone. Management believes the result of these successes has further supported our claim of complying with IMT-A standards and sets Wytec apart as the only live open network meeting these standards in North America.

Additionally, Wytec has generated interest in multiple relationships involving key back-end support such as Wytec's recent contract with Level 3 Communications ("Level 3"). Level 3 operates a Tier 1 network providing core transport, IP, voice, video, and content delivery for most of the Internet carriers in North America, Latin America, Europe, and selected cities in Asia. Level 3 is also the largest competitive local exchange carrier ("CLEC") in the United States. Wytec's contractual relationship with Level 3 opens the door for Wytec to market its equipment and services to more than 500 U.S. locations including 55 foreign countries.

Wytec's current product development involves the design of a "small cell" radio called the LPN-16 designed to meet the stringent bandwidth needs of both government "first responder" services as well as "carrier offload" services. Management believes the LPN-16 radio is the first of its kind specifically developed to participate in the Small Cells as a Service ("SCaaS") market which management forecasts will exceed $6.5 billion by 2018. In addition to the SCaaS market, management believes the LPN-16 radio will support the needs of the massive growth of the Machine to Machine ("MtoM") and "wearable technologies" market which management forecasts to exceed $2 trillion within the same time frame.

Wytec's LPN-16 radio is proprietary intellectual property of Wytec for which management filed a provisional patent application on March 12, 2014 for U.S. and International patent protection rights and is a significant part of Wytec's intelligent community Wi-Fi network. Much of the design and engineering of the LPN-16 radio has been completed and we expect it to be commercially ready during the third quarter of 2015. We expect participants for testing the radio to include government (federal, state and municipal), mobile service operators (carriers), and multiple application service providers.

Wylink, Inc.

Wylink has supported initial Wytec equipment sales through the development of a unique marketing concept called the Registered Link Program. The Registered Link Program generated Wytec product sales through the promotion of a business opportunity afforded under the FCC 70-80 GHz frequency allocation program. Wylink promotes and sells the opportunity to a qualified applicant allowing the applicant to own and operate its own Registered Link established as a part of the Wytec backhaul network. Registered Link owners receive income from subscribers of the Link including Capaciti's (CCI subsidiary) commitment to support its Wi-Fi network through commercial and enterprise Internet sales. As of June 30, 2015, Wylink has sold 346 Registered Links in 11 markets averaging $31,400 per Link totaling $10,864,480 in Registered Link sales .

Currently Wytec's primary service product consists of Wylink's FCC Registered Link application and registration service for the 70 and 80 Gigahertz FCC "protected frequency" supporting the backbone of Wytec's Wi-Fi network. In addition to supporting its core network, it also provides high capacity Internet to fixed wireless commercial Internet service providers. FCC Registered Links are capable of delivering at least one (1) gigabyte or more of data throughput to multiple points throughout the network. This enables each point within the network to deliver 100 Mbps or more to the end user including mobile and fixed wireless customers. Service products on the network include commercial and enterprise fixed wireless customers, mobile 4G Wi-Fi service to individuals, public safety (such as the camera network to the City of Columbus), MSOs, also known as “carriers,” hot spots, hot spot aggregators, hot zones such as special sports events and other large data capacity users. Much of the network capacity will be utilizing the Wytec LPN-16 small cell technology also known as Small Cells as a Service or “SCaaS”.

The total global market for equipment sales included in the Wytec portfolio of equipment offerings is estimated at over $5.7 billion by 2018 according to market research performed by Signals and Systems in their publication of the HetNet Bible dated May 10, 2013. CCI has estimated in a five-year forecast that Wytec should capture approximately $116,443,000 or 2% of this equipment sales market, although there is no assurance as to the amount of equipment sales that Wytec will make.

Services

Wytec Service Offerings

Transport and Maintenance Services. Wytec, besides selling equipment including its LPN-16 technology and other proprietary equipment offered through special vendor relationships, will also sell unique services known as “transport” services in consideration for transportation fees, for the use of the small cell portion of its network. This is known as “SCaaS” or Small Cells as a Service and primarily involves the sale of transport to enterprise customers that do not need the use of CCI’s Internet feed such as municipal, state, and federal governments, mobile service operators (Carriers), utility operators and machine to machine (m2m) customers.

The total global market for SCaaS sales is estimated at over $6.5 billion by 2018 according to market research performed by Signals and Systems in their publication of the HetNet Bible dated May 10, 2013. CCI has estimated in a five year forecast that Wytec should capture approximately $124,830,000 or 2% of the SCasS sales market. Wytec will also provide equipment maintenance contracts (from the sale of equipment) as a service and estimates the revenues from this service to total approximately $17,466,000 by 2018. Revenues for this service are calculated to be approximately 15% of total equipment sold. Management views this estimated percentage as an industry standard.

Capaciti Service Offerings

Internet Services. Capaciti Networks, Inc. was designed to market Internet services on behalf of the networks being designed and developed by Wytec. The offerings include but are not limited to fixed and mobile wireless service offerings to both residential and commercial Internet customers. In November 2013, Capaciti began selling mobile Wi-Fi through its contractual relationship with Pronto Networks allowing Wi-Fi services to be marketed in the Central Business District of Columbus, Ohio. To date, Capaciti has accepted over 200 mobile Wi-Fi connections and believes this service offering will grow substantially as users discover the record breaking speed of the network, delivering more than 100 Mbps to a smart phone and more than 200 Mbps to a laptop.

With the anticipated launching of the WyQuote electronic quoting system, Capaciti expects to be able to accelerate its commercial internet sales substantially through direct agents utilizing the quoting system. WyQuote shares the same platform exposure as MasterStream hosting more than 40,000 telecom direct agents and generating more than 1,000,000 telecom quotes per month.

Capaciti also offers Internet services through its operation in Eau Claire, Wisconsin called Wireless Wisconsin and currently generates sales of approximately $3,500 per month. CCI plans to upgrade the Eau Claire market to provide the same services it currently provides in Columbus by June 2015. Wireless Wisconsin also offers both DSL and dial-up internet via a wholesale relationship with Ikano Wholesale. This wholesale relationship provides multiple territory access to many markets throughout North America and allows the Company to expand its coverage nationwide.

Overview of Current Operations

We continue to shift our focus away from our past revenue sources, such as web hosting, dial-up, wireless, DSL, and wired internet services and move toward the design, development, and implementation of 4G mobile Wi-Fi networks with an accelerated concentration on the development of our "Smart City" concept. We believe recent national and international relationships have enhanced the progression of our "Smart City" development in conjunction with the growing relationships with city and, most recently, state governments.

On November 8, 2011, we acquired Wytec, a Nevada corporation that owns an interest in five U.S. patents related to local multipoint distribution service ("LMDS") or millimeter technology. LMDS deals primarily in the transmission of point-to-point and point-to-multipoint data distribution utilizing millimeter wave spectrum. Though the patents are currently unusable in our current 4G backhaul configuration, we intend to advance a derivative of the technology for usage in future 4G millimeter backhaul deployments. Millimeter links are now utilized as the predominate choice in gigabyte data transmission in support of 4G network deployments.

On September 7, 2012, Wytec entered into a definitive agreement with General Patent Corporation ("GPC") to form Wytec LLC, a Delaware limited liability company, for the purpose of transferring ownership of our five patents originally owned by Wytec International, Inc. into Wytec LLC. GPC acts as the general manager of the LLC and will assist in the monetization of the five patents.

Wytec's current product development involves the design of a "small cell" transmitter called the LPN-16 designed to meet the stringent bandwidth needs of both government "first responder" services as well as "carrier offload" services. Management believes the LPN-16 transmitter is the first of its kind specifically developed to participate in the Small Cells as a Service ("SCaaS") market which has been forecasted by SNS Research to reach $15 billion globally by 2020. In addition to the SCaaS market, management believes the LPN-16 transmitter will support the needs of the massive growth of the machine to machine ("M2M") market forecasted by SNS Research to account for nearly $196 billion in global revenues by the end of 2020.

Wytec's LPN-16 transmitter is proprietary intellectual property of Wytec for which management has applied for U.S. patent protection rights in the second quarter of 2014 and is a significant part of Wytec's Intelligent Community Wi-Fi Network ("IWiN"). We intend to file international patent applications for the technology in the near future. Design and engineering of the LPN-16 has been completed with development of the first units to be tested at the 2,000 acre test facilities of Southwest Research in San Antonio, Texas in October of 2014. We expect viewers of the first test to include government entities (federal, state and municipal), mobile service operators (carriers), as well as cable and fiber optic service providers.

On June 9, 2012, our wholly owned subsidiary, Wytec, formed a wholly owned subsidiary, Wylink, Inc., a Texas corporation, to market and sell millimeter wave spectrum in the licensed 60 & 90 Gigahertz frequency channels. The Federal Communications Commission ("FCC") has developed a unique application program giving the ability for qualified applicants to own millimeter spectrum under a program known as the Registered Link Program. We sell point-to-point registered links ("Registered Links") as part of our backhaul solution in support of our 4G Wi-Fi network. The cash received from the sale of our Registered Links is recorded as "deferred revenue" and will be recorded as revenue once the telecommunication equipment is installed for the link owners.

Management now focuses its primary business on the development of 4G mobile broadband networks capable of delivering 100 Mbps to mobile devices and to be utilized as a multi-carrier "offload" solution.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations, including the discussion on liquidity and capital resources, are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the estimated recoverable amounts of trade accounts receivable, impairment of long-lived assets, revenue recognition and deferred tax assets. We believe the following critical accounting policies require more significant judgment and estimates used in the preparation of the financial statements.

We maintain an allowance for doubtful accounts for estimated losses that may arise if any of our customers are unable to make required payments. Management specifically analyzes the age of customer balances, historical bad debt experience, customer credit-worthiness, and changes in customer payment terms when making estimates of the uncollectability of our trade accounts receivable balances. If we determine that the financial conditions of any of our customers deteriorated, whether due to customer specific or general economic issues, increases in the allowance may be made. Accounts receivable are written off when all collection attempts have failed.

We follow the provisions of Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements" for revenue recognition and SAB 104. Under Staff Accounting Bulletin 101, four conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) delivery has occurred or service has been rendered, (iii) the price is fixed or determinable and (iv) collection is reasonably assured.

Income taxes are accounted for under the asset and liability method. Under this method, to the extent that we believe that the deferred tax asset is not likely to be recovered, a valuation allowance is provided. In making this determination, we consider estimated future taxable income and taxable timing differences expected in the future. Actual results may differ from those estimates.

Result of Operations for the Six Months Ended June 30, 2015 and 2014

Revenue for the six months ended June 30, 2015 was $50,859, as compared to revenue of $24,841 for the six months ended June 30, 2014. This increase in revenue of $26,018 or 105% was primarily due to links going live in 2015 as well as service subscriptions from Capaciti.

Cost of sales for the six months ended June 30, 2015 was $26,216, an increase of $174, or 1%, from $26,042 for the six months ended June 30, 2014. Our cost of sales increased primarily due to costs related to sales operations.

Gross profit for the six months ended June 30, 2015 was $24,643, an increase of $25,844, or 106%, from ($1,201) for the six months ended June 30, 2014. Our gross profit increased primarily due to improved operations at Capaciti.

General and administrative expenses were $824,999 for the six months ended June 30, 2015, as compared to $2,521,501 for the six months ended June 30, 2014. This resulted in a decrease of $1,696,502 or 67% compared to the same period in 2014. The decrease in our general and administrative expenses was largely a result of commissions, warrants issued for services and testing paid to third parties to assist in the setup and registration of Registered Links sold during the six months ended June 30, 2014 that were not incurred during the six months ended June 30, 2015.

Research and development costs were $6,012 for the six months ended June 30, 2015 versus $-0- of research and development costs for the year six months ended June 30, 2014. The increase in research and development is due to expenses related to the development of Wytec's LPN-16.

Salary and wage expenses were $398,965 for the six months ended June 30, 2015, as compared to $525,645 for the six months ended June 30, 2014, which resulted in a decrease of $126,680, or 24% compared to the same period in 2014. The decrease in salary and wages is due to compensation adjustments of certain current employees and a reduction in the number of employees.

Depreciation expenses were $106,496 for the six months ended June 30, 2015, as compared to $26,780 for the six months ended June 30, 2014, which resulted in an increase of $79,716, or 298% compared to the same period in 2014. The increase in depreciation expense is due to increased amounts of depreciable property and equipment.

Interest expense for the six months ended June 30, 2015 was $129,622, as compared to $46,374 for the six months ended June 30, 2014. This resulted in an increase of $83,248 or 180% compared to the same period in 2014. The increase was primarily due to warrants issued as part of the refinancing of convertible and nonconvertible debentures in 2015.

Liquidity and Capital Resources

While we have raised capital to meet our working capital and financing needs in the past, additional financing will be required in order to meet our current and projected cash requirements for operations. As of June 30, 2015, we had a working capital deficit of $5,841,356. As of June 30, 2015, $5,630,000 of our current liabilities are deferred revenue on Registered Link sales that have been funded by the customer, for which obligations to the customer have not yet been completed.

As of June 30, 2015, $250,639 of our outstanding convertible and non-convertible debentures are in default or mature within the next twelve months and are classified as current liabilities in the accompanying consolidated balance sheet. We plan to remedy the defaults through conversions or through repayments once future financing is secured.

We anticipate that we will incur operating losses in the next twelve months. Our revenues are not expected to exceed our investment and operating costs in the next twelve months. Our prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in their early stage of operations. To address these risks, we must, among other things, seek growth opportunities through investment and acquisitions, effectively monitor and manage our claims for payments that are owed to us, implement and successfully execute our business strategy, respond to competitive developments, and attract, retain and motivate qualified personnel. We cannot assure that we will be successful in addressing such risks, and the failure to do so could have a material adverse effect on our business prospects, financial condition and results of operations.

Satisfaction of our cash obligations for the next 12 months.

As of June 30, 2015, our cash balance was $370,270. Our plan for satisfying our cash requirements for the next twelve months is through sales-generated income, private placements of our common stock, third party financing, and/or traditional bank financing. We anticipate sales-generated income during that same period of time, but do not anticipate generating sufficient revenue to meet our working capital requirements. Consequently, we intend to attempt to find sources of additional capital in the future to fund our growth and expansion through additional equity or debt financing or credit facilities. There is no assurance that we would be able to meet our working capital requirements through the private placement of equity or debt or from any other source.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Recently Issued Accounting Standards

The Company has reviewed the updates issued by the Financial Accounting Standards Board (“FASB”) during the three month period ended June 30, 2015, and determined that the updates are either not applicable to the Company or will not have a material impact on the Company.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Not Applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to our management, including our chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 15d-15(e) under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our chief executive officer and principal financial officer, William H. Gray, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on this evaluation, our chief executive officer and principal financial officer has concluded that our disclosure controls and procedures were not effective as of June 30, 2015. Specifically, our disclosure controls and procedures were not effective in timely alerting our management to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings and ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief financial officer, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure, for the following reasons:

- We do not have an independent board of directors or audit committee or adequate segregation of duties.
- We do not have an independent body to oversee our internal controls over financial reporting and lack segregation of duties due to the limited nature and resources of the Company.

We have begun to rectify these weaknesses by hiring additional accounting personnel and will create an independent board of directors once we have additional resources to do so.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company may be involved in legal actions and claims arising in the ordinary course of business from time to time. As of the date of this report, there are no ongoing legal matters of which management is aware.

Item 2. Unregistered Sales of Equity Securities.

In April 2014, Wytec International, Inc. issued 3,320,000 shares of Series A Preferred Stock, pursuant to Rule 506(b) of Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), to unrelated parties in exchange for registered link obligations and related equipment.

During the three month period ended June 30, 2014, the Company purchased 475,000 shares of its common stock from two officers of the Company at an aggregate cost of $19,285.

During the six month period ended June 30, 2015 issued 298,349 shares of Series B Preferred Stock, pursuant to Rule 506(b) of Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), to unrelated parties in exchange for $360,000 in cash and repayment of $485,090 in notes outstanding. In addition, the Company issued 5,000 shares of Wytec Common Stock for the exercise of warrants at an exercise price of $1.00 per share.

Item3. Defaults Upon Senior Securities.

As of June 30, 2015, $100,281 of our outstanding convertible and non-convertible debentures are in default.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit	**Exhibit Description**	**Filed herewith**	**Form**	**Period ending**	**Exhibit**	**Filing date**
2.1	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2		2	01/11/02
2.2	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2/A		2.2	08/02/02
2.3	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2/A		2.2	04/24/03
2.4	Plan and agreement of reorganization between Competitive Companies, Inc. and CCI Acquisition Corp		8-K		10.1	05/09/05
3(i)	Articles of Competitive Companies, as amended		SB-2		3(I)	01/11/02
3(ii)	Bylaws of Competitive Companies		SB-2		3(II)	01/11/02
4.1	Rights and Preferences of Preferred Stock		SB-2		4	01/11/02
4.2	Form of Warrant to be issued by Competitive Companies, Inc. to MediaG3, Inc.		8-K		4.1	11/15/11
4.3	Form of Warrant to be issued by Competitive Companies, Inc.		8-K		4.1	04/25/14
4.4	Stock Option Agreement issued by Competitive Companies, Inc.		8-K		4.1	04/25/14
10.1	Stock Purchase Agreement by and among Competitive Companies, Inc., a Nevada corporation, Wytec International, Inc., a Nevada corporation, MediaG3, Inc., a Delaware corporation, and its wholly owned subsidiary, Wytec, Incorporated, a California corporation		8-K		10.1	11/15/11
10.2	Amendment to Employment Agreement, dated July 25, 2014.		8-K		10.1	07/28/14
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act *	X				
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act *	X				
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act *	X				
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act *	X				
101.INS	XBRL Instance Document *	X				
101.SCH	XBRL Schema Document *	X				
101.CAL	XBRL Calculation Linkbase Document *	X				
101.DEF	XBRL Definition Linkbase Document *	X				

101.LAB	XBRL Label Linkbase Document *	X
101.PRE	XBRL Presentation Linkbase Document *	X

* Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements 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.

COMPETITIVE COMPANIES, INC.

By: /S/ William H. Gray

William H. Gray, Chairman, Chief Executive Officer,

President, and Chief Financial Officer (Principal

Executive Officer/Principal Accounting Officer)

Date: August 7, 2015