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

# FORM 10-K

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

For the fiscal year ended **December 31, 2017**

**000-55178**
(Commission File Number)

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

| | |
|---|---|
| **Nevada** | **46-2283393** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**420 Throckmorton Street, Suite 200**
**Ft. Worth, Texas 76102**
(Address of principal executive offices)

**(817) 945-6448**
(Registrant's telephone number, including area code)

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

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

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 preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant 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 (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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 | [ ] | Accelerated Filer | [ ] | | |
| Non-Accelerated Filer | [ ] | Smaller Reporting Company | [X] | Emerging Growth Company | [X] |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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

As of March 28, 2018, there were 72,300,000 shares of the registrant's common stock outstanding, each with a par value of $0.001.

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**FORM 10-K**
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**



**USE OF PRONOUNS AND OTHER WORDS**

The pronouns "we", "us", "our" and the equivalent used in this annual report mean Galenfeha, Inc. In the notes to our financial statements, the "Company" means Galenfeha, Inc. The pronoun "you" means the reader of this annual report.

**FORWARD-LOOKING STATEMENTS**

*Certain statements made in this Annual Report on Form 10-K are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving the continued expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although our management believes its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance the forward-looking statements included in this Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation that our objectives and plans will be achieved.*

## PART I

### ITEM 1 – DESCRIPTION OF BUSINESS

Galenfeha was incorporated on March 14, 2013 in the state of Nevada. Our corporate office is located at 420 Throckmorton Street, Suite 200, Ft. Worth Texas 76102, and our telephone number is 1-817-945-6448. Our website is www.galenfeha.com.

We are an engineering, product development, and manufacturing company that generates revenue by receiving royalties from products we developed, providing engineering, regulatory, and business consulting services across numerous disciplines, such as aerospace, automotive, and medical, and by making investments in companies that our management team feels to be undervalued.

With the recent sale of our stored energy division, and our oil and gas equipment division, we have moved the Company in the direction our founder originally envisioned. Our objective is to be a vehicle that assembles a team and finances the development of groundbreaking new technology that is resistant to adverse economic and market fluctuations.

A condensed version of our 2018 Statement of Work is as follows:

1. Finalize purchase of Fleaux Solutions, LLC
2. Explore investments both private and public
3. Develop new technologies for engineering, manufacturers, and product life cycles
4. Formulate applications for new technologies recently developed
5. Commercialize new technology and products

### ITEM 1A – RISK FACTORS

Not applicable to smaller reporting companies.

Although information for this item is not required, the company chooses to provide the following disclosures:

**CAUTIONARY NOTE TO INVESTORS:** Investing in our securities, whether open market purchases or private transactions, comes with the high risk that you could lose your entire investment**.** Our independent registered public accountant has issued an audit opinion which includes a statement expressing substantial doubt as to our ability to continue as a going concern. We have a limited history of operations, and have to date incurred losses since the company’s inception. We recently sold all divisions of our commercialized products, but retain royalties from some of these product lines.

Since our inception on March 14, 2013, through December 31, 2017, we have not been profitable; had a net loss of $3,654,479; and have generated limited revenues from operations. There is a substantial risk that we may never generate enough revenues to become profitable, and might have to discontinue operations, resulting in the loss of your entire investment.

### ITEM 1B – UNRESOLVED STAFF COMMENTS

We have no unresolved comments with the staff at the commission.

### ITEM 2 – DESCRIPTION OF PROPERTIES

We do not own any real property. During 2016 we leased 3,750 square feet of research/warehouse facilities in Shreveport, Louisiana, under a non-cancelable operating lease with an unrelated third party which expired November 1, 2016. This lease was terminated and not renewed on November 1, 2016. Rental expense with respect to the research/warehouse facilities for the year ended December 31, 2017 and 2016 was $0 and $28,600, respectively, with monthly payments of $2,600.

During 2016 we also leased an additional 1,250 square feet of office space in Shreveport, Louisiana through a non-cancelable operating lease with an unrelated third party which expired May 1, 2016, and continued month-to-month thereafter for $850 per month. This month-to-month lease was terminated and not renewed on November 1, 2016. Rental expense with respect to the office space for the year ended December 31, 2017 and 2016 was $0 and $8,500, respectively.

We lease our headquarters office space in Ft. Worth, Texas with an unrelated third party. Rent payments totaling $99 per month commence on January 1, 2016. Rental expense with respect to our headquarters for the year ended December 31, 2017 and 2016 was $1,386 and $1,089, respectively, and are on a month to month contract.

### ITEM 3 – LEGAL PROCEEDINGS

We are not engaged in any legal or administrative proceeding and believe none are threatened against us.

### ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

## PART II

### ITEM 5 – MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

**Market Information**

Our common stock is traded on the OTC Pink exchange, under the symbol "GLFH" On March 28, 2018, the last sale price for our common stock on the OTC Pink Exchange was $.10 per share. The following table sets forth the high and low sales prices per share of our common stock during each calendar quarter for the years ended December 31, 2017 and 2016:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| **Quarter Ended** | **High** | **Low** | **High** | **Low** |
| March 31 | $ .13 | $ 04 | $ .20 | $ .05 |
| June 30 | .09 | .02 | .07 | .02 |
| September 30 | .06 | .012 | .05 | .01 |
| December 31 | .04 | .01 | .09 | .01 |

***Holders of Common Stock***

According to a Non-Objecting Beneficial Owner (NOBO) list and our most recent transfer agent shareholder list, as of December 31, 2017 we had approximately 1,100 stockholders of record.

***Dividends***

To date, we have not paid dividends on shares of our common stock and we do not expect to declare or pay dividends on shares of our common stock in the foreseeable future. The payment of any dividends is within the discretion of our board of directors and will depend upon our future earnings, if any, our financial condition, and other factors deemed relevant by our Board of Directors.

***Equity Compensation Plans***

On October 17, 2013, we filed on form S-8, an employee stock compensation plan. This S-8 registration statement registers 100,000,000 shares of common stock which includes 45,000,000 shares of common stock that may be resold by Directors originally purchased at par value upon our formation that are covered by the "Affiliate Resale Restriction Agreement" and are released to each Director upon completion of the terms of the agreement as compensation for services completed, and 5,000,000 shares that may be resold by employees originally issued to them as compensation for services rendered, and 55,000,000 shares not yet issued for compensation of services.

In October 2013, we entered into an agreement with the Directors called "Employee Resale Restriction Agreement". In short, this plan prevents our directors from terminating his/her position, and keep stock they acquired upon our formation. Details of the agreement can be found on Form 8-K filed with the Securities and Exchange Commission on October 25, 2013.

***Recent Sales of Unregistered Securities***

The Company made no private sales of common stock in the twelve months ending December 31, 2017 and 2016.

### ITEM 6 – SELECTED FINANCIAL DATA

Pursuant to Item 301(c) of Regulation S-K, we are not required to provide selected financial data**.**

### ITEM 7 – MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the audited financial statements and accompanying notes and other financial information appearing elsewhere in this annual report on Form 10-K.

Overview

For the year ending December 31, 2017, the company had limited revenues, and limited operations.

On January 21, 2017, the company entered into a non-binding Letter of Intent to purchase Additive Manufacturing, LLC for a cash purchase of $14,000,000. This acquisition attempt was terminated during the second quarter of 2017.

On January 23, 2017, the Company announced on Form 8-K filed with the commission that the company entered into an agreement to sell its entire Daylight Pump inventory to SouthVestBDC, LLC for a cash selling price of $400,000. A majority of the proceeds of this sale were to be used to repay a note secured by the pump inventory with Kevin L. Wilson on August 23, 2016 for $350,000 plus accrued interest.

On March 9, 2017, the Company sold its entire Daylight Pump inventory to Fleaux Services, LLC. The sale was for a cash consideration of $25,000 USD; and Fleaux Services, LLC will assume responsibility of a promissory note held by Kevin L. Wilson in the amount of $350,000 and all accrued interest this note had accumulated since issuance on August 23, 2016.

In June and July of 2017, the Company entered into two Convertible Promissory Notes with Power Up Lending Group, Ltd. At the time of this report, both of these notes have been paid in full and extinguished, and there is no common stock remaining to be converted.

On January 29, 2018, the Company entered into a Definitive Agreement to acquire Fleaux Solutions, LLC for a cash purchase of $1.00. On January 29, 2018, Galenfeha's President and CEO filed with the commission on Form 4, disclosing the sale of 3,000,000 shares of preferred Series B stock to an affiliate of Fleaux Solutions, LLC, and to an affiliate of Fleaux Services of Louisiana, LLC. These shares will be moved into the Series A preferred stock. Series A votes 1:1; converts back to common 1:1; is not subject to splits in order to facilitate mergers, acquisitions, or meeting the requirements of a listed exchange; and cannot be converted back to common for resale in the open market until a 30 day VWAP of $3.50 per share has been met in Galenfeha's public trading market. All future sales of company securities by affiliates will adhere to rules and regulations of the Commission.

On February 1, 2018; the Company announced that the Fleaux Solutions Division secured a $650,000 bank line of credit, as well as an additional $500,000 from a private investor. Fleaux Solutions is engaged in the business of sewer rehabilitation with local government and municipality contracts.

**Liquidity and Capital Resources**

"Liquidity" refers to our ability to generate adequate amounts of cash to meet our funding needs. We believe we have adequate capital resources and liquidity from our operations to maintain current operations during 2017, but continue to be dependent on sales of common stock and bank financing to fund operations until we achieve a positive cash flow.

We do not currently have material commitments for capital expenditures and do not anticipate entering into any such commitments during the next twelve months.

At December 31, 2017, we had current assets of $54,964 comprised of cash and cash equivalents of $469 and marketable securities of $54,495. Our current liabilities were $27,373 in convertible notes, $38,767 in accounts payable and accrued expenses, $30,238 in derivative liabilities and $26,000 note payable to an officer, resulting in working capital deficit of ($67,414).

Net cash used in operating activities was $97,324 for the year ended December 31, 2017, from a net loss of $162,572, decrease in deferred revenue of $11,436, cancelation of unvested shares issued for services of $12,750, realized gains on sales of investments of $9,656, unrealized gains on investments of $1,003, offset by an decrease in accounts receivable of $14,189, inventory of $6,041, and prepaid expenses of $1,000, an increase in accounts payable of $30,667, losses on the sale of derivative instruments of $18,352, and amortization of discounts of $21,173.

Net cash used in investing activities for the year ended December 31, 2017 was $19,513, consisting of cash received from the sale of the pump division of $25,000, offset by $667 in repurchases and cancellation of shares, and $43,836 in net purchases of investments.

Net cash used in financing activities was $12,667, consisting of proceeds from notes payable/margin loans of $49,805, proceeds from convertible debentures of $70,000, offset by $49,805 in principal payments, bank overdraft of $1,333, and $84,000 in payments on loans from officers. Since inception, we have used our common stock to raise money for the research and development of our intended products, for corporate expenses, and for current operations.

Deficit accumulated since inception is $3,654,479. Our ability to meet our financial liabilities and commitments is primarily dependent upon the continued financial support of our management and stockholders, the continued issuance of equity to new stockholders, and our ability to achieve and maintain profitable operations.

We did not have any material commitments at December 31, 2017.

Our ability to continue as a going concern is dependent on our ability to raise additional capital and attained profitable operations. Since its inception, we have been funded by sales of company stock, and funds contributed by related parties through capital investment and borrowing funds. For these reasons, our auditors stated in their report on our audited financial statements that they have substantial doubt that we will be able to continue as a going concern without further financing.

**Plan of Operation**

A condensed version of our 2018 Statement of Work is as follows:

1. Finalize purchase of Fleaux Solutions, LLC
2. Explore investments both private and public
3. Develop new technologies for product development, engineering, and manufacturers
4. Formulate applications for new products recently developed
5. Commercialize new technology and products

**Results of Activities**

***For the Year Ended December 31, 2017***

Results of Operations

We are a recently organized company and have incurred $3,654,479 in deficit from inception (March 14, 2013) through December 31, 2017. For the years ended December 31, 2017 and 2016 we incurred $94,923 and $153,720, respectively, in general and administrative expenses, payroll expenses, professional fees, and engineering research and development.

*Revenues- Discontinued Operations:*

Our revenues were $11,435 for the year ended December 31, 2017 compared to $914,634 in 2016. All of the $11,435 of revenue recorded during 2017 was attributable to third party sales. Of the $914,634 of revenue recorded during 2016, $817,426 was to third parties and $97,208 was to related parties. The decrease is from the Company selling its Stored Energy and Daylight Pump divisions.

*Cost of Revenues – Discontinued Operations:*

Our cost of revenue was $6,041 for the year ended December 31, 2017, compared to $672,752 in 2016. Costs were cost of materials and manufacturing supplies, with the decrease attributable to the sale of the Company's Stored Energy and Daylight Pump divisions.

*Operating Expenses – Continuing Operations*:

Operating expenses for the year ended December 31, 2017, and December 31, 2016, were $94,923 and $153,720, respectively. The decrease in operating expenses was largely attributable to the Board Members receiving little if any compensation from the Company during the twelve months ended December 31, 2017. The company had impairment loss of $443,935 at December 31, 2016.

*Net Operating Loss and Net Loss:*

Net operating loss for the year ended December 31, 2017 and 2016 was $94,923 and $928,095, respectively. The Company realized a lower net loss because of reduced payroll costs and corresponding share based compensation relating to employee stock options, reduced option expense for initial research and development engineering services, reduced expenses due to shares subscribed for legal services rendered, and lower advertising costs.

Net loss for the year ended December 31, 2017 and 2016 was $162,572 and $1,282,073, respectively. The Company realized a lower net loss because of the sale of the Company's Stored Energy and Daylight Pump divisions.

***Impact of Inflation***

We believe that the rate of inflation has had a negligible effect on our operations.

***Future Financings***

We will continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. You have no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and Development activities.

***Off-Balance Sheet Arrangements***

We have no 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 stockholders.

***Critical Accounting Policies***

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

*Recently Issued Accounting Pronouncements*

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

*Contractual Obligations*

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

**ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Pursuant to Item 305(e) of Regulation S-K, we are not required to provide quantitative and qualitative disclosure..

**ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**Galenfeha, Inc.**
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

## Report of Independent Registered Public Accounting Firm

To the shareholders and board of directors of
**Galenfeha, Inc.**

***Opinion on the Financial Statements***

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

***Going Concern Matter***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

***Basis for Opinion***

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

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

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

*/s/ MaloneBailey, LLP*
www.malonebailey.com
We have served as the Company's auditor since 2015.
Houston, Texas
March 28, 2018

**Galenfeha, Inc.**
**CONSOLIDATED BALANCE SHEETS**
**As of December 31, 2017 and 2016**

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 469 | $ 129,973 |
| Marketable securities | 54,495 | - |
| Accounts receivable from related parties | - | 14,189 |
| Assets held for sale | - | 381,041 |
| Total current assets | 54,964 | 525,203 |
| **OTHER ASSETS** | | |
| Deposits | - | 1,000 |
| **TOTAL ASSETS** | $ 54,964 | $ 526,203 |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities | $ 38,767 | $ 32,892 |
| Deferred revenue | - | 43,602 |
| Liabilities held for sale | - | 350,000 |
| Due to officer | 26,000 | 110,000 |
| Convertible notes, net of unamortized discounts of $49,127 | 27,373 | - |
| Derivative liability | 30,238 | - |
| Total current liabilities | 122,378 | 536,494 |
| Total liabilities | 122,378 | 536,494 |
| **STOCKHOLDERS' DEFICIT** | | |
| Preferred stock | | |
| Preferred A shares: Authorized: 20,000,000 shares, $0.001 par value, 7,300,000 issued and outstanding at December 31, 2017 0 issued and outstanding at December 31, 2016 | 7,300 | - |
| Preferred B shares: Authorized 30,000,000 shares, $0.001 par value, 27,347,563 issued and outstanding at December 31, 2017 and 2016 | 27,348 | 27,348 |
| Common stock | | |
| Authorized: 150,000,000 common shares, $0.001 par value, 64,407,408 issued and outstanding at December 31, 2017 and 69,318,537 issued and outstanding at December 31, 2016 | 64,407 | 69,318 |
| Additional paid-in capital | 3,488,010 | 3,384,950 |
| Accumulated deficit | (3,654,479) | (3,491,907) |
| Total stockholders' deficit equity | (67,414) | (10,291) |
| **TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT** | $ 54,964 | $ 526,203 |

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**Galenfeha, Inc.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**For the Years Ended December 31, 2017 and 2016**

| | | December 31, 2017 | | December 31, 2016 |
|---|---|---|---|---|
| Operating Expenses: | | | | |
| General and administrative | | 14,766 | | 54,707 |
| Payroll expenses | | 5,764 | | 35,028 |
| Professional fees | | 70,605 | | 63,985 |
| Research and development | | 3,788 | | - |
| Impairment loss on pump assets | | - | | 443,935 |
| Total operating expenses | | 94,923 | | 597,655 |
| Loss from operations | | (94,923) | | (597,655) |
| Other (expense) income | | | | |
| Interest income | | - | | 6 |
| Royalty income | | 10,000 | | - |
| Miscellaneous income, net | | 885 | | - |
| Cancellation of debt income | | - | | 13,545 |
| Realized gain (loss) on sale of investments | | 9,656 | | - |
| Unrealized gain (loss) on trading securities | | 1,003 | | - |
| Interest expense | | (43,196) | | (473,045) |
| Gain (loss) on derivative instruments | | (18,352) | | 129,054 |
| Total other income (expense) | | (40,004) | | (330,440) |
| Loss from continuing operations | | (134,927) | | (928,095) |
| Loss from discontinued operations | | (27,645) | | (353,978) |
| Net loss | $ | (162,572) | $ | (1,282,073) |
| Loss per share, basic and diluted: | | | | |
| Continuing operations | $ | (0.00) | $ | (0.01) |
| Discontinued operations | | (0.00) | | (0.00) |
| Net loss | $ | (0.00) | $ | (0.01) |
| Weighted average number of common sharesoutstanding, basic and diluted | | 62,227,664 | | 88,586,086 |

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**Galenfeha, Inc.**
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**
**For the Years Ended December 31, 2017 and 2016**

| | Preferred Stock | | Common Stock | | Additional Paid-in | Accumulated | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Capital | Deficit | Total |
| Balance – December 31,2015 | - | - | 86,126,100 | $ 86,126 | $ 3,162,529 | $ (2,209,834) | $ 1,038,821 |
| Reclass of conversion option to derivative liability | - | - | - | - | (6,175) | - | (6,175) |
| Options expense | - | - | - | - | 65,360 | - | 65,360 |
| Stock issued for conversion of debt | - | - | 10,040,000 | 10,040 | 62,230 | - | 72,270 |
| Derivative liability extinguished on conversion | - | - | - | - | 163,487 | - | 163,487 |
| Common shares issued for services | - | - | 500,000 | 500 | 12,250 | - | 12,750 |
| Revaluation of common shares issued for services | - | - | - | - | 4,780 | - | 4,780 |
| Non-vested option forfeited | - | - | - | - | (94,519) | - | (94,519) |
| Related party gain on sale of battery assets | - | - | - | - | 15,008 | - | 15,008 |
| Common stock converted to preferred stock | 27,347,563 | $ 27,348 | (27,347,563) | (27,348) | - | - | - |
| Net loss | - | - | - | - | - | (1,282,073) | (1,282,073) |
| Balance – December 31, 2016 | 27,347,563 | $ 27,348 | 69,318,537 | $ 69,318 | $ 3,384,950 | $ (3,491,907) | $ (10,291) |
| Common stock returned to Company and cancelled | - | - | (500,000) | (500) | 500 | - | - |
| Forfeiture of unvested shared issued for service | - | - | - | - | (12,750) | - | (12,750) |
| Related party gain on sale of pump assets | - | - | - | - | 52,291 | - | 52,291 |
| Common stock converted to preferred stock | 8,118,537 | 8,118 | (8,118,537) | (8,118) | - | - | - |
| Preferred stock converted to common stock | (818,537) | (818) | 818,537 | 818 | - | - | - |
| Repurchase and cancellation of common stock | - | - | (18,537) | (18) | (659) | - | (677) |
| Stock issued for conversion of debt | - | - | 2,907,408 | 2,907 | 18,093 | - | 21,000 |
| Derivative liability extinguished on conversion | - | - | - | - | 45,585 | - | 45,585 |
| Net loss | - | - | - | - | - | (162,572) | (162,572) |
| Balance – December 31, 2017 | 34,647,563 | $ 34,648 | 64,407,408 | $ 64,407 | $ 3,488,010 | $ (3,654,479) | $ (67,414) |

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**Galenfeha, Inc.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the Years Ended December 31, 2017 and 2016**

| | Year Ended December 31, 2017 | Year Ended December 31, 2016 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net loss | $ (162,572) | $ (1,282,073) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Impairment loss on pump assets | - | 443,935 |
| Depreciation and amortization from discontinued operations | - | 25,711 |
| Non-vested options forfeited | - | (94,519) |
| Common shares issued for services | - | 17,530 |
| Options expense | - | 65,360 |
| Forfeiture of unvested shares issued for services | (12,750) | - |
| Loss on derivative instruments | 18,352 | (129,054) |
| Addition on principal due to default | 21,500 | - |
| Financing costs on convertible note discounted | (12,829) | - |
| Amortization of debt discounts | 21,173 | 372,016 |
| Realized gains on investments | (9,656) | - |
| Unrealized gains on investments | (1,003) | - |
| Changes in Operating Assets and Liabilities: | | |
| Decrease (increase) in accounts receivable | - | 107,424 |
| Decrease (increase) in accounts receivable from related party | 14,189 | (13,853) |
| Decrease (increase) in inventory | 6,041 | 344,070 |
| Decrease (increase) in prepaid expenses and other assets | 1,000 | (3,747) |
| Increase (decrease) in accounts payable and accrued liabilities | 30,667 | (166,328) |
| Increase (decrease) in accounts payable to related parties | - | (123,282) |
| Increase (decrease) in deferred revenue | (11,436) | 43,602 |
| Net cash used in operating activities | (97,324) | (393,208) |
| | | |
| INVESTING ACTIVITIES | | |
| Sales and purchases of investments, net | (43,836) | - |
| Repurchase and cancellation of shares | (677) | - |
| Cash received for sale of pump assets | 25,000 | - |
| Cash received for sale of battery assets | - | 350,000 |
| Net cash provided by (used in) investing activities | (19,513) | 350,000 |
| | | |
| FINANCING ACTIVITIES | | |
| Proceeds from notes payable/margin loan | 49,805 | 421,000 |
| Bank overdraft | 1,333 | - |
| Payments on notes payable/margin loan | (49,805) | (617,853) |
| Proceeds from convertible debentures, net of accrued interest | 70,000 | 344,493 |
| Proceeds from related party promissory note | - | 100,000 |
| Payments on related party convertible promissory note | - | (225,000) |
| Borrowings on finance contracts | - | 18,168 |
| Payments on finance contracts | - | (24,960) |
| Net advance from officer | - | 110,000 |
| Payments on liabilities due to officer | (84,000) | - |
| Net cash provided by (used in) financing activities | (12,667) | 125,848 |
| | | |
| NET INCREASE (DECREASE) IN CASH | (129,504) | 82,640 |
| CASH AT BEGINNING OF PERIOD | 129,973 | 47,333 |
| CASH AT END OF PERIOD | $ 469 | $ 129,973 |
| | | |
| SUPPLEMENTAL INFORMATION | | |
| Cash paid for: | | |
| Interest expense | $ 6,313 | $ 115,364 |
| Income taxes | - | - |
| | | |
| NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Common stock converted to preferred stock | $ 8,118 | $ 27,348 |
| Preferred stock converted to common stock | 818 | - |
| Return and cancellation of common stock | 500 | - |
| Debt discount due to derivative liabilities | 57,471 | 286,366 |
| Common stock issued for debt conversion | 21,000 | 72,270 |
| Reclass of conversion option from equity to derivative liabilities | - | 6,175 |
| Derivative liability extinguished on conversion | 45,585 | 163,487 |
| Liabilities released upon sale of pump division | 402,291 | - |
| Assets reclassed to held for sale | - | 381,041 |
| Liabilities reclassed to held for sale | - | 350,000 |
| Related party gain on sale of battery assets | - | 15,008 |
| Related party gain on sale of pump division | 52,291 | - |

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**Galenfeha, Inc.**
**Notes to Consolidated Financial Statements**
**December 31, 2017 and 2016**

## NOTE 1 - NATURE OF BUSINESS

Galenfeha was incorporated on March 14, 2013 in the state of Nevada. Our corporate office is located at 420 Throckmorton Street, Suite 200, Ft. Worth Texas 76102, and our telephone number is 1-817-945-6448. Our website is www.galenfeha.com.

We are engineering, product development, and manufacturing company that generates revenue by receiving royalties from products we developed, providing engineering, regulatory, and business consulting services across numerous disciplines, such as aerospace, automotive, and medical, and by making investments in companies that our management team feels to be undervalued. Our objective is to be a vehicle that assembles a team and finances the development of groundbreaking new technology that is resistant to adverse economic and market fluctuations.

With the recent sale of our stored energy division, and our oil and gas equipment division, we have moved the Company in the direction our founder originally envisioned.

A condensed version of our 2018 Statement of Work is as follows:

1. Finalize purchase of Fleaux Solutions, LLC
2. Explore investments both private and public
3. Develop new technologies for product development, engineering, and manufacturers
4. Formulate applications for new products recently developed
5. Commercialize new technology and products

## NOTE 2 - GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has a working capital deficit and has incurred net losses and net cash used in operations since inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon the Company's ability to achieve a level of profitability. The Company intends on financing its future development activities and its working capital needs largely from the sale of public equity securities with some additional funding from other traditional financing sources, including term notes until such time that funds provided by operations are sufficient to fund working capital requirements. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

## NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*BASIS OF PRESENTATION*

The Financial Statements and related disclosures have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The Financial Statements have been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles ("GAAP") of the United States (See Note 2 regarding the assumption that the Company is a "going concern"). Certain prior period amounts have been reclassified to conform to current period presentation.

*PRINCIPLES OF CONSOLIDATION*

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Daylight Pumps, Inc. All significant inter-company accounts and transactions have been eliminated.

*USE OF ESTIMATES*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions also affect the reported amounts of revenues, costs, and expenses during the reporting period. Management evaluates these estimates and assumptions on a regular basis. Actual results could differ from those estimates.

*REVENUE RECOGNITION*

The Company recognizes revenue for sales and billing for freight charges upon delivery of the product to the customer at a fixed and determinable price with a reasonable assurance of collection, passage of title to the customer as indicated by shipping terms and fulfillment of all significant obligations, pursuant to the guidance provided by Accounting Standards Codification ("ASC") Topic 605. For sales to all customers, including manufacturer representatives, distributors or their third-party customers, these criteria are met at the time product is delivered. When other significant obligations remain after products are delivered, revenue is recognized only after such obligations are fulfilled. In addition, judgments are required in evaluating the credit worthiness of our customers. Credit is not extended to customers and revenue is not recognized until we have determined that collectability is reasonably assured. The Company estimates customer product returns based on historical return patterns and reduces sales and cost of sales accordingly.

During the year ended December 31, 2017, 100% of royalty income received was from single related party customer.

During the year ended December 31, 2016, 100% of sales were to a single related party customer. These revenue generating activities have been discontinued (see Note 16).

*CASH AND CASH EQUIVALENTS*

All cash, other than held in escrow, is maintained with a major financial institution in the United States. Deposits with this bank may exceed the amount of insurance provided on such deposits. Temporary cash investments with an original maturity of three months or less are considered to be cash equivalents. Cash at December 31, 2017 and December 31, 2016 was $469 and $129,973, respectively.

*ACCOUNTS RECEIVABLE*

Accounts receivable represents the uncollected portion of amounts recorded as revenues. Management performs periodic analyses to evaluate all outstanding accounts receivable to estimate an allowance for doubtful accounts that may not be collectible, based on the best facts available to management. Management considers historical collection patterns, accounts receivable aging trends and specific identification of disputed invoices in its analyses. After all reasonable attempts to collect a receivable have failed, the receivable is directly written off. As of December 31, 2017 and December 31, 2016, the balance of the allowance for doubtful accounts was $0 and $0, respectively.

As of December 31, 2017, the Company didn't have any outstanding accounts receivable. As of December 31, 2016, accounts receivable from a single related party customer comprised 100% of accounts receivable.

*INVENTORIES*

Inventories are stated at the lower of cost, determined on a first-in, first-out basis ("FIFO"), or market, including direct material costs and direct and indirect manufacturing costs. Inventory consists of the following amounts as of December 31, 2017 and 2016.

| | 2017 | 2016 |
|---|---|---|
| **Raw Materials** | $ - | $ 196,760 |
| **Work In Process** | - | - |
| **Finished Goods** | - | 184,281 |
| **Total Inventory (held for sale as of December 31, 2017)** | $ - | $ 381,041 |

An impairment loss of $44,825 was recognized against inventory assets held for sale during the year ended December 31, 2016.

*PROPERTY AND INTANGIBLE ASSETS*

Property, plant and equipment is recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years for furniture, fixtures, and equipment and forty years for improvements. Total depreciation and amortization expense related to property and equipment was $0 and $25,711 for the years ended December 31, 2017 and 2016. Expenditures for repairs and maintenance are charged to expense as incurred. Intangible asset consisted of a customer list acquired in the Daylight Pumps acquisition. Amortization is computed using the straight-line method over the estimated useful life of three years. Total amortization expense related to intangible asset was $0 and total depreciation expense related to property and equipment was $0 for the year ended December 31, 2017. Total amortization expense related to intangible asset was $7,599 and total depreciation expense related to property and equipment was $18,112 for the year ended December 31, 2016.

*IMPAIRMENT OF LONG-LIVED ASSETS*

The Company reviews and evaluates long-lived assets for impairment when events or changes in circumstances indicate the related carrying amounts may not be recoverable. An impairment loss is recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. When impairment is identified, the carrying amount of the asset is reduced to its estimated fair value. Assets to be disposed of are recorded at the lower of net book value or fair market value less cost to sell at the date management commits to a plan of disposal. There were impairments of $0 and $9,271 to long-lived assets for the Company's years ended December 31, 2017 and 2016.

*GOODWILL*

Goodwill is carried at cost and is not amortized. The Company tests goodwill for impairment on an annual basis at the end of each fiscal year, relying on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and marketplace date. Company management uses its judgment in assessing whether goodwill has become impaired between annual impairment tests according to specifications set forth in ASC 350. The Company completed an evaluation of goodwill at December 31, 2017 and 2016 and recognized an impairment loss of $0 and $389,839, respectively.

*RESEARCH AND DEVELOPMENT COSTS*

Research and development costs, predominately internal labor costs and costs of materials, are charged to expense when incurred. The Company expensed research and development costs of $3,788 and $0 for the years ended December 31, 2017 and 2016, respectively.

*ADVERTISING EXPENSES*

Advertising expenses are expensed as incurred. The Company expensed advertising costs of $1,225 and $9,478 for the years ended December 31, 2017 and 2016, respectively.

*SHIPPING AND HANDLING CHARGES*

The Company incurs costs related to shipping and handling of its manufactured products. These costs are expensed as incurred as a component of cost of sales. Shipping and handling charges related to the receipt of raw materials are also incurred, which are recorded as a cost of the related inventory.

*DEFERRED INCOME TAXES AND VALUATION ALLOWANCE*

The Company accounts for income taxes under FASB ASC 740 Topic "Income Taxes." Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. No deferred tax assets were recognized at December 31, 2017 and 2016.

*NET INCOME (LOSS) PER COMMON SHARE*

Net income (loss) per share is calculated in accordance with FASB ASC 260 topic, "Earnings Per Share." The weighted-average number of common shares outstanding during each period is used to compute basic earning or loss per share. Diluted earnings or loss per share is computed using the weighted average number of shares and diluted potential common shares outstanding. Dilutive potential common shares are additional common shares assumed to be exercised.

Basic net income (loss) per common share is based on the weighted average number of shares of common stock outstanding at December 31, 2017 and 2016. During the years ended December 31, 2017 and 2016, the Company excluded 0 and 300,000 options, respectively, from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

*FAIR VALUE ACCOUNTING*

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC 820, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company utilized level 3 inputs to estimate the fair value of its derivative instruments using the Black-Scholes Option Pricing Model. There were no outstanding assets or liabilities measured on a recurring basis at December 31, 2017 or 2016 other than marketable securities (see note 5).

*SHARE-BASED EXPENSES*

FASB ASC 718 "Compensation – Stock Compensation" prescribes accounting and reporting standards for all share-based payment transactions in which employee services are acquired. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights.

Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period).

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50, "Equity – Based Payments to Non-Employees." Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date.

Aggregate share-based expenses (including options and common stock) for the years ending December 31, 2017 and 2016 were $(12,750) and $(11,629) respectively.

*RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS*

Management does not expect the adoption of any recently issued accounting pronouncements to have a material impact on the Company's present or future financial statements.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, ranging from three to forty years.

Depreciation expense related to property and equipment was $0 and $18,112 for the years ended December 31, 2017 and 2016, respectively.

During the year ended December 31, 2016, the Company disposed all of its manufacturing assets, furniture and equipment, and leasehold improvements when the Company sold its stored energy division to Fleaux Services of Louisiana, LLC, a related party. All of the manufacturing assets, furniture and equipment, and leasehold improvements were on hand and used at the manufacturing facility in Shreveport, Louisiana. As of December 31, 2016 the Company had closed this office and terminated any leases relating these facilities.

**NOTE 5 – INVESTMENTS**

Marketable securities are accounted for on a specific identification basis. As of December 31, 2017 and 2016, we held available for sale marketable securities with an aggregate fair value of $54,495 and $0 respectively. As of December 31, 2017, all of our marketable securities were invested in publicly traded equity holdings. Marketable securities were classified as current based on the percentage of the equity controlled by the Company as well as our intended use of the assets. The Company recognized unrealized gains, for the twelve months ended December 31, 2017 and 2016 in the amounts of $1,003 and $0, respectively. The Company recognized realized gains, for the twelve months ended December 31, 2017 and 2016 in the amounts of $9,656 and $0, respectively.

The Company's assets measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820 at December 31, 2017, was as follows:

| | Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance as of December 31, 2017 |
|---|---|---|---|---|
| Assets | | | | |
| Marketable securities | $ 54,495 | - | - | $ 54,495 |

During twelve months ended December 31, 2017, the Company raised a total of $49,805 from margin loan associate with its brokerage account and repaid $49,805 during the same period. As of December 31, 2017, the company has a $0 balance in this margin loan account.

**NOTE 6 – NOTES PAYABLE**

On May 12, 2016, the Company incurred a loan of $5,625 relating to the renewal of their commercial general liability insurance. The note has an interest rate of 8.00%, payable in payments of $583 for 10 months. Additionally in May of 2016, the Company incurred a loan of $5,746 relating to the renewal of their workers compensation, commercial property, and commercial automobile insurance. The loan balance increased by $6,798 on September 27, 2016 due to an additional workers compensation assessment after auditing the prior payroll period. The note has an interest rate of 0.00%, payable in payments of $936, $1,223, $599, and $7.669 in months one, two, three and four, respectively, and $509 per month for the remaining four months. The Company has cancelled all insurance policies financed under these agreements and the outstanding balance on these finance agreements was $0 as of December 31, 2017 and 2016.

On May 12, 2016, the Company entered into a Promissory Note Agreement with Diane Moore, a related party, in the amount of $100,000. The note bears an interest rate of 5% per annum until the balance is paid in full. Repayment of the loan is due on or before December 31, 2016. The note was paid in full on November 16, 2016 leaving a balance due of $0 as of December 31, 2016, and the holder agreed to forego any accrued interest due under the terms of the note.

On August 23, 2016, the Company entered into a Promissory Note Agreement with Kevin L. Wilson, in the amount of $350,000. The note bears an interest rate of 11 ½ % per annum from the date until the principal is paid in full. This note may be prepaid in whole or in part, without penalty. All outstanding principal, interest and fees shall be due and payable on or before August 23, 2017. As of December 31, 2016, the principal and interest due on the note is $364,336 (the accrued interest of $14,336 is presented as accounts payable in the consolidated balance sheet). This note was assumed by the purchaser in the sale of the Company's Daylight Pumps division. It is classified as liabilities held for sale as of December 31, 2016. This note was assumed by the purchaser of the pumps division on March 9, 2017. The total amount of accrued interest due of $20,125 under the note was paid in full by the purchaser in the sale of the Company's Daylight Pumps division.

**NOTE 7 – CONVERTIBLE LOANS**

As of November 4, 2016, the Company had terminated and extinguished all of the convertible notes the Company entered into during the first and second quarters of 2016.

*February 2016 Note*

Effective February 29, 2016 the Company entered into a Convertible Promissory Note ("Vista Note") with Vista Capital Investments, LLC pursuant to which the Company issued Vista Capital Investments, LLC a convertible note in the amount of $275,000 with an original issue discount in the amount of $25,000. The principal amount due Vista Capital Investments, LLC is based on the consideration paid. The maturity date is two years from the effective date of each payment. On February 29, 2016 the Company received consideration of $75,000 for which an original issue discount of $7,500 was recorded. In addition, the Company recognized a discount of $5,625 on fees paid upon entering into this agreement and recognized accrued interest under the Vista Note totaling $16,500. There were no additional borrowings under the Vista Note during the twelve months ended December 31, 2017 and 2016. The Vista Note carries an interest rate of 6% which shall be applied on the issuance date to the original principal amount.

The Vista Note provides Vista Capital Investments, LLC the right at any time, to convert the outstanding balance (including accrued and unpaid interest) into shares of the Company's common stock at 70% of the lowest trade price in the 25 trading days previous to the conversion, additional discounts may apply in the case that conversion shares are not deliverable or if the shares are ineligible. As a result of the derivatives calculation (see Note 9) an additional discount of $72,775 was recorded. On September 1, 2016 Vista converted $9,951 of the Vista Convertible Note into a total of 790,000 shares of Common Stock at a fair value of $0.01260 per share. On September 28, 2016 Vista converted $10,200 of the Vista Convertible Note into a total of 2,000,000 shares of Common Stock at a fair value of $0.0051 per share. See Note 9.

Amortization of the debt discount totaled $102,400 for the twelve months ended December 31, 2016 and $0 during December 31, 2017. The principal balance due, net of the amortized discount under the Vista Note was $0 at December 31, 2017 and 2016.

*March 2016 Note*

Effective March 2, 2016 the Company entered into a Convertible Promissory Note ("JMJ Note") with JMJ Financial pursuant to which the Company issued JMJ Financial a convertible note in the amount of $500,000 with an original issue discount in the amount of $50,000. The principal amount due JMJ is based on the consideration paid. The maturity date is two years from the effective date of each payment. On March 2, 2016 the Company received consideration of $100,000 for which an original issue discount of $10,000 was recorded. In addition, the Company recognized a discount of $7,500 on fees paid upon entering into this agreement. There were no additional borrowings under the JMJ Note during the twelve months ended December 31, 2016. If the Company doesn't repay the JMJ Note on or before 90 days from the effective date the Company may not make further payments on this JMJ Note prior to the maturity date and a one-time interest charge of 12% will be applied to the principal amount. Since no payments were made on the note on or before 90 days from the effective date of the note, accrued interest due was recorded in the amount of $13,200 on June 1, 2016 which shall be applied to the original principal balance. Interest paid under the JMJ Note totaled $17,672 at December 31, 2016.

The JMJ Note provides JMJ Financial the right at any time, to convert the outstanding balance (including accrued and unpaid interest) into shares of the Company's common stock at 60% of the lowest trade price in the 25 trading days previous to the conversion, additional discounts may apply in the case that conversion shares are not deliverable or if the shares are ineligible. As a result of the derivatives calculation (see Note 9) an additional discount of $96,374 was recorded. On September 12, 2016 JMJ converted $8,820 of the JMJ Convertible Note into a total of 700,000 shares of Common Stock at a fair value of $0.01260 per share. On September 21, 2016 JMJ converted $9,000 of the JMJ Convertible Note into a total of 750,000 shares of Common Stock at a fair value of $0.01200 per share. On September 28, 2016 JMJ converted $7,344 of the JMJ Convertible Note into a total of 1,200,000 shares of Common Stock at a fair value of $0.006120 per share. On October 5, 2016 JMJ converted $7,800 of the March 2016 JMJ Convertible Note into a total of 1,300,000 shares of Common Stock at a fair value of $0.006000 per share. On October 18, 2016 JMJ converted $9,000 of the March 2016 JMJ Convertible Note into a total of 1,500,000 shares of Common Stock at a fair value of $0.006000 per share. On October 25, 2016 JMJ converted $10,152 of the March 2016 JMJ Convertible Note into a total of 1,800,000 shares of Common Stock at a fair value of $0.005640 per share. See Note 9.

Amortization of the debt discount totaled $142,116 for the twelve months ended December 31, 2016. The principal balance due, net of the amortized discount under the JMJ Note was $0 at December 31, 2017 and 2016.

*April 2016 Note*

Effective April 22, 2016 the Company entered into a Convertible Promissory Note ("Auctus Note") with Auctus Fund, LLC pursuant to which the Company issued Auctus Fund, LLC a convertible note in the amount of $75,000. The maturity date is January 22, 2017. On April 22, 2016 the Company received consideration of $75,000. In addition, the Company recognized a discount of $6,750 on fees paid upon entering into this agreement. The Auctus Note carries an interest rate of 10% which shall be applied on the issuance date to the original principal amount. Interest paid under the Auctus Note totaled $17,672 for the twelve months ended December 31, 2016.

The Auctus Note provides Auctus Fund, LLC the right at any time, to convert the outstanding balance (including accrued and unpaid interest) into shares of the Company's common stock at 60% of the lowest trade price in the 25 trading days previous to the conversion, additional discounts may apply in the case that conversion shares are not deliverable or if the shares are ineligible. As a result of the derivatives calculation (see Note 9) an additional discount of $62,625 was recorded. Amortization of the debt discount totaled $75,000 for the twelve months ended December 31, 2016. The principal balance due, net of the amortized discount under the Auctus Note was $0 at December 31, 2017 and 2016.

*May 2016 Note*

Effective April 18, 2016 the Company entered into a Convertible Promissory Note ("Adar Note") with Adar Bays, LLC pursuant to which the Company issued Adar Bays, LLC a convertible note in the amount of $52,500 with an original issue discount in the amount of $2,500. The maturity date is April 18, 2017. On May 12, 2016 the Company received consideration of $50,000 for which an original issue discount of $2,500 was recorded. In addition, the Company recognized a discount of $6,250 on fees paid upon entering into this agreement. The Adar Note carries an interest rate of 8% which shall be applied on the issuance date to the original principal amount. Interest paid under the Adar Note totaled $27,207 for the twelve months ended December 31, 2016.

The Adar Note provides Adar Bays, LLC the right at any time, to convert the outstanding balance (including accrued and unpaid interest) into shares of the Company's common stock at 60% of the lowest trade price in the 20 trading days previous to the conversion, additional discounts may apply in the case that conversion shares are not deliverable or if the shares are ineligible. As a result of the derivatives calculation (see Note 9) an additional discount of $39,550 was recorded. Amortization of the debt discount totaled $52,500 for the twelve months ended December 31, 2016. The principal balance due, net of the amortized discount under the Adar Note was $0 at December 31, 2017 and 2016.

*June 2017 Note*

Effective June 8, 2017 the Company entered into a Convertible Promissory Note ("Power Up Note One") with Power Up Lending Group, Ltd. pursuant to which the Company issued Power Up Lending Group, Ltd. a convertible note in the amount of $43,000. The maturity date is March 20, 2018.

On June 8, 2017 the Company received consideration of $40,000. In addition, the Company paid legal fees of $3,000 associated with the entering into this agreement and thus recognized a liability of $43,000 associated with the Power Up Note One. The Company recognized a discount of $3,000 on fees paid upon entering into this agreement. There were no additional borrowings under the Power Up Note One during the twelve months ended December 31, 2017. The Power Up Note carries an interest rate of 12% per annum from the Issue Date until the principal amount becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. Any amount of principal or interest on the Power Up Note which is not paid when due shall bear interest at the rate of 22% per annum from the due date thereof until the same is paid. Interest shall commence accruing on the date that the Note is fully paid and shall be computed on the basis of a 365-day year and the actual number of days elapsed. Since no payments were made on this note on or before 180 days from the effective date of the note, accrued interest due was recorded in the amount of $4,029 on December 10, 2017. Interest paid under the Power Up Note One totaled $0 at December 31, 2017. The note was declared in default on November 20, 2017 with a default penalty of $21,500 added onto the principal. The default penalty has been accounted for as interest expense as of December 31, 2017.

The Power Up Note provides Power Up Lending Group, Ltd. the right, to convert the outstanding balance (including accrued and unpaid interest) into shares of the Company's common stock at 60% of the lowest trade price in the 15 trading days previous to the conversion, additional discounts may apply in the case that conversion shares are not deliverable or if the shares are ineligible. Power Up Lending Group, Ltd. shall have the right to convert at any time during the period beginning on the date which is one hundred eighty days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount, each in respect of the remaining outstanding principal amount of this Note. As a result of the derivatives calculation (see Note 9) an additional discount of $53,471 was recorded. On December 13, 2017, Power Up Lending converted $8,000 of the Power Up Note One into a total of 740,741 shares of Common Stock at a fair value of $0.0108 per share. On December 20, 2017, Power Up Lending converted $13,000 of the Power Lending Note One into a total of 2,166,667 shares of Common Stock at a fair value of $0.006 per share.

Amortization of the debt discount totaled $17,149 for the twelve months ended December 31, 2017. The principal balance due under the Power Up Lending Note One was $43,500 at December 31, 2017.

*July 2017 Note*

Effective July 5, 2017 the Company entered into a Convertible Promissory Note (“Power Up Note Two”) with Power Up Lending Group, Ltd. pursuant to which the Company issued Power Up Lending Group, Ltd. a convertible note in the amount of $33,000. The maturity date is March 20, 2018.

On July 5, 2017 the Company received consideration of $30,000. In addition, the Company paid legal fees of $3,000 associated with the entering into this agreement and thus recognized a liability of $33,000 associated with the Power Up Note Two. The Company recognized a discount of $3,000 on fees paid upon entering into this agreement. There were no additional borrowings under the Power Up Note Two during the twelve months ended December 31, 2017. The Power Up Note Two carries an interest rate of 12% per annum from the Issue Date until the principal amount becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. Any amount of principal or interest on the Power Up Note which is not paid when due shall bear interest at the rate of 22% per annum from the due date thereof until the same is paid. Interest shall commence accruing on the date that the Note is fully paid and shall be computed on the basis of a 365-day year and the actual number of days elapsed. The Company recognized accrued interest due under the Power Up Note Two totaling $2,800.

The Power Up Note Two provides Power Up Lending Group, Ltd. the right, to convert the outstanding balance (including accrued and unpaid interest) into shares of the Company’s common stock at 60% of the lowest trade price in the 15 trading days previous to the conversion, additional discounts may apply in the case that conversion shares are not deliverable or if the shares are ineligible. Power Up Lending Group, Ltd. shall have the right to convert at any time during the period beginning on the date which is one hundred eighty days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount, each in respect of the remaining outstanding principal amount of this Note. Due to the one hundred eighty day restriction; the Company didn’t record debt discounts or derivative liabilities associated with the Power Up Note Two. The Company evaluated the note for beneficial conversion feature noting none.

Amortization of the interest expense and costs associated with this note totaled $4,024 for the twelve months ended December 31, 2017. The principal balance due under the Power Up Note Two was $33,000 at December 31, 2017.

**NOTE 8 – CONVERTIBLE LOANS – RELATED PARTY**

The Company issued a convertible promissory note to a related party in 2014 for $250,000 (see Note 13). The Company accounts for convertible notes payable in accordance with the guidelines established by the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) Topic 470-20, Debt with Conversion and Other Options. The Beneficial Conversion Feature ("BCF") of a convertible note is normally characterized as the convertible portion or feature of certain notes payable that provide a rate of conversion that is below market value or in-the-money when issued. The Company records a BCF related to the issuance of a convertible note when issued and also records the estimated fair value of any warrants issued with those convertible notes. Beneficial conversion features that are contingent upon the occurrence of a future event are recorded when the contingency is resolved.

The BCF of a convertible note is measured by allocating a portion of the note's proceeds to the warrants, if applicable, and as a discount on the carrying amount of the convertible note equal to the intrinsic value of the conversion feature, both of which are credited to additional paid-in-capital. The value of the proceeds received from a convertible note is then allocated between the conversion features and warrants and the debt on an allocated fair value basis. The allocated fair value is recorded in the financial statements as a debt discount (premium) from the face amount of the note and such discount is amortized over the expected term of the convertible note (or to the conversion date of the note, if sooner) and is charged to interest expense.

The note is convertible into common stock of the Company at $0.50 per share. The intrinsic value of the beneficial conversion feature was determined to be $125,000 at the commitment date and the discount is being amortized over the one year life of the promissory note. As of December 31, 2016, $125,000 of the discount has been amortized as interest expense. Interest amortized for the years ended December 31, 2017 and 2016 was $0 and $0, respectively. The Company repaid $125,000 under this note during the year ended December 31, 2015, and $125,000 during the year ended December 31, 2016. The outstanding balance was $0 as of December 31, 2017 and 2016.

This conversion option was accounted for as a derivative liability during the year ended December 31, 2016 resulting in a reclassification of the fair value of the derivative liability of $6,175 from equity (see Note 9).

Interest expense accrued on the convertible promissory note was $0 and $0 for the years ended December 31, 2017 and 2016, respectively. The note matured on November 7, 2015 and is currently paid in full. The note was unsecured, bearing interest at 7% per annum and was convertible into common stock at $0.50 per share. The note was paid in full on November 16, 2016 and the holder agreed to forego any accrued interest due under the terms of the note.

**NOTE 9 – DERIVATIVE LIABILITY**

During the year ended December 31, 2017 and 2016, the Company identified conversion features embedded within its convertible debt. The Company has determined that the conversion feature of the Notes represents an embedded derivative since the Notes are convertible into a variable number of shares upon conversion. Accordingly, the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability. Therefore, the fair value of the derivative instruments have been recorded as liabilities on the balance sheet with the corresponding amount recorded as discounts to the Notes. Such discounts will be accreted from the issuance date to the maturity date of the Notes. The change in the fair value of the derivative liabilities will be recorded in other income or expenses in the statement of operations at the end of each period, with the offset to the derivative liabilities on the balance sheet. The fair values of the embedded derivative liabilities were determined using the Black-Scholes valuation model on the issuance dates with the assumptions in the table below.

The change in fair value of the Company's derivative liabilities for the years ended December 31, 2017 and 2016 is as follows:

| | | |
|---|---|---|
| December 31, 2015 fair value | $ | - |
| Additions recognized as derivative loss at inception | | 437,086 |
| Additions recognized as note discount at inception | | 286,366 |
| Derivative liability extinguished on conversion | | (163,487) |
| Reclass from equity to derivative liability | | 6,175 |
| Fair value mark – to market adjustment | | (566,140) |
| December 31, 2016 fair value | $ | - |
| Additions recognized as derivative loss at inception | | 7,436 |
| Additions recognized as note discount at inception | | 57,471 |
| Derivative liability extinguished on conversion | | (45,585) |
| Fair value mark – to market adjustment | | 10,916 |
| December 31, 2017 fair value | $ | 30,238 |

The gain (loss) on the change in fair value of derivative liabilities for the year ended December 31, 2017 and 2016 totaled $(18,352) and $129,054, respectively.

The fair value at the issuance and re-measurement dates for the convertible debt treated as derivative liabilities are based upon the following estimates and assumptions made by management for the year ended December 31, 2017 and 2016:

| | |
|---|---|
| Exercise prices | See Notes 7 and 8 |
| Expected dividends | 0% |
| Expected volatility | 87%-400% |
| Expected term | See Notes 7 and 8 |
| Discount rate | .29%-1.39% |

**NOTE 10 - SHAREHOLDERS' EQUITY**

*PREFERRED STOCK*

The authorized stock of the Company consists of 20,000,000 preferred A shares and 30,000,000 preferred B shares with a par value of $0.001.

During 2016, four officers and directors of the Company exchanged 27,347,563 common shares for 27,347,563 Series B preferred shares. During the first quarter of 2017, one officer and one director exchanged 7,568,537 common shares for 7,568,537 Series A preferred shares. During the second quarter of 2017, one officer converted 818,537 of preferred stock Series A back to same number of common stock. During the third quarter of 2017, one related party exchanged 550,000 common shares for 550,000 shares of preferred stock Series A.

As of December 31, 2017, 7,300,000 shares of the Company's preferred stock Series A were issued and outstanding. As of December 31, 2016, zero shares of the Company's preferred stock Series A were issued and outstanding.

As of December 31, 2017 and 2016, 27,347,563 shares of the Company's preferred stock Series B were issued and outstanding.

On December 20, 2016, shareholders of the company approved an amendment to the Bylaws for the creation of preferred stock. The preferred class of stock will consist of two (2) series, Series A, and Series B. All affiliates of the company who purchased stock during the formation of the company and who purchased stock for financing activities at prices below market will move their common shares into the Series B preferred stock, effective immediately. The Series B votes 1:1; is subject to all splits the same as common; converts back to common 1:1; and cannot be converted back to common for resale in the open market until a 30 day VWAP (volume weighted average price) of $.45 cents has been met in the Company's public trading market. All future sales of company securities by affiliates will adhere to rules and regulations of the Commission.

Affiliates who purchased stock at offering prices that were current at the time of purchase, and affiliates who make open market purchases and are directly responsible for a merger/acquisition that brings retained earnings to the company, can convert these common shares 1:1 into Series A preferred stock. Series A votes 1:1; converts back to common 1:1; is not subject to splits in order to facilitate mergers, acquisitions, or meeting the requirements of a listed exchange; and cannot be converted back to common for resale in the open market until a 30 day VWAP of $3.50 per share has been met in the Company's public trading market. All future sales of company securities by affiliates will adhere to rules and regulations of the Commission.

*COMMON STOCK*

The authorized stock of the Company consists of 150,000,000 common shares with a par value of $0.001.

As of December 31, 2017 and 2016, 64,407,408 and 69,318,537 shares of the Company's common stock were issued and outstanding.

In July 2016, the Company entered into an agreement for the issuance of 1,000,000 common shares for consulting services. The shares are to be transferred in four quarterly installments of two hundred fifty thousand shares on or before the fifth day of the following months: August 2016, October 2016, January 2017, and April 2017. On August 5, 2016, the Company issued 250,000 shares under this award. On October 5, 2016, the Company issued another 250,000 shares under this award. Since inception through December 31, 2016, $17,530 was expensed under this award.

On September 1, 2016, Vista converted $9,954 of the February 2016 Vista Convertible Note into a total of 790,000 shares of Common Stock at a fair value of $0.01260 per share. See Note 7.

On September 12, 2016, JMJ converted $8,820 of the March 2016 JMJ Convertible Note into a total of 700,000 shares of Common Stock at a fair value of $0.01260 per share. See Note 7.

On September 21, 2016, JMJ converted $9,000 of the March 2016 JMJ Convertible Note into a total of 750,000 shares of Common Stock at a fair value of $0.01200 per share. See Note 7.

On September 28, 2016, JMJ converted $7,344 of the March 2016JMJ Convertible Note into a total of 1,200,000 shares of Common Stock at a fair value of $0.006120 per share. See Note 7.

On September 28, 2016, Vista converted $10,200 of the February 2016 Vista Convertible Note into a total of 2,000,000 shares of Common Stock at a fair value of $0.0051 per share. See Note 7.

On October 5, 2016, JMJ converted $7,800 of the March 2016 JMJ Convertible Note into a total of 1,300,000 shares of Common Stock at a fair value of $0.006000 per share. See Note 7.

On October 18, 2016, JMJ converted $9,000 of the March 2016 JMJ Convertible Note into a total of 1,500,000 shares of Common Stock at a fair value of $0.006000 per share. See Note 7.

On October 25, 2016, JMJ converted $10,152 of the March 2016 JMJ Convertible Note into a total of 1,800,000 shares of Common Stock at a fair value of $0.005640 per share. See Note 7.

On January 18, 2017 the company extinguished the remainder of the Consulting Agreement with Asher Oil & Gas Exploration in Natchez, Mississippi; and Lane Murray, of Jackson, Mississippi. The Company issued a one-time payment to the consultants of $40,000, which included the cancellation of any additional stock issuance, and the return of the 500,000 shares of Galenfeha common stock previously issued in Quarters 3 and 4 of 2016. The terms of this agreement previously included a $50,000 non-refundable retainer, as well as 1,000,000 shares of Galenfeha, Inc. (GLFH) common stock, to be issued in four quarterly installments. As of December 31, 2016, the consultants had received the retainer and a total of 500,000 shares of Galenfeha, Inc. common stock, per the agreement. The 500,000 shares of Galenfeha, Inc. common stock have been returned and cancelled; and no further stock will be issued pursuant to this agreement. Due to the forfeiture of the unvested shares, total $12,750 expense was reversed during the three months ended March 31, 2017. The consultants will keep their initial $50,000 non-refundable retainer.

On January 20, 2017 an offer was extended to Mr. Ron Barranco for the position of Chief Technology Officer. Mr. Barranco accepted this position on January 20, 2017. Mr. Barranco converted 2,000,000 shares of common stock to preferred stock Series A on January 20, 2017 and 818,537 shares of common stock to preferred stock Series A on February 21, 2017. On April 18, 2017 the Company received notice that Mr. Barranco was declining our employment offer and resigning as Chief Technology Officer. Management agreed to Mr. Barranco's resignation terms on May 1, 2017 and pursuant to such Mr. Barranco returned 818,537 shares of preferred stock Series A back to common stock.

On July 20, 2017; the Company bought back 18,537 shares of common stock through a brokerage account for a total price of $677 and cancelled the 18,537 shares of common in August 2017.

On December 13, 2017, Power Up Lending converted $8,000 of the June 2017 Power Up Lending Note One into a total of 740,741 shares of Common Stock at a fair value of $0.0108 per share. See Note 7.

On December 20, 2017, Power Up Lending converted $13,000 of the June 2017 Power Up Lending Note One into a total of 2,166,667 shares of Common Stock at a fair value of $0.006 per share. See Note 7.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

The Company entered into two lease agreements for office and research/warehouse facilities in Louisiana. The office lease is $10,200 per year for 24 months beginning May 1, 2014. Beginning in May of 2016 this lease became month to month and is $850 per month. The research/warehouse facility lease is $2,600 per month for 24 months beginning on November 1, 2014. Both leases in Louisiana were terminated in November of 2016.

Additionally, the Company leases space in Fort Worth, Texas for corporate facilities for $99 monthly or $1,188 per year. The terms of this lease are also month to month.

From time to time the Company may be a party to litigation matters involving claims against the Company. Management believes that there are no current matters that would have a material effect on the Company's financial position or results of operations.

On September 15, 2016, the Company entered into a Cooperative Endeavor and Joint Marketing Agreement with T&L Consolidated, LLC whereby T&L Consolidated, LLC was engaged to locate and identify interested parties to the Company and assist with brokering the sale of the timer and Daylight Pump division to such third parties. Upon a sale of Daylight Pumps to a customer identified by T&L, the parties agree to the following distribution of the sales proceeds. The first $650,000 shall be paid to the Galenfeha, thereafter the next $650,000 shall be paid to T&L, and anything in excess of $1,300,000 shall be split equally between the Company and T&L. On March 9, 2017, the Company finalized the sale of the Daylight Pump division to Fleaux Services, LLC without the facilitation of T&L Consolidated, LLC, and thus terminated the Cooperative Endeavor and Joint Marketing Agreement. As of December 31, 2017 and 2016 nothing has been paid to this third party.

Galenfeha entered into an Independent Sales Contract with Electromax Power Solutions, LLC (EPS) with an initial two year term beginning October 2016 and ending October 2018. This contract shall automatically renew on the two year anniversary for an additional one year term. EPS shall facilitate sales of Galenfeha products, affiliated products, and equipment to customers. Galenfeha shall pay EPS 20% of all new initial and sustained revenue derived by EPS's efforts, involvement, sales, and any other activities brought forth by EPS to Galenfeha. Net sales revenue shall be measured as the product sales price less cost of goods sold according to generally accepted accounting principles. As of December 31, 2017 and 2016, the Company do not anticipate using the services of Electromax Power Solutions, LLC, and nothing has been paid to this third party in the twelve months ending December 31, 2017 and 2016.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

On May 12, 2016, the Company entered into a Promissory Note Agreement with Diane Moore, a related party, in the amount of $100,000. The note bears an interest rate of 5% per annum until the balance is paid in full. Repayment of the loan is due on or before December 31, 2016. The note was paid in full on November 16, 2016 leaving a principal and interest balance due of $0 as of December 31, 2016, and the holder agreed to forego any accrued interest due under the terms of the note.

On November 16, 2016, the Company entered into an agreement with Fleaux Services, LLC for the sale of the company's battery and stored energy division, which includes, but is not limited to, all inventory, support equipment, and office operations located at 9204 Linwood Avenue, Suite 104 and 105, Shreveport, LA 71106. Mr. Trey Moore is the President/CEO of Fleaux Services, and also is a Director of Galenfeha, Inc. The sale is for a cash consideration of $350,000 USD; plus a 3% royalty on all Galenfeha-style batteries sold over the course of the next two years from the date this purchase agreement was executed. The cash consideration was for $175,000 in inventory and $175,000 for business good-will and was provided directly by Fleaux Services in cash. The sale includes all future sales, future purchase orders resulting from previous negotiations, and all intellectual property related to Galenfeha, Inc. battery manufacturing and distribution. Fleaux Services, LLC will assume responsibility for expenses related to the Galenfeha, Inc. battery division that includes previous expenses incurred for sales meetings that secured future purchase orders. All contractual agreements between the Galenfeha Inc. battery division and outside parties, including, but not limited to, consultants, suppliers, distributors, and sales representatives, become the responsibility of Fleaux Services, LLC. This includes all suppliers' outstanding invoices for materials not yet delivered and support equipment that will be relinquished to Fleaux Services, LLC upon the execution of this agreement. Galenfeha, Inc. will retain payments on all current outstanding purchase orders invoiced before the date of this purchase agreement. A gain on the sale of the battery and stored energy division of $15,008 was recognized as a capital transaction during 2016. During the twelve months ending December 31, 2017 the Company received royalty payment of $10,000 from Fleaux Services, LLC relating to the sale of Galenfeha-style batteries. The Company didn't receive any royalty payments from Fleaux Services, LLC relating to the sale of Galenfeha-style batteries during the twelve months ending December 31, 2016.

On November 4, 2016, Mr. James Ketner, Galenfeha's Chairman and CEO made a cash contribution to the Company in the amount of $100,000 in exchange for a note that has a fixed repayment of $110,000. The note is unsecured, bears no interest, and can be repaid by the Company when the funds become available. The note can be renegotiated between Galenfeha and Mr. Ketner if both parties agree to the terms. There were no principal repayments on the note for the twelve months ending December 31, 2016, and the principal balance due under the note as of December 31, 2016 was $110,000. Principal repayments made under the note for the twelve months ending December 31, 2017 totaled $84,000, and the principal balance due under the note as of December 31, 2017 was $26,000.

On March 9, 2017, the Company entered into an agreement with Fleaux Services, LLC for the sale of the Company's Daylight Pumps division, which includes, but in not limited to, all inventory located at 9204 Linwood Avenue, Suite 104 and 105, Shreveport, LA 7116, as well as all usage rights for the name "Daylight Pump." The sale is for cash consideration of $25,000, and Fleaux Services, LLC will assume the responsibility of a promissory note held by Kevin L. Wilson in the amount of $350,000 and all accrued interest due since the date of issuance on August 23, 2016. The sale will include all future pump sales, future purchase orders resulting from previous negotiations, and all intellectual property related to Daylight Pumps. A gain on the sale of the Daylight Pumps division of $52,291 was recognized as a capital transaction during 2017.

On August 4, 2017, Davis Leimbrook, the Chief Financial Officer of Fleaux Services, LLC, had 550,000 shares of common stock originally purchased in the open market transferred from common stock to preferred stock Series A.

Falcon Resources, LLC & MarionAv, LLC are two companies owned by Board Members, Trey Moore, and Lucien Marioneaux, Jr. These related party entities provide flight services to employees and directors of the Company. The total amount paid for flight services to Falcon Resources, LLC was $0 and $6,600 for the years ended December 31, 2017 and 2016, respectively. The total amount paid for flight services to MarionAv, LLC was $0 and $5,050 for the years ended December 31, 2017 and 2016, respectively.

Galenfeha sells a portion of its finished goods to Fleaux Services, LLC, a company owned by Board Member, Trey Moore. During the year ended December 31, 2017 and December 31, 2016, sales to the related company totaled $0 and $94,005, respectively. As of December 31, 2017 and 2016, the Company had outstanding receivables from the related party company of $0 and $14,189, respectively. During the year ended December 31, 2016, the Company paid Fleaux Services, LLC $17,032 for inventory and shop supply purchases. .

Galenfeha purchases component parts used in the assembly of inventory items from River Cities Machine, LLC, a company owned by Board Member and former President and CEO, Lucien Marioneaux, Jr. During the year ended December 31, 2017 and 2016, purchases from the related company totaled $0 and $960, respectively.

In addition, during the twelve months ended December 31, 2017 and 2016, the Company generated revenue of $0 and $720, respectively, from Board Member and former President and CEO, Lucien Marioneaux, Jr.

Galenfeha agreed to pay Lucien Marioneaux, Jr., Board Member and former President & CEO, an auto allowance of $1,500 per month beginning May 2015, and the Company terminated this agreement effective October 1, 2016. For the twelve months ending December 31, 2017 and 2016, the Company paid a total of $0 and $13,500, respectively, to Mr. Marioneaux.

**NOTE 13 – UNCERTAIN TAX POSITIONS**

The Company received a letter on May 17, 2016 from the Caddo-Shreveport Sales and Use Tax Commission informing them of a parish sales and use tax audit scheduled to begin on June 28, 2016. The audit period covered is January 1, 2013 through May 31, 2016. The audit is currently under way and no judgments or assessments have been issued. Management is of the opinion that this audit will not result in any material change in the Company's financial results.

**NOTE 14 – INCOME TAX**

We did not provide any current or deferred U.S. federal income tax provision or benefit for any of the periods presented because we have experienced operating losses since inception. When it is more likely than not that a tax asset cannot be realized through future income the Company must allow for this future tax benefit. We provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carry forward, because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred tax assets during the carry forward period.

The Company has not taken a tax position that, if challenged, would have a material effect on the financial statements for the period March 14, 2013 (date of inception) through December 31, 2017 applicable under FASB ASC 740. We did not recognize any adjustment to the liability for uncertain tax position and therefore did not record any adjustment to the beginning balance of accumulated deficit on the consolidated balance sheet. The Company is in the process of filing appropriate returns for the Company.

The component of the Company's deferred tax assets as of December 31, 2017 and 2016 are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Deferred tax asset | $ | 429,483 | $ | 666,315 |
| Valuation allowance | $ | (429,483) | | (666,315) |
| Net deferred tax asset | $ | - | $ | - |

The 2017 Act reduces the corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017. For net operating losses (NOLs) arising after December 31, 2017, the 2017 Act limits a taxpayer's ability to utilize NOL carryforwards to 80% of taxable income. In addition, NOLs arising after 2017 can be carried forward indefinitely, but carryback is generally prohibited. NOLs generated in tax years beginning before January 1, 2018 will not be subject to the taxable income limitation. The 2017 Act would generally eliminate the carryback of all NOLs arising in a tax year ending after 2017 and instead would permit all such NOLs to be carried forward indefinitely.

The approximate net operating loss carry forward was approximately $2,000,000 as of December 31, 2017 and will start to expire in 2033. The Company did not pay any income taxes during 2017 or 2016.

**NOTE 15 – DISCONTINUED OPERATIONS – STORED ENERGY AND DAYLIGHT PUMP DIVISIONS**

On November 16, 2016, the Company entered into an agreement with Fleaux Services, LLC for the sale of the Company's battery and stored energy division, which includes, but is not limited to, all inventory, support equipment, and office operations located at 9204 Linwood Avenue, Suite 104 and 105, Shreveport, LA 71106. The sale is for a cash consideration of $350,000 USD; plus a 3% royalty on all Galenfeha-style batteries sold over the course of the next two years from the date this purchase agreement was executed. The cash consideration was for $175,000 in inventory and $175,000 for business good-will and was provided directly by Fleaux Services in cash. The sale includes all future sales, future purchase orders resulting from previous negotiations, and all intellectual property related to Galenfeha, Inc. battery manufacturing and distribution. Fleaux Services, LLC will assume responsibility for expenses related to the Galenfeha, Inc. battery division that includes previous expenses incurred for sales meetings that secured future purchase orders. All contractual agreements between the Galenfeha Inc. battery division and outside parties, including, but not limited to, consultants, suppliers, distributors, and sales representatives, become the responsibility of Fleaux Services, LLC. This includes all suppliers' outstanding invoices for materials not yet delivered and support equipment that will be relinquished to Fleaux Services, LLC upon the execution of this agreement. Galenfeha, Inc. will retain payments on all current outstanding purchase orders invoiced before the date of this purchase agreement. A gain on the sale of the battery and stored energy division of $15,008 was recognized as a capital transaction.

On March 9, 2017, the Company entered into an agreement with Fleaux Services, LLC for the sale of the Company's Daylight Pumps division, which includes, but in not limited to, all inventory located at 9204 Linwood Avenue, Suite 104 and 105, Shreveport, LA 7116, as well as all usage rights for the name "Daylight Pump." The sale is for cash consideration of $25,000, and Fleaux Services, LLC will assume the responsibility of a promissory note held by Kevin L. Wilson in the amount of $350,000 and all accrued interest due since the date of issuance on August 23, 2016. The sale will include all future pump sales, future purchase orders resulting from previous negotiations, and all intellectual property related to Daylight Pumps. During 2016, the Company recognized an aggregate impairment loss on this asset group of $443,935 to recognize the asset group at the lower of fair value or carrying value.

The Company recognized the sale of its stored energy division and Daylight Pumps division as a discontinued operation, in accordance with ASU 2014-08, *"Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity."*

**Assets and Liabilities of Discontinued Operations**

The following table provides the details of the assets and liabilities of our discontinued stored energy division:

| | November 16, 2016 |
|---|---|
| Assets sold: | |
| Inventory assets | $ 180,681 |
| Prepaid expenses | 13,830 |
| Property and equipment, net of accumulated depreciation | 169,275 |
| Total assets of discontinued operations | 363,786 |
| Consideration received: | |
| Cash proceeds | 350,000 |
| Liabilities assumed | 28,794 |
| Total liabilities of discontinued operations | 378,794 |
| Net assets sold | 363,786 |
| Consideration received | 378,794 |
| Related party gain recognized as a capital transaction | 15,008 |

The following table provides the details of the assets and liabilities held for sale of our discontinued Daylight Pump division:

| | March 9, 2017 |
|---|---|
| Assets sold: | |
| Inventory assets | $ 375,000 |
| Prepaid expenses | - |
| Property and equipment, net of accumulated depreciation | - |
| Total assets of discontinued operations | 375,000 |
| Consideration received: | |
| Cash proceeds | 25,000 |
| Liabilities assumed | 402,291 |
| Total liabilities of discontinued operations | 427,291 |
| Net assets sold | 375,000 |
| Consideration received | 427,291 |
| Related party gain recognized as a capital transaction | 52,291 |

**Income and Expenses of Discontinued Operations**

The following table provides income and expenses of discontinued operations for the years ended December 31, 2017 and 2016, respectively.

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Revenue – Third Parties | $ 11,435 | 817,426 |
| Revenue – Related Parties | - | 97,208 |
| Less: Cost of Goods Sold | 6,041 | 672,752 |
| Gross Profit | 5,394 | 241,882 |
| | | |
| Other expenses | | |
| General and administrative | 27,250 | 312,104 |
| Payroll expenses | - | 268,280 |
| Engineering research and development | - | (24,571) |
| Depreciation and amortization expense | - | 25,711 |
| Interest expense | 5,789 | 14,336 |
| Income (loss) from discontinued operations | (27,645) | (353,978) |

**NOTE 16 – OPTIONS**

During the year ended December 31, 2015, the Company granted an aggregate of 2,050,000 options to a military sales representative and three employees. Col. Ashton Naylor (Ret) received 100,000 options exercisable at $0.25 per share, Chris Watkins received 750,000 options exercisable at $0.25 per share, Jeff Roach received 1,000,000 options exercisable at $0.20 per share, and Brian Nallin received 200,000 options exercisable at $0.20 per share. These options expire on April 1, 2016; June 11, 2020, February 1, 2017, and December 31, 2017 respectively. The options granted to Brian Nallin vest immediately and the other options vest in equal tranches over periods ranging from 2 to 5 years. The aggregate fair value of the option grants was determined to be $430,839 using the Black-Scholes Option Pricing Model and the following assumptions: volatilities between 218% and 396%, risk free rates between .27% and 1.74%, expected terms between 1 and 5 years and zero expected dividends. The fair value of the award is being expensed over the vesting periods. $0 and $65,360 was expensed during the year ended December 31, 2017 and December 31, 2016, respectively, $94,519 was reversed from option expense due to non-vested options forfeited for the year ended December 31, 2016, and $0 remains to be expensed over the remaining vesting period.

As of December 31, 2015, there were 2,050,000 options outstanding of which 925,000 were exercisable. During 2016, 1,750,000 of these options were forfeited. As of December 31, 2016, there were 300,000 options outstanding which were exercisable. The 300,000 options expired during the first quarter of 2017. There are no remaining options at December 31, 2017. The range of exercise prices and remaining weighted average life of the options outstanding at December 31, 2015 were $0.20 to $0.25 and 2.37 years, respectively. The aggregate intrinsic value of the outstanding options at December 31, 2017 and 2016 was $0. The exercise price and remaining weighted average life of the options outstanding at December 31, 2017 and 2016 were $0 and 0 years, respectively. The aggregate intrinsic value of the outstanding options at December 31, 2017 and 2016 was $0. All options mentioned above are for employees that are no longer with the company.

**NOTE 17 – SUBSEQUENT EVENTS**

On January 29, 2018, the Company entered into a Definitive Agreement to acquire Fleaux Solutions, LLC, a Company with common director and shareholders for a cash purchase of $1.00.

On January 29, 2018, the CEO sold 3,000,000 shares of preferred stock Series B to an affiliate of Fleaux Solutions, LLC and to an affiliate of Fleaux Services, LLC. These shares will be moved into preferred stock Series A.

Subsequent to the year the Company issued 7,915,385 of common stock to convert $54,660 of convertible debt.

**ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

None

**ITEM 9A - CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including the Principal Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) during the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures are not effective, due to the deficiencies in our internal control over financial reporting described below.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention of overriding controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting during the year ended December 31, 2016. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. (2013) Based on our assessment, as of December 31, 2017, our management has concluded that our internal controls over financial reporting were not operating effectively. Management has identified the following material weaknesses in our internal control over financial reporting as of December 31, 2017:

1. We do not have an Audit Committee – While not being legally obligated to have an audit committee, it is the management's view that such a committee, including a financial expert member, is an utmost important entity level control over our financial statements. Currently the Board of Directors acts in the capacity of the Audit Committee, consisting of two members, one member who is not independent of management and lacks sufficient financial expertise for overseeing financial reporting responsibilities.

2. Insufficient documentation of financial statement preparation and review procedures - We employ policies and procedures in reconciliation of the financial statements and the financial information based on which the financial statements are prepared, however, the controls and policies we employ are not sufficiently documented.

3. We did not maintain proper segregation of duties for the preparation of our financial statements – During the year ended December 31, 2017 the majority of the preparation of financial statements was carried out by one person. This has resulted in several deficiencies including:

    a. Significant, non-standard journal entries were prepared and approved by the same person, without being checked or approved by any other personnel.

    b. Lack of control over preparation of financial statements, and proper application of accounting policies.

4. We lack sufficient information technology controls and procedures – As of December 31, 2017, we lacked a proper data backup procedure, and while backup did take place in actuality, we believe that it was not regulated by methodical and consistent activities and monitoring.

The foregoing material weaknesses identified in our internal control over financial reporting were identified by our external consultants responsible for the preparation of our financial reporting package. The aforementioned material weaknesses did not impact our financial reporting or result in a material misstatement of our financial statements.

As of December 31, 2017 we have not taken action to correct the material weaknesses identified in our internal control over financial reporting. Once we have sufficient personnel available our Board of Directors, in connection with the aforementioned weaknesses, will implement the following remediation measures:

1. Our Board of Directors will nominate an audit committee and audit committee financial expert.

2. We will appoint additional personnel to assist with the preparation of our financial statements; which will allow for proper segregation of duties, as well as additional manpower for proper documentation.

3. We will engage in a thorough review and restatement of our information technology control procedures, in addition to procurement of all hardware and software that will enable us to maintain proper backups, access, control etc.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. We are not required to provide an attestation report by our registered public accounting firm pursuant to the rules of the Securities and Exchange Commission.

**Changes in Internal Control over Financial Reporting**

There were no changes to our internal control over financial reporting that occurred during the last quarter of our fiscal year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

**ITEM 9B – OTHER INFORMATION**

None

**PART III**

**ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

The board of directors elects our executive officers annually. A majority vote of the directors who are in office is required to fill vacancies. Our directors are elected for the term of one year, and hold office until his successor is elected and qualified, or until his earlier resignation or removal. Our officers are appointed by our board of directors and hold office until removed by the board. Our directors and executive officers are as follows:

| Name | Age | Position | Director since: |
|---|---|---|---|
| James Ketner | 51 | President/CEO/Chief Financial Officer/Director | January 1, 2017 |
| Lucien Marioneaux | 44 | Director and Former President/CEO/Chief Financial | Inception |
| Trey Moore | 46 | Director | Inception |
| LaNell Armour | 52 | Director/Secretary/Treasurer | Inception |

***James Ketner*** – Chairman/Chief Executive Office - Mr. Ketner has over 28 years of experience as a Director and Chief Executive Officer of public and non-public corporations. Much of his professional career has been spent as a contract consulting engineer for Fortune 500 multi-national companies, building a successful track record in directing public companies, securities law, domestic and international regulatory agencies, operations streamlining, maximizing productivity, and directing companies to achieve record profitability through increased efficiency and productivity with state of the art technology. Mr. Ketner is a resourceful decision-maker who combines strong leadership and organizational skills with the ability to direct programs throughout the design and manufacturing processes, utilizing his extensive experience and expertise in high tech engineering and manufacturing environments. Mr. Ketner began his career as a Numeric Control programmer at General Dynamics. In 1991, Mr. Ketner embarked on his own as a consultant, and has since done contractual consulting work for General Dynamics, Pratt and Whitney, Boeing, Lockheed, Daimler Chrysler, Fiat, Honda Research and Development, Rockwell, Sikorsky Aircraft, Embraer SP, and Dassault/Falcon Jet. Mr. Ketner has traveled extensively and is well versed in conducting business in North and South America.

***LaNell Armour*** – Director/Secretary/Treasurer – Ms. Armour has had a twenty-five year career in public relations, communications, and education. Her experience in public relations will provide a firm foundation for her primary responsibilities in investor relations and corporate communications. Ms. Armour was a senior faculty member at the Music Institute of North Texas from August 2010 to August 2014. She joined Dallas Chamber Music in 2010 as General Manager, and was named Executive Director on June 1, 2012 and continued to serve until May 2013. Prior to Dallas Chamber Music, Ms. Armour spent eight years, from 2001 through 2008 as the Public Relations Manager for the world-renowned Chicago Symphony Orchestra as Public Relations Manager. From 1999 to 2001, Ms. Armour served as the Public Relations Manager for the Ravinia Festival in Highland Park, Illinois. Ms. Armour became a writer, then editor at "Clavier" magazine in Chicago from 1996 through 1999. Ms. Armour earned a Bachelor of Music degree in Piano Performance with a minor in English from The University of Tennessee.

***Trey Moore*** – Director – Mr. Moore has over 24 years of experience as a senior level executive in the oil and gas industries. He worked as the Manager of the Eastern Division of J-W Measurement Company, where he contributed to increasing revenues from 6M to 140M over the course of 13 years. He also managed the operations of Eagle Oil, an oil and gas operator in Texas and Louisiana. Mr. Moore is the co-founder and Chief Executive Officer of Fleaux Services of Louisiana. His successful track record of executing new business strategies and developing new technologies, along with his vast experience, has given Mr. Moore an expansive understanding of the needs for better engineered products and services. Considered to be one of the most proficient, driven individuals in the Industry, Mr. Moore is also a veteran of the United States Marine Corps.

***Lucien Marioneaux, Jr.*** – Director – Mr. Marioneaux has enjoyed a 15-year legal career throughout the state of Louisiana. He previously held the position of Senior Director of Security, Risk Management and Regulatory Compliance for L'Auberge du Lac Casino Resort, directing all operations within those departments. Mr. Marioneaux is active in the Louisiana Bar Association, the Shreveport Bar Association, the DeSoto Parish Bar Association, the Louisiana Casino Association and the Louisiana District Attorney's Association, He has served as co-chair of the Southwest Chamber of Commerce's Governmental Affairs Committee and was a visiting professor for McNeese State University, where he taught "The Legal Environment of Business."

Board Meeting Attendance:

During fiscal 2017, our board of directors did not hold any meetings.

Board Committees

We do not have standing audit, nominating and compensation committees. We believe our board is sufficiently small that the entire board can consider matters that would otherwise be considered by such committees.

Stockholder Nominations and Communications

Our board of directors does not have a policy governing nominations of directors by stockholders. We do not have a process by which stockholders may communicate with the board of directors.

**Compliance with Section 16(a) of the Exchange Act**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC). Officers, directors, and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us, all reports under Section 16(a) required to be filed by our officers and directors and greater than ten percent beneficial owners were timely filed as the date of this filing.

## ITEM 11 – EXECUTIVE COMPENSATION

**Executive Compensation**

We do not have employment or executive compensation agreements with our executive officers. Our board of directors approves annual compensation which is subject to change. The cash compensation amounts set forth in the following table reflects the amounts approved and actually paid.

**Summary Compensation Table**

| Name and Position | Year | Salary ($) | Total ($) |
|---|---|---|---|
| KTNR, Inc. | 2016 | 8,000 | 8,000 |
| LaNell Armour, Secretary/Treasurer | 2016 | 32,500 | 32,500 |
| LaNell Armour, Secretary/Treasurer | 2017 | 5,000 | 5,000 |

## ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the beneficial shareholdings of our directors, officers and our directors and executive officers as a group and persons who beneficially hold five percent or more of our common stock, as of December 31, 2017, with the computation being based upon 34,647,563 shares of preferred stock outstanding and 64,407,408 shares of common stock being outstanding. Each person has sole voting and investment power with respect to the shares of common stock shown and all ownership is of record and beneficial. The address of our directors and officers is our address.

| Title of Class | Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|---|
| Preferred – Series B | Lucien Marioneaux, Jr. | 12,205,963 | 44.6% |
| Preferred – Series B | Trey Moore | 9,800,000 | 35.8% |
| Preferred – Series B | LaNell Armour | 2,341,600 | 8.6% |
| Preferred – Series B | James Ketner | 3,000,000 | 11% |
| Preferred – Series A | James Ketner | 6,750,000 | 92.5% |
| Officers and Directors as a Group (4 persons) | | 34,097,563 | 98.4% |

## ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Company issued a convertible promissory note to a related party in 2014 for $250,000 (see Note 13). The Company accounts for convertible notes payable in accordance with the guidelines established by the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) Topic 470-20, Debt with Conversion and Other Options. The Beneficial Conversion Feature ("BCF") of a convertible note is normally characterized as the convertible portion or feature of certain notes payable that provide a rate of conversion that is below market value or in-the-money when issued. The Company records a BCF related to the issuance of a convertible note when issued and also records the estimated fair value of any warrants issued with those convertible notes. Beneficial conversion features that are contingent upon the occurrence of a future event are recorded when the contingency is resolved.

The BCF of a convertible note is measured by allocating a portion of the note's proceeds to the warrants, if applicable, and as a discount on the carrying amount of the convertible note equal to the intrinsic value of the conversion feature, both of which are credited to additional paid-in-capital. The value of the proceeds received from a convertible note is then allocated between the conversion features and warrants and the debt on an allocated fair value basis. The allocated fair value is recorded in the financial statements as a debt discount (premium) from the face amount of the note and such discount is amortized over the expected term of the convertible note (or to the conversion date of the note, if sooner) and is charged to interest expense.

The note is convertible into common stock of the Company at $0.50 per share. The intrinsic value of the beneficial conversion feature was determined to be $125,000 at the commitment date and the discount is being amortized over the one year life of the promissory note. As of December 31, 2016, $125,000 of the discount has been amortized as interest expense. Interest amortized for the years ended December 31, 2017 and 2016 was $0 and $0, respectively. The Company repaid $125,000 under this note during the year ended December 31, 2015, and $125,000 during the year ended December 31, 2016. The outstanding balance was $0 as of December 31, 2017 and 2016.

This conversion option was accounted for as a derivative liability during the year ended December 31, 2016 resulting in a reclassification of the fair value of the derivative liability of $6,175 from equity (see Note 9).

Interest expense accrued on the convertible promissory note was $0 and $0 for the years ended December 31, 2017 and 2016, respectively. The note matured on November 7, 2015 and is currently paid in full. The note was unsecured, bearing interest at 7% per annum and was convertible into common stock at $0.50 per share. The note was paid in full on November 16, 2016 and the holder agreed to forego any accrued interest due under the terms of the note.

On May 12, 2016, the Company entered into a Promissory Note Agreement with Diane Moore, a related party, in the amount of $100,000. The note bears an interest rate of 5% per annum until the balance is paid in full. Repayment of the loan is due on or before December 31, 2016. The note was paid in full on November 16, 2016 leaving a principal and interest balance due of $0 as of December 31, 2016, and the holder agreed to forego any accrued interest due under the terms of the note.

On November 16, 2016, the Company entered into an agreement with Fleaux Services, LLC for the sale of the company's battery and stored energy division, which includes, but is not limited to, all inventory, support equipment, and office operations located at 9204 Linwood Avenue, Suite 104 and 105, Shreveport, LA 71106. Mr. Trey Moore is the President/CEO of Fleaux Services, and also is a Director of Galenfeha, Inc. The sale is for a cash consideration of $350,000 USD; plus a 3% royalty on all Galenfeha-style batteries sold over the course of the next two years from the date this purchase agreement was executed. The cash consideration was for $175,000 in inventory and $175,000 for business good-will and was provided directly by Fleaux Services in cash. The sale includes all future sales, future purchase orders resulting from previous negotiations, and all intellectual property related to Galenfeha, Inc. battery manufacturing and distribution. Fleaux Services, LLC will assume responsibility for expenses related to the Galenfeha, Inc. battery division that includes previous expenses incurred for sales meetings that secured future purchase orders. All contractual agreements between the Galenfeha Inc. battery division and outside parties, including, but not limited to, consultants, suppliers, distributors, and sales representatives, become the responsibility of Fleaux Services, LLC. This includes all suppliers' outstanding invoices for materials not yet delivered and support equipment that will be relinquished to Fleaux Services, LLC upon the execution of this agreement. Galenfeha, Inc. will retain payments on all current outstanding purchase orders invoiced before the date of this purchase agreement. A gain on the sale of the battery and stored energy division of $15,008 was recognized as a capital transaction during 2016. During the twelve months ending December 31, 2017 the Company received royalty payment of $10,000 from Fleaux Services, LLC relating to the sale of Galenfeha-style batteries. The Company didn't receive any royalty payments from Fleaux Services, LLC relating to the sale of Galenfeha-style batteries during the twelve months ending December 31, 2016.

On November 4, 2016, Mr. James Ketner, Galenfeha's Chairman and CEO made a cash contribution to the Company in the amount of $100,000 in exchange for a note that has a fixed repayment of $110,000. The note is unsecured, bears no interest, and can be repaid by the Company when the funds become available. The note can be renegotiated between Galenfeha and Mr. Ketner if both parties agree to the terms. There were no principal repayments on the note for the twelve months ending December 31, 2016, and the principal balance due under the note as of December 31, 2016 was $110,000. Principal repayments made under the note for the twelve months ending December 31, 2017 totaled $84,000, and the principal balance due under the note as of December 31, 2017 was $26,000.

On March 9, 2017, the Company entered into an agreement with Fleaux Services, LLC for the sale of the Company's Daylight Pumps division, which includes, but in not limited to, all inventory located at 9204 Linwood Avenue, Suite 104 and 105, Shreveport, LA 7116, as well as all usage rights for the name "Daylight Pump." The sale is for cash consideration of $25,000, and Fleaux Services, LLC will assume the responsibility of a promissory note held by Kevin L. Wilson in the amount of $350,000 and all accrued interest due since the date of issuance on August 23, 2016. The sale will include all future pump sales, future purchase orders resulting from previous negotiations, and all intellectual property related to Daylight Pumps. A gain on the sale of the Daylight Pumps division of $52,291 was recognized as a capital transaction during 2017.

On August 4, 2017, Davis Leimbrook, the Chief Financial Officer of Fleaux Services, LLC, had 550,000 shares of common stock originally purchased in the open market transferred from common stock to preferred stock Series A.

Falcon Resources, LLC & MarionAv, LLC are two companies owned by Board Members, Trey Moore, and Lucien Marioneaux, Jr. These related party entities provide flight services to employees and directors of the Company. The total amount paid for flight services to Falcon Resources, LLC was $0 and $6,600 for the years ended December 31, 2017 and 2016, respectively. The total amount paid for flight services to MarionAv, LLC was $0 and $5,050 for the years ended December 31, 2017 and 2016, respectively.

Galenfeha sells a portion of its finished goods to Fleaux Services, LLC, a company owned by Board Member, Trey Moore. During the year ended December 31, 2017 and December 31, 2016, sales to the related company totaled $0 and $94,005, respectively. As of December 31, 2017 and 2016, the Company had outstanding receivables from the related party company of $0 and $14,189, respectively. During the year ended December 31, 2016, the Company paid Fleaux Services, LLC $17,032 for inventory and shop supply purchases. .

Galenfeha purchases component parts used in the assembly of inventory items from River Cities Machine, LLC, a company owned by Board Member and former President and CEO, Lucien Marioneaux, Jr. During the year ended December 31, 2017 and 2016, purchases from the related company totaled $0 and $960, respectively.

In addition, during the twelve months ended December 31, 2017 and 2016, the Company generated revenue of $0 and $720, respectively, from Board Member and former President and CEO, Lucien Marioneaux, Jr.

Galenfeha agreed to pay Lucien Marioneaux, Jr., Board Member and former President & CEO, an auto allowance of $1,500 per month beginning May 2015, and the Company terminated this agreement effective October 1, 2016. For the twelve months ending December 31, 2017 and 2016, the Company paid a total of $0 and $13,500, respectively, to Mr. Marioneaux.

**ITEM 14 – PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table sets forth amounts we have been billed with respect to 2017 and 2016 for certain services provided by our independent accountant.

| Service | | 2017 | | 2016 |
|---|---|---|---|---|
| Audit | $ | 44,298 | $ | 24,500 |
| Audit-related fees | $ | - | | - |
| Tax compliance, tax advice and tax planning | $ | - | | 1,968 |
| All other services | $ | 13,849 | | - |

**PART IV**

**ITEM 15 – EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

| EXHIBIT NO. | DOCUMENT DESCRIPTION |
|---|---|
| 3.1* | Articles of Incorporation of Galenfeha, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 [Reg. No. 333-118880 filed May 23, 2013]) |
| 3.2* | Amended Bylaws of Galenfeha, Inc. (incorporated by reference to Exhibit 99.1 filed with the Commission on Form 8-K, December 21, 2016) |

*Previously filed and incorporated by reference. The following documents are included herein:

| Exhibit No. | Document Description |
|---|---|
| 23.1 | Consent of Independent Registered Public Accounting Firm. |
| 31.1 | Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended. |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer and Chief Financial Officer). |

| | |
|---|---|
| 101.INS ** | XBRL Instance Document |
| 101.SCH** | XBRL Taxonomy Extension Schema Document |
| 101.CAL ** | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF ** | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB** | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE ** | XBRL Taxonomy Extension Presentation Linkbase Document |

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of annual report for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

***SIGNATURES***

Pursuant to the requirements of the Securities Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 28th day of March 2018.

GALENFEHA, INC.

*/s/ James Ketner*
James Ketner
President/Chief Executive Officer, Principal Financial
Officer, Principal Accounting Officer

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

| Signature | Title | Date |
|---|---|---|
| */s/ James Ketner*<br>James Ketner | President, Principal Executive/Accounting/ Financial Officer, Chairman | March 28, 2018 |
| */s/ LaNell Armour*<br>LaNell Armour | Secretary/Treasurer/Director | March 28, 2018 |
| */s/ Lucien Marioneaux, Jr.*<br>Lucien Marioneaux, Jr. | Director | March 28, 2018 |
| */s/ Trey Moore*<br>Trey Moore | Director | March 28, 2018 |

**EXHIBIT 23.1**

## Report of Independent Registered Public Accounting Firm

To the shareholders and board of directors of
**Galenfeha, Inc.**

***Opinion on the Financial Statements***

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

***Going Concern Matter***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

***Basis for Opinion***

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

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

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

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company's auditor since 2015.
Houston, Texas
March 28, 2018

**EXHIBIT 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James Ketner, certify that:

1. I have reviewed this Annual report on Form 10-K of Galenfeha, 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(s) 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 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(s) 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 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 28, 2018

*/s/ James Ketner*
James Ketner
Chief Executive Officer
Principal Executive Officer
Principal Financial and Accounting Officer

**EXHIBIT 32.1**

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

In connection with Galenfeha, Inc. (the “Company”) Fiscal Year End Report on Form 10-K for the period ended December 31, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies in his capacity as Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on his knowledge:

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

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

March 28, 2018

*/s/ James Ketner*
James Ketner
Chief Executive Officer
Principal Executive Officer
Principal Financial and Accounting Officer

*A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.*