

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

Quarterly Report Pursuant to Section 13 or 15(d) Securities Exchange Act of 1934 for
Quarterly Period Ended March 31, 2016

-OR-
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transaction period from _____ to _____

Commission File Number 000-1425203

CPSM, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation
or organization)

98-0557091

(I.R.S. Employer
Identification)

2951 SE Waaler Street, Stuart, FL 34997

(Address of principal executive offices, including zip code)

722-236-8494

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted 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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerate filer, or a small reporting company (as defined by Rule 12b-2 of the Exchange Act):

Large accelerated filer
Accelerated filer

Non-accelerated filer
Smaller reporting company

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

The number of outstanding shares of the registrant's common stock as of December 23, 2016:
82,938,960

EXPLANATORY NOTE

This amendment to the Form 10-Q, as filed with the Securities and Exchange Commission on May 16, 2016 is being filed solely to correct the disclosure regarding the controls and procedures. No other changes were made to the document.

CPSM, INC.
FORM 10-Q
For the Three Months Ended March 31, 2016

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CPSM, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	March 31, 2016 (Unaudited)	December 31, 2015
Assets		
Cash	\$518,711	\$427,978
Accounts Receivable, net	206,754	157,517
Due from Related Party	1,152	-
Inventory	57,544	47,054
Prepays	40,439	-
Deposits	2,348	2,348
Total Current Assets	826,948	634,897
Property and Equipment, Net	973,270	955,983
Deposit - Business Acquisition	29,190	194,190
Deferred Tax Asset	23,373	23,373
Intangible Assets, Net	181,851	38,054
Total Assets	\$2,034,632	\$1,846,497
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$247,064	\$127,264
Stockholder Advance Payable	72,307	187,307

Bank Line of Credit	27,317	20,426
Notes Payable - Current	43,238	32,918
SBA Loan - Current	59,262	59,262
Customer Deposits	75,273	94,428
Total Current Liabilities	<u>524,461</u>	<u>521,605</u>

Long Term Liabilities

Notes Payable - Long Term	538,496	531,728
SBA Loan - Long Term	118,218	133,028
Promissory Note - Stockholder	210,000	210,000
Total Liabilities	<u>1,391,175</u>	<u>1,396,361</u>

Commitments and Contingencies (Notes 15 and 16)

Stockholders' Equity

Series A Convertible Preferred Stock, \$0.001 par value, 50,000,000 Shares Authorized, 1,562,500 and 0 shares Issued and Outstanding at March 31, 2016 and December 31, 2015	156	-
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Common Stock, \$0.001 par value, 250,000,000 Shares Authorized, 83,355,960 Issued and Outstanding at March 31, 2016 and December 31, 2015	83,356	83,356
Additional Paid-in Capital:		
Preferred Stock	124,844	-
Common Stock	219,748	218,423
Retained Earnings	215,353	148,357
Total Stockholders' Equity	<u>643,457</u>	<u>450,136</u>
Total Liabilities and Stockholders' Equity	<u><u>\$2,034,632</u></u>	<u><u>\$1,846,497</u></u>

The accompanying Notes are an integral part of the condensed consolidated financial statements

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CPSM, Inc. and Subsidiaries
Condensed Consolidated Statements of Income

	Three Months Ended March 31,	
	2016	2015
Revenue	\$1,273,850	\$944,452
Costs of Services Rendered and Products Sold:		
Cost of Revenue:		
Purchases	410,945	258,654
Service Costs	573,612	264,900
Sales and Marketing	14,340	10,017
General and Administrative	144,843	150,202
Depreciation and Amortization	32,321	14,075
Total Costs and Expenses	1,176,061	697,848
Income from Operations	97,789	246,604
Other Expense:		
Interest Expense	9,620	6,209
Income Before Income Tax	88,169	240,395
Income Tax		
Current	18,673	83,392
Deferred	-	-
Total Income Tax	18,673	83,392
Net Income	\$69,496	\$157,003
Less: Preferred Stock Dividends	2,500	-
Net Income Available to Common Stockholders	\$66,996	\$157,003
Net Earnings per Common Share:		
Basic	\$0.00	\$0.00
Diluted	\$0.00	\$0.00
Weighted Average Number of Common Shares Outstanding - Basic	83,355,960	81,041,422
Weighted Average Number of Common Shares Outstanding - Diluted	85,368,338	81,041,422

The accompanying Notes are an integral part of the condensed consolidated financial statements

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CPSM, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
Three Months Ended March 31, 2016

	Preferred Stock		Common Stock		Additional Paid - In Capital	Additional Paid - In Capital	Retained	Total
	Shares	Amount	Shares	Amount	Preferred	Common	Earnings	Stockholders' Equity
Balance at December 31, 2015	-	\$ -	83,355,960	\$ 83,356	\$ -	\$ 218,423	\$148,357	\$ 450,136
Issuance of Series A Preferred Stock	1,562,500	156	-	-	124,844	-	-	125,000
Preferred Stock Dividend	-	-	-	-	-	-	(2,500)	(2,500)
Stock Option Expense	-	-	-	-	-	1,325	-	1,325
Net Income	-	-	-	-	-	-	69,496	69,496
Balance at March 31, 2016	1,562,500	\$ 156	83,355,960	\$ 83,356	\$124,844	\$ 219,748	\$215,353	\$ 643,457

The accompanying Notes are an integral part of the condensed consolidated financial statements

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CPSM, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31,	
	2016	2015
Cash Flow from Operating Activities:		
Net Income	\$69,496	\$157,003
Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities:		
Depreciation and Amortization	32,321	14,075
Stock Option Expense	1,325	-
Increase (Decrease) in Cash from change in:		
Accounts Receivable	(49,237)	(79,160)

Due from Related Party	(1,152)	(254)
Inventory	(10,490)	29,523
Prepays	(40,439)	-
Deposits	-	3,000
Accounts Payable and Accrued Liabilities	119,800	3,085
Customer Deposits	(19,155)	36,665
Net Cash Provided By Operating Activities	<u>102,469</u>	<u>163,937</u>
Cash Flow from Investing Activities:		
Purchase of Property and Equipment	(35,905)	(2,799)
Additional Deposit for Acquisition	(25,000)	-
Sale of Purchased Assets	17,500	-
Purchase Price Refund	15,000	-
Net Cash Used in Investing Activities	<u>(28,405)</u>	<u>(2,799)</u>
Cash Flow from Financing Activities:		
Preferred Stock Dividend	(2,500)	-
Issuance of Preferred Stock	125,000	-
Payment on Bank Line of Credit	-	(4,093)
Proceeds from Bank Line of Credit	6,891	-
Payment on Notes Payable	(11,816)	(4,014)
Conversion/Payment on Stockholder Advance Payable	(115,000)	(1,200)
Payment on SBA Loan	(14,810)	(14,031)
Issuance of Notes Payable	28,904	-
Net Cash Provided by (Used in) Financing Activities	<u>16,669</u>	<u>(23,338)</u>
Net Increase in Cash	<u>\$90,733</u>	<u>\$137,800</u>

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Cash at the Beginning of the Period	\$427,978	\$557,920
Cash at the End of the Period	<u>\$518,711</u>	<u>\$695,720</u>

Supplemental Disclosures of Cash Flow Information:

Cash Paid During the Period for:

Interest	<u>\$8,732</u>	<u>\$ 5,348</u>
Income Taxes	<u>\$30,000</u>	<u>\$ -</u>

Supplemental Disclosures of Non-Cash Information:

Property and Equipment Acquired through Issuance of Notes Payable	<u>\$28,904</u>	<u>\$ -</u>
Intangible Asset Acquired in Exchange for Deposit - Business Acquisition	<u>\$133,000</u>	<u>\$ -</u>

The accompanying Notes are an integral part of the condensed consolidated financial statements

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
Unaudited

NOTE 1 – NATURE OF OPERATIONS

CPSM, Inc. (“ CPSM ”) and its wholly-owned subsidiaries, Custom Pool and Spa Mechanics, Inc. (“ Custom Pool ”), and Custom Pool Plastering, Inc. (“ CPP ”) collectively (the “ Company ”) are primarily engaged in the provision of full line pool and spa services, specializing in pool maintenance and service, repairs, leak detection, renovations, decking and remodeling. The primary market area includes Martin, Palm Beach, St Lucie, Indian River and Brevard counties, Florida.

NOTE 2 - RECAPITALIZATION

On September 11, 2014, through a stock exchange, CPSM acquired all of the outstanding common shares of Custom Pool. The principal shareholder of Custom Pool at the acquisition date was the Lawrence and Loreen Calarco Family Trust, (“ Calarco Trust ”) beneficially owned by Lawrence Calarco, an officer and director of the Company and Loreen Calarco an officer and director of the Company.

For accounting purposes, the transaction is accounted for as a reverse recapitalization. Reverse recapitalization accounting applies when a non-operating shell company (CPSM) acquires a private operating company (Custom Pool) and the owners and management of the private operating company have actual or effective voting and operating control of the combined company. A reverse recapitalization is equivalent to the issuance of stock by the private operating company for the net monetary assets of the public shell corporation accompanied by a recapitalization with accounting similar to that resulting from a reverse acquisition, except that no goodwill or other intangible assets are recorded.

On June 12, 2014, the Calarco Trust and four investors purchased approximately 98.5% of the outstanding common shares of Nevcor Business Solutions, Inc. (“ Nevcor ”). Subsequently, Nevcor was changed to CPSM, Inc.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles general accepted in the United States of America (“ GAAP ”) for interim financial information, and the Securities and Exchange Commission (“ SEC ”) rules for interim financial reporting. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations.

However, in the opinion of management, the accompanying interim consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the Company ’ s consolidated financial position as of March 31, 2016 and the consolidated results of operations and cash flows for the periods presented. The consolidated results of operations for interim periods are not necessarily indicative of the

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

results of operations to be expected for any subsequent interim period or for the fiscal year ended December 31, 2016. The accompanying unaudited consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 included in the Company's Form 10-K.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less or money market accounts held at financial institutions are considered to be cash equivalents. Substantially all of the cash and cash equivalents are placed with one financial institution. From time to time during the year the cash accounts are exposed to credit loss for amounts in excess of insured limits of \$250,000 in the event of non-performance by the institution, however, it is not anticipated that there will be non-performance.

Allowance for uncollectible receivables

Management evaluates credit quality by evaluating the exposure to individual counterparties, and, where warranted, management also considers the credit rating or financial position, operating results and/or payment history of the counterparty. Management establishes an allowance for amounts for which collection is considered doubtful. Adjustments to previous assessments are recognized in income in the year in which they are determined. At March 31, 2016 and December 31, 2015, \$23,114 in receivables was reserved against.

Inventory

Inventory consists principally of pool chemicals and resurfacing materials. Inventory has a short turnover cycle. It is valued at the lower of cost or market using the First-in, First-out method.

Property and Equipment

Land is stated at cost. Property and equipment are carried at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Land and building represent the old office facility of the Company in Palm City, FL., available for sale, and the newly acquired building in Stuart, Florida, which is the primary office of the Company. The equipment is largely comprised of computers and motor vehicles used in the pool service business.

Intangible Assets

Intangible assets consist primarily of customer lists and other purchased assets with a definite life, and these are amortized using the straight-line method over those estimated useful lives.

Amortization expense for the next five years and thereafter is as follows:

Intangible Asset	2016	2017	2018	2019	2020	Thereafter
Client List – Prior Acquisitions	\$13,400	\$3,328	-	-	-	-
Capitalized Costs	1,185	1,185	1,185	1,185	1,185	15,407
Client List -Sundook	8,583	8,583	8,583	8,583	8,583	111,585
Total	\$23,168	\$13,096	\$9,768	\$9,768	\$9,768	\$126,992

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
Unaudited

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Customer Deposits

The Company collects initial deposits from customers for pool resurfacing and remediation work and recognizes the revenue when the work is completed.

Revenue Recognition

Revenue is recognized when the pool service is completed and the collectability is reasonably assured. For pool resurfacing and remediation work, revenue is recognized at the time of completion of the job.

Stock-Based Compensation

The Company accounts for stock-based compensation under the fair value recognition provisions of GAAP which requires the measurement and recognition of compensation for all stock-based awards made to employees and directors including stock options and restricted stock issuances based on estimated fair values.

In accordance with GAAP, the fair value of stock-based awards is generally recognized as compensation expense over the requisite service period, which is defined as the period during which an employee is required to provide service in exchange for an award. The Company uses a straight-line attribution method for all grants that include only a service condition. Compensation expense related to all awards is included in operations.

Income Taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of asset and liabilities. Deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on deferred tax asset and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company accounts for uncertainties in income tax law under a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns as prescribed by GAAP. Under GAAP, the tax effects of a position are recognized only if it is “ more-likely-than-not ” to be sustained by the taxing authority as of the reporting date.

If the tax position is not considered “ more-likely-than-not ” to be sustained, then no benefits of the position are recognized. Management believes there are no unrecognized tax benefits or uncertain tax positions as of March 31, 2016 and December 31, 2015.

The Company recognizes interest and penalties on income taxes as a component of income tax expense, should such an expense be realized.

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basic and Diluted Net Earnings per Share

The Company computes earnings per share in accordance with “ ASC-260 ” , “ Earnings per Share ” which requires presentation of both basic and diluted earnings per share on the face of the consolidated statements of income. Basic earnings per share is computed by dividing net earnings available to common shareholders by the weighted average number of outstanding common shares during the year. Diluted earnings per share gives effect to all dilutive potential common shares outstanding during the year. Dilutive earnings per share excludes all potential common shares if their effect is anti-dilutive. The Company issued 1,000,000 stock options in May 2015 that are dilutive with the stock price closing at \$0.08 per share on March 31, 2016 and the exercise price at \$0.035 per share. Under the Treasury Stock Method, an additional 449,878 shares were included in the diluted earnings per share calculation. Further, in January 2016, the Company issued 1,562,500 shares of Series A Preferred Stock which under the if-converted method were added to the dilutive earnings per share calculation. The total diluted shares at March 31, 2016 were 85,368,338. As of March 31, 2015, the Company has no dilutive securities.

Fair Value Measurement

Generally accepted accounting principles establishes a hierarchy to prioritize the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest ranking to the fair values determined by using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the assets based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company ’ s assumptions about inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Company has determined the appropriate level of the hierarchy and applied it to its financial assets and liabilities. At March 31, 2016 and December 31, 2015 there were no assets or liabilities carried at fair value.

Use of Estimates and Assumptions

The preparation of consolidated financial statements 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. Actual results could differ from those estimates.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. ASU 2014-09 also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the impact the adoption of ASU 2014-09 on the Company ’ s consolidated financial statement presentation and disclosures.

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
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NOTE 4, RECENT ACCOUNTING PRONOUNCEMENTS, CONTINUED

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The ASU requires equity investments to be measured at fair value with changes in fair values recognized in net earnings, simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment and eliminates the requirement to disclose fair values, the methods and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost. The ASU also clarifies that the Company should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale debt securities in combination with the Company's other deferred tax assets. These amendments are effective for the Company beginning January 1, 2018. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-2, Leases (Topic 842) which will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with term of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The new ASU will require both types of leases to be recognized on the balance sheet. The ASU also will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These

disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The ASU is effective for fiscal years beginning after December 15, 2018 and for interim periods within those fiscal years. The Company is in the process of determining the effect of the ASU on its consolidated balance sheets and consolidated statements of income. Early application will be permitted for all organizations.

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with high-credit quality financial institutions. At March 31, 2016 and December 31, 2015, the Company had cash and cash equivalent balances in excess of federally insured limits in the amount of approximately \$268,711 and \$177,978, respectively.

Accounts receivable are financial instruments that potentially expose the Company to concentration of credit risk. However, accounts receivable of \$206,754 and \$157,517 at March 31, 2016 and December 31, 2015, respectively are comprised of many pool service customer accounts, none of which are individually significant in size. The Company historically has collected substantially all of its receivables.

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
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NOTE 6 – FAIR VALUE ESTIMATES

The Company measures financial instruments at fair value in accordance with ASC 820, which specifies a valuation hierarchy based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's own assumptions.

Management believes the carrying amounts of the Company's cash, accounts receivable, accounts payable as of March 31, 2016 and December 31, 2015 approximate their respective fair values because of the short-term nature of these instruments. The Company measures its line of credit, notes payable and loans in accordance with the hierarchy of fair value based on whether the inputs to those valuation techniques are observable or unobservable. The hierarchy is:

Level 1 – Quoted prices for identical instruments in active markets;

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value of the cash, line of credit, notes payable, loans and intangible asset acquired in business acquisition at March 31, 2016 and December 31, 2015, were as follows:

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value
At December 31, 2015				
Cash	\$427,978	-	-	\$427,978
Bank Line of Credit	-	\$ 20,426	-	\$ 20,426
Notes Payable	-	\$ 562,970	-	\$ 564,646
SBA Loan	-	\$ 192,290	-	\$ 192,290
Promissory Note – Stockholder	-	-	\$ 175,434	\$ 210,000
Stockholder Advance Payable	-	-	\$ 187,307	\$ 187,307
At March 31, 2016				
Cash	\$518,711	-	-	\$ 518,711
Bank Line of Credit	-	\$ 27,317	-	\$ 27,317
Notes Payable	-	\$580,058	-	\$ 581,734
SBA Loan	-	\$ 177,480	-	\$ 177,480
Promissory Note – Stockholder	-	-	\$ 175,434	\$ 210,000
Stockholder Advance Payable	-	-	\$ 72,307	\$ 72,307
Intangible Asset Acquired in Business Acquisition	-	\$154,500	-	\$154,500

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE Condensed CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
Unaudited

NOTE 7 – ACQUISITION OF SUNDOOK POOL SERVICES, LLC

On December 30, 2015, the Company made a deposit of \$165,000 to acquire a pool servicing company, Sundook Advanced Pool Services LLC, in Stuart, FL. Additionally, the Company issued 417,000 shares of restricted stock, valued at \$25,000. The transaction closed on January 5, 2016. The primary asset acquired consisted of customer list intangible assets valued at \$154,500 as well as a retail store valued at \$17,500.

An additional \$25,000 was escrowed pending an audit of customer account retentions after thirty days, and that deposit is still in escrow. The acquisition expands the Company's business presence in its primary market of Martin, St Lucie and Indian River counties, Florida. Sundook's pool service routes are synergistic with the Company's pool service routes and provide for more efficiency and better operating margins.

On March 18, 2016, the Company negotiated the final settlement for the acquisition of Sundook. Due to Sundook underperforming certain terms and warranties under the asset purchase agreement, the Company paid \$10,000 of the escrowed funds, and Sundook surrendered the 417,000 shares of the Company's stock.

Separately, also on March 18, 2016, the Company sold the retail store acquired in the Sundook transaction for \$17,500.

The acquisition is not significant as defined by ASC 805 "Business Combinations" and, therefore, no proforma financial information is presented.

NOTE 8 – STOCKHOLDER ADVANCE PAYABLE

At March 31, 2016 and December 31, 2015, the Company had an advance payable of \$72,307 and \$187,307 respectively, from the Calarco Trust, beneficially owned by Lawrence Calarco, an officer and director of the Company and Loreen Calarco an officer and director of the Company. The advance payable was used for expenditures on behalf of Custom Pool. The terms of the advance payable are non-interest bearing and it is due on demand.

NOTE 9 – BANK LINE OF CREDIT

The Company maintains a \$50,000 revolving line of credit with a regional bank. The line of credit has a ten-year maturity, but is due upon demand by the bank. The interest rate is currently 5.25%, and it is a floating rate, 2.0% over the Wall Street Journal Prime Rate Index.

The outstanding balance as of March 31, 2016 and December 31, 2015, respectively is \$27,317 and \$20,426. The Company is currently in compliance with the terms of the line of credit.

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 – NOTES PAYABLE

At March 31, 2016 and December 31, 2015 the Company has \$581,734 and \$564,646 respectively, in notes payable secured against the newly acquired building in 2015 and motor vehicles used in the pool services and pool plastering business. The outstanding balance of \$53,950 for the loan against the pool plastering pump truck is the largest of the motor vehicle loans. The interest rates range from 2.99% to 5.75% and the maturities range from three to six years. The Company is currently in compliance with the terms of the loans.

The note for the acquisition of the new building in Stuart, FL. has an outstanding balance of \$393,637 at March 31, 2016. The note carries an interest rate of 3.99% and matures in October 2025. The Company is current with all payments and terms of the note.

NOTE 11 – LONG TERM LOANS

At March 31, 2016 and December 31, 2015, the Company has a long term loan from Wells Fargo Bank which is guaranteed in case of default by the Company, by the Small Business Administration. The terms of the loan have a floating interest rate of 2.00% over the Wall Street Journal Prime Rate Index, with the interest rate currently at 5.50%. The loan matures in January 2019. The loan is secured by all of the assets of Custom Pool and by personal guaranties of Lawrence and Loreen Calarco. The outstanding balance of the loan at March 31, 2016 and December 31, 2015 is \$177,480 and \$192,290 respectively. The Company is currently in compliance with the terms of this loan.

At March 31, 2016 and December 31, 2015, the Company has a Promissory Note from a stockholder for \$210,000, which was incurred with the acquisition of the common stock of CPSM, Inc. The term of the Promissory Note is 5 years and the note has an interest rate set at the 5 Year Treasury Note rate, currently set at 1.69% and which resets annually on June 3. The principal is due on the final maturity of June 3, 2019. The Company has not paid interest, but has accrued interest expense of \$6,383 and \$5,496 as of March 31, 2016 and December 31, 2015. The Company is in compliance with the provisions of this Note.

NOTE 12 – PREFERRED STOCK

In December 2015, the Company authorized 50,000,000 shares of Series A Preferred Stock, with a \$0.0001 par value. The Series A Preferred has an 8% dividend paid quarterly, and is convertible into common stock at \$0.08 per common share. The Series A Preferred is senior to the common stock as to dividends, and any liquidation, dissolution or winding up of the Company. The Series A Preferred also has certain voting and registration rights.

In January 2016, the Company issued 1,562,500 shares of the Series A Preferred Stock to Lawrence and Loreen Calarco, officers and directors of the Company for \$125,000 in consideration. At the time of the issuance of the Series A Preferred, the closing stock price of the Company 's common stock was \$0.07 per share and so there is not a beneficial conversion feature. The Series A Preferred is callable after six months at the option of the Company at the issue price.

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
Unaudited

NOTE 13 - COMMON STOCK

Prior to the consummation of the recapitalization transaction CPSM had 8,300,951 shares of common stock outstanding, exclusive of common shares held by the Calarco Trust.

Post recapitalization, the Company issued 7,300,000 common shares between \$0.01 per share and \$0.05 per share for \$353,000 of gross and net proceeds. At March 31, 2016 and December 31, 2015 and 2014, the Company has 83,355,960 common shares issued and outstanding.

NOTE 14 – 2014 STOCK AWARDS PLAN

In November 2014, the board of directors of the Company approved the adoptions of a Stock Awards Plan. The purpose is to provide a means through which the Company may attract, retain and motivate employees, directors and persons affiliated with the Company, including, but not limited to, non-employee consultants, and to provide a means whereby such persons can acquire and maintain stock ownership, thereby strengthening their concern for the welfare of the Company. A further purpose of the Plan is to provide such participants with additional incentive and reward opportunities designed to enhance the profitable growth and increase stockholder value of the Company. A total of 7,000,000 shares was authorized to be issued under the plan. For incentive stock options, at the grant date the stock options exercise price is required to be at least 110% of the fair value of the Company ' s common stock.

The Plan permits the grants of common stock or options to purchase common stock. As plan administrator, the Board of Directors has sole discretion to set the price of the options. Further, the Board of Directors may amend or terminate the plan.

On May 27, 2015, the Board of Directors granted two individuals 500,000 options each. After issuance of the stock options, there are 6,000,000 shares available for issuance. The stock options have a five-year maturity, vesting ratably over that period.

A summary of the stock option activity over the period ended March 31, 2016 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000 ' s)
Outstanding at Dec. 31, 2015	1,000,000	\$0.035	4.4 Years	-
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at March 31, 2016	<u>1,000,000</u>	\$ 0.035	4.2 Years	-
Exercisable at March 31, 2016	<u>169,315</u>	\$ 0.035	4.2 Years	-

The Company expensed \$1,325 of stock option compensation for the three months ended March 31, 2016. Unrecognized compensation expense was \$22,010 at March 31, 2016. The Company did not issue any stock options during the three months ended March 31, 2015.

A total of 6,000,000 shares are available for grant at March 31, 2016.

CPSM, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2016 and 2015
Unaudited

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Company does not have any significant or long term commitments. The Company is not currently subject to any litigation.

NOTE 16 - SUBSEQUENT EVENTS

In May 2016, the Company moved into its new office headquarter building in Stuart, FL. and has made available for sale or lease, its old office building in Palm City, FL. That building has a sale offer and is in escrow for \$300,000, which has another 60 days remaining. There are significant contingent conditions to closing the sale, which have to do mainly with the potential buyer requiring certain permits for development.

ITEM 2. Management ' s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

The Company is a full service pool maintenance, resurfacing and repair company whose main service area is the Martin, Palm Beach, St. Lucie, Indian River and Brevard counties of Florida. The Company earns revenue by charging service fees in the pool service business and by payments under contracts in the pool resurfacing business. The Company manages its operating margins of the businesses by reviewing personnel costs, chemical and material purchases and other service costs such as motor vehicle and insurance costs. Personnel are critical to the business since customers choose those companies who have the most experience and perform the service in a timely and professional manner.

The Company competes in its markets on the basis of price and the quality of the service. There are many pool service companies in the market and throughout Florida. However, this also presents an opportunity for the Company since many of its competitors are smaller and lack the infrastructure and depth of the Company. This allows the Company to compete through offering a larger range of services with a lower cost structure and to pursue growth opportunities either through internal growth or through opportunistic acquisitions.

Plan of Operations

Management will expand the business as adequate working capital is provided through revenues. Our ability to maintain sufficient liquidity is dependent on our ability to maintain profitable operations or to raise additional capital. We have no anticipated timeline for obtaining neither additional financing nor the expansion of our business. We will continue to keep our expenses as low as possible and keep our operations in line with available working capital.

Results of Operations

On September 11, 2014, through a stock exchange the Company acquired all of the outstanding common shares of Custom Pool & Spa Mechanics, Inc.. The business purposes of the stock exchange was to maximize access to capital market financing. For accounting purposes, the transaction is accounted for as a reverse recapitalization.

Custom Pool & Spa Mechanics, Inc. has had a pool resurfacing business as part of its service offerings. The resurfacing work had been subcontracted to other pool resurfacing companies. In March 2015, the Company formed Custom Pool Plastering Inc. (" CPP "), to consolidate the pool resurfacing business, including Custom Pool & Spa Mechanics, Inc. pool resurfacing business, in the new subsidiary. As such, CPP is a start-up entity, and through December 31, 2015, generated a small operating loss. Nevertheless, CPP is expected to be profitable in 2016.

Three Months Ended March 31, 2016 compared to Three Months Ended March 31, 2015

For the three months ended March 31, 2016 and 2015, we had revenues of \$1,273,850 and \$944,452 respectively, an increase of \$329,398 or 35%. The increase is due to an increase in new pool service customers, as well as an increase in new pool plastering and resurfacing contracts. Pool service contract pricing and pool resurfacing contract pricing has remained at the same level from year to year. The increase in revenues is due to the continuing economic recovery and the Company's further penetration into the existing South Florida pool market.

The purchases and service costs of \$984,557 and \$523,554 respectively, for the three months ended March 31, 2016 and 2015, an increase of \$461,003 or 88%. The increase is due to the increase in sales of our pool service and plastering and refinishing business. As well, increased costs have been incurred in the integration of the acquisition of Sundook Pools.

Revenues, less purchases and service costs was \$289,293 and \$420,898 for the three months ended March 31, 2016 and 2015, respectively and produced a margin of 23% and 45%, respectively. The decline in margin is largely due to the integration of the pool service business from the acquisition of Sundook Pools. The Company believes that as the integration is completed the margin will improve.

For the three months ended March 31, 2016 and 2015, we had sales and marketing expenses of \$14,340 and \$10,017, respectively. This was an increase of \$4,323 or 43% and is due largely to an established market presence for CPP reducing the need for marketing. Nevertheless, depending on the market and the Company's expansion plans, marketing expenses most likely will increase in the future.

General and administrative expenses for the three months ended March 31, 2016 and 2015 were \$144,843 and \$150,201 respectively, a decrease of \$5,358 or 4%. The decline is not indicative of what is expected to be an overall increase in general and administrative expenses as the Company continues to grow by adding pool service business. This is mainly due to a timing difference in legal and accounting expenses and tax expense.

Depreciation and amortization expense was \$32,321 and \$14,075 respectively, for the three months ended March 31, 2016 and 2015, an increase of \$18,246 or 130%. This is due to the purchase of additional motor vehicles, especially the pump truck for CPP as business in both the pools service and resurfacing business has expanded. As well, increased depreciation has come from the new office building in Stuart, Florida.

Capital Resources and Liquidity

We are currently profitable and finance our business through operations. Debt financing was used to start the business, for purchases of motor vehicles and a commercial building that are our new headquarters. Equity financing, using both preferred and common stock, has been used for public company and other registration costs as well as for future acquisitions. Currently, we are not in any negotiations to acquire other businesses.

Over the next twelve months, our cash requirement for operations is expected to be in excess of \$3,500,000. This requirement is expected to be funded through cash generated from operations and bank debt financing.

We have existing bank relationships and have had discussions with potential equity investors, however, there can be no assurance that we will be able to raise capital, if at all, upon terms acceptable to us.

We maintain a \$50,000 revolving line of credit with a regional bank. The line of credit has a ten-year maturity, but is due upon demand by the bank. The interest rate is currently 5.25%, and it is a floating rate, 2.0% over the Wall Street Journal Prime Rate Index. The outstanding balance as of March 31, 2016 and December 31, 2015, respectively, is \$27,317 and \$20,426. We are currently in compliance with the terms of the line of credit.

At March 31, 2016 and December 31, 2015, we had a long term loan from Wells Fargo Bank which is guaranteed, in case of default by the Company, by the Small Business Administration. The terms of the loan have a floating interest rate of 2.00% over the Wall Street Journal Prime Rate Index, with the interest rate currently at 5.50%. The loan matures in January 2019. The loan is secured by all of the assets of Custom Pool & Spa Mechanics, Inc. and by personal guaranties of Lawrence and Loreen Calarco, officers and directors of the Company. The outstanding balance of the loan at March 31, 2016 and December 31, 2015 is \$177,480 and \$192,290 respectively. We are currently in compliance with the terms of this loan.

At March 31, 2016 and December 31, 2015, we had a promissory note from a stockholder for \$210,000, which was incurred with the acquisition of the common shares of CPSM, Inc.

The term of the promissory note is five years and the promissory note has an interest rate set at the 5 Year Treasury Note rate, currently set at 1.69% and which resets annually from June 3, 2014. The principal is due on the final maturity of June 3, 2019. We have not paid interest, but has accrued interest expense of \$6,383 and \$5,496 as of March 31, 2016 and December 31, 2015, respectively. We are in compliance with the provisions of this promissory note.

March 31, 2016 compared to March 31, 2015

For the three months ended March 31, 2016, we had a net income of \$66,996. We had the following adjustments to reconcile net income to cash flows from operating activities: an increase of \$32,321 due to depreciation and amortization, and an increase of \$1,325 due to stock option compensation.

We had the following changes in operating assets and liabilities: an increase of \$49,237 in accounts receivable, an increase of \$1,152 in amounts due from related party, an increase of \$10,490 due to inventory, an increase in prepaid expenses of \$40,439, an increase of \$119,800 in accounts payable and accrued expenses and a decrease in customer deposits of \$19,155.

As a result, we had net cash provided by operating activities of \$102,469 for the three months ended March 31, 2016 consistent with the increase in pool servicing and pool plastering and resurfacing business.

For the three months ended March 31, 2015, we had a net income of \$157,003. We had the following adjustments to reconcile net income to cash flows from operating activities: an increase of \$14,075 due to depreciation and amortization.

We had the following changes in operating assets and liabilities: an increase of \$79,160 in accounts receivable, an increase of \$254 in amounts due from related party, a decrease of \$29,523 due to inventory, a decrease of \$3,000 in deposits, an increase of \$3,085 in accounts payable and accrued expenses and an increase in customer deposit of \$36,665.

As a result, we had net cash provided by operating activities of \$163,937 for the three months ended March 31, 2015 consistent with the increase in pool servicing and pool plastering and resurfacing business.

For the three months ended March 31, 2016, we purchased \$35,905 of property and equipment. We also made an additional deposit into escrow for the Sundook acquisition of \$25,000. Additionally, we sold purchased assets of \$17,500 and had a purchase price refund of \$15,000. As a result, we had net cash used in investing activities of \$28,405 for the three months ended March 31, 2016.

For the three months ended March 31, 2015, we purchased \$2,799 of property and equipment resulting in net cash used in investing activities of \$2,799.

For the three months ended March 31, 2016, we paid a preferred stock dividend of \$2,500 and received proceeds from the issuance of preferred stock of \$125,000. We received proceeds from the bank line of credit of \$6,891. Additionally, we made payments on notes payable of \$11,816, converted into preferred stock, \$115,000 of the stockholder advance payable, made payment on SBA loan of \$14,810 and received proceeds from a notes payable of \$28,904. As a result, we had net cash provided by financing activities of \$16,669 for the three months ended March 31, 2016.

For the three months ended March 31, 2015, we made payments on the bank line of credit of \$4,093. Additionally, we made payments on notes payable of \$4,014, made payments on stockholder advance payable of \$1,200, and on SBA loan of \$14,031. As a result, we had net cash used in financing activities of \$23,338 for the three months ended March 31, 2015.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of its Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to the reported amounts of revenues and expenses and the valuation of our assets and contingencies. We believe our estimates and assumptions

to be reasonable under the circumstances. However, actual results could differ from those estimates under different assumptions or conditions. Our financial statements are based on the assumption that we will continue as a going concern. If we are unable to continue as a going concern, we would experience additional losses from the write-down of assets.

Recent Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. ASU 2014-09 also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. We are currently evaluating the impact the adoption of ASU 2014-09 on our consolidated financial statement presentation and disclosures.

In July 2015, the FASB issued ASU No. 2015-11, “Simplifying the Measurement of Inventory, Topic 330, Inventory.” An entity should measure inventory within the scope of this Update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged

for inventory measured using LIFO or the retail inventory method. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact of the adoption of ASU 2015-11 on its consolidated financial statements.

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The ASU requires equity investments to be measured at fair value with changes in fair values recognized in net earnings, simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment and eliminates the requirement to disclose fair values, the methods and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost. The ASU also clarifies that the Company should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale debt securities in combination with the Company's other deferred tax assets. These amendments are effective for the Company beginning January 1, 2018. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-2, Leases (Topic 842) which will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with term of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The new ASU will require both types of leases to be recognized on the balance sheet. The ASU also will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The ASU is effective for fiscal years beginning after December 15, 2018 and for interim periods within those fiscal years. The Company is in the process of determining the effect of the ASU on its consolidated balance sheets and consolidated statements of income. Early application will be permitted for all organizations.

Off - Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of March 31, 2016.

Contractual Obligations

The registrant has no material contractual obligations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable for smaller reporting companies.

Item 4. Controls and Procedures

During the three months ended March 31, 2016, there were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of March 31, 2016. Based on this evaluation, our chief executive officer and principal financial officers have concluded such controls and procedures to be effective as of March 31, 2016, to ensure that information required to be disclosed by us in the reports that we file or submit under the Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

Not applicable for smaller reporting companies

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

None

Item 6. Exhibits

Exhibit 31* - Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32* - Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

* Filed herewith

**XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus 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 Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: December 23, 2016

CPSM, INC.

By: /s/Lawrence Calarco
Lawrence Calarco
Chief Executive Officer

By: /s/Charles Dargan II
Charles Dargan II
Chief Financial Officer

302 CERTIFICATION

I, Lawrence Calarco, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CPSM, 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 officers 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 controls 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 my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officers 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 registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: December 23, 2016

/s/Lawrence Calarco
Lawrence Calarco
Chief Executive Officer

302 CERTIFICATION

I, Charles Dargan II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CPSM, 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 officers 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 controls 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 my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officers 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 registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: December 23, 2016

/s/Charles Dargan II
Charles Dargan II
Chief Financial Officer

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

In connection with the Quarterly Report of CPSM, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence Calarco, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/Lawrence Calarco

Lawrence Calarco
Chief Executive Officer

December 23, 2016

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

In connection with the Quarterly Report of CPSM, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles Dargan II, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/Charles Dargan II

Charles Dargan II
Chief Financial Officer

December 23, 2016