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

FORM [«Z4K3ZVYK|Tag=DocumentType|Label=*|#=44»10-K«Z4K3ZVYK»]

(Mark One)

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

For the year ended December 31, 2020.

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

For the transition period from ________ to _________
Commission File No. 0-50274

Spectral Capital Corporation
(Name of small business issuer in its charter)

Nevada	51-0520296
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4500 9th Avenue NE, Seattle, WA	98105
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: (206) 385-6490

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $0.0001 par value
(Title of Class)

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

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

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 the registrant was required to file such reports), and (2) has been subject to such filing requirement 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 (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☐ No

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

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	☐
Emerging growth company	☐		

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

As of February 18, 2021, there are issued and outstanding only common equity shares in the amount of 117,857,623 shares, par value $0.0001, of which there is only a single class. There are 5,000,000 preferred shares authorized and none issued and outstanding.

As of June 30, 2020, the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the last reported sales price of such common equity was approximately $412,453.

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K, press releases and certain information provided periodically in writing or verbally by our officers or our agents contain statements which constitute forward-looking statements. The words “may”, “would”, “could”, “will”, “expect”, “estimate”, “anticipate”, “believe”, “intend”, “plan”, “goal”, and similar expressions and variations thereof are intended to specifically identify forward-looking statements. These statements appear in a number of places in this Form 10-K and include all statements that are not statements of historical fact regarding the intent, belief or current expectations of us, our directors or our officers, with respect to, among other things: (i) our liquidity and capital resources; (ii) our financing opportunities and plans; (iii) our ability to generate revenues; (iv) competition in our business segments; (v) market and other trends affecting our future financial condition or results of operations; (vi) our growth strategy and operating strategy; (vii) the declaration and/or payment of dividends; and (viii) any statements regarding any reserves, potential reserves, potential mineral yield or extraction costs with respect to our mining properties.

Investors and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. The factors that might cause such differences include, among others, those set forth in Part II, Item 7 of this annual report on Form 10-K, entitled Management’s Discussion and Analysis or Plan of Operation, including without limitation the risk factors contained therein. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this Form 10-K after the date of this report.

ITEM 1. DESCRIPTION OF BUSINESS

OVERVIEW

Spectral Capital Corporation (“Spectral” or the Company, also “We or Us”) is a technology company focused on the identification, acquisition, development, financing of technology that has the potential to transform existing industries. We look for technology that can be protected through patents or laws regarding trade secrets. Spectral has acquired significant stakes in two technology companies and intends to increase its portfolio over time.

CORPORATE HISTORY AND DEVELOPMENT

We were incorporated in the State of Nevada on September 13, 2000 as Galaxy Championship Wrestling, Inc., a media and entertainment company focused on developing, producing and marketing live entertainment in the professional wrestling sphere.

On March 31, 2004, unable to generate sufficient revenues to sustain our professional wrestling business, we ceased operations in this field and began exploring other business opportunities.

Also, on March 31, 2004 our controlling shareholders entered into a certain private stock purchase agreement, wherein they sold an aggregate of 5,750,000 of our common shares, representing a sixty-two and seventeen twentieths percent (62.85%) controlling interest, to an unrelated third party.

By certificate of amendment filed June 17, 2004, we changed our name from Galaxy Championship Wrestling, Inc. to FUSA Capital Corporation.

During the period from March 31, 2004 until March 7, 2005 we had no meaningful operations and did not carry on any active business, focusing instead on identifying and evaluating the merits of alternative potential business and acquisition opportunities which might allow us to restart operations.

On March 7, 2005 we entered into a certain plan and agreement of reorganization with FUSA Technology Investments Corp. ("FTIC"), a Nevada corporation engaged in the emerging growth field of audio and video search engine technology, whereby we acquired all of the issued and outstanding capital stock of FTIC in addition to obtaining certain intellectual property concepts related to search engine technology as developed by FTIC and its principals. In March of 2005 we also entered into a 3 for one stock dividend payable to our shareholders.

From April, 2005 until September 2010, we were engaged continuously in the development and operation of consumer focused media search engine technologies and portals. During the last nine months of 2009, we began to substantially curtail our operations and ongoing technology development as a consequence of (i) having completed a substantial portion of our planned principal technology development work and (ii) being unable to raise sufficient funds through revenue or sales of debt or equity securities to continue our previous levels of operation and development. We ceased operating our Internet properties in December 2010.

We had consistently lost money on our on-line consumer media properties due to the expenses involved in hosting, promotion, development and management of those sites. In an effort to maintain as much traffic as possible on our most popular media site, www.searchforvideo.com, which is also responsible for a large proportion of our expenses, we contracted with Brass Consulting Ltd. to maintain the site in exchange for net revenue produced from the site. This agreement was cancellable after 30 days notice. We cancelled this agreement in September 2009. We were not able to operate the site properly internally or through an external provider.

On June 29, 2009, our Board of Directors resolved to amend the Articles of Incorporation pursuant to Nevada Revised Statues 78.207 to decrease the number of authorized shares of our common stock, par value $0.0001, from 500,000,000 to 333,333 shares. Correspondingly, our Board of Directors affirmed a reverse split of one thousand and five hundred (1,500) to one (1) in which each shareholder was issued one (1) share in exchange for every one thousand and five hundred (1,500) common shares of their currently issued common stock. The record date for the reverse split was July 6, 2009.

On July 27, 2010, our shareholders voted to change our name to Spectral Capital Corporation and to increase number of shares of our authorized common stock from 333,333, par value $0.0001 to 500,000,000, par value $0.0001.

On August 18, 2010, we entered into a financing with a third party, Trafalgar Wealth Management. Under the terms of the financing, for aggregate consideration of $50,000 or $0.001 per common share, we sold 50,000,000 common shares and issued warrants to purchase 10,000,000 common shares at an exercise price of $1.00 per share. Under the terms of the agreements as amended in 2011, subject to certain terms and conditions, Trafalgar is obligated to exercise at least $1,000,000 worth of these warrants over the next 24 months or Spectral will receive back 5,000,000 of the shares.

Pursuant to a notice of conversion by holders of our April 2009 promissory notes, we converted the outstanding of interest and principal under the notes, which was in excess of $50,000, for a settled amount of $50,000. Under the terms of the April 2009 note, we are required to convert these shares at the current financing price of $0.001 per share. Therefore, on August 18, 2010 we issued 50,000,000 shares to various holders of the April 2009 promissory notes, which represents 49.9% of our current issued and outstanding shares.

In September 2010, the Company purchased an interest in mineral properties in the Chita region of the Russian Federation. The Kadara and Kaltagay license is located in the Mogochinsky district of the Chita Region in the Russian Federation. Initially, we purchased 47% of the License for prospecting, exploration and production of gold and all other metals. The length of the License runs to August 31, 2031. The size of the License is 186 square kilometers or 18,200 hectares. Development and exploration activities are currently being undertaken. In December, 2010, we purchased an additional interest of 5% in this property, bringing our total interest in the property to 52%.

In January, 2011, we purchased a 65% interest in mineral properties in the Bayankol River region of Kazakhstan (“Bayankol”).

In July, 2011, we conveyed our interest in our Chita property back to our counterparty in exchange for cancellation of warrants to purchase Spectral common stock issued in the transaction and our right to be reimbursed for incurred costs to date. We have not yet sought any reimbursement under this agreement.

In September, 2011, we developed a partnership in Saratov, Russia to acquire and develop oil leases in the region.

In December, 2011, we restructured our interest in our Bayankol property. The agreement rescinded the original transaction of January 14, 2011 and the previously issued warrants were cancelled. Spectral agreed to issue 1,000,000 common shares of Spectral stock in exchange for an option to purchase 65% of the property. Spectral will also have an obligation to find third party debt financing of $200,000,000 over five years to maintain its interest in the Bayankol property.

In February, 2012, we acquired a 60% interest in a Canadian oil and gas field in the Red Earth region of Alberta for a cash payment of $750,000, which we paid. Under the agreement, we also had the right to fund additional drilling on the property up to $17,500,000 on a secured creditor basis. The property is currently in production and producing oil. There are eight permitted drilling locations on the property.

In December, 2012, the Company entered into an agreement with Akoranga AG, a Company owned by the CEO of Spectral, to transfer its ownership interests in the Alberta oil and gas properties for $950,000, the value of Spectral's contributions to the project to date. In satisfaction of the purchase price, Akoranga agreed to offset liabilities of Spectral in the amount of $626,022. The balance owing of $323,978 is non-interest bearing and was to be repaid within a one year period. Subsequent to the year ended December 31, 2013, the fulfillment of the agreement was extended to December 31, 2014. As of December 31, 2017, all loans with Akoranga have been forgiven. The forgiveness was treated as a capital contribution to additional paid-in capital as the Company's CEO also controls the operations of Akoranga.

On February 26, 2013, Spectral Capital Corporation, through its subsidiary, Spectral Holdings, Inc. signed a definitive Technology Acquisition Agreement ("Agreement") to acquire mobile search engine and mobile sharing technology from Fiveseas Securities Ltd. Under the Agreement, Spectral issued Fiveseas 5,000,000 common shares of Spectral Capital Corporation, par value $0.0001. The Agreement calls for the technology to reside within a newly formed entity called Noot Holdings, Inc., a Delaware corporation, which Spectral is a 60% owner of and Fiveseas is a 40% owner of. Fiveseas was granted a right of first refusal for any subsequent sale of the technology.

On March 7, 2013, Spectral sold 1,650,000 common shares, par value $0.0001 at approximately $0.61 per share and received a total of $1,000,000 USD in financing proceeds. Spectral also issued warrants to purchase 1,650,000 common shares, par value $0.0001 to the purchasers at an exercise price of $0.80 per share. The warrants expired on March 6, 2015. The shares were sold in a private placement to a non-US purchaser. There were no commissions paid in the financing and no registration rights granted.

On March 14, 2013, Spectral Capital Corporation purchased 8% of the issued and outstanding shares of Kontexto, Inc., a Canadian corporation. Spectral purchased the shares from Sargas Capital, Ltd., a minority shareholder, in exchange for 5,000,000 common shares of Spectral stock, par value $0.0001 and warrants to purchase 5,000,000 common shares at $0.85 per share, expiring on March 13, 2015. There were no commissions associated with the transaction and the shares were issued to non US shareholders of a Sargas Capital, Ltd., a Canadian company. The Company's CEO is an officer of Sargas Capital, Ltd. but does not have any holdings in Sargas Capital, Ltd.

On December 1, 2013, Spectral Capital Corporation, through its subsidiary, Spectral Holdings, Inc. signed a definitive Technology Acquisition Agreement ("Agreement") to acquire a technology application and service that enhances the way people find, consume, analyze, share and discuss financial news and topics, equities, commodities and currencies on the web from TL Global Inc. Under the Agreement, Spectral issued TL Global Inc. 5,000,000 common shares of Spectral Capital Corporation, par value $0.0001. The Agreement calls for the technology to reside within a newly formed entity called Monitr Holdings, Inc., a Delaware corporation, which Spectral is a 60% owner of and TL Global Inc. is a 40% owner of. TL Global Inc. was granted a right of first refusal for any subsequent sale of the technology.

Our principal executive offices are located at 4500 9th Avenue NE, Seattle, Washington 98105. Our phone number is (206) 385-6490. The Company's year end is December 31.

PRINCIPAL PRODUCTS AND SERVICES

Spectral is focused on the identification, acquisition, development, and financing of technology that has the potential to transform existing industries. The Company looks for technology that can be protected through patents or laws regarding trade secrets. Spectral has acquired significant stakes in two technology companies and intends to increase its portfolio over time.

Companies within the technology development and commercialization sector have a variety of areas of principal competence. Some companies focus on aggressively developing a portfolio of intellectual property and then licensing that property and defending it through litigation. Others focus on a technology embodied in a software product or device which has the potential to be acquired by businesses and/or consumers at a profit. Others seek to develop and commercialize technology that attracts a significant number of users who can be monetized through advertising. Of course, technology development and commercialization is a vast and complex field. Spectral has had an initial focus on information technology with a direct value proposition to businesses or consumers.

Like all companies that seek to develop a portfolio of high impact technologies and the corporate and organizational structure to monetize those technologies, Spectral must do the specialized work of lowering the risk profile of the commercialization of a particular technology to the point where it is able to grow at a reasonable customer acquisition cost.

Our business differs from those companies whose capital reserves, successful previous ability to monetize technology and scale, efficiencies and existing customer base allow them to select and develop technology by flooding the technology with financial and human resources. Spectral's approach is much more targeted. We only develop technology that we believe has a very specific fit with our expertise and limited capital. We develop technology that does not require massive investments in sales and marketing in order to reach an initial audience.

We currently have two technology companies in the Spectral portfolio, Noot, and Monitr.

Noot is a mobile technology company that created the mobile application "Noot" which utilized proprietary search engine technology for mobile devices that delivered personalized information to the user. While Noot is no longer a working mobile application, as we determined the revenue potential did not meet our expectations, we are seeking alternative business opportunities to utilize the underlining technology.

Monitr, launched in late 2014, is a technology and financial data services company that identifies for investors stocks that its software detects to be trending up in price at the moment.

- Monitr leverages cloud computing, big data and software to analyze the financial markets to discover those stocks that are trending now. Thousands of companies, news stories, blogs and opinion pieces are analyzed daily to uncover the trends and displayed in an accessible and easy-to-use web-based interface for investors and traders.
- Many investors use only a few sources to become informed of market conditions, Monitr provides investors with access to thousands of sources.

Monitr specializes in the analysis of news and opinion to determine the aggregate sentiment and trends of equities across markets in part to detect trends and provide relevant data for its users. In a change to its business model, Monitr no longer offers these services direct to individual customers for monthly or annual fees. Instead, it has focused on sourcing its services to professional trading organizations that want access to Monitr's trend detecting software.

On September 30, 2015 one of Spectral´s portfolio companies, Kontexto, ceased operations and is no longer in business.

Competition

We compete with a wide variety of parties in connection with our efforts to: (i) attract users to our various Analytics, Search & Software portfolio companies and the ones we intend to develop; (ii) develop, market and distribute our current and anticipated B2C ("Business to Consumer") and B2B ("Business to Business") software applications ("Applications or Apps") as developed by our portfolio companies; (iii) attract third parties to distribute our Applications and related technology; and (iv) attract advertisers. In the case of our anticipated search services generally, our competitors include Google and other destination search websites and search centric portals (some of which provide a broad range of content and services and/or link to various desktop applications), third party toolbar, convenience search and applications providers, other search technology and convenience service providers (including internet access providers, social media platforms, online advertising networks, traditional media companies and companies that provide online content). When we market our portfolio search and analytics services, we compete against a variety of established players and new entrants.

Moreover, some of our current and potential competitors have longer operating histories, greater brand recognition, larger customer bases and/or significantly greater financial, technical and marketing resources than we do. As a result, they have the ability to devote comparatively greater resources to the development and promotion of their products and services, which could result in greater market acceptance of their products and services relative to those offered by us.

In the case of our portfolio companies Noot and Monitr, we believe that our ability to compete successfully will depend primarily upon the relevance and authority of our search results, the usefulness of our analytics and other content, the functionality of our software and the quality of related content and features and the attractiveness of the services provided by our technology generally to consumers and business relative to those of our competitors. All of these attributes require capital expenditures in order to compete in this marketplace effectively.

Marketing and Customers

Noot is no longer a working mobile application, however, its foundation of mobile search and machine learning is still relevant today. Given adequate funding to upgrade its software, we believe there are alternative markets in which Noot could enter. The mobile search sector has much room to grow.

With the growth of Fintech, Monitr has a growing list of competitors, however, we believe that Monitr´s trend detecting software performs well relative to the competition. Over time, though, Monitr will require additional investment into its software to remain competitive in the growing marketplace.

Principal Agreements Affecting Our Ordinary Business

We do not have any current long-term agreements that impact our business.

Information Technology Governmental Regulation

Our operations are subject to various rules, regulations and limitations impacting the information technology industry as whole.

Environmental Matters

We do not anticipate any significant impact of environmental regulations on our business.

OPERATIONS

Spectral is focused on the identification, acquisition, development, and financing of technology that has the potential to transform existing industries. The Company looks for technology that can be protected through patents or laws regarding trade secrets. Spectral has acquired significant stakes in two technology companies and intends to increase its portfolio over time.

The majority of our operations consist of the development and commercialization of portfolio technology; including attendant information security needs and providing consistent and reliable access to our applications/technology.

RESEARCH AND DEVELOPMENT

We conducted development efforts regarding our previously held oil and gas properties. As we have divested of our operating oil assets, we do not anticipate any additional development expenses in existing the natural resource sector.

For the year ended December 31, 2020, we have not incurred research and development expenses related to the development of our current software products and for our previous technology business.

COMPETITION

Overview

Some of the largest and most technologically sophisticated and financially successful companies in the world compete in the search engine and software development space. Capital requirements in this space can easily run into the hundreds of millions of dollars and Spectral is in no way able to compete directly against its larger and more well-financed competitors with respect to technology brands which require hundreds of millions of dollars to be spent either on technology development or sales and marketing. Instead, we tend to compete against much smaller companies, with limited capital resources, who are all looking at early-stage technology companies which require 1-4 years of development and $2-$5 million dollars in financing in order to reach critical mass in an important market.

Therefore, Spectral, like its smaller competitors within this space, can compete only by having a low enough overhead, a flexible enough risk profile, patience, a willingness to secure expensive management and technological resources on a flexible project basis and the utilization of equity-based incentives to attract talented personnel who find the risk reward profile of emerging growth companies appealing.

Failure of Competitors

Many of our smaller competitors fail because of improperly architected technology, excessive spending on sales and marketing, information technology security problems, the failure to secure required development capital, the inability to efficiently develop a customer acquisition program cost effectively and the inability to efficiently and cost effectively manage technology development.

Our Competitive Position

Because we currently have already acquired interests in two portfolio companies, our competitive position with respect to our existing projects is relevant to our ability to attract and retain key management personnel. The technology sector is booming and successes like Google, Facebook and Twitter, as well as a proliferation of other mobile technologies, drive intense competition for executive talent in the industry. As a smaller competitor without a track record operating in a booming area, we will have to offer significant cash and equity incentives to attract talented personnel. As we have had some limited success to date in attracting officers and board members based on the strength of our portfolio companies to date, we believe that we are reasonably well positioned to compete for these human resources if we are able to raise significant additional funding.

SIGNIFICANT CUSTOMERS AND SUPPLIERS

We are not particularly dependent on any one customer or supplier.

INTELLECTUAL PROPERTY

Overview

Our intellectual property consists almost exclusively of trade secret protectable software code and proprietary information technology architecture.

We regard our intellectual property rights, including trademarks, domain names, trade secrets, patents, copyrights and other similar intellectual property, as critical to our success.

The businesses within our Noot Search and Monitr´s trend detection software rely upon trade secrets, including algorithms for the generation, organization and presentation of search results.

Trademarks

We no longer intend to apply for registration of a trademark with the United States Patent and Trademark Office given the company’s current status.

Trade Secrets

Whenever we deem it important for purposes of maintaining the secrecy of information, such as sensitive and valuable search algorithms, we require parties with whom we share, or who otherwise are likely to become privy to, our trade secrets or other confidential information to execute and deliver to us confidentiality and/or non-disclosure agreements. Among others, this may include employees, consultants and other advisors, each of whom may require us to execute such an agreement upon commencement of their employment, consulting or advisory relationships. These agreements generally provide that all confidential information developed or made known to the individual by us during the course of the individual's relationship with us is to be kept confidential and not to be disclosed to third parties except under specific circumstances.

As of the date of this annual report on Form 10-K for the year ended December 31, 2020, we have executed non-disclosure agreements with all of our key employees, consultants or advisors.

EMPLOYEES

For the year ended December 31, 2020, we had one full-time employee.

We are not subject to any collective bargaining agreements and believe that our relationships with our employees and consultants are good.

Item 1A. RISK FACTORS

Not required.

ITEM 2. DESCRIPTION OF PROPERTY

Our principal executive offices are located at 4500 9th Avenue NE, Seattle, Washington, 98105. Our telephone number is (206) 385-6490. The lease for this space is a revolving three-month term.

ITEM 3. LEGAL PROCEEDINGS

As of the date of this annual report on Form 10-K for the year ended December 31, 2020, there were no pending material legal proceedings to which we were a party and we are not aware that any were contemplated. There can be no assurance, however, that we will not be made a party to litigation in the future. Any finding of liability imposed against us is likely to have an adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations

ITEM 4. MINE SAFETY DISCLOSURES

N/A.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the OTC Markets Pink Sheets, under the symbol “FCCN”.

The following table sets forth the high and low bid prices for our common stock as reported each quarterly period within the last two years on the OTC Markets Pink Sheets, and as obtained from otcmarkets.com. The high and low prices reflect inter-dealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions.

Period	High*	Low*
Year ended 2019		
Quarter ended		
March 31, 2019	$ 0.0076	$ 0.0022
June 30, 2019	$ 0.0049	$ 0.0020
September 30, 2019	$ 0.0035	$ 0.0015
December 31, 2019	$ 0.0049	$ 0.0025
Year ended 2020		
Quarter ended		
March 31, 2020	$ 0.0029	$ 0.0021
June 30, 2020	$ 0.0050	$ 0.0015
September 30, 2020	$ 0.0058	$ 0.0026
December 31, 2020	$ 0.0070	$ 0.0031

STOCKHOLDERS

As of February 18, 2021, there were approximately 90 holders of record of our common shares.

DIVIDENDS

From our inception we have never declared or paid any cash dividends on shares of our common stock and we do not anticipate declaring or paying any cash dividends in the foreseeable future. The decision to declare any future cash dividends will depend upon our results of operations, financial condition, current and anticipated cash needs, contractual restrictions, restrictions imposed by applicable law and other factors that our board of directors deem relevant. Although it is our intention to utilize all available funds for the development of our business, no restrictions are in place that would limit our ability to pay dividends. The payment of any future cash dividends will be at the sole discretion of our board of directors.

RECENT SALES OF UNREGISTERED SECURITIES

None.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion and analysis of our financial condition, results of operations and liquidity should be read in conjunction with our consolidated financial statements for the years ended December 31, 2020 and 2019 and the related notes appearing elsewhere in this annual report. Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles.

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies, including the assumptions and judgments underlying those policies, are more fully described in the notes to our consolidated financial statements. We have consistently applied these policies in all material respects. Investors are cautioned, however, that these policies are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially. Set forth below are the accounting policies that we believe most critical to an understanding of our financial condition, results of operations and liquidity.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of the Company, Spectral Holdings, Inc, its 60% owned subsidiary, Noot Holdings, Inc, from its date of incorporation of February 28, 2013, and its 60% owned subsidiary, Monitr Holdings, Inc. from its date of incorporation of December 1, 2013. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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 the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OVERVIEW

Spectral Capital Corporation ("Spectral" or the Company, also "We or Us") is a technology company focused on the identification, acquisition, development, financing of technology that has the potential to transform existing industries. We look for technology that can be protected through patents or laws regarding trade secrets. Spectral has acquired significant stakes in two technology companies. Spectral intends to own, in full or in part, early stage technology companies.

PLAN OF OPERATIONS

Spectral Capital is a technology startup accelerator that invests in early stage companies. Spectral targets industry verticals and solutions where disruption and network effects allow for rapid adoption and displacement of incumbents. We work with startups focusing them on rapid development, getting to market, and refining their products and services with innovative features that reflect direct customer and market feedback. In addition to meeting some of the financing needs of our portfolio companies, we provide our teams with executive support at the technology, marketing and operations level in effort to bring optimal results.

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- Many investors use only a few sources to become informed of market conditions, Monitr provides investors with access to thousands of sources.

Monitr specializes in the analysis of news and opinion to determine the aggregate sentiment and trends of equities across markets in part to detect trends and provide relevant data for its users. In a change to its business model, Monitr no longer offers these services direct to individual customers for monthly or annual fees. Instead it has focused on sourcing its services to professional trading organizations that want access to Monitr´s trend detecting software.

On September 30, 2015, one of Spectral´s portfolio companies, Kontexto, ceased operations and is no longer in business.

Spectral's twelve-month plan includes the following goals/targets:
- Complete one or more private equity placements;
- Upgrade and add features to Monitr´s trend detecting software,
- Solicit sales from larger financial institutions for Monitr´s customized analysis, real time data services and other API features;
- Upgrade and determine business development opportunities for Noot’s search technology.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Revenues

We are currently engaged in a technology development business and have exited natural resources. To date we have not recognized significant revenues.

Operating Expenses

Operating expenses decreased $10,785, from $179,184 for the year ended December 31, 2019 to $168,399 for the year ended December 31, 2020. The decrease is due to the limited amount of capital available to the Company, thus, expenditures consists of costs related to keeping the Company current in their SEC reporting requirements.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2020, we had $413 of cash on hand. We intend to fund operations through the use of cash on hand and through additional advances from our chief executive officer and through debt and equity financings until sufficient cash flows from operations can be achieved.

Net cash used in operating activities decreased $6,237, from $30,009 for the year ended December 31, 2019 to $23,772 for the year ended December 31, 2020. This continued low amount of costs was primarily related to the Company having limited operations, due to the cash flow limitations.

Net cash provided by financing activities decreased by $6.872 from $30,204 for the year ended December 31, 2019 to $23,332 for the year ended December 31, 2020. Net cash provided by financing activities during the years ended December 31, 2020 and 2019 related to advances from a related party in connection with payment of the Company's obligations.

We believe that our current financial resources are not sufficient to meet our working capital requirements over the next year. Additional funding will be necessary in order to expand portfolio operations and to reach our goals. Currently, the Company does not have any commitments or assurances for additional capital nor can the Company provide assurance that such financing will be available to it on favorable terms, or at all. If, after utilizing the existing sources of capital available to the Company, further capital needs are identified and the Company is not successful in obtaining the financing, it may be forced to curtail its existing or planned future operations. In addition, if necessary, we will decrease expenses and redirect our efforts towards a sale of one of more of our assets should funding become inadequate.

SPECTRAL CAPITAL CORPORATION

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DECEMBER 31, 2020 AND 2019

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Spectral Capital Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Spectral Capital Corporation (the "Company") as of December 31, 2020 and 2019, the related statements of operations, stockholders' equity (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, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

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 audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit 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 Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's minimal activities raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ BF Borgers CPA PC
BF Borgers CPA PC

We have served as the Company's auditor since 2017
Lakewood, CO
February 18, 2021

SPECTRAL CAPITAL CORPORATION
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
Assets:		
Cash and cash equivalents	$ 413	$ 853
Current assets	413	853
Total assets	$ 413	$ 853
Liabilities and Stockholders' Deficit:		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,406	$ 779
Related party advances and accruals	1,089,258	921,926
Current liabilities	1,090,664	922,753
Total liabilities	1,090,664	922,753
Stockholders' Deficit:		
Preferred stock, par value $0.0001, 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, par value $0.0001, 500,000,000 shares authorized, 117,857,623 shares issued and outstanding as of December 31, 2020 and 2019	11,786	11,786
Additional paid-in capital	27,787,681	27,787,681
Accumulated deficit	(28,668,055)	(28,500,282)
Total stockholders' deficit	(868,588)	(700,815)
Non-controlling interest	(221,663)	(221,085)
Total stockholders' deficit	(1,090,251)	(921,900)
Total liabilities and stockholders' deficit	$ 413	$ 853

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

SPECTRAL CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Revenues	$ 48	$ 239
Operating expenses:		
Selling, general and administrative	24,399	30,296
Wages and benefits	144,000	148,888
Total operating expenses	168,399	179,184
Net loss before non-controlling interest	(168,351)	(178,945)
Loss attributable to non-controlling interest	578	1,132
Net loss attributable to Spectral Capital Corporation	$ (167,773)	$ (177,813)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)
Weighted average shares - basic and diluted	117,857,623	117,857,623

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

SPECTRAL CAPITAL CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Common Stock				
	Shares	Amount	Additional Paid-in Capital	Non-Controlling Interest	Accumulated Deficit
December 31, 2018	117,857,623	$ 11,786	$ 27,787,681	$ (219,953)	$ (28,322,469)
Non-controlling interest	-	-	-	(1,132)	-
Net loss	-	-	-	-	(177,813)
December 31, 2019	117,857,623	$ 11,786	$ 27,787,681	$ (221,085)	$ (28,500,282)
Non-controlling interest	-	-	-	(578)	-
Net loss	-	-	-	-	(167,773)
December 31, 2020	117,857,623	$ 11,786	$ 27,787,681	$ (221,663)	$ (28,668,055)

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

SPECTRAL CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to Spectral Capital Corporation	$ (167,773)	$ (177,813)
Adjustments to reconcile net loss to net cash used in by operating activities:		
Non-controlling interest	(578)	(1,132)
Changes in operating assets and liabilities:		
Due to related parties - accrued salary	144,000	148,888
Accounts payable and accrued expenses	627	-
Deferred revenue	(48)	48
Net cash used in operating activities	(23,772)	(30,009)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from related party advances	23,332	30,204
Net cash provided by financing activities	23,332	30,204
Change in cash and cash equivalents	(440)	195
Cash and cash equivalents, beginning of period	853	658
Cash and cash equivalents, end of period	$ 413	$ 853
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

SPECTRAL CAPITAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – NATURE OF OPERATIONS

Spectral Capital Corporation (the "Company" or "Spectral") was incorporated on September 13, 2000 under the laws of the State of Nevada. Spectral is focused on the identification, acquisition, development, financing of technology that has the potential to transform existing industries. The Company looks for technology that can be protected through patents or laws regarding trade secrets. Spectral has acquired significant stakes in three technology companies currently and actively works with management to drive these companies toward increasing market penetration in their particular verticals. Spectral intends to own, in full or in part, technology companies whose founders and key management can take advantage of the deep networks and experience in technology development embodied in Spectral management.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company is in the development stage and has sustained substantial losses since inception. As of December 31, 2020, the Company has cash on hand of $413 and negative working capital of $1,090,251. The Company expects current cash on hand will not be able to fund operations for a period 12 months or more. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

To date management has funded its operations through selling equity securities and advances from related parties. The ability of the Company to continue as a going concern is dependent on the Company generating cash from the sale of its common stock and/or obtaining debt financing and attaining future profitable operations, however, there can be no assurance the Company will be successful in these efforts. As of the date of these consolidated financial statements the Company does not have any firm commitments for capital. Without the required capital, the Company will be required to reduce their development expenditures which will potentially delay the completion of products which are expected to generate future revenues.

Risks and Uncertainties

The Company has a limited operating history and has not generated revenues from our planned principal operations.

The Company's business and operations are sensitive to general business and economic conditions in the U.S. and worldwide. These conditions include short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets and the general condition of the U.S. and world economy. A host of factors beyond the Company's control could cause fluctuations in these conditions, including the political environment and acts or threats of war or terrorism. Adverse developments in these general business and economic conditions, including through recession, downturn or otherwise, could have a material adverse effect on the Company's consolidated financial condition and the results of its operations.

The Company currently has no sales and limited marketing and/or distribution capabilities. The Company has limited experience in developing, training or managing a sales force and will incur substantial additional expenses if we decide to market any of our current and future products. Developing a marketing and sales force is also time consuming and could delay launch of our future products. In addition, the Company will compete with many companies that currently have extensive and well-funded marketing and sales operations. Our marketing and sales efforts may be unable to compete successfully against these companies. In addition, the Company has limited capital to devote sales and marketing.

The Company's industry is characterized by rapid changes in technology and customer demands. As a result, the Company's products may quickly become obsolete and unmarketable. The Company's future success will depend on its ability to adapt to technological advances, anticipate customer demands, develop new products and enhance our current products on a timely and cost-effective basis. Further, the Company's products must remain competitive with those of other companies with substantially greater resources. The Company may experience technical or other difficulties that could delay or prevent the development, introduction or marketing of new products or enhanced versions of existing products. Also, the Company may not be able to adapt new or enhanced products to emerging industry standards, and the Company's new products may not be favourably received. Nor may we have the capital resources to further the development of existing and/or new ones.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. The impact of COVID-19 to our operations had been minimal due to our limited operations. However, due to the continued uncertainty around COVID-19 the additional effects of the potential impact cannot be predicted at this time.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of the Company, Spectral Holdings, Inc, and its 60% owned subsidiaries, Noot Holdings, Inc. from its date of incorporation of February 28, 2013, and Monitr Holdings, Inc. from its date of incorporation of December 1, 2013. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation
The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America and are presented in US dollars.

Stock-Based Compensation
The Company accounts for employee stock-based compensation in accordance with the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, *Compensation – Stock Compensation* which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values.

The Company follows ASC Topic 505-50, *Equity: Equity-Based Payments to Non-Employees* for stock options and warrants issued to consultants and other non-employees. In accordance with ASC Topic 505-50, these stock options and warrants issued as compensation for services provided to the Company are accounted for based upon the fair value of the services provided or the estimated fair market value of the option or warrant, whichever can be more clearly determined. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital over the period during which services are rendered.

Because the Company's stock-based compensation options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the estimate, amounts estimated using the Black-Scholes option pricing model may differ materially from the actual fair value of the Company's stock-based compensation options.

Use of Estimates
The preparation of the consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition
The Company will recognize revenues in accordance with Accounting Standards Codification ("ASC") 606, "Revenue from contracts with customers". Revenues will be recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Revenues during the year ended December 31, 2020, were insignificant to the financial statements. These revenues are for one annual subscription sold to which is being recorded over the subscription period. Deferred revenue represents amounts in which still have yet to be earned.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.
Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. As of December 31, 2020 and 2019, the Company does not have any assets or liabilities which would be considered Level 2 or 3.

The Company's financial instruments primarily consist of cash and cash equivalents, accounts payable, deferred revenue and amounts payable to related parties. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these consolidated financial statements.

Income Taxes

The Company follows ASC 740, *Income Taxes* for recording the provision for 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 assets and liabilities. Tax law and rate changes are reflected in income in the period such changes are enacted. The Company records a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. The Company includes interest and penalties related to income taxes, including unrecognized tax benefits, within the income tax provision.

The Company's income tax returns are based on calculations and assumptions that are subject to examination by the Internal Revenue Service and other tax authorities. In addition, the calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. While the Company believes it has appropriate support for the positions taken on its tax returns, the Company regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Company continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable and deferred taxes in the period in which the facts that give rise to a revision become known.

The Company recognizes windfall tax benefits associated with share-based awards directly to stockholders' equity only when realized. A windfall tax benefit occurs when the actual tax benefit realized by the Company upon an employee's disposition of a share-based award exceeds the deferred tax asset, if any, associated with the award that the Company had recorded. When assessing whether a tax benefit relating to share-based compensation has been realized, the Company follows the tax law ordering method, under which current year share-based compensation deductions are assumed to be utilized before net operating loss carryforwards and other tax attributes.

We are currently delinquent with respect to our U.S. federal income tax filings for the past several years.

Investment in Securities
The Company’s investments consisting of common shares of non-controlled entities are accounted for on the cost basis. Impairment losses will be recorded when indicators of impairment are present.

Cash and Cash Equivalents
The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Basic Loss Per Share
Basic loss per share is calculated by dividing the Company’s net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company’s net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. Common share equivalents totalling 10,000,000 and 13,000,000were outstanding at December 31, 2020 and 2019, respectively, representing outstanding warrants and options, and were not included in the computation of diluted earnings per share for the years ended December 31, 2020 and 2019, as their effect would have been anti-dilutive.

Non-Controlling Interests
Non-controlling interests disclosed within the consolidated statement of operations represent the minority ownership's 40% share of net losses of Noot Holdings, Inc. and Monitr Holdings, Inc incurred during the years ended December 31, 2020 and 2019. The following table sets forth the changes in non-controlling interest for the years ended December 31, 2020 and 2019:

	Non-Controlling Interest
Balance at December 31, 2018	$ (219,953)
Net loss attributable to non-controlling interest	(1,132)
Balance at December 31, 2019	$ (221,085)
Net loss attributable to non-controlling interest	(578)
Balance at December 31, 2020	$ (221,663)

Foreign Currency
The Company's functional currency is the United States Dollar. Transaction gains or losses related to balances denominated in a currency other than the functional currency are recognized in the consolidated statements of operations.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 “Leases” (Topic 842), that requires organizations that lease assets, referred to as “lessees”, to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU No. 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The Company adopted the new standard on January 1, 2019. The adoption of the standard did not have an impact on the consolidated financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in the FASB Accounting Standards Codification (“ASC”). There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections,

(iii) are not applicable to the Company or (iv) are not expected to have a significant impact the Company's financial statements.

NOTE 3 – RELATED PARTY TRANSACTIONS

Jenifer Osterwalder, the Company's Chief Executive Officer

Jenifer Osterwalder charges the Company $12,000 per month beginning January 1, 2020 for services rendered. Previously she was charging 12,350 CHF per month for services rendered. Total amounts expended in the Company's consolidated financial statements in connection with the CEO's services was $144,000 and $148,888 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, amounts due to the CEO related to accrued salaries were $910,653 and $766,653, respectively.

From time to time due to the limited cash flow available, the Company's CEO pays certain operating expenditures on behalf of the Company. These advances bear no interest and are due on demand. As of December 31, 2020 and 2019, the Company's CEO was due $178,605 and $155,273 in connection with these advances, respectively.

NOTE 4 – STOCKHOLDERS' DEFICIT

Changes in Stockholders' Deficit

Net loss and non-controlling interest were the only changes to stockholders' deficit during the year ended December 31, 2020 and 2019.

Employee Options

The Company accounts for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, *Compensation – Stock Compensation* which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values.

The Company has adopted a stock option and award plan to attract, retain and motivate its directors, officers, employees, consultants and advisors. Options provide the opportunity to acquire a proprietary interest in the Company and to benefit from its growth. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The Plan provides for the issuance of up to 15,000,000 common shares for employees, consultants, directors, and advisors.

A summary of changes in stock options during the years ended December 31, 2020 and 2019 is as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Life Remaining
Outstanding, December 31, 2018	13,000,000	$ 0.70	2.80
Issued	-	-	-
Exercised	-	-	-
Expired	-	-	-
Outstanding, December 31, 2019	13,000,000	0.70	1.80
Issued	-	-	-
Exercised	-	-	-
Expired	(3,000,000)	1.00	-
Outstanding, December 31, 2020	10,000,000	$ 0.61	1.10
Vested, December 31, 2020	10,000,000	$ 0.61	1.10

On February 6, 2012, the Company granted 7,500,000 options to two employees. Stock-based compensation is being recognized over the two year vesting period. The options were valued at $3,408,750 using the Black-Scholes Option Pricing Model. Employee stock-based compensation expense relating to options granted in 2010 and 2012, recognized during the year ended December 31, 2020 and 2019 was $0 and $0, respectively.

During the year ended December 31, 2020, 3,000,000 options to two employees expired without being exercised.

NOTE 5 – INCOME TAXES

As of December 31, 2020, the Company had net operating loss carry forwards of approximately $14,200,000 that may be available to reduce future years' taxable income through 2037. Future tax benefits which may arise as a result of these losses have not been recognized in these consolidated financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carry-forwards. The difference between the Company's tax rate and the statutory rate is due to a full valuation allowance.

The provision for Federal income tax consists of the following:

	December 31, 2020	December 31, 2019
Federal income tax benefit attributable to:		
Current operations	$ 35,219	$ 37,341
Less: valuation allowance	(35,219)	(37,341)
Net provision of income taxes	$ -	$ -

The cumulative tax effect at the expected rate of 21% of significant items comprising our net deferred tax amount is as follows:

	December 31, 2020	December 31, 2019
Deferred tax asset attributable to:		
Net operating loss carryforward	$ 4,835,168	$ 4,799,949
Less: valuation allowance	(4,835,168)	(4,799,949)
Net deferred tax asset	$ -	$ -

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur net operating loss carry forwards may be limited as to use in future years. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company believes they are no longer subject to income tax examinations for years prior to 2012.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Company leases office space on a three-month basis in Seattle, Washington.

NOTE 7– SUBSEQUENT EVENTS

In accordance with ASC 855-10, the Company has analysed its operations subsequent to December 31, 2020 to the date these consolidated financial statements were issued and has determined that it does not have any material subsequent events to disclose in these consolidated financial statements, other than those disclosed above.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AN ACCOUNTING FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Principal Financial and Accounting Officer, as well as outside consultants. In assessing the effectiveness of our internal control over financial reporting we utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission as published in "Internal Control over Financial Reporting – Guidance for Smaller Public Companies." Based on that evaluation, our Chief Executive Officer and Principal Financial and Accounting Officer found material weaknesses in our disclosure controls and procedures and therefore concluded that our disclosure controls and procedures as of the end of the period covered by this report were ineffective.

The determination of ineffective internal control is based upon the lack of separation of duties, which was first identified during the year ended December 31, 2010. Our entire management is comprised of one individual. It is impossible to create a system of checks and balances with oversight in this circumstance. It is management's intention to bring additional people into the management team. Once there are more members of management, responsibilities can be divided and oversight roles created. The Company estimates the annual costs of such remediation efforts in the form of additional management will be $150,000 per year. The Company intends to make such hires and create segregation of duties and proper oversight as soon as the capital is obtained.

We understand that remediation of disclosure controls is a continuing work in progress due to the issuance of new standards and promulgations. However, remediation of the material weaknesses described above is among our highest priorities. Our management will periodically assess the progress and sufficiency of our ongoing initiatives and make adjustments as and when necessary. As of the date of this report, our management believes that our efforts will remediate the material weaknesses in internal control over financial reporting as described above.

Notwithstanding these material weaknesses which are described below, our management performed additional analyses, reconciliations and other post-closing procedures and has concluded that the Company's consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K are fairly stated in all material respects in accordance with generally accepted accounting principles in the U.S. for each of the periods presented herein.

Inherent Limitations Over Internal Controls

The Company's internal control over financial reporting is designed 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. The Company's 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 the transactions and dispositions of the Company's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management does not expect that the Company's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the (i) effectiveness and efficiency of operations, (ii) reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and (iii) compliance with applicable laws and regulations. Our internal controls framework is based on the criteria set forth in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management, consisting of our Chief Executive Officer and Principal Accounting and Financial Officer, is responsible for establishing and maintaining adequate internal control over the Company's financial reporting.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission as published in "Internal Control over Financial Reporting – Guidance for Smaller Public Companies." Based on the assessment by management, we determined that our internal control over financial reporting was ineffective as of December 31, 2020.

Changes in Internal Control of Financial Reporting

During the year ended there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The following table sets forth our directors and executive officers and their ages as of the year ended December 31, 2020:

Name	**Age**	**Position**
Jenifer Osterwalder	56	Chief Executive Officer, President and Director
Stephen Spalding	74	Interim Chief Financial and Accounting Officer and Director

Jenifer Osterwalder - ***Chief Executive Officer, President, and Director***

Jenifer Osterwalder has served as our Chief Executive Officer, Principal Accounting Officer, President, Treasurer, Secretary and as a director since March 7, 2005. Previously, from January 2005 to March 2005, Ms. Osterwalder served as President, Chief Executive Officer, Treasurer, Secretary and as a director FUSA Technology Investments Corp. From January 2000 to January 2005 she served as a consultant investment banker to Five Seas Securities, Ltd., a securities firm in British Columbia, Canada. From August 2004 to December 2004 Ms. Osterwalder served as a consultant Manger to International Conference Services, Ltd., a conference and destination management firm in British Columbia, Canada. From January 2003 to December 2003, she served as a consultant Investment Liaison and Marketing Director for Terrikon Corporation, in British Columbia, Canada. Ms. Osterwalder received her Bachelor of Science in Business Administration in marketing and logistics from Ohio State University.

Stephen Spalding - ***Interim Chief Financial and Accounting Officer***, ***Director***

Mr. Spalding has been an independent management and financial consultant based in Mill Valley, California since March 2008. In the course of his management and financial consulting business, Mr. Spalding serves on numerous boards and is an advisor and interim officer for numerous companies, which include Paxton Energy Incorporated, Cytta Corporation and Verde Resources, Inc. Mr. Spalding is also formerly CEO, Vigilant Privacy Corporation, a private Nevada corporation that was based in Pleasanton, California, from 2003 to March, 2008 where he procured the firms angel round of financing and lead the organization while the company's product was transformed from a desktop product to an enterprise security solution. Previously he was a Partner, Deloitte & Touche LLP, from 1997 - 2003, responsible for their IDI Practice (Implementation, Development and Integration) Division. He was formerly a partner at KPMG Peat Marwick LLP from 1995 - 1997, involved in Strategic Services, Enabling Technology Practice. Mr. Spalding is currently Assistant Professor, San Francisco State University, Business Systems Management and Control, Course Number 507 (Senior/Graduate Level), present. He has an MBA, in Quantitative Analysis, University of Arizona, 1974. He also has a B.S., Finance and Management, Eastern Illinois University, 1973, a B.S., Physics (solid state), Eastern Illinois University, 1969 and a B.S., Mathematics, Eastern Illinois University, 1969.

FAMILY RELATIONSHIPS

There are no family relationships, by blood or marriage, among any of our directors or executive officers.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

During the past five years, none of our directors, executive officers and control persons have been involved in any of the following events:

- any bankruptcy petition filed by or against any business of which such person was an executive officer either at the time of the bankruptcy or within two years prior to that time;

- any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and

- being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

BOARD OF DIRECTORS COMMITTEES

As of the date of this annual report on Form 10-K for the year ended December 31, 2020, we have no standing committees and our entire board of directors serves as our audit, compensation and nominating committees. Our board of directors has determined that Stephen Spalding, a member of our board, qualifies as an audit committee financial expert. However, we intend to appoint an audit, a compensation and a nominating committee of our board of directors.

As of the date of this annual report on Form 10-K for the year ended December 31, 2019, there have been no material changes to the procedures by which our security holders may recommend nominees to our board of directors.

CODE OF ETHICS

As of the date of this annual report on Form 10-K for the year ended December 31, 2020, we have not yet adopted a code of ethics for our principal executive officer, principal financial officer or principal accounting officer. We are, however, in the process of drafting such a code of ethics and, upon adoption, it we will provide a copy of our code of ethics, without charge, to any person who so requests a copy, in writing, at: Spectral Capital Corporation., 4500 9th Avenue NE, Seattle, Washington 98105.

COMPLIANCE WITH SECTION 16(A)

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities of ours. Officers, directors and greater than ten percent stockholders are required by the SEC's regulations to furnish us with copies of all Section 16(a) forms they filed.

The following table sets for the compliance reporting under Section 16(a) during the last year.

	Number of Late Reports	Number of Transactions Not Timely Reported	Failure to File
Jenifer Osterwalder	0	0	0
Stephen Spalding	0	0	0

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the total compensation awarded to, earned by, or paid to our Chief Executive Officer during each of the last two completed years. No other individuals are employed by us or have earned a total annual salary and bonus in excess of $100,000 during any of the last two completed years.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards**	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Jenifer Osterwalder	2020	$144,000	-	-	-	-	-	-	$144,000
*Chief Executive Officer**	2019	$148,888	-	-	-	-	-	-	$148,888

EMPLOYMENT AGREEMENTS

Our President and CEO, Ms. Osterwalder, does not currently have an employment agreement, however, the Company has agreed to pay Ms. Osterwalder $12,000 a month beginning January 1, 2020 for services rendered. Previously she was charging 12,350 CHF per month for services rendered. As of December 31, 2020 and 2019, amounts due to Ms. Osterwalder for accrued compensation were $910,653 and $766,653, respectively.

As of the date of this annual report on Form 10-K for the year ended December 31, 2020, we have no other employment agreements in place with any of our other executive officers, directors or employees.

OUTSTANDING EQUITY AWARDS AT YEAR END

There were 5,000,000 outstanding option equity awards at our year end, held by our President and Chief Executive Officer, Jenifer Osterwalder and 2,500,000 held by director Stephen Spalding and 2,500,000 held by service providers and others.

COMPENSATION OF DIRECTORS

Pursuant to authority granted under our Article II, Section 2.16 of our bylaws, directors are entitled to such compensation as our board of directors shall from time to time determine. The following table sets forth the compensation of our directors for the year ended December 31, 2020:

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total
Stephen Spalding*	$0	-	-	-	-	-	$0

*Mr. Spalding was granted options to purchase 1,000,000 shares of our common stock at an exercise price of $1.00, with five year vesting that vests annually on the 12 month anniversary of his service as director. These options expired unexercised in October 2020. In February 2012, he was also awarded options to purchase 2,500,000 shares of common stock at $0.61 per share, which are 100% vested as of December 31, 2020.

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

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to compensation plans under which our equity securities are authorized for issuance as of the end of the year ended December 31, 2020:

EQUITY COMPENSATION PLAN INFORMATION

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
	(a)	**(b)**	**(c)**
Equity compensation plans approved by security holders	--	--	--
Equity compensation plans not approved by security holders	10,000,000	$0.61	5,000,000
Total			

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of February 18, 2021. The information in these tables provides ownership information for:

- each person known by us to be the beneficial owner of more than a 5% of our common stock
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership has been determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to our common stock and those rights to acquire additional shares within sixty days. Unless otherwise indicated, the persons named in the table below have sole voting and investment power with respect to the number of shares of common stock indicated as beneficially owned by them, except to the extent such power may be shared with a spouse. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of common stock subject to options and/or warrants held by that person that are currently exercisable, as appropriate, or will become exercisable within sixty (60) days of the reporting date are deemed outstanding, even if they have not actually been exercised. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. The address of each person listed is care of Spectral Capital Corporation., 4500 9th Avenue NE, Seattle, Washington, 98105.

Name	**Amount and Nature of Ownership**	**Percent of Class***
Jenifer Osterwalder (1)	5,013,934	4.0 %
Stephen Spalding (2)	2,500,000	2.0%
All officers, directors, and 5% or greater shareholders as a group (2 persons)	7,513,934	6.0%

(1) Consists of 13,934 shares owned directly and immediately exercisable options to purchase 5,000,000 shares of common stock at $0.61 per share.

(2) Includes options to purchase 2,500,000 shares of common stock at $0.61 per share.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Party Transactions

Jenifer Osterwalder, the Company's Chief Executive Officer

Jenifer Osterwalder charges the Company $12,000 per month beginning January 1, 2020 for services rendered. Previously she was charging 12,350 CHF per month for services rendered. Total amounts expended in the Company's consolidated financial statements in connection with the CEO's services was $144,000 and $148,888 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, amounts due to the CEO related to accrued salaries were $910,653 and $766,653, respectively.

From time to time due to the limited cash flow available, the Company's CEO pays certain operating expenditures on behalf of the Company. These advances bear no interest and are due on demand. As of December 31, 2020 and 2019, the Company's CEO was due $178,605 and $155,273 in connection with these advances, respectively.

Independent Directors

The Board of Directors has determined that director Stephen Spalding is an independent director under standards established by the Securities and Exchange Commission.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate amount of various professional fees billed by our principal accountants with respect to our last two years:

	2020	**2019**
Audit fees	$19,413	$ 19,413
Audit-related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	$19,413	$ 19,413

ITEM 15. EXHIBITS

No.	Description of Exhibit
3(i)(1)	Articles of Incorporation of Spectral Capital Corporation, dated September 13, 2000, incorporated by reference to Exhibit 3(a) on Form 10-SB filed May 1, 2003.
3(i)(2)	Certificate of Amendment to Articles of Incorporation of Spectral Capital Corporation, dated June 17, 2007, incorporated by reference to Exhibit 2.1 on Form 8-K filed July 7, 2004.
3(ii)	By-laws of Spectral Capital Corporation, dated September 14, 2000, incorporated by reference to Exhibit 3(b) on Form 10-SB filed May 1, 2003.
31.1	Certification of Spectral Capital Corporation Chief Executive Officer, Jenifer Osterwalder, required by Rule 13a-14(a) or Rule 15d-14(a), dated March 31, 2014. FILED HEREWITH
31.2	Certification of Spectral Capital Corporation Chief Financial Officer, Stephen Spalding, required by Rule 13a-14(a) or Rule 15d-14(a), dated March 31, 2014. FILED HEREWITH
32.1	Certification of Spectral Capital Corporation Chief Executive Officer, Jenifer Osterwalder, required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), dated March 31, 2014. FILED HEREWITH.
32.2	Certification of Spectral Capital Corporation Chief Financial Officer, Stephen Spalding, required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), dated March 31, 2014. FILED HEREWITH.

Signatures

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 18, 2021

SPECTRAL CAPITAL CORPORATION

By: */s/ Jenifer Osterwalder*

Jenifer Osterwalder
President and Chief Executive Officer

/s/ *Stephen Spalding*
Chief Financial and Accounting Officer