

LIFEAPPS BRANDS INC.  
Form 10-Q  
December 31, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended **September 30, 2018**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **000-54867**

**LIFEAPPS BRANDS INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**80-0671280**

(I.R.S. Employer Identification No.)

**2435 Dixie Highway, Wilton, FL 33305**

(Address of principal executive offices, including zip code)

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(Former name, former address and former fiscal year, if changed since last report)

**Tel: (858)-577-1746**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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 (§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-accelerated filer, or a smaller reporting company. See definition 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

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

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

As of December 31, 2018 there were issued and outstanding 107,679,152 shares of Common Stock, \$0.001 par value.

**LIFEAPPS BRAND INC.**

**FORM 10-Q**

**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2018**

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**LIFEAPPS BRAND INC.**

**PART I – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

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## LifeApps Brands Inc.

## Condensed Consolidated Balance Sheets

(Unaudited)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash	\$ 949	\$ 1084
Other current assets	595	595
Total current assets	1,544	1,679
Intangible asset, net of amortization	—	150
Total Assets	\$ 1,544	\$ 1,829
Liabilities and Stockholders' (Deficit)		
Current liabilities:		
Accounts payable	\$ 199,579	\$ 124,620
Accrued salaries - officers	844,154	601,154
Accrued interest	10,375	—
Notes payable	28,000	20,000
Notes payable – related party	17,885	17,585
Advances due to related party	10,974	7,675
Convertible note payable net of discounts	35,005	—
Derivative liability	44,060	—
Total current liabilities	1,190,032	771,034
Stockholders' (Deficit)		
Preferred stock, \$.001 par value, 10,000,000 authorized, none issued or outstanding	—	—
Common stock, \$.001 par value, 500,000,000 shares authorized, 95,232,464 and 87,704,686 shares issued and outstanding, respectively	95,232	87,704
Additional paid in capital	2,643,163	2,579,489
Deferred officer compensation	(244,043 )	(391,010 )
Accumulated (deficit)	(3,682,841)	(3,045,388)
Total stockholders' (deficit)	(1,188,488)	(769,205 )
Total Liabilities and Stockholders' (Deficit)	\$ 1,544	\$ 1,829

See the accompanying notes to the unaudited condensed consolidated financial statements



LifeApps Brands Inc.

## Condensed Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	\$525	787	2,119	3,093
Cost of revenue	—	—	—	49
Gross profit (loss)	525	787	2,119	3,044
Operating expenses:				
General and administrative	218,988	47,726	564,824	171,816
Depreciation and amortization	—	225	150	675
Total operating expenses	218,988	47,951	564,974	172,491
(Loss) from operations	(218,463 )	(47,164 )	(562,855 )	(169,447 )
Interest expense	(68,748 )	—	(107,692 )	—
Change in derivative liability	28,593	—	33,095	—
Net (loss) before income taxes	(258,619 )	47,164 )	(637,453 )	(169,447 )
Provision for income taxes	—	—	—	—
Net (loss)	\$(258,619 )	\$(47,164 )	\$(637,453 )	\$(169,447 )
Per share information - basic and fully diluted:				
Weighted average shares outstanding	92,561,268	25,311,186	91,208,732	25,311,186
Net (loss) per share	\$(0.00 )*	\$(0.00 )*	\$(0.01 )	\$(0.01 )

\* Denotes a loss of less than \$(0.01) per share.

See the accompanying notes to the unaudited condensed consolidated financial statements

LifeApps Brands Inc.

## Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Nine Months Ended September 30,	
	2018	2017
Net cash used in operations	\$(53,734 )	\$(48,616 )
Cash flow from financing activities	—	—
Cash flow from financing activities:		
Proceeds from convertible note payable	32,000	—
Proceeds from note payable	10,000	—
Proceeds from sale of common stock	10,000	—
Repayment of note payable	(2,000 )	—
Shareholder advances	3,599	49,310
Repayment of shareholder advances	—	(800 )
Net cash provided by financing activities	53,599	48,510
Net (decrease) in cash	(135 )	(106 )
Cash at beginning of period	1,084	1,388
Cash at end of period	\$949	\$1,282
Non-cash financing activities:		
Stock issued for services	\$44,100	\$7,312
Stock issued for debt conversion	\$10,375	\$—
Officer salary accrual	\$243,000	\$112,500

See the accompanying notes to the unaudited condensed consolidated financial statements



**LifeApps Brands Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Unaudited)**

**Note 1. Nature of Business**

Throughout this report, the terms “our,” “we,” “us,” and the “Company” refer to LifeApps Brands Inc., including its subsidiaries. The accompanying unaudited condensed consolidated financial statements of LifeApps Brands Inc. at September 30, 2018 and 2017 have been prepared in accordance with generally accepted accounting principles (“GAAP”) for interim financial statements, instructions to Form 10-Q, and Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2017. In management’s opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation to make our financial statements not misleading have been included. The results of operations for the periods ended September 30, 2018 and 2017 presented are not necessarily indicative of the results to be expected for the full year. The December 31, 2017 balance sheet has been derived from our audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2017.

Through our wholly owned subsidiary LifeApps, Inc., we are a licensed developer and publisher of apps for the Apple App Store for iPhone, iPod touch, iPad and iPad mini. We are also a licensed developer on both Google Play and Amazon Appstore for Android. We have distributed apps on all three platforms.

Moving forward we are developing a digital media network specializing in targeting highly sought-after niche demographic audiences. The company will focus on two core businesses, an LGBT Ad Network and an LGBT Digital Network. Through our digital platform we will aggregate content from around the world. We will create original content along with sponsored content in a 24/7 digital network. The LGBT Ad Network will assist brands in global targeting of the LGBT demographic. The Ad Network will provide advertisers and brands with over 300 mainstream digital platforms and a “bullseye” on this loyal, affluent and ever-expanding audience. We will deliver to our audience with a relevant sponsored content marketing message across all spectrums of digitally connected devices. Our unique value proposition to our audience and sponsors is the ability deliver aggregated and original content, with emphasis on interactive content and captive video.

**Note 2. Summary of Significant Accounting Policies**

*Going Concern*

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (“GAAP”), which contemplates our continuation as a going concern. We have incurred losses to date of \$3,682,841 and have negative working capital. To date we have funded our operations through advances from related parties, issuance of convertible debt, and the sale of our common stock. We intend to raise additional funding through third party equity or debt financing. There is no certainty that funding will be available as needed. These factors raise substantial doubt about our ability to continue operating as a going concern. Our ability to continue our operations as a going concern, realize the carrying value of our assets, and discharge our liabilities in the normal course of business is dependent upon our ability to raise capital sufficient to fund our commitments and ongoing losses, and ultimately generate profitable operations.

*Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of the Company and our wholly owned subsidiaries, LifeApps Inc. and Sports One Group Inc. All material inter-company transactions and balances have been eliminated in consolidation.

**LifeApps Brands Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Unaudited)**

*Use of Estimates*

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheets and revenues and expenses during the years reported. Actual results may differ from these estimates.

*Fair Value Measurements:*

ASC Topic 820, Fair Value Measurements and Disclosures (“ASC 820”), provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, ASC 820 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. ASC 820 defines the hierarchy as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on the New York Stock Exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, but are either directly or indirectly observable as of the reported date. The types of assets and liabilities in Level 2 are typically either comparable to actively traded securities or contracts, or priced with models using highly observable inputs.

Level 3 – Significant inputs to pricing that are unobservable as of the reporting date. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as complex and subjective models and forecasts used to determine the fair value of financial transmission rights.

Our financial instruments consist of cash, short-term trade receivables, prepaid expenses, payables, accruals and convertible notes payable. The carrying values of cash and cash equivalents, short-term trade receivables, prepaid expenses, payables, and accruals approximate fair value because of the short-term maturities of these instruments. The fair value of notes payable approximated to their carrying value as generally their interest rates reflected our effective annual borrowing rate.

### *Intangibles*

Intangibles, which include websites and databases acquired, internet domain name costs, and customer lists, are being amortized over the expected useful lives which we estimate to be three to five years. In accordance with Financial Accounting Standards Board (“FASB”), Accounting Standards Codification (“ASC”) Topic 350 *Intangibles – Goodwill and Other* (“ASC 350”), the costs to obtain and register internet domain names were capitalized.

**LifeApps Brands Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Unaudited)**

*Derivative Financial Instruments:*

We do not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks. We evaluate all of our financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, we used a Black-Scholes valuation model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the balance sheet as current or non-current based on whether net-cash settlement or conversion of the instrument could be required within 12 months of the balance sheet date.

*Revenue Recognition*

ASC Topic 606, “*Revenue from Contracts with Customers*” establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognize revenue as the performance obligation is satisfied.

Revenue is currently derived primarily from the sale of sports and fitness apparel and equipment, and software applications designed for use on mobile devices such as smart phones and tablets.

We sell our software directly via Internet download through third party agents. We recognize revenue when payment is received from the agent. Payment is received net of commission paid to the agent, usually 70% to us and 30% to the agent. We record the net amount received as revenue.

We plan to publish and sell digital magazines through the internet. Magazines can be purchased as individual volumes or as a subscription. To date we have not had any subscription sales.

#### *Cost of Revenue*

Cost of revenue includes the cost of amounts paid for articles, photography, editorial and production cost of the magazine and ongoing web hosting costs. Cost of revenue related to product sales includes the direct cost of those products sold.

#### *Rent Expense*

We recognize rent expense on a straight-line basis over the reasonably assured lease term as defined in ASC Topic 840, Leases ("ASC 840"). Our lease is short term and will be renewed on a month to month basis. Rent expense was \$0 and \$363 for the three months ended September 30, 2018 and 2017, respectively and \$255 and \$3,975 for the nine months ended September 30, 2018 and 2017, respectively.

**LifeApps Brands Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Unaudited)**

*Stock-Based Compensation*

Stock-based compensation is presented in accordance with the guidance of ASC Topic 718, *Compensation – Stock Compensation* (“ASC 718”). Under the provisions of ASC 718, companies are required to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in our consolidated statements of operations.

*Earnings per share*

We calculate earnings per share in accordance with ASC Topic 260 *Earnings Per Share*, which requires a dual presentation of basic and diluted earnings per share. Basic earnings per share are computed using the weighted average number of shares outstanding during the fiscal year. Diluted earnings per share represent basic earnings per share adjusted to include the potentially dilutive effect of outstanding stock options and warrants. The diluted earnings per share were not calculated because we recorded net losses for the periods ended September 30, 2018 and 2017, and the outstanding stock options and warrants are anti-dilutive. Weighted average shares outstanding would have increased by approximately 2,893,000 and 11,065,000 for the periods ended September 30, 2018 and 2017 on a fully diluted basis.

*Recent Pronouncements*

From time to time, new accounting pronouncements are issued that we adopt as of the specified effective date. We believe that the impact of recently issued standards that are not yet effective may have an impact on our results of operations and financial position.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, to improve financial reporting about leasing transactions. This ASU will require organizations that lease assets (“lessees”) to recognize a lease liability and a right-of-use asset on its balance sheet for all leases with terms of more than twelve months. A lease liability is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset represents the lessee’s right to use, or control use of, a specified asset for the lease term. The amendments in this ASU simplify the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets

and lease liabilities. This ASU leaves the accounting for the organizations that own the assets leased to the lessee (“lessor”) largely unchanged except for targeted improvements to align it with the lessee accounting model and Topic 606, Revenue from Contracts with Customers.

The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The Company is evaluating the potential impact of ASU 2016-02 on its Consolidated Financial Statements.



**LifeApps Brands Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Unaudited)**

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

**Note 3. Related Party Transactions – Officer and Shareholder Advances**

Parties, which can be a corporation or an individual, are considered to be related if we have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence.

Advances due to related parties represent cash advances, salary accruals, notes payable, and amounts paid on our behalf by an officer and shareholders of the Company. These advances are non-interest bearing, short term in nature and due on demand. The balance at September 30, 2018 and December 31, 2017 was \$10,974 and \$7,675, respectively. Notes payable to related parties at September 30, 2018 and December 31, 2017 totaled \$17,885 and \$17,585, respectively with a 2% annual interest rate. Currently the company has defaulted on all of their related party loan obligations. Forbearance has been granted by the related parties on all loans. Salary accruals for the three-month periods ended September 30, 2018 and 2017 amounted to \$81,000 and \$37,500 respectively. Salary accruals for the nine -month periods ended September 30, 2018 and 2017 amounted to \$243,000 and \$112,500, respectively. Net cash advances amounted to \$3,599 and \$48,510, respectively for the periods ended September 30, 2018 and 2017. Total unpaid accrued salary was \$844,154 and \$601,154 as of September 30, 2018 and December 31, 2017, respectively.

On December 19, 2017 we entered into an Employment Services Agreements with our Chief Executive Officer and our President and an Executive Management Consulting Agreement with our former Chief Executive Officer. The Agreements have a two-year term and are subject to automatic renewal for successive periods of one year unless either we or the counterparties give the other written notice of intention to not renew at least 30 days prior to the end of the existing term. The Agreement with our current and former Chief Executive Officers provide for base compensation of \$150,000 and a base annual salary of \$24,000 for our President. The compensation payments are payable in bi-weekly installments. In the event any of the payments are not made within 30 days of the due date, they will accrue interest at

the rate of 10% per annum.

**LifeApps Brands Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Unaudited)**

The Agreements contain customary termination provisions including terminations with or without cause, for good reason or voluntarily, non-competition and non-solicitation provisions, and an inventions and patents provision which provides that all the work produced by the counterparties, which is created, designed, conceived or developed by them in the course of their employment under the Agreements belong to us. Effective as of January 1, 2018, the agreements were modified to remove the conversion right provisions.

During the three and nine month periods ended September 30, 2018 we recorded interest accruals of \$5,736 and \$7,976 related to the agreements.

**Note 4. Note Payable**

Notes payable to two unrelated third parties amounted to \$28,000 at September 30, 2018 and \$20,000 to a single unrelated third party at December 31, 2017 with an interest rates of 2% and 7% per annum. One of the notes in the amount of \$18,000 at September 30, 2018 is past due and is, therefore, in default. The other note in the amount of \$10,000 provides for the issuance of 775,000 shares of common stock as additional interest due at maturity.

**Note 5. Convertible Note Payable**

On March 6, 2018, we executed a Promissory Note (the “2018 Note”) to an unrelated entity and received an aggregate of \$32,000. The Note has an initial term of one year and provides for an original issue discount of \$3,000, which is being amortized over the initial term. The note carries face interest rates of 12% per annum. The Lender has the right, at any time and/or after 180 days at their election to convert all or part of the outstanding and unpaid principal and accrued interest into shares of our common stock. The conversion price is 58% of a two-day average of the lowest trading price in the 15 range of trading days prior the conversion. The Notes provide for additional penalties if we cannot deliver the underlying common stock on a timely basis.

We evaluated the terms of the conversion features of the convertible note in accordance with ASC Topic No. 815 - 40, Derivatives and Hedging - Contracts in Entity's Own Stock and determined it is indexed to the Company's common stock and that the conversion features meet the definition of a liability and therefore bifurcated the conversion feature and accounted for it as a separate derivative liability.

We valued the conversion feature at origination of the Note at \$55,118 using the Black Scholes valuation model with the following assumptions: dividend yield of zero, 1 year to maturity, risk free interest rate of 3.03% and annualized volatility of 298.79%. \$32,000 of the value assigned to the derivative liability was recognized as a debt discount on the convertible debenture. The debt discount was recorded as reduction (contra-liability) to the convertible Note and is being amortized over the initial term of the convertible Note. The balance of \$23,118 of the value assigned to the derivative liability was recognized as origination interest on the derivative liability and expensed on origination.

To determine the fair value of our embedded derivatives, management evaluates assumptions regarding the probability of certain future events. Other factors used to determine fair value include our period end stock price, historical stock volatility, risk free interest rate and derivative term. The fair value recorded for the derivative liability varies from period to period. This variability may result in the actual derivative liability for a period either above or below the estimates recorded on our consolidated financial statements, resulting in significant fluctuations in other income (expense) because of the corresponding non-cash gain or loss recorded.

During the quarter ended September 30, 2018, the company became subject to a penalty assessment of \$17,500 due to a loan covenant violation. Such amount has been expensed as additional interest. Additionally, the fair value of the derivative liability associated with the penalty amounted to \$29,265 and has been recorded as additional interest expense.

Also, during the quarter ended September, the lender exercised conversion rights pursuant to the loan agreement and converted \$8,000 of the loan principal into 1,777,778 shares of common stock. The company recognized an aggregate of \$10,375 of shareholder equity as a result of the conversion based of a fair value calculation at the conversion date and related adjustments to remaining loan discounts applicable to the converted loan amount.

**LifeApps Brands Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Unaudited)**

We value the derivative liability at the end of each accounting period with the difference in value recognized as gain or loss. At September 30, 2018 we determined the valuation using the Black-Sholes valuation model with the following assumptions: dividend yield of zero, .44 years to maturity, risk free interest rate of 2.49% and annualized volatility of 143%. We recognized \$26,625 and \$34,127 of income for the change in value of the derivative for the three- and nine-month periods ended September 30, 2018. Interest expense for the nine - month period ended September 30, 2018 includes \$52,453 of origination interest, amortization of debt discounts of \$24,273 and interest accrual of \$2,400.

At September 30, 2018 the balance of the Note is comprised of the following:

Face amount of Note	\$44,500
Original issue discount	(1,290 )
Debt discount	(8,205 )
	\$35,005

**Note 6. Stockholders' Equity**

During the nine-month period ended September 30, 2018 we issued 3,000,000 shares of common stock in connection with consulting agreements with two unrelated entities. The shares were valued at the respective trading prices of our common stock on the dates the agreements were signed.

During the quarter ended September 30, 2018 an unrelated third party purchased 2,000,000 shares of common stock for \$10,000 in cash at \$.05 per share and made a loan to the company in the amount of \$10,000. The loan provided for a stock grant of 750,000 shares of common stock.

Also, as described in Note 5, the company issued 1,777,778 shares of common stock pursuant to a debt-to-equity conversion.

Additionally, we recorded \$146,966 of amortization of deferred officer compensation during the nine -month period ended September 30, 2018.

#### **Note 7. Options**

Stock based compensation expense for options for the periods ended September 30, 2018 and 2017 amounted to \$0 and \$7,312.

**LifeApps Brands Inc.****Notes to Condensed Consolidated Financial Statements****September 30, 2018 and 2017****(Unaudited)**

The following is a summary of stock options issued pursuant to the plan:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding January 1, 2018	17,246,688	\$0.0056	3.4	—
Granted	—	\$—	—	—
Exercised	—	\$—	—	—
Cancelled	—	\$—	—	—
Outstanding September 30, 2018	17,246,688	\$0.0056	2.70	\$ —
Exercisable September 30, 2018	17,246,688	\$0.0056	2.70	\$ —

Stock based compensation expense for options for the periods ended September 30, 2018 and 2017 amounted to \$0 and \$7,312. There will be no additional compensation expense recognized in future periods.

**LifeApps Brands Inc.****Notes to Condensed Consolidated Financial Statements****September 30, 2018 and 2017****(Unaudited)****Note 8. Outstanding Warrants**

There were no warrants issued during the periods ended September 30, 2018 and 2017. The 400,000 previously outstanding warrants expired on September 20, 2017.

**Note 9. Income Taxes**

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the “Act”) resulting in significant modifications to existing law. The Company has completed a review of the accounting for the effects of the Act during the quarter ended December 31, 2017. The Company’s financial statements for the period ended September 30, 2018 reflect certain effects of the Act which includes a reduction in the corporate tax rate from 34% to 21% as well as other changes.

Income tax provision (benefit) for the periods ended September 30, 2018 and 2017, is summarized below:

	<b>2018</b>	<b>2017</b>
Current:		
Federal	\$—	\$—
State	—	—
Total current	—	—
Deferred:		
Federal (21% tax rate in 2018)	(104,600)	(19,400)
State	(27,400 )	(3,100 )
Total deferred	(132,000)	(22,500)
Valuation allowance	132,000	22,500
Total provision	\$—	\$—



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The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before provision for income taxes.

The sources and tax effects of the differences as of September 30, 2018 and 2017 are as follows:

	<b>2018</b>		<b>2017</b>
Income tax provision at the federal statutory rate	21.0 %		34.0 %
State income taxes, net of federal benefit	5.5 %		5.5 %
Increase in valuation allowance	(26.5 %)		(39.5 %)
	0.0 %		0.0 %

Components of the net deferred income tax assets at September 30, 2018 and December 31, 2017 were as follows:

	<b>2018</b>	<b>2017</b>
Net operating loss carryovers (adjusted for revised tax rate)	\$496,100	\$364,100
Valuation allowance	(496,100)	(364,100)
	\$—	\$—

In accordance with ASC 740, at September 30, 2018 and December 31, 2017 we determined that a valuation allowance should be recognized against deferred tax assets because, based on the weight of available evidence, it is more likely than not (i.e., greater than 50% probability) that some portion or all of the deferred tax asset will not be realized in the future. We recognized a reserve of 100% of the amounts of the deferred tax benefit in the amount of \$496,100 and \$364,100, respectively.

**LifeApps Brands Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Unaudited)**

As of September 30, 2018, we had cumulative net operating loss carry forwards of \$2,236,900 which expire from 2032 through 2038.

There are open statutes of limitations for taxing authorities in federal and state jurisdictions to audit our tax returns from 2010 through the current period. Our policy is to account for income tax related interest and penalties in income tax expense in the consolidated statement of operations. There have been no income tax related interest or penalties assessed or recorded.

**Note 11. Subsequent Events**

On October 25, 2018 we issued 1,000,000 shares to Sterling Financial Consultants LLC for accounting, tax and advisory services.

On December 5, 2018 we issued an aggregate of 2,750,000 shares of our restricted common stock to one person pursuant to (i) an August 7, 2018 \$10,000 promissory note, as amended, due on February 15, 2019 (750,000 shares) and (ii) a \$10,000 Securities Purchase Agreement dated August 7, 2018 (2,000,000 shares). The shares were deemed to have been issued as of August 7, 2018.

On December 5, 2018 we issued 10,946,688 shares of our restricted common stock to Robert Gayman pursuant to the exercise of (i) 6,000,000 stock options at an exercise price of \$0.0026 per share or an aggregate of \$15,600, and (ii) 4,946,688 stock options at an exercise price of \$0.01 per share or an aggregate of \$49,467, the payment for which was made by making a corresponding deduction to amounts owed by us to Mr. Gayman.

On December 5, 2018 Robert Gayman forgave \$531,487.12 of the amount due to him by us for services rendered. On December 5, 2018 we issued 500,000 shares to our corporate counsel in consideration of its deferment, on a temporary

basis, of legal fees due to it by us for services rendered.

On November 1, 2018 we entered into an Employment Services Agreement (the “Roan Agreement”) with Lawrence Roan pursuant to which Mr. Roan is serving as our Executive Director. The Roan Agreement has a 63-month term and is subject to automatic renewal for successive periods of one year unless either we or Mr. Roan gives the other written notice of intention to not renew at least 30 days prior to the end of the existing term. The Roan Agreement provides for a base annual salary of \$100,000 and a two-year severance period in the event the Roan Agreement is terminated by us without cause or by Mr. Roan for good reason. Mr. Roan’s base salary payments are payable in bi-weekly installments. The Roan Agreement contains customary termination provisions including terminations with or without cause, for good reason or voluntarily, non-competition and non-solicitation provisions, and an inventions and patents provision which provides that all of the work produced by Mr. Roan, which is created, designed, conceived or developed by Mr. Roan in the course of his employment under the Roan Agreement belongs to us.

On November 1, 2018 the Management contracts for Bobby Blair and Brian Neal and the Consultant contract for Robert Gayman were amended to remove the deferred payment salary conversion feature.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion should be read in conjunction with the financial information included elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly Report"), including our unaudited condensed consolidated financial statements as of September 30, 2018 and September 30, 2017 and for the three and nine months ended September 30, 2018 and 2017 and the related notes. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations section to "us," "we," "our," and similar terms refer to LifeApps Brands Inc., a Delaware corporation. This discussion includes forward-looking statements, as that term is defined in the federal securities laws, based upon current expectations that involve risks and uncertainties, such as plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Words such as "anticipate," "estimate," "plan," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements.*

*We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risk factors in Item 2.01 in our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission (the "SEC") on April 20, 2018. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.*

### **Business Overview**

LifeApps® is a licensed developer and publisher of apps for the Apple App Store for iPhone, iPod touch, iPad and iPad mini. LifeApps® is also a licensed developer on both Google Play and Amazon Appstore for Android. LifeApps® has distributed apps/publications on all three platforms. Moving forward LifeApps will focus on the development of niche demographic media networks. The management team has selected the LGBT marketplace as their first audience to target for the following reasons: The LGBT community has four times the buying power of Hispanics and African Americans, two times the buying power of Asian Americans and four times the buying power of millennials, and they are extremely loyal and consistent consumers. At current growth rates purchasing power of the LGBT community is expected to exceed 1 trillion dollars by 2020. (Accenture) Currently the LGBT audience is fragmented across multiple sites. We will target this audience directly with community specific content, blogs, stories and video. Currently there are 19.6 million people who identify themselves as LGBT in the US. They represent 890 billion dollars of buying power in the US and 3 trillion dollars globally. (Witeck/Selig Center) Same-sex households have 23% higher median income as compared to mainstream households. (Prudential) They are 1.23 times more likely to buy brands that reflect their style and they are 1.56 times more likely to consider themselves a spender rather than a

saver. (comScore) Our focus will be to aggregate the LGBT audience through a powerful database marketing platform.

LifeApps® is also expanding its revenue generating potential through the creation of new gateway digital platforms that combine e-commerce with mobile-commerce solutions to act as conduits or meeting places for users to engage in the commerce. These gateway platforms can also be utilized and distributed across the broader base of the LifeApps® suite of products.

LifeApps® will continue to explore acquisitions of companies and new technologies. In addition, the company will also explore the acquisition of consumer related products as well. Such acquisitions will be considered where the purchase can help increase our revenues or enable the Company to attain assets that will allow us to gain technological advances that would be more costly to develop than to purchase.

LifeApps® will continue a flexible approach as opportunities arise from the emergence of these rapidly evolving mobile hardware and software markets. LifeApps® will focus resources where they will be the most effective at growing the business and driving revenues. LifeApps® ability for internal development and external purchase of new technologies and companies will depend upon its ability to raise future financing.

### ***Our Products***

#### ***LifeApps Media Network Platform***

LifeApps will focus on two major revenue platform initiatives both currently in late stage product development. Our first priority will be to launch a global website platform that will aggregate original and outsourced content with an emphasis on interactive content and captive video.

Our second initiative will be to license technology and software in order to launch the LGBT Ad Network. The Network will provide advertising sponsors and brands with over 300 mainstream digital platforms to get their message out and hit the “bullseye” on this loyal, affluent and ever-expanding audience. We will utilize a powerful and relevant sponsored-content marketing message across all spectrums of digitally connected devices.

The combined platforms are expected to provide our audience and advertising sponsors with a highly targeted map to navigate the enormous and growing LGBT community. Our 360-degree approach includes data to pinpoint advertising and marketing campaigns designed to connect and create strategic partnerships. Our prior experience ensures educated decision-making and confidence in planning, approach, and execution of campaigns and partnerships that provide quantifiable results. The marketing content strategy campaigns are based on our expertise and insight of what drives LGBT consumer engagement disseminating relevant content to each of the vertical demographics.

## **Revenue**

LifeApps® intends to monetize and drive revenue through development of niche media networks. We will target LGBT consumers on mainstream websites with native content through our direct access to over 300 global leading cross-over entertainment and LGBT specific websites. Additionally, we will utilize mobile apps and social media platforms to provide an immense world-wide LGBT audience reach. We intend to be a disruptive LGBT Ad Network and an industry leader by delivering digital content campaigns across display, mobile and video inventory. Our Ad network campaign rates will start at \$15,000 and range to \$50,000 per month, with a forecast average of \$50,000 a month per advertising sponsor in year one and growing to an average of \$75,000 a month per advertising sponsor in year two.

Our LGBT Media Content Agency is expected to bridge the gap and help companies to better understand how to authentically and directly engage with the LGBT consumer. We will do this through our proprietary application, which incorporates original and aggregated content integrated into an LGBT audience network. The Agency range rate will start at \$25,000 and increase to \$150,000. We are projecting an average of \$75,000 a month per advertising sponsor for the first year and accelerating to \$150,000 a month per advertising sponsor in year two.

## **Critical Accounting Policies and Estimates**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (“GAAP”), which contemplates our continuation as a going concern. As of September 30, 2018, we have incurred losses of \$3,682,841. To date we have funded our operations through advances from related parties, issuances of convertible debt, and the sale of our common stock. We intend to raise additional funding through third party equity

or debt financing. There is no certainty that funding will be available as needed. These factors raise substantial doubt about our ability to continue operating as a going concern. Our ability to continue our operations as a going concern, realize the carrying value of our assets, and discharge our liabilities in the normal course of business is dependent upon our ability to raise capital sufficient to fund our commitments and ongoing losses, and ultimately generate profitable operations.

#### *Use of Estimates*

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheets and revenues and expenses during the years reported. Actual results may differ from these estimates.

#### *Fair Value Measurements:*

ASC Topic 820, Fair Value Measurements and Disclosures (“ASC 820”), provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, ASC 820 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. ASC 820 defines the hierarchy as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on the New York Stock Exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets but are either directly or indirectly observable as of the reported date. The types of assets and liabilities in Level 2 are typically either comparable to actively traded securities or contracts or priced with models using highly observable inputs.

Level 3 – Significant inputs to pricing that are unobservable as of the reporting date. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as complex and subjective models and forecasts used to determine the fair value of financial transmission rights.

Our financial instruments consist of cash and cash equivalents, short-term trade receivables, prepaid expenses, payables, accruals and convertible notes payable. The carrying values of cash and cash equivalents, short-term trade receivables, prepaid expenses, payables, and accruals approximate fair value because of the short-term maturities of these instruments.

### *Intangibles*

Intangibles, which include websites and databases acquired, internet domain name costs, and customer lists, are being amortized over the expected useful lives which we estimate to be three to five years. In accordance with Financial Accounting Standards Board (“FASB”), Accounting Standards Codification (“ASC”) Topic 350 *Intangibles – Goodwill and Other* (“ASC 350”), the costs to obtain and register internet domain names were capitalized.

### *Derivative Financial Instruments:*

We do not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks. We evaluate all of our financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, we used a Black-Scholes valuation model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the balance sheet as current or non-current based on whether net-cash settlement or conversion of the instrument could be required within 12 months of the balance sheet date.

### *Revenue Recognition*

Revenue is derived primarily from the sale of sports and fitness apparel and equipment, and software applications designed for use on mobile devices such as smart phones and tablets. Revenue is recognized only when persuasive



evidence of an arrangement exists, the fee is fixed or determinable, the product or service has been delivered, and collectability is probable.

We sell our software directly via Internet download through third party agents. We recognize revenue when payment is received from the agent. Payment is received net of commission paid to the agent, usually 70% to us and 30% to the agent. We record the net amount received as revenue.

We also plan to publish and sell digital magazines through the internet. Magazines can be purchased as individual volumes or as a subscription. To date we have not had any subscription sales.

#### *Cost of Revenue*

Cost of revenue includes the cost of amounts paid for articles, photography, editorial and production cost of the magazine and ongoing web hosting costs. Cost of revenue related to product sales includes the direct cost of those products sold.

#### *Equity Based Payments*

Equity based payments are accounted for in accordance with ASC Topic 718, *Compensation – Stock Compensation*. The compensation cost is based upon fair value of the equity instrument at the date grant. The fair value has been estimated using the Black-Sholes option pricing model.

### **Results of Operations**

#### ***Three and nine months ended September 30, 2018, compared with the three and nine months ended September 30, 2017***

Revenues for the three and nine months ended September 30, 2018 and 2017 were \$525 and \$2,119 and \$787 and \$3,093, respectively. Revenues for both periods were derived primarily from the sale of sports apparel and health and fitness products.

Cost of revenue normally includes our cost of products sold and amounts paid for articles, photography, editorial and production cost of the magazine. In the future we will incur direct cost related to revenue such as webhosting and direct cost for our customer support. For the foreseeable future we anticipate outsourcing such costs.

Cost of revenue for the three and nine months ended September 30, 2018 and 2017 was \$- and \$- and \$- and \$49, respectively. This resulted in a gross profit for three and nine months ended September 30, 2018 and 2017 of \$525 and \$2,119 and \$787 and \$3,044, respectively. Costs were primarily the cost of products sold.

We had net losses of \$(258,619) and \$(47,164) and \$(637,453) and \$(169,447) for the three and nine months ended September 30, 2018 and 2017, respectively.

The following is a breakdown of our selling, general and administrative expenses for the three and nine months ended September 30, 2018 and 2017:

	Three months Ended September 30,			Nine months Ended September 30,		
	2018	2017	Difference	2018	2017	Difference
Personnel costs	\$85,412	\$37,500	\$47,912	\$297,238	\$112,500	\$184,738
Professional fees	79,797	6,500	73,297	105,030	38,500	66,530
Travel and entertainment	428	200	228	10,827	2,810	8,017
Marketing expense	—	—	—	—	3,495	(3,495 )
Consulting expense	52,460	—	52,460	147,813	—	147,813
Stock related expenses	—	2,437	(2,437 )	500	7,311	(6,811 )
Rent	—	363	(363 )	255	3,975	(3,720 )
Other expenses	891	726	165	3,161	3,225	(64 )
	\$218,988	\$47,726	\$171,262	\$564,824	\$171,816	\$393,008

Personnel costs during the three and nine months ended September 30, 2018 consisted principally of \$43,500 and \$130,500 of salaries accrued for our chief executive officer and president and \$41,912 and \$166,738 of amortization of deferred compensation. Personnel costs during the three and nine months ended September 30, 2017 consisted of the accrual of \$37,500 per quarter of executive compensation for our former president.

Professional fees increased from \$6,500 and \$38,500 for the three and nine months ended September 30, 2017 to \$79,797 and \$105,030 for the three and nine months ended September 30, 2018. The increase is a result of the timing of the services provided for auditing and legal services and additional legal services related to changes in the Company's planned operations.

Travel expenses increased by \$228 and \$8,017 for the three and nine months ended September 30, 2018 compared to the three and nine months ended September 30, 2017 as a result of the change in our proposed business operations.

Consulting expense during the three and nine months ended September 30, 2018 consisted principally of \$37,500 and \$112,500 of costs accrued for our former chief executive officer, \$7,326 and \$21,978 of amortization of deferred compensation. Additionally we had \$- and \$44,100 of costs associated with common stock issued in connection with consulting contracts with third parties.

Rent expense decreased by \$363 and \$3,720 from \$363 and \$3,975 for the three and nine months ended September 30, 2017 to \$- and \$255 for the three and nine months ended September 30, 2018. The decrease is a result of the change in our principal office location.

There was no marketing expense recorded during the three and nine months Ended September 30, 2018 due to the proposed change in our business operation.

All of our other operating costs were not significant in the aggregate.

We had operating losses of \$(218,463) and \$(562,855) for the three and nine months ended September 30, 2018 compared to \$(47,164) and \$(169,447) for the three and nine months ended September 30, 2017.

Interest and derivative expenses are primarily related to a convertible note payable to a third-party lender that was secured during the quarter ended March 31, 2018 and interest accrued pursuant to employment and consulting contracts..

## **Liquidity and Capital Resources**

We were financed primarily by capital contributions from members of LifeApps LLC, the predecessor to LifeApps, from short term loans, and through sales of our securities. Our existing sources of liquidity may not be sufficient for us to implement our business plans. There are no assurances that we will be able to raise additional capital as and when needed.

As of September 30, 2018, we had a working capital deficit of \$1,188,488 as compared to a working capital deficit of \$769,205 at December 31, 2017.

During the nine months ended September 30, 2018 and 2017, operations used cash of \$53,734 and \$48,616, respectively.

No cash was expended for financing activities during the nine months ended September 30, 2018 and 2017.

During the nine months ended September 30, 2018 and 2017, net cash provided by financing activities was \$53,599 and \$48,510, respectively. We received \$32,000 as proceeds from a convertible note payable to a third-party lender during the nine months ended September 30, 2018. Also we received an aggregate of \$20,000 from the issuance of common stock and a note payable from an unrelated individual.

Additionally, we received net amounts of \$950 and \$15,510 of cash advances from our chief executive officer and net amounts of \$2,649 and \$33,000 of cash advances from (a director and shareholders) during the nine months ended September 30, 2018 and 2017, respectively.

We will continue to seek out additional capital in the form of debt or equity under the most favorable terms we can find.

### **Going Concern**

Our financial statements have been prepared on a going concern basis which assumes that we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. We have incurred losses since inception resulting in an accumulated deficit of approximately \$3,682,841 as of September 30, 2018 and further losses are anticipated in the development of our business raising substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our generating profitable operations in the future and/or obtaining the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next twelve months with existing cash on hand and/or additional officer and shareholder advances. These financials do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts, or amounts and classifications of liabilities that might result from this uncertainty.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (“Exchange Act”), the Company carried out an evaluation, with the participation of the Company’s management, including the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) (the Company’s principal financial and accounting officer), of the effectiveness of the Company’s disclosure controls and procedures (as defined under Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company’s CEO and CFO concluded that the Company’s disclosure controls and procedures are not effective, due to a lack of audit committee and segregation of duties caused by limited personnel, to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the Company’s CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

**Limitations on Effectiveness of Controls and Procedures**

Our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), does not expect that our disclosure controls and procedures will prevent all errors and all fraud. A control system, no matter how well conceived 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 controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.





Management believes that the material weakness set forth above did not have an effect on our financial results.

### **Changes in Internal Control over Financial Reporting**

There have been no changes in the Company's internal control over financial reporting during the three months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

There are no pending, nor to our knowledge threatened, legal proceedings against us.

### **ITEM 1A. RISK FACTORS**

For information regarding risk factors, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on April 20, 2018, which may be accessed via EDGAR through the Internet at [www.sec.gov](http://www.sec.gov).

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On December 5, 2018 we issued an aggregate of 2,750,000 shares of our restricted common stock to one person pursuant to (i) an August 7, 2018 \$10,000 promissory note, as amended, due on February 15, 2019 (750,000 shares) and (ii) a \$10,000 Securities Purchase Agreement dated August 7, 2018 (2,000,000 shares). The shares were deemed to have been issued as of August 7, 2018.

On October 11, 2018 we issued 1,777,778 shares of our restricted common stock pursuant to the conversion of \$8,000 is loan principal due on a March 6, 2018 promissory note. The shares were deemed to have been issued on September 20, 2018, the date on which we received a conversion notice.

The foregoing issuances of shares were made on reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

We are in default under a \$20,000 May 20, 2017 promissory note due August 31, 2017 issued to an unrelated third party. We have been paying back the note in monthly installments of \$500 with the intention to pay it back in full when funds become available. At September 30, 2018 the principal balance due on the note was \$18,500.

### **ITEM 4. MINE SAFETY DISCLOSURE**

Not Applicable.

### **ITEM 5. OTHER INFORMATION**

On December 5, 2018 we issued an aggregate of 2,750,000 shares of our restricted common stock to one person pursuant to (i) an August 7, 2018 \$10,000 promissory note, as amended, due on February 15, 2019 (750,000 shares) and (ii) a \$10,000 Securities Purchase Agreement dated August 7, 2018 (2,000,000 shares). The shares were deemed to have been issued as of August 7, 2018.

On December 5, 2018 we issued 10,946,688 shares of our restricted common stock to Robert Gayman pursuant to the exercise of (i) 6,000,000 stock options at an exercise price of \$0.0026 per share or an aggregate of \$15,600, and (ii) 4,946,688 stock options at an exercise price of \$0.01 per share or an aggregate of \$49,467, the payment for which was made by making a corresponding deduction to amounts owed by us to Mr. Gayman.

On December 5, 2018 Robert Gayman forgave \$531,487.12 of the amount due to him by us for services rendered.

On December 5, 2018 we issued 500,000 shares to our corporate counsel in consideration of its deferment, on a temporary basis, of legal fees due to it by us for services rendered.

On November 1, 2018 we entered into an Employment Services Agreement (the “Roan Agreement”) with Lawrence Roan pursuant to which Mr. Roan is serving as our Executive Director. The Roan Agreement has a 63-month term and is subject to automatic renewal for successive periods of one year unless either we or Mr. Roan gives the other written notice of intention to not renew at least 30 days prior to the end of the existing term. The Roan Agreement provides for a base annual salary of \$100,000 and a two-year severance period in the event the Roan Agreement is terminated by us without cause or by Mr. Roan for good reason. Mr. Roan’s base salary payments are payable in bi-weekly installments. The Roan Agreement contains customary termination provisions including terminations with or without cause, for good reason or voluntarily, non-competition and non-solicitation provisions, and an inventions and patents provision which provides that all of the work produced by Mr. Roan, which is created, designed, conceived or developed by Mr. Roan in the course of his employment under the Roan Agreement belongs to us.

On November 1, 2018 we entered into Amendment No. 2 to Robert Gayman’s Executive Management Consulting Agreement to extend the term thereof through January 31, 2023.

On November 1, 2018 we entered into Amendment No. 2 to Brian Neal’s Employment Services Agreement to extend the term thereof through January 31, 2023.

On November 1, 2018 we entered into Amendment No. 2 to Robert Blair’s Employment Services Agreement to extend the term thereof through January 31, 2023.

Effective October 25, 2018 we issued 1,000,000 shares of our restricted common stock to one person on consideration of \$24,785 in accounting, tax and advisory services reliance during May 2017.

## ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
<u>10.1</u>	<u>Employment Services Agreement with Lawrence P. Roan entered into as of November 1, 2018.</u>
<u>31.1</u>	<u>Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2</u>	<u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1*</u>	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2*</u>	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

\* This certification is being furnished and shall not be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.



## **SIGNATURES**

In accordance with 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.

LIFEAPPS BRANDS INC.

December 31, 2018 By: */s/ Robert A. Blair*

Robert A. Blair, Chief Executive Officer and Chief Financial Officer