LIFEAPPS BRANDS INC.
Form 10-Q
May 15, 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 **March 31, 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	**80-0671280**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2435 Dixie Highway, Wilton, FL 33305

(Address of principal executive offices, including zip code)

(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 May 15, 2018 there were issued and outstanding 90,704,686 shares of Common Stock, $0.001 par value.

LIFEAPPS BRAND INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018

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LIFEAPPS BRAND INC.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LifeApps Brands Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash	$25,009	$ 1,084
Accounts receivable	1,575	—
Other current assets	595	595
Total current assets	27,179	1,679
Intangible asset, net of amortization	—	150
Total Assets	$27,179	$ 1,829
Liabilities and Stockholders' (Deficit)		
Current liabilities:		
Accounts payable	$124,882	$ 124,620
Accrued salaries - officers	682,154	601,154
Accrued interest	946	—
Notes payable	19,486	20,000
Notes payable to related party	17,585	17,585
Advances due to related parties	10,445	7,675
Convertible note payable, net of debt discount	2,397	—
Derivative liability	70,848	—
Total current liabilities	928,743	771,034
Stockholders' (Deficit)		
Preferred stock, $.001 par value, 10,000,000 authorized, none issued or outstanding	—	—
Common stock, $0.001 par value, 300,000,000 shares authorized, 90,704,686 and 87,404,686 shares issued and outstanding, as of March 31, 2018 and December 31, 2017, respectively	90,704	87,704
Additional paid in capital	2,620,589	2,579,489
Deferred officer compensation	(342,020)	(391,010)
Accumulated (deficit)	(3,270,837)	(3,045,388)
Total stockholders' (deficit)	(901,564)	(769,205)
Total Liabilities and Stockholders' (Deficit)	$27,179	$ 1,829

See the accompanying notes to the condensed consolidated financial statements

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LifeApps Brands Inc.

Condensed Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Revenue	$1,594	$1,055
Cost of revenue	—	49
Gross profit	1,594	1,006
Operating expenses:		
General and administrative	184,702	41,929
Depreciation and amortization	150	225
Total operating expenses	184,852	42,154
Operating loss	(183,258)	(41,148)
Interest expense	26,461	—
Change in derivative liability	15,730	—
Net (loss) before income taxes	(225,449)	(41,148)
Provision for income taxes	—	—
Net (loss)	$(225,449)	$(41,148)
Per share information - basic and fully diluted:		
Net (loss) per share	$(0.00)	$(0.00)
Weighted average shares outstanding	90,360,242	25,311,186

See the accompanying notes to the condensed consolidated financial statements

LifeApps Brands Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Net cash used in operations	$ (10,331)	$ (986)
Cash flow from investing activities:	—	—
Net Cash used in investing activities	—	—
Cash flow from financing activities:		
Proceeds from convertible notes payable	32,000	—
Repayment of note payable	(514)	—
Shareholder advances	2,770	715
Net cash provided by financing activities	34,256	715
Net increase (decrease) in cash	23,925	(271)
Cash at beginning of period	1,084	1,388
Cash at end of period	$ 25,009	$ 1,117
Non-cash investing and financing activities:		
Stock issued for services	$ 44,100	$ —
Officer salary accrual	$ 81,000	$ 37,500

See the accompanying notes to the condensed consolidated financial statements

LifeApps Brands Inc.

Notes to Condensed Consolidated Financial Statements

March 31, 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 March 31, 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 March 31, 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 Apps 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

Business Condition

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 $3,270,837 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.

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.

Financial Instruments

The estimated fair values for financial instruments were determined at discrete points in time based on relevant market information. These estimates involved uncertainties and could not be determined with precision. The carrying amounts of accounts payable and accrued liabilities approximated 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.

LifeApps Brands Inc.

Notes to Condensed Consolidated Financial Statements

March 31, 2018 and 2017

(Unaudited)

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.

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. The Company’s intangible assets have been fully amortized and are no longer of use in our current business activities.

Fixed Assets

Fixed assets consists of furniture and equipment and are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. The estimated useful lives used for financial statement purposes 3 years. The Company’s fixed assets were fully depreciated and abandoned in prior years.

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 or not 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.

LifeApps Brands Inc.

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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 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.

Research and development, Website Development Costs, and Software Development Costs

All research and development costs are expensed as incurred. Software development costs eligible for capitalization under ASC 350-50, Website Development Cost, and ASC 985-20, Software-Costs of Software to be Sold, Leased or Marketed, were not material to our financial statements for the for the three months ended March 31, 2018 and 2017, respectively. We had no research and development expenses for the three months ended March 31, 2018 and 2017, respectively.

Advertising Costs

We recognize advertising expense when incurred. We had no advertising expense for the three months ended March 31, 2018 and 2017, respectively.

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 $255 and $2,160 for the three months ended March 31, 2018 and 2017, respectively.

Equity-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.

Income Taxes

The provision for income taxes is determined in accordance with the provisions of ASC Topic 740, *Accounting for Income Taxes* ("ASC 740"). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements, uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

For the periods ended March 31, 2018 and 2017 we did not have any interest, penalties or any significant unrecognized uncertain tax positions.

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 March 31, 2018 and 2017, and the outstanding stock options and warrants are anti-dilutive.

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(Unaudited)

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.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows - Restricted Cash , which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The guidance will be effective for the Company in its first quarter of fiscal 2018. Early adoption is permitted, including adoption in an interim period, but any adjustments must be reflected as of the beginning of the fiscal year that includes that interim period. The new standard must be adopted retrospectively. The adoption of this standard did not have an effect on the Company’s financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other, which eliminates step two of the quantitative goodwill impairment test. Step two required determination of the implied fair value of a reporting unit, and then a comparison of this implied fair value with the carrying amount of goodwill for the reporting unit, in order to determine any goodwill impairment. Under the new guidance, an entity is only required to complete a one-step quantitative test, by comparing the fair value of a reporting unit with its carrying amount, and any goodwill impairment charge is determined by the amount by which the carrying amount exceeds the reporting unit's fair value. However, the loss should not exceed the total amount of goodwill allocated to the reporting unit. The standard is effective for the Company in the first quarter of 2020, with early adoption permitted as of January 1, 2017, and is to be applied on a prospective basis.

In March 2017, the FASB issued ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost , which changes how employers that sponsor defined benefit pension or other postretirement benefit plans present the net periodic benefit cost in the statement of operations. The new guidance requires entities to report the service cost component in the same line item or items as other compensation costs. The other components of net benefit cost are required to be presented in the statement of operations separately from the service cost component and outside the subtotal of loss from operations. ASU 2017-07 also provides that only the service cost component is eligible for capitalization. The standard is effective for the Company in the first quarter of 2018, with adoption to be applied on a retrospective basis. The adoption of this standard did not have an effect on the Company's financial statements.

In May 2017, the FASB issued ASU No. 2017-09, Compensation-Stock Compensation: Scope of Modification Accounting , which provides clarification on when modification accounting should be used for changes to the terms or conditions of a share-based payment award.

This ASU does not change the accounting for modifications but clarifies that modification accounting guidance should only be applied if there is a change to the value, vesting conditions or award classification and would not be required if the changes are considered non-substantive. The amendments of this ASU are effective for the Company in the first quarter of 2018, with early adoption permitted.

The adoption of this standard did not have an effect on the Company's financial statements.

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In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities , which modifies the presentation and disclosure of hedging results. Further, it provides partial relief on the timing of certain aspects of hedge documentation and eliminates the requirement to recognize hedge ineffectiveness separately in income. The amendments in this ASU are effective for the Company in the first quarter of 2019.

In September 2017, the FASB has issued ASU No. 2017-13, Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments." The amendments in ASU No. 2017-13 amends the early adoption date option for certain companies related to the adoption of ASU No. 2014-09 and ASU No. 2016-02. Both of the below entities may still adopt using the public company adoption guidance in the related ASUs, as amended. The effective date is the same as the effective date and transition requirements for the amendments for ASU 2014-09 and ASU 2016-02.

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.

Amounts due related party represents 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 March 31, 2018 and December 31, 2017 was $10,445 and $7,675, respectively. Notes payable to related parties at March 31, 2018 and December 31, 2017 totaled $17,585 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 March 31, 2018 and 2017 amounted to $81,000 and $37,500 respectively and net cash advances amounted to $2,770 and $715, respectively for the periods ended March 31, 2018 and 2017. Total unpaid accrued salary was $682,154 and $601,154 as of March 31, 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 and the officers and consultant will have the right, in their sole discretion, to convert such payments, in whole or in part, into shares of our common stock at 50% of the value weighted average price for our common stock during the 20 trading days immediately preceding the date on which we are provided with a Notice of Conversion. The Agreements require us to approve a 2018 Equity Incentive Plan within 120 days of the effective date of the Agreements from which stock options or other equity incentive securities may be issued to employees and our advisors and consultants. The Agreements 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 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.

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(Unaudited)

During the period ended March 31, 2018 we recorded interest accruals of $658 related to the contracts.

Note 4. Note Payable

Note payable to an unrelated third party amounted to $19,486 and $20,000 at March 31, 2018 and December 31, 2017, respectively with an interest rate of 2%. The note is past due and is, therefore, in default.

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.

We value the derivative liability and at the end of each accounting period with the difference in value is recognized as gain or loss. At March 31, 2018 we determined the valuation using the Black-Sholes valuation model with the following assumptions: dividend yield of zero, .94 years to maturity, risk free interest rate of 2.85% and annualized volatility of 289.61%. We recognized $15,730 of expense for the change in value of the derivative for the three months ended March 31, 2018. Interest expense for the period includes $23,118 of origination interest, amortization of debt discounts of $2,394 and interest accrual of $288.

At March 31, 2018 the balance of the Note is comprised of the following:

Face amount of Note	$35,000
Original issue discount	(2,795)
Debt discount	(29,808)
	$2,397

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LifeApps Brands Inc.

Notes to Condensed Consolidated Financial Statements

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(Unaudited)

Note 6. Stockholders' Equity

During the period ended March 31, 2018 we issued 3,000,000 shares of common stock in connection with consulting agreements with two unrelated entities. The shares were valued at fair value of $44,100, based on the respective trading prices of our common stock on the dates the agreements were signed.

Additionally, we recorded $48,990 of amortization of deferred officer compensation during the period ended March 31, 2018.

Note 7. Options

In prior periods, our Board of Directors adopted the 2012 Equity Incentive Plan ("2012 Plan"), which was approved by our shareholders. The 2012 Plan provided for the issuance of up to 666,667 shares of our common stock. During October 2015 the Board of Directors amended the plan to increase the number of shares issuable under the LifeApps Digital Media Inc. 2012 Equity Incentive Plan to 20,000,000, on a post-Reverse Stock Split basis. The plan provides for the award of options, stock appreciation rights, performance share awards, and restricted stock and stock units. The plan is administered by the Board of Directors. Pursuant to the 2012 Plan our Board of Directors granted options to purchase 418,333 shares of our common stock in periods prior to December 31, 2015. All of those options have been cancelled or lapsed as of December 31, 2016. On May 24, 2016 our Board of Directors granted four-year options to purchase 15,000,000 shares of our common stock to officers and or directors and a consultant. The options vested quarterly during the initial year following the grant date.

The fair value of the options granted, $39,000, was estimated at the date of grant using the Black-Scholes option pricing model, with the following assumptions:

Expected life (in years)	4
Volatility	383 %
Risk Free interest rate	0.68%
Dividend yield (on common stock)	—

On December 19, 2017 our Board of Directors granted options to purchase 6,946,688 shares of our common stock to an officer, a consultant and a director. The options were fully vested when issued and are exercisable for a term of five years.

The fair value of the options granted, $63,770, was estimated at the date of grant using the Black-Scholes option pricing model, with the following assumptions:

Expected life (in years)	5
Volatility	311 %
Risk Free interest rate	1.71%
Dividend yield (on common stock)	—

Stock based compensation expense for options for the periods ended March 31, 2018 and 2017 amounted to $0 and $2,437.

LifeApps Brands Inc.

Notes to Condensed Consolidated Financial Statements

March 31, 2018 and 2017

(Unaudited)

The following is a summary of stock options issued to employees and directors:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding January 1, 2018	15,946,688	$ 0.0054	3.4	—
Granted	—	$ —	—	—
Exercised	—	$ —	—	—
Cancelled	—	$ —	—	—
Outstanding March 31, 2018	15,946,688	$ 0.0054	3.1	$ —
Exercisable March 31, 2018	15,946,688	$ 0.0054	3.1	$ —

There will be no additional compensation expense recognized in future periods.

The following is a summary of stock options issued to non-employees, excluding Directors:.

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value at date of grant
Outstanding January 1, 2018	1,300,000	$ 0.0083	4.4	—
Granted	—	$ —	—	—
Exercised	—	$ —	—	—

Cancelled	—	$ —	—		—
Outstanding March 31, 2018	1,300,000	$ 0.0083	4.1	$	—
Exercisable March 31, 2018	1,300,000	$ 0.0083	4.1	$	—

There will be no additional compensation expense recognized in future periods.

Note 8. Outstanding Warrants

There were no warrants issued during the periods ended March 31, 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 March 31, 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.

LifeApps Brands Inc.

Notes to Condensed Consolidated Financial Statements

March 31, 2018 and 2017

(Unaudited)

Income tax provision (benefit) for the periods ended March 31, 2018 and 2017, is summarized below:

	2018	**2017**
Current:		
Federal	$—	$—
State	—	—
Total current	—	—
Deferred:		
Federal (21% tax rate in 2018)	(28,400)	(14,000)
State	(7,400)	(2,300)
Total deferred	(35,800)	(16,300)
Valuation allowance	35,800	16,300
Total provision	$—	$—

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 March 31, 2018 and 2017 are as follows:

	2018	**2017**
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 March 31, 2018 and December 31, 2017 were as follows:

	2018	**2017**
Net operating loss carryovers (adjusted for revised tax rate)	$399,900	$364,100

Valuation allowance	(399,900)	(364,100)
	$—	$—

In accordance with ASC 740, at March 31, 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 $399,900 and $364,100, respectively.

As of March 31, 2018, we had cumulative net operating loss carry forwards of $1,874,000 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 10. Subsequent Events

Management has evaluated all activity and concluded that no subsequent events have occurred that would require recognition in these financial statements or disclosure in the notes to these financial statements.

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 March 31, 2018 and March 31, 2017 and for the three months ended March 31, 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 March 31, 2018, we have incurred losses of $3,270,837 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 or not 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 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 months ended March 31, 2018, compared with the three months ended March 31, 2017

Revenues for the three months ended March 31, 2018 and 2017 were $1,594 and $1,055, 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 months ended March 31, 2018 and 2017 was $0 (0%) and $49 (4.6%), respectively. This resulted in a gross profit for three months ended March 31, 2018 and 2017 of $1,594 (100%) and $1,006 (95.4%), respectively. Costs were primarily the cost of products sold.

We had net losses of $225,449 and $41,148 for the three months ended March 31, 2018 and 2017, respectively.

The following is a breakdown of our selling, general and administrative expenses for the three months ended March 31, 2018 and 2017:

	Three months Ended March 31,		
	2018	2017	Difference
Personnel costs	$86,812	$37,500	$49,312
Professional fees	6,100	—	6,100
Travel and entertainment	1,523	—	1,523
Consulting expense	89,155	—	89,155
Stock related expenses	262	2,437	(2,175)
Rent	255	2,160	(1,905)
Other expenses	597	(168)	765
	$184,704	$41,929	$172,775

Personnel costs in 2018 consist principally of $43,500 of salaries accrued for our chief executive officer and president, $43,312 of amortization of deferred compensation. Personnel costs in 2017 consist of the salary accrual for our former chief executive officer.

Professional fees increased $6,100 from $0 for the three months ended March 31, 2017 to $6,100 for the three months ended March 31, 2018. The increase is a result of the timing of expenses related to our regulatory filings.

Travel expenses increased by $1,523 for quarters ended March 31, 2018 and 2017 as a result the restructuring of our business operations.

Consulting expense in 2018 consist principally of $37,500 of costs accrued for our former chief executive officer, $5,676 of amortization of deferred compensation. Additionally, we had $45,979 of costs associated with cash payments and common stock issued in connection with consulting contracts with third parties.

Rent expense decreased by $1,905 (88%) from $2,160 for the three months ended March 31, 2017 to $255 for the three months ended March 31, 2018. The decrease is a result of the relocation of our corporate office to a lower cost facility.

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

We had operating losses of $183,258 and $41,148 for the three months ended March 31, 2018 and 2017, respectively.

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.

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 March 31, 2018, we had a working capital deficit of $828,319 as compared to a working capital deficit of $769,355 at December 31, 2017.

During the three months ended March 31, 2018 and 2017, operations used cash of $10,331 and $986 respectively.

During the three months ended March 31, 2018 and 2017, we used no cash in investing activities.

During the three months ended March 31, 2018 and 2017, net cash provided by financing activities was $34,256 and $715, respectively. We received $32,000 as proceeds from a convertible note payable to a third-party lender in 2018.

Additionally, we received net amounts of $650 and $715 of cash advances from our chief executive officer and net amounts of $1,606 and $0 of cash advances from (a director and shareholders) during the three months ended March 31, 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 $3,270,837 as of March 31, 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 March 31, 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.

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

Effective January 1, 2018 we issued 50,500,000 shares of our common stock to Brian Neal pursuant to a December 19, 2017 Employment Services Agreement which took effect on January 1, 2018.

Effective January 8, 2018 we issued an aggregate of 2,500,000 shares of our common stock to two designees of a consultant pursuant to a January 8, 2018 Consulting Agreement.

Effective January 28, 2018 we issued 500,000 shares of our restricted common stock to an advisor pursuant to a January 26, 2018 Advisory Agreement.

Effective March 6, 2018 we entered into a Securities Purchase Agreement with Power Up Lending Group Ltd. ("Power Up") pursuant to which we issued to Power Up a 12%, one-year $35,000 convertible promissory note dated March 6, 2018.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 5. OTHER INFORMATION

Effective January 1, 2018 we amended our December 19, 2017 Employment Services Agreement with Robert A. Blair, January 1, 2018 Employment Services Agreement with Brian Neal, and December 19, 2017 Executive Management Consulting Agreement with Robert Gayman to terminate and remove the deferred salary/cash payment conversion features set forth therein. We also extended the date by which we must authorize and approve a class of voting preferred stock, 50% of which is to be issued to each of Mr. Neal and Mr. Gayman, and authorize and approve a 2018 Equity Incentive Plan, to July 31, 2018.

On January 8, 2018 we entered into a 90-day Consulting Agreement, effective as of January 1, 2018, with Wellfleet Partners, Inc. ("Wellfleet") in recognition of past and future financial, management consulting and advisory and due diligence services provided and to be provided to us by Wellfleet. In consideration thereof, we paid Wellfleet $7,500 in cash and issued an aggregate of 2,500,000 shares of our restricted common stock to two designees of Wellfleet.

On January 26, 2018 we entered into an Advisory Agreement with Uptick Capital, LLC. ("Uptick") pursuant to which Uptick provided us with marketing and financial advice. The Advisory Agreement had a term of 30 days. We issued 500,000 shares of our restricted common stock under the Advisory Agreement.

Effective March 6, 2018 we entered into a Securities Purchase Agreement with Power Up Lending Group Ltd. ("Power Up") pursuant to which we issued to Power Up a $35,000 convertible promissory note dated March 6, 2018 (the "Power Up Note"). The Power Up Note entitles the holder to 12% interest per annum and matures on March 6, 2019.

Power Up may convert the Power Up Note into shares of our common stock beginning on the date which is 180 days from the issuance date of the Power Up Note, at a price equal to 58% of the lowest trading price for our common stock during the 15 trading day period ending on the last complete trading date prior to the date of conversion, provided, however, that Power Up may not convert the Power Up Note to the extent that such conversion would result in Power Up's beneficial ownership being in excess of 4.99% of our issued and outstanding common stock together with all shares owned by Power Up and its affiliates at the time of conversion.

If we prepay the Power Up Note within 30 days of its issuance, we must pay all of the principal and accrued interest at a cash redemption premium of 115%; if such prepayment is made between the 31st day and the 60th day after the issuance of the Power Up Note , then such redemption premium is 120%; if such repayment is made from the 61st to the 90th day after issuance, then such redemption premium is 125%; if such repayment is made from the 91st to the 120th day after issuance, then such redemption premium is 130%; if such repayment is made from the 121st to the 150th day after issuance, then such redemption premium is 135%; and if such repayment is made from the 151st day to the 180th day after issuance then such redemption premium is 140%. After the expiration of the 180 days following the issuance, we have no further right of pre-payment.

Our transfer agent has reserved 48,275,862 shares of our common stock to cover potential conversions of the Power Up Note. The funds for the Power Up Note were received by us on March 6, 2018.

ITEM 6. EXHIBITS

Exhibit Number	**Description of Exhibit**
10.1	Amendment No. 1 dated as of January 1, 2018, to Employment Services Agreement with Robert A. Blair
10.2	Amendment No. 1 dated as of January 1, 2018, to Employment Services Agreement with Brian Neal
10.3	Amendment No. 1 dated as of January 1, 2018, to Executive Management Consulting Agreement with Robert Gayman
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	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.

32.2*	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.
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.

May 15, 2018 By:*/s/ Robert A. Blair*
Robert A. Blair, Chief Executive Officer and Chief Financial Officer

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