

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

LGBTQ Loyalty Holdings, Inc.

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

FORM 10-K

(Mark One)

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

For Fiscal Year Ended: December 31, 2020

OR

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

For the transition period from _____ to _____

Commission file number: 000-54867

LGBTQ LOYALTY HOLDINGS, 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 Manors, FL**

(Address of principal executive offices)

33305

(Zip Code)

Registrant's telephone number, including area code: **(954) 947-6133**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, par value \$0.001 per share**

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of the "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller reporting company

Emerging growth company

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

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

As of June 30, 2020, there were 169,217,460 shares of the registrant's common stock, par value \$0.001 per share, issued and outstanding. Of these, 75,219,367 shares were held by non-affiliates of the registrant. The market value of securities held by non-affiliates was approximately \$1,083,159 as of June 30, 2020, based on the closing price of \$0.0144 per share of the common stock on June 30, 2020.

As of April 15, 2021, there were 473,098,618 shares of the registrant's common stock, par value \$0.001 per share, issued and outstanding.

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FORWARD-LOOKING STATEMENTS

Except for historical information, this Annual Report contains forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our business strategy, future revenues and anticipated costs and expenses. Such forward-looking statements include, among others, those statements including the words “expects,” “anticipates,” “intends,” “plans,” “may,” “could,” “should,” “anticipates,” “likely,” “believes” and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. You should carefully review the risks described in this Annual Report and in other documents we file from time to time with the Securities and Exchange Commission. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements.

Factors that might cause or contribute to such differences include, but are not limited to, those discussed below and in the sections “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Factors that may cause actual results, our performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include without limitation:

- Our ability to successfully launch and grow our new business operations;
- The intensity of competition in the industry in which we operate;
- Our ability to raise additional capital if, as, and when needed on acceptable terms;
- General economic conditions that affect our industry or the global environment in which we operate; and
- Our ability to successfully attract and retain management and other key employees.

These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. The forward-looking statements contained in this Annual Report are largely based on our expectations, which reflect many estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors and it is impossible for us to anticipate all factors that could affect our actual results. In addition, management's assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this Annual Report are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to the factors listed in the "Risk Factors" section and elsewhere in this Annual Report. All forward-looking statements are based upon information available to us on the date of this Annual Report. We undertake no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, except as otherwise required by law. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

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PART I

ITEM 1. BUSINESS

Organizational History

Through our formerly 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. We are currently not targeting our revenue strategy on further development of additional apps or updating or expanding on apps that we have developed but, will instead, make our primary focus the development and operation of various new business operations that we intend to establish.

On January 25, 2019, we entered into and closed a securities exchange under a Securities Exchange Agreement (the "Securities Exchange Agreement") with LGBT Loyalty LLC, a New York limited liability company ("LGBT Loyalty"), and Maxim Partners, LLC ("Maxim"), pursuant to which we acquired all of the membership interests of LGBT Loyalty, making LGBT Loyalty a wholly owned subsidiary of ours, in exchange for 120,959,996 shares of our restricted common stock and one share of our newly created Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The common stock issued to Maxim represented, upon issuance, 49.99% of our then issued and outstanding shares of common stock. Effective March 26, 2019, the share of Series A Convertible Preferred Stock was converted into 8,598,578 shares of our common stock.

Effective April 25, 2019, we filed a Certificate of Amendment to our Certificate of Incorporation (the "Charter Amendment") with the Delaware Secretary of State to change our name from LifeApps Brands Inc. to LGBTQ Loyalty Holdings, Inc. The form of and filing of the Certificate of Amendment was approved by our Board of Directors.

On June 3, 2019 we filed a Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the "Series C COD") with the Delaware Secretary of State to create a new class of preferred stock, \$0.001 par value per share, designated Series C Convertible Preferred Stock ("Series C Preferred Stock") and authorized the issuance of up to 129,559 shares of Series C Preferred Stock. On the Closing Date, all of the 129,559 shares of Series C Preferred Stock were issued to Pride Partners, LLC ("Pride"), the assignee of Maxim. On June 4, 2019 we entered into a Securities Exchange Agreement with Maxim (the "Holder") pursuant to which the Holder exchanged 129,558,574 shares of Common Stock for 129,559 shares (the "Exchange Shares") of our Series C Preferred Stock (the "Share Exchange").

On October 30, 2019, through our wholly-owned subsidiary Loyalty Preference Index, Inc. ("LPI"), we launched the LGBTQ100 ESG Index (or "LGBTQ100") which references LGBTQ community survey data in the methodology for a benchmark listing of the nation's highest financially performing companies that our respondents believe are most committed to advancing equality. In 2020, LPI was renamed to Advancing Equality Preference, Inc. ("AEP")

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Our fiscal year end is December 31.

Unless the context indicates otherwise, all references in this Annual Report to "LifeApps®" "the Company," "we," "us" and "our" refer to LGBTQ Loyalty Holdings, Inc. and its subsidiaries, LGBT Loyalty LLC and Advancing Equality Preference, Inc.

Executive Summary

Starting in the first half of 2019, we assembled a highly accomplished Board of Directors recognized for their advocacy and impact in the area of LGBTQ diversity and inclusion (D&I) to create the first-ever impact preference financial Index listed on the NYSE. Our team collaborated with one of the top Index Analysts to create a methodology to utilize financial big data and AI-driven analytics. The goal is to drive financial alpha returns by creating a financial tool that will help break barriers by capturing the voice of the LGBTQ community constituent as participants in the creation

We recognized a gap in Index solutions within the growing category of Environmental, Social and Governance (ESG) and how they measure a corporation's compliance. We focused on LGBTQ diversity, inclusion and equality practices of leading corporations and specifically their commitment to advancing equality within the LGBTQ community. We found that these businesses were able to attract and retain the best talent and performed better in terms of earnings than their corporate peers. Our goal was to outperform other financial indices in terms of ROI and also outperform them in Return on Social Impact (ROSI); our endgame was to close the gap between companies and investors who measure their success purely around financial metrics along with companies that need to work harder to align with their equality driven constituents and improve their social equality policies and ESG compliance.

When we launched the LGBTQ100 on the New York Stock Exchange on October 30 of 2019, it became the first financial Index that embedded constituent preference data from the community including grading the top performing companies that have supported D&I, outwardly aligned their brand to support the LGBTQ community and screened well for ESG compliant practices.

The media reception and brand recognition achieved by the LGBTQ100 was extraordinary with expansive coverage by Bloomberg as well as other major financial outlets featuring how LGBTQ Loyalty Holdings had created and introduced the first impact preference index to achieve both financial performance and social impact. We are proud to report that our goal has been achieved with the LGBTQ100 outperforming the S&P 500 by over 2% since our listing on the NYSE and when back-tested over the past 11 years, our Index beats the S&P by over 20%.

As we move into 2021, our focus will be to build on this momentum and grow both revenues for our platform and Assets Under Management (AUM).

Business Overview

On January 25, 2019, we acquired LGBT Loyalty LLC, a New York limited liability company, with the goal of creating the first LGBTQ Loyalty Preference Index ETF (the "Index ETF") to provide the LGBTQ community with the power to influence the allocation of capital within a financial Index ETF based upon LGBTQ consumer preferences. The Index ETF is intended to link the growing economic influence of the LGBTQ community and their allies with many of the top Fortune 500 companies that support and implement diversity, inclusion and equality policies within their organizations. The incorporation of diversity and inclusion in a company's recruitment and human resource policies is becoming a key concern to investors as part of their growing focus on ESG allocations. Our data and analytics unequivocally reinforce that corporations that have embraced diversity and inclusion policies within their corporate culture perform at a higher level financially than their peers. This includes advancing a more invigorated workforce that attracts and retains the best talent. Innovation and agility have been identified as great benefits of diversity, and there is an increasing awareness of what has come to be known as 'the power of difference'.

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On October 30, 2019, through our wholly-owned subsidiary Loyalty Preference Index, Inc. ("LPI") and our strategically aligned partnerships with crowd sourced data and analytic providers, we launched the LGBTQ100 ESG Index which integrates LGBTQ community survey data into the methodology for a benchmark listing of the nation's highest financially performing large-cap publicly listed corporations that our respondents believe are most committed to advancing equality. LPI is the index provider for the LGBTQ + ESG100 ETF; LGBTQ Loyalty was the Sponsor for the prospectus that was filed by the highly regarded licensed Fund Adviser ProcureAM, a wholly owned subsidiary of Procure Holdings, LLC., which is through our platform service agreement ("PSA"), and was approved by the Securities and Exchange Commission ("SEC") in early January 2020. The LGBTQ + ESG100 ETF (the "Fund") seeks to track the investment results (before fees and expenses) of the LGBTQ100 ESG Index. The Fund earns management fees based on assets under management ("AUM") and is expected to launch in Q3 - 2021 on the NASDAQ.

LGBTQ Loyalty has generated an abundance of media coverage for our premier LGBTQ Index product with the launch and listing on NYSE of the LGBTQ100 ESG Index. The exclusive media launch with Bloomberg Media was instrumental in propelling the LGBTQ100 brand to center stage overnight in the financial sector. In addition, LGBTQ Loyalty was featured at the Inside ETFs Summit in early 2020 with Board Members, Barney Frank and Billy Bean speaking on the "The Power of Inclusion & Equality" for investors. Our media strategy objective is to lay the groundwork for additional high-profile positioning of the brand as we work to achieve the desired increased financial media coverage and growth in AUM valuation for our company and shareholders.

Our Products

Our mission is to build a sustainable and well recognized brand focused on unlocking the growing purchasing power of the LGTBQ community globally by offering a robust LGBTQ Index and core ETF portfolio that attracts key institutional investors and corporations.

At the nucleus of our LGBTQ Loyalty Preference Index is our partner-driven Crowd Preference Index Methodology (CPIM) which disrupts ESG investing. This is achieved through an elevated screening process of financial performance data and ESG standards and practices, whereby LGBTQ community data on diversity and inclusion compliance directly impacts corporate financial results and transparently identifies and recognizes high performance companies who have consistently outperformed the S&P 500 index or equivalent sector standards and norms.

We intend to extend the LGBTQ Loyalty Index brand with future plans to develop indices with a focus on the 'Social' component of ESG utilizing our proprietary financial slogan of "Advancing Equality" within other gender, minority interest groups.

Revenue

The Company focus in 2019 and 2020 was to create and launch our first of many financial Index products through an equality driven thematic ESG screened and alpha performance benchmark. The Company achieved this through its LGBTQ100 ESG Index listing and performance on the NYSE starting on October 30, 2019. In 2020 our collective efforts and focus is to monetize and scale our model by capturing recurring revenue streams through our current financial Index product. Our goal is to accelerate our revenue pursuits through our partnership and licensed relationships to achieve a break-even point when we have secured AUM benchmarked against the LGBTQ100 Index in excess of \$50,000,000.

We intend to introduce a new key partnered revenue source derived from Direct Index Licensing Fees generated by financial institutions and asset management companies for creating a product (e.g. , Index Funds, Structured Financial Products, Turnkey Asset Management Providers) based on or linked to the LGBTQ100 index. This includes fees to use the LGBTQ100 index to track the performance of funds or as benchmarks for actively managed portfolios. We plan to capture Data Subscriptions which could provide recurring subscription revenue from our LGBTQ Index. This includes ongoing and historical data and information generated by our wholly owned division Advancing Equality Preference Inc., and through our strategic partnerships for new potential financial equality-driven Indices.

New initiatives in 2021 include a plan to create ancillary revenue streams to complement and support this unique platform for the top 100 Equality driven Corporations in America represented in the LGBTQ100 Index. We believe our index will reward and elevate the status of those corporations that have adopted diversity and inclusion best practices, cared for their employees and positively impacted LGBTQ communities. Expert LGBTQ economists have repeatedly stressed the value of the LGBTQ brand loyalty to corporations. We consider the companies that best capture the spending trends and loyalty of the LGBTQ consumer will be better positioned for financial growth and success. Given the opportunity to link to the power and status generated between the LGBTQ community, these companies and their own workforce, we will launch a Partner Loyalty Program which includes benefits afforded to defined sponsorship tiers. The LGBTQ Loyalty Sponsorship is designed to attract the significant marketing dollars Fortune 500 companies are allocating to D&I programs with an opportunity to purchase LGBTQ Loyalty Sponsorship packages, including participation and brand exposure at planned conferences and events. Companies will be offered the opportunity to purchase LGBTQ Loyalty Sponsorship packages starting in Q2-2021.

Our initial investments in creating a high performing product with a well-recognized brand have been established. As we begin to move into planning for the post-COVID-19 world, we will now shift our efforts to cultivate new revenue stream opportunities while building AUM as we construct a profitable business platform.

We have achieved no revenues to date from our LGBTQ related operations and have been focused on building our product and achieving performance results and media branding over the course of the past twelve months. There are no assurances that can be given that we will achieve revenues or profitability in the future.

Business Strategy

Our business strategy is targeted to the estimated three trillion-dollar global purchasing power of the LGBTQ consumer demographic. More than nineteen million people identify themselves as LGBTQ in the US and four-hundred-fifty million globally while the LGBTQ community is composed of some of the most loyalty driven consumers in the world.

We believe that the LGBTQ demographic is one of the most highly sought-after economic groups in the world from corporate America down to the local business owner because of their higher median income and brand loyalty. What makes targeting and supporting this dynamic demographic even more extraordinary and rewarding is that friends, family, employers, employees, teachers, coaches and fans of our community so loyally support the brands, products and services that in turn support us. We further believe that this loyalty across the board is time tested, proven, growing and expanding and ultimately extremely rewarding to all that are embraced by the LGBTQ community. Connecting the world's most supportive LGBTQ companies to the dynamic, loyal and ever-increasing spending power of the LGBTQ community is a consequential step forward for the LGBTQ movement and investment community.

Many Fortune 500 companies are directing more of their consumer advertising and promotional spend towards celebrating diversity and equality. Our long-term goal is to reinforce the financial performance of those Corporations as they foster and integrate LGBTQ equality practices through their Diversity and Inclusion policies as a cornerstone of their corporate culture. Our LGBTQ100 Index of the top 100 corporate constituents have already embraced and enacted this standard of Equality excellence. See our top LGBTQ100 Index constituents on our website.

Competition

We created the first-ever LGBTQ Loyalty Preference Index. We have identified Pride Performance & Holdings issuer UBS, an entity which gives individuals an opportunity to invest in companies that support equality in the workplace for their lesbian, gay, bisexual and transgender employees, as a competitor. However, Pride Performance appears to focus mainly on the hiring of LGBTQ individuals and we do not see this as direct competition as our Index will be created through surveying and preferencing the top companies in the S&P 500 that best support and align with the LGBTQ community. To date no other financial index provider has focused on including the feedback from direct constituents in constructing an Index methodology that empowers the voice of the LGBTQ community.

Government Regulation

We are subject to a number of domestic and foreign laws and regulations that affect our business. Not only are these laws constantly evolving, which could result in them being interpreted in ways that could harm our business, but legislation is also continually being introduced that may affect both the content of our products and their distribution.

Further, because our services are available worldwide, certain foreign jurisdictions and others may claim that we are required to comply with their laws, including in jurisdictions where we have no local entity, employees or infrastructure.

Employees

As of December 31, 2020, we had a total of three employees, all of whom were full time employees. None of our employees are represented by a collective bargaining agreement. We consider our relations with our employees to be good.

Available Information

We are subject to the reporting requirements of the Securities Exchange Act of 1934 ("Exchange Act"). Reports filed with the SEC pursuant to the Exchange Act, including annual and quarterly reports, and other reports we file, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Investors may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Investors can request copies of these documents upon payment of a duplicating fee by writing to the SEC. The reports we file with the SEC are also available on the SEC's website (<http://www.sec.gov>).

ITEM 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should not invest in our securities if you cannot afford to lose your entire investment. In deciding whether you should invest in our securities, you should carefully consider the following information together with all of the other information contained in this Current Report. Any of the following risk factors can cause our business, prospects, financial condition or results of operations to suffer and you to lose all or part of your investment.

Risks Related to Our Business

We have a limited operating history and are subject to the risks encountered by early-stage companies.

Because we have a limited operating history, you should consider and evaluate our operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. For us, these risks include:

- risks that we may not have sufficient capital to achieve our growth strategy;
- risks that we may not develop and operate our proposed LGBT related businesses in a manner that enables us to be profitable and meet our customers' requirements;
- risks that our growth strategy may not be successful; and
- risks that fluctuations in our operating results will be significant relative to our revenues.

These risks are described in more detail below. Our future growth will depend substantially on our ability to address these and the other risks described in this section. If we do not successfully address these risks, our business would be significantly harmed.

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Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern.

Our financial statements have been prepared under the assumption that we will continue as a going concern. Our independent registered public accounting firm has issued a report that includes an explanatory paragraph referring to our recurring net losses and expressing substantial doubt in our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to obtain additional equity financing or other capital, attain further operating efficiencies, reduce expenditures, and, ultimately, to generate revenue. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty. However, if adequate funds are not available to us when we need it, and we are unable to enter into some form of strategic relationship that will give us access to additional cash resources, we will be required to even further curtail our operations which would, in turn, further raise substantial doubt about our ability to continue as a going concern.

Our LGBTQ related business operations may subject us to the prejudices of those opposed to the existence and expansion of LGBT rights.

As an LGBTQ focused company, we recognize that certain individuals or groups will not look favorably upon our LGBTQ related operations and strategies and may seek to impede the development and expansion of our businesses.

We have a history of net losses, may incur substantial net losses in the future and may not achieve profitability.

We have incurred significant losses since inception. As of December 31, 2020, we had an accumulated deficit of \$13,239,189. We expect to incur increased costs in order to implement additional initiatives designed to increase revenues. If our revenues do not increase to offset these additional expenses or if we experience unexpected increases in operating expenses, we will continue to incur significant losses and will not become profitable. If we are not able to significantly increase our revenues, we will likely not be able to achieve profitability in the future.

We may not be able to secure additional financing as and when needed.

We will need to raise significant additional funds to develop and support our business operations, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. We cannot be sure that this financing will be available on acceptable terms or at all. Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit our operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of our existing shareholders will be reduced, our shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences, or privileges senior to those of our existing shareholders. If adequate funds are not available on acceptable terms or at all, we may be unable to develop or enhance our services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which would have a material adverse effect on our business, prospects, financial condition, and results of operations.

An occurrence of an uncontrollable event such as the COVID-19 pandemic is likely to negatively affect our operations.

The occurrence of an uncontrollable event such as the COVID-19 pandemic is likely to negatively affect our operations. A pandemic typically results in social distancing, travel bans and quarantine, and this has limited access to our facilities, customers, management, support staff and professional advisors. These, in turn, will not only impact our operations, financial condition and demand for our services but our overall ability to react timely to mitigate the impact of this event. Also, it may substantially hamper our efforts to provide our investors with timely information and comply with our filing obligations with the Securities and Exchange Commission.

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Risks Related to Our Common Stock

Because our 2012 merger was a reverse merger, we may not be able to attract the attention of major brokerage firms, which may limit the liquidity of our common stock and may make it more difficult for us to raise additional capital in the future.

Additional risks may exist because our 2012 merger was a “reverse merger.” Certain SEC rules are more restrictive when applied to reverse merger companies, such as the ability of stockholders to resell their shares of common stock pursuant to Rule 144. In addition, securities analysts of major brokerage firms may not provide coverage of our common stock following the Merger because there may be little incentive for brokerage firms to recommend the purchase of our common stock. As a result, our common stock may have limited liquidity and investors may have difficulty selling it. In addition, we cannot assure you that brokerage firms will want to conduct any secondary offerings on our behalf if we seek to raise additional capital in the future. Our inability to raise additional capital may have a material adverse effect on our business.

We do not expect to pay dividends on our common stock.

We have no plans to pay dividends on our common stock for the foreseeable future. Because we do not plan to pay dividends on our common stock, our stock may be less attractive to some investors, which could adversely affect our stock price.

If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of us.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that will need to be evaluated frequently. Section 404 of the Sarbanes-Oxley Act requires public companies to conduct an annual review and evaluation of their internal controls. Our failure to maintain the effectiveness of our internal controls in accordance with the requirements of the Sarbanes-Oxley Act could have a material adverse effect on our business. We could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on the price of our Common Stock. In addition, if our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Our common stock is considered a “penny stock,” which is likely to limit its liquidity and make it more difficult for us to raise additional capital in the future.

The market price of our common stock is, and will likely remain for the foreseeable future, less than \$5.00 per share, and therefore will be a “penny stock” according to SEC rules, unless our common stock is listed on a national securities exchange. The OTC Bulletin Board is not a national securities exchange. Designation as a “penny stock” requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of current holders of our common stock to sell their shares. Such rules may also deter broker-dealers from recommending or selling the common stock, which may further limit its liquidity. This may also make it more difficult for us to raise additional capital in the future.

The price of our common stock may become volatile, which could lead to losses by investors and costly securities litigation.

The future trading price of our common stock may become highly volatile and could fluctuate in response to factors such as:

- actual or anticipated variations in our operating results;
- announcements of developments by us or our competitors;

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- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- adoption of new accounting standards affecting our industry;
- additions or departures of key personnel;
- sales of our common stock or other securities in the open market; and
- other events or factors, many beyond our control.

You may experience dilution of your ownership interests because of the future issuance of additional shares of our common stock.

In the future, we may issue our authorized but previously unissued equity securities, resulting in the dilution of the ownership interests of our present stockholders. We are currently authorized to issue an aggregate of 2,010,000,000 shares of capital stock consisting of 2,000,000,000 shares of common stock and 10,000,000 shares of preferred stock with preferences and rights to be determined by our Board of Directors. As of April 15, 2021, there were 473,098,618 shares of our common stock, 50,000 shares of our Series B Preferred Stock and 129,559 shares of our Series C Preferred Stock outstanding. There are 2,753,312 shares of our common stock reserved for issuance under our 2012 Equity Incentive Plan (the “2012 Plan”). Under the Plan, options to purchase 1,800,000 shares of our common stock are presently outstanding.

Any future issuance of our equity or equity-backed securities may dilute then-current stockholders’ ownership percentages and could also result in a decrease in the fair market value of our equity securities, because our assets would be owned by a larger pool of outstanding equity. As described above, we may need to raise additional capital through public or private offerings of our common or preferred stock or other securities that are convertible into or exercisable for our common or preferred stock. We may also issue such securities in connection with hiring or retaining employees and consultants, as payment to providers of goods and services, in connection with future acquisitions or for other business purposes. Our Board of Directors may at any time authorize the issuance of additional common or preferred stock without common stockholder approval, subject only to the total number of authorized common and preferred shares set forth in our certificate of incorporation. The terms of equity securities issued by us in future transactions may be more favorable to new investors, and may include dividend and/or liquidation preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect. Also, the future issuance of any such additional shares of common or preferred stock or other securities may create downward pressure on the trading price of the common stock. There can be no assurance that any such future issuances will not be at a price (or exercise prices) below the price at which shares of the common stock are then traded.

We may obtain additional capital through the issuance of preferred stock, which may limit your rights as a holder of our common stock.

Without any stockholder vote or action, our Board of Directors may designate and approve for issuance shares of our preferred stock. The terms of any preferred stock may include priority claims to assets and dividends and special voting rights which could limit the rights of the holders of our common stock. The designation and issuance of preferred stock favorable to current management or stockholders could make any possible takeover of us or the removal of our management more difficult.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no unresolved staff comments.

ITEM 2. PROPERTIES

Our principal executive office is located 4235 Dixie Highway, Wilton Manors, FL 33305 and our telephone number is (954) 947-6133. The property is currently being rented on a month to month basis at a rate of \$250 per month.

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We do not own any real estate.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on business, financial condition or operating results.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

On February 1, 2012, our common stock became listed for quotation on the OTC Bulletin Board, originally under the symbol "PTRV." Our symbol changed to "LFAP" on September 12, 2012 in connection with our name change to "LifeApps Digital Media Inc." and remained "LFAP" following our name change to "LifeApps Brands Inc." and "LGBTQ Loyalty Holdings, Inc.". Since December 7, 2012, our common stock has been quoted solely on the OTC Markets Group, Inc.'s marketplace.

The trading of our common stock began on March 26, 2012. The following table sets forth the high and low closing bid prices for our common stock for the fiscal quarters indicated as reported on OTC Markets. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions. Our common stock is thinly traded and, thus, pricing of our common stock on OTC Markets does not necessarily represent its fair market value.

	<u>High</u>	<u>Low</u>
March 31, 2021	\$ 0.0174	\$ 0.0051
December 31, 2020	\$ 0.0130	\$ 0.0038
September 30, 2020	\$ 0.0442	\$ 0.0079
June 30, 2020	\$ 0.0187	\$ 0.0072
March 31, 2020	\$ 0.056	\$ 0.0083
December 31, 2019	\$ 0.0910	\$ 0.0201
September 30, 2019	\$ 0.100	\$ 0.0426
June 30, 2019	\$ 0.2650	\$ 0.0701
March 31, 2019	\$ 0.168	\$ 0.0025

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As of April 15, 2021 there were 473,098,618 shares of our common stock issued and outstanding, 235,833,333 shares issuable upon exercise of warrants and 1,800,000 shares issuable upon exercise of outstanding options. On that date, there were 37 holders of record of shares of our common stock.

Dividend Policy

We have never paid any cash dividends on our capital stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements of our business. Any future determination to pay cash dividends will be at the discretion of the board of directors and will be dependent upon our financial condition, results

Recent Sales of Unregistered Securities

From September to December 2020, we issued an aggregate of 49,110,485 shares of common stock to Power Up pursuant to conversion of convertible notes and interest.

On March 5, 2021, the Company entered into a Securities Purchase Agreement with Power Up Lending Group Ltd (“Power Up 2021 Note”). Pursuant to the terms of the Power Up 2021 Note, the lender agreed to purchase from the Company, for a purchase price of \$78,500, a 10% convertible note in the principal amount of \$86,350. The Power Up 2021 Note matures and becomes due and payable on March 5, 2022 and accrues interest at a rate of 10% per annum. The Power Up 2021 Note, plus all accrued but unpaid interest, may be prepaid at any time prior to the maturity date.

The Power Up 2021 Note is convertible into shares of the Company’s common stock at any time at a conversion price (the “Conversion Price”), which shall equal the Variable Conversion Price. The “Variable Conversion Price” shall mean 60% multiplied by the Market Price, which is the lowest Trading Price for the common stock during the twenty (20) trading day period ending on the latest complete trading day prior to the conversion date. The conversion price is subject to customary adjustments. The conversion price is not subject to a floor.

On April 8, 2021, the Company issued 400 shares of Series D Preferred Stock to GHS Investments, LLC pursuant to a Securities Purchase Agreement (“GHS Agreement”) for net proceeds of \$427,600. In conjunction with the GHS Agreement, the Company issued warrants to purchase 40,000,000 shares of common stock at an exercise price of \$0.001.

Other than what has previously been disclosed in public filings, there are no new sales of unregistered securities.

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

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the accompanying notes included elsewhere in this Annual Report on Form 10-K. References in this Management’s Discussion and Analysis of Financial Condition and Results of Operations to “us,” “we,” “our,” and similar terms refer to LGBTQ Loyalty Holdings, 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. See “Note Regarding Forward-Looking Statements.” Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors discussed in “Risk Factors” and elsewhere in this Annual Report. 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.

Results of Operations for the Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

Revenues for 2020 and 2019 were \$560 and \$3,337, respectively. Revenues were primarily from the sale of sports apparel and health and fitness products. We no longer have these business operations.

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The following is a breakdown of our operating expenses for 2020 and 2019:

	Year Ended December 31,		Change \$	Change %
	2020	2019		
Personnel costs	\$ 827,201	\$ 1,499,585	\$ (672,384)	-45%
Consulting fees	300,659	734,403	(433,744)	-59%
Legal and professional fees	490,742	733,960	(243,218)	-33%
Merger costs	-	388,675	(388,675)	100%
Sales and marketing	33,432	50,147	(16,715)	-33%
General and administrative	137,037	288,911	(151,874)	-53%
Depreciation and amortization	27,592	4,499	23,093	513%
	<u>\$ 1,816,663</u>	<u>\$ 3,700,180</u>	<u>\$ (1,883,517)</u>	<u>-51%</u>

Personnel costs include officer salaries, directors’ compensation and deferred officer compensation. The decrease in personnel costs is primarily due to compensation associated with the formation of our board of directors in 2019 and limited operations in 2020. During the years ended December 31, 2020 and 2019, personnel costs included \$290,728 and \$858,620, respectively, in non-cash compensation costs for officers and directors

Consulting fees decreased by \$433,744 in 2020, primarily due to our efforts to launch the LGBTQ100 ESG Index and LGBTQ + ESG100 ETF that were made in 2019. In comparison, our operations were limited during the year ended December 31, 2020.

Legal and professional fees decreased by \$243,218 in 2020.

Merger costs represents expenses incurred upon the acquisition of LGBT Loyalty LLC in March 2019.

Sales and marketing expenses were \$33,432 in 2020, as compared to \$50,147 in 2019.

General and administrative expenses decreased by \$151,874 in 2020 due to scaling back operations and cost cutting measures including travel and rent.

Depreciation and amortization expense was \$27,592 in 2020, which represents amortization on our index development costs.

The following is a breakdown of our other income (expenses) for 2020 and 2019:

	Year Ended		Change \$	Change %
	December 31,			
	2020	2019		
Interest expense	\$ (2,463,310)	\$ (1,024,179)	(1,439,131)	141%
Other income	3,000	-	3,000	100%
Change in derivative liability	167,658	(430,458)	598,116	-139%
	<u>\$ (2,292,652)</u>	<u>\$ (1,454,637)</u>	<u>\$ (838,015)</u>	<u>58%</u>

Interest expense increased by \$1,439,131 in 2020, primarily attributable to origination interest, default penalties and amortization of debt discount of the various debentures issued in 2020.

Change in derivative liability includes the mark-to-market adjustment of the derivative liability in connection with our convertible debenture.

Net loss was \$4,108,755 in 2020 as compared to \$5,151,480 in 2019, primarily due to decreased operating activities, such as decreased personnel costs, consulting fees and professional fees, offset by an increase in financing costs.

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Liquidity and Capital Resources

Based on our current planned expenditures, we will require approximately \$2.5 million over the next 12 months. Our existing sources of liquidity may not be sufficient for us to implement our continuing business plan. Our need for future capital will be dependent upon the speed at which we expand our product offerings. There are no assurances that we will be able raise additional capital as and when needed.

The continuation of the Company as a going concern is dependent upon the continued financial support from its management, its ability to obtain the necessary debt or equity financing, and generate profitable operations from the Company's planned future operations. We will continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned activities. There are no assurances that our plans will be successful. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Our audit firm included an explanatory paragraph in their report regarding substantial doubt about our Company's ability to continue as a going concern.

Working Capital

At December 31, 2020, we had current assets of \$151,295 and current liabilities of \$5,490,160, resulting in a working capital deficit of \$5,338,865. At December 31, 2019, we had current assets of \$122,408 and current liabilities of \$3,069,929, resulting in a working capital deficit of \$2,947,521. The increase in our working capital deficit was primarily due to the increase in our derivative liability, accounts payable and accrued salaries and consulting fees in 2020.

Cash Flows

	Year Ended	
	December 31,	
	2020	2019
Net cash used in operating activities	\$ (941,668)	\$ (1,275,855)
Net cash used in investing activities	(32,800)	(79,375)
Net cash provided by financing activities	991,592	1,327,510
Net increase (decrease) in cash	17,124	(27,720)

Net cash used in operating activities for 2020 was \$941,668. This was primarily attributable to our net loss of \$4,108,755, partially offset by non-cash expenses and losses of \$2,289,293 and net cash provided by changes in operating assets and liabilities of \$877,794. Net cash used in operating activities for 2019 was \$1,275,855. This was primarily attributable to our net loss of \$5,151,480, partially offset by non-cash expenses and losses of \$2,769,154 and net cash provided by changes in operating assets and liabilities of \$1,106,471.

Net cash used in investing activities was \$32,800 and \$79,375 in 2020 and 2019, respectively, primarily attributable to capitalized costs pertaining to the development of the LGBTQ100 ESG Index website.

Net cash provided by financing activities was \$991,592 in 2020. We received \$856,000 from the issuance of convertible debentures, as well as \$47,250 from an additional promissory note. We also received \$93,342 from the exercise of warrants. Net cash provided by financing activities was \$1,327,510 in 2019. We received \$1,00,000 from the issuances of our convertible debenture with Pride, as well as net proceeds of \$64,986 from additional promissory notes. We also received \$125,000 from the issuance of our Series B preferred stock and \$137,524 in proceeds from the exercise of warrants.

Off-Balance Sheet Arrangements

Contractual Obligations

Not applicable.

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 December 31, 2020, we have incurred losses of \$13,239,189. To date we have funded our operations through advances from a related party, 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.

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, other current assets, payables, accruals and notes payable. The carrying values of these amounts approximate fair value because of the short-term maturities of these instruments.

Intangibles

Intangibles, which include website development costs, 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:

The Company has financial instruments that are considered derivatives or contain embedded features subject to derivative accounting. Embedded derivatives are valued separately from the host instrument and are recognized as derivative liabilities in the Company's balance sheet. The Company measures these instruments at their estimated fair value and recognizes changes in their estimated fair value in results of operations during the period of change. The Company has a sequencing policy regarding share settlement wherein instruments with a fixed conversion price or floor would be settled first, and interest payable in shares settle next. Thereafter, share settlement order is based on instrument issuance date - earlier dated instruments settling before later dated. The sequencing policy also considers contingently issuable additional shares, such as those issuable upon a stock split, to have an issuance date to coincide with the event giving rise to the additional shares. The policy includes all shares issuable pursuant to debenture and preferred stock instruments as well as shares issuable under service and employment contracts and interest on short term loans.

Stock-Based Compensation

The Company accounts for stock-based compensation for employees and non-employees in accordance with ASC 718, *Compensation - Stock Compensation*. Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period, which is generally the option vesting period. The Company uses the Black-Scholes option pricing model to determine the fair value of stock options.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements are included beginning immediately following the signature page to this report. See Item 15 for a list of the consolidated financial statements included herein.

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

Haynie & Company has been our audit firm ever since January 2018.

ITEM 9A. CONTROLS AND PROCEDURES

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Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our senior management, including our Chief Executive Officer and our Chief Financial Officer, we performed an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this annual report (the "Evaluation Date"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2020, for the reasons set forth below under "Management's Report on Internal Control over Financial Reporting", our disclosure controls and procedures were not effective to provide reasonable assurance that material information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Management's Report on Internal Control over Financial Reporting

Our Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for the Company.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management recognizes that there are inherent limitations in the effectiveness of any system of internal control, and accordingly, even effective internal control can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect material misstatements. In addition, effective internal control at a point in time may become ineffective in future periods because of changes in conditions or due to deterioration in the degree of compliance with our established policies and procedures.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in there being a more than remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of the Evaluation Date, based on the framework set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on its evaluation under this framework, for the reasons set forth below, management concluded that our internal control over financial reporting was not effective as of the Evaluation Date.

Management assessed the effectiveness of the Company's internal control over financial reporting as of the Evaluation Date and Management has identified the following deficiencies that, when aggregated, may possibly be viewed as a material weakness in our internal control over financial reporting as of that date:

- We do not have an audit committee. While we are not currently obligated to have an audit committee, including a member who is an "audit committee financial expert," as defined in Item 407 of Regulation S-K, under applicable regulations or listing standards, it is management's view that such a committee is an important internal control over financial reporting, the lack of which may result in ineffective oversight in the establishment and monitoring of internal controls and procedures.
- We have inadequate segregation of duties. We have an inadequate number of personnel to properly implement control procedures.

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Management believes that the lack of a functioning audit committee may result in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in our financial statements in future periods.

Management, including our Chief Executive Officer and Chief Financial Officer, has discussed the possible material weakness noted above with our independent registered public accounting firm. Due to the nature of this possible material weakness, there is a more than remote likelihood that misstatements which could be material to the annual or interim financial statements could occur that would not be prevented or detected.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Remediation Initiatives

In an effort to remediate the identified material weaknesses and other deficiencies and enhance our internal controls, subject to receipt of necessary funding, we plan to initiate the following series of measures:

We expect to increase our personnel resources and technical accounting expertise within the Company's accounting function. We also plan to appoint one or more additional outside directors to our board of directors who shall be appointed to an audit committee resulting in a fully functioning audit committee which will undertake the oversight in the establishment and monitoring of required internal controls and procedures such as reviewing and approving estimates and assumptions made by management.

We anticipate that these initiatives can be implemented in conjunction with the growth of our business.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls 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. Our control systems are designed to provide such reasonable assurance of achieving their objectives. 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 our 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.

ITEM 9B. OTHER INFORMATION

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers and Directors

Below are the names of and certain information regarding the Company's executive officers and directors as of April 15, 2021.

<u>Name</u>	<u>Age</u>	<u>Title</u>	<u>Date of Appointment as a Director</u>
Robert Blair	56	Chief Executive Officer	December 19, 2017
Eric Sherb	34	Chief Financial Officer	August 1, 2019
Jeffrey Sterling	50	Chief Operating Officer	September 1, 2020
Lawrence Patrick Roan	60	Director	September 15, 2018
Barney Frank	79	Director	March 8, 2019
William ("Billy") D. Bean	55	Director	March 8, 2019
Martina Navratilova	62	Director	March 25, 2019
Robert Tull	67	Director	April 18, 2019
Orlando Reece	52	Director	March 10, 2020

Directors are elected to serve until the next annual meeting of stockholders and until their successors are elected and qualified. Executive officers are appointed by the Board of Directors and serve at its pleasure.

The principal occupation and business experience during at least the past five years for our executive officers and directors is as follows:

Robert A. Blair

Robert A. Blair brings to us a rich history in professional tennis, sports management and directing digital media platforms. His vision and passion coupled with an impressive portfolio of business success is leading us in an exciting new direction for revenue and growth in the LGBTQ Digital Media Marketplace. His skill in developing and delivering cutting edge marketing techniques and his passion for serving the community in the highly desired LGBTQ marketplace is expected to enable us to become a global leader in this market. From January 2015 until May 2016 Mr. Blair served as Chief Executive Officer of Multimedia Platforms Inc., ("MPI") a multimedia, technology and publishing company. He became the Chairman of MPI in May 2016 and became CEO again in September 2016. MPI filed for Chapter 11 bankruptcy protection on October 4, 2016. Mr. Blair resigned from MPI in December 2017. We believe that Robert A. Blair is qualified to serve on our board of directors based upon his industry and management experience.

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Eric Sherb

Mr. Sherb has been a Certified Public Accountant since May 2011. He founded EMS Consulting in 2018 which provides CFO services and accounting advisory services for both private and public entities. From March 2015 to October 2018, Mr. Sherb was a Senior Manager at CFGI, with roles including audit readiness, IPO readiness, technical accounting and M&A advisory. He has several years of experience within the OTC

Jeffrey Sterling

Lawrence Patrick Roan, Director

Lawrence Patrick Roan has been a National Account Manager for Poly Print Packaging Company since February 2018. From April 2008 until September 2016, Mr. Roan served as a National Account Manager for Ultra Flex Packaging Company in their consumer packaging division. He has over twenty years of sales and marketing experience in the commercial printing and consumer packaging business. Mr. Roan was previously with Exopack, LLC, as a National Account Manager for their consumer plastics business. He managed high volume national accounts as well as key developmental market accounts, and was responsible for transitioning customers with multiple manufacturing sites throughout the U.S. He is a graduate of the University of Iowa and resides in Iowa. We believe that Lawrence Roan is qualified to serve on our board of directors based upon his management experience.

Barney Frank, Director

Barney Frank is a graduate of Harvard College and Harvard Law School. He was the Executive Assistant to the mayor of Boston from 1968-1970; he was the Administrative Assistant to former Congressman Michael Harrington from 1971-1972 and a Massachusetts State Representative from 1973-1980. Mr. Frank was a US Congressman, representing the 4th District of Massachusetts from 1981-2013. As Chair of the House Financial Services Committee, from 2007-2010, he was the co-author of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the regulatory overhaul signed into law in July 2010. In 1987 he became the first Member of Congress voluntarily to acknowledge that he is gay, and in 2012 became the first sitting Member of Congress to marry a same-sex partner, James Ready. He has written two books: *Speaking Frankly*, in 1992, a critique of some aspects of the Democrats approach to public policy; and a political memoir published in 2015 titled *Frank: From the Great Society to Same Sex Marriage.* The book was nominated for a Triangle Award and co-won the Randy Shilts Award for Gay Nonfiction. He has also written chapters in two other books, one on LGBT rights and more recently on the response to the financial crisis. He has taught at Harvard, Boston University, the University of Massachusetts Boston and the University of Massachusetts Dartmouth. Before joining government, he was a political activist, including his participation as a volunteer in the Mississippi Freedom Summer in 1964. Mr. Frank also serves on the Board of directors of Signature Bank Corp. We believe Mr. Frank is qualified to serve on our Board of Directors based upon his industry and professional background.

William (“Billy”) D. Bean, Director

Billy Bean is a former professional baseball player and is currently a major league baseball (“MLB”) front office executive serving as Vice President and Special Assistant to the Commissioner. As a senior advisor to Commissioner Rob Manfred, his role focuses on baseball’s social responsibility initiatives and LGBT inclusion. Among his responsibilities, Mr. Bean works with MLB’s 30 clubs to bring awareness to all players, coaches, managers, umpires, employees, and stakeholders throughout baseball to ensure an equitable, inclusive, and supportive workplace for everyone. On July 14, 2014, Mr. Bean was announced as MLB’s first-ever Ambassador for Inclusion. He played major league baseball from 1987-1995. He broke into the big leagues with the Detroit Tigers, and tied a major-league record with four hits in his first game. He went on to play for the Los Angeles Dodgers and the San Diego Padres. Mr. Bean was a two-time “All-America” outfielder at Loyola Marymount University before graduating with a degree in Business Administration. During the 1986 season, Bean led the Loyola Marymount Lions to a midseason #1 national ranking and a berth into the College World Series in Omaha, Nebraska. Mr. Bean is a member of the MLB Owner’s Diversity and Inclusion Committee, and was instrumental in the development of MLB’s ‘Shred Hate’ bullying prevention program, a ground breaking educational youth campaign and partnership with ESPN. He is also the author of the book, *Going the Other Way: Lessons from a Life in and out of Major League Baseball.* We believe Mr. Bean is qualified to serve on our Board of Directors based upon his industry and management experience.

Martina Navratilova, Director

Martina Navratilova is a former professional tennis player deemed by many to be the most successful female tennis player of the U.S. Open era. Over a career spanning four decades, Ms. Navratilova won 59 Grand Slam titles, including a record 9 Wimbledon singles championships, 167 singles and 177 doubles championships. Over the course of her tennis career, Ms. Navratilova was distinguished as the Women’s Tennis Association’s (“WTA”) “Tour Player of the Year” seven times, named the Associated Press’s “Female Athlete of the Year” and declared one of the “Top Forty Athletes of All-Time” by Sports Illustrated. After being inducted into the International Tennis Hall of Fame, she continued to take part in WTA events as well as the 2004 Olympics Games. As she approached her 50th birthday in 2006, she decided to leave the tour circuit behind after her final Grand Slam, a mixed-doubles championship with Bob Bryan at the U.S. Open making her the oldest player to ever win a Grand Slam title. Ms. Navratilova provides commentary to the Tennis Channel’s audience during its coverage of the Grand Slams. She is an ambassador for the WTA and is a regular commentator for the British Broadcasting Corporation and Tennis Channel at Wimbledon. Ms. Navratilova also works for BT Sport and appears regularly on their tennis commentary. She spends as much time as she can with her family in Miami, and often finds herself traveling the world, speaking at events, playing in numerous exhibition matches, and tirelessly promoting all of the issues that are close to her heart. As one of the first openly gay sports figures, she has spent much of her career overcoming prejudices and stereotypes, giving up millions of dollars in endorsements and sponsorships as a result of her insistence on living a life of integrity and honesty. Since coming out in 1981, she has been an inspiring and vocal advocate for equal rights and a strong supporter of many charities benefiting the LGBT community. She has received numerous awards from many of the most influential organizations within the LGBT community. We believe Ms. Navratilova is qualified to serve on our Board of Directors based upon her industry and professional background.

Robert Tull, Director

A leading figure in the ETF market since 1996, Mr. Tull played a critical role in the launch of the first ETFs that provided access to international, country-specific indexes. Mr. Tull was a key member of the American Stock Exchange’s New Products division, overseeing product and index development and consulting to many companies within the domestic ETF marketplace, as well as several traditional mutual fund managers. He has engineered ETF development in 17 country-specific ETFs known as the World Equity Benchmark Shares (WEBS) and later rebranded iShares after the sale of WEBS to BGI in 1999. Mr. Tull served as a Vice President of the Amex from 2000 to 2005. Prior to joining the Company, during the period from October 1, 2005 until February 2018 he was an outsourced COO for five ETF issuers and employed as a COO by GlobalShares an ETF issuer with roots in South Africa. Mr. Tull is a named inventor on multiple financial products and currently has a pending patent at the USPTO for non-transparent ETFs. We believe Mr. Tull is qualified to serve on our Board of Directors based upon his industry and management experience.

Orlando Reece, Director

As Chief Executive Officer of Pride Media, Orlando Reece is the steward of the world's largest media company dedicated to serving the LGBTQ+ community. He is responsible for expanding brands like The Advocate and Out beyond their print titles into digital, social and events while maximizing revenue growth across all of the company's businesses units. His strategic vision for the company focuses on three pillars: great creative content, innovative use of technology and expanding the brands to a larger audience with a "queer" lens. Prior to taking on the CEO role, he served as the Chief Revenue and Marketing Officer growing revenue over 26%. Before joining Pride Media, Orlando was a co-founder and the Chief Operating Officer of Swoup, a fast-growing shopping and saving mobile app. He played a key role in growing the app's user base and developing the state-of-the-art app, which allows consumers to save money on everyday purchases and repurpose the saved money for higher education expenses, charitable donations, savings and retirement. Throughout his career, Orlando has developed a reputation for transforming and disrupting business models at major media and entertainment companies, with a proven history of success in corporate growth, revenue maximization, strategic planning and cross-media sales and marketing. We believe Mr. Reece is qualified to serve on our Board of Directors based upon his industry and management experience.

Family Relationships

There are no family relationships among our Directors or Executive Officers.

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Involvement in Certain Legal Proceedings

Except as described above, none of our directors or executive officers has been involved in any of the following events during the past ten years:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; or
- Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Board Committees

The Company currently has not established any committees of the Board of Directors. Our Board of Directors may designate from among its members an executive committee and one or more other committees in the future. We do not have a nominating committee or a nominating committee charter. Further, we do not have a policy with regard to the consideration of any director candidates recommended by security holders. To date, other than as described above, no security holders have made any such recommendations. The entire Board of Directors performs all functions that would otherwise be performed by committees. Given the present size of our board it is not practical for us to have committees. If we are able to grow our business and increase our operations, we intend to expand the size of our board and allocate responsibilities accordingly.

Audit Committee Financial Expert

We have no separate audit committee at this time. The entire Board of Directors oversees our audits and auditing procedures. The Board of Directors has determined that no director is an "audit committee financial expert" within the meaning of Item 407(d)(5) for SEC regulation S-K.

Board of Directors and Corporate Governance

Our Board of Directors consists of seven members, Robert A. Blair, Lawrence P. Roan, Barney Frank, Billy Bean, Martina Navratilova, Robert Tull and Orlando Reece.

Board Independence

We are not currently listed on any national securities exchange or quoted on an inter-dealer quotation system that has a requirement that certain of the members of the Board of Directors be independent. However, the Board of Directors has made a determination as to which of its members are independent. In evaluating the independence of its members and the composition of the committees of the Board of Directors, the Board utilizes the definition of "independence" developed by the Nasdaq Stock Market and in SEC rules, including the rules relating to the independence standards in audit committee members and the non-employee director definition of Rule 16b-3 promulgated under the Exchange Act.

The Board of Directors expects to continue to evaluate whether and to what extent the members of the Board are independent. The Company intends to appoint persons to the Board who will meet the corporate governance requirements imposed by a national securities exchange. Therefore, the Company expects that a majority of its directors will be independent directors of which at least one director will qualify as an "audit committee financial expert," within the meaning of SEC rules.

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Five of our current directors, Barney Frank, Billy Bean, Martina Navratilova, Robert Tull and Orlando Reece are "independent" directors as that term is defined by the listing standards of the Nasdaq Stock Market and SEC rules, including the rules relating to the independence standards for audit committee members and the non-employee director definition of Rule 16b-3 promulgated under the Exchange Act.

Shareholder Communications

Currently, we do not have a policy with regard to the consideration of any director candidates recommended by security holders. To date, no

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our directors, officers and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Directors, officers and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely upon our review of the copies of such forms that we received with respect to the fiscal year ended December 31, 2018, we believe that each person who at any time during the fiscal year was a director, officer or beneficial owner of more than 10% of our common stock, satisfied their Section 16(a) filing requirements although Robert Gayman filed a report on a late basis.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth information concerning the total compensation paid or accrued by us during the fiscal years ended December 31, 2020 and 2019 to all individuals that served as our principal executive officers.

Summary Compensation Table

Name & Principal Position	Fiscal Year ended December 31	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Robert A. Blair, CEO, Director	2020	200,000	-	19,366	-	-	-	-	219,366
	2019	150,000	-	24,391	-	-	-	-	174,391
Eric Sherb, CFO	2020	50,000	-	-	-	-	-	-	50,000
	2019	20,000	-	28,000	-	-	-	-	48,000
Jeffrey Sterling, COO	2020	150,000	-	-	-	-	-	-	150,000

Outstanding Equity Awards at December 31, 2020

None.

Director Compensation

During the year ended December 31, 2020, we incurred a total of \$312,728 in directors' compensation, including \$100,011 in issued stock awards. In 2020, we issued an aggregate of 12,942,161 shares of common stock to the board of director members, including the Chief Executive Officer who serves on the board, and in conjunction cancelled 7,000,000 previously issued warrants in 2019. During the year ended December 31, 2019, we incurred a total of \$826,134 in directors' compensation, including \$805,300 in issued stock awards. In 2019, we issued an aggregate of 5,000,000 shares of common stock to five board of director members.

Employment Agreements

On December 19, 2017 we entered into an Employment Services Agreement which was amended effective January 1, 2018 and November 1, 2018 (as amended, the "Blair Agreement") with Robert A. Blair pursuant to which Mr. Blair is serving as our Chief Executive Officer, Chief Financial Officer and a Director. The Blair Agreement runs through January 31, 2023 and is subject to automatic renewal for successive periods of one year unless either we or Mr. Blair gives the other written notice of intention to not renew at least 30 days prior to the end of the existing term. The Blair Agreement provides for a base annual salary of \$150,000, a one-year severance period in the event the Blair Agreement is terminated by us without cause or by Mr. Blair for good reason, and the issuance of 2,000,000 shares of our common stock to Mr. Blair. Mr. Blair's base salary payments are payable in bi-weekly installments. In the event any salary payments are not made within 30 days of the due date, they will accrue interest at the rate of 10% per annum. The Blair 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. Blair, which is created, designed, conceived or developed by Mr. Blair in the course of his employment under the Blair Agreement belongs to us. Effective January 1, 2020, Mr. Blair's salary was increased to \$200,000 per year.

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.

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our common stock, our only outstanding class of voting stock, known by us as of April 15, 2021, by:

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

Except as otherwise indicated, the persons listed below have sole voting and investment power with respect to all shares of our common stock owned by them, except to the extent such power may be shared with a spouse.

Unless otherwise noted, the address of each person below is c/o LGBTQ Loyalty Holdings, Inc., 2435 Dixie Highway, Wilton Manors, FL 33305.

Title of Class: Common Stock

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percentage of Class ⁽²⁾
<i>Beneficial Owners</i>		
Brian Neal	50,522,206	10.7%
Lawrence P. Roan	35,315,899	7.5%
Robert A. Blair	27,561,374	5.8%
Jeffrey Sterling	24,330,000	5.1%
<i>Directors and Executive Officers</i>		
Robert A. Blair	27,561,374	5.8%
Eric Sherb	1,556,673	0.3%
Jeffrey Sterling	24,330,000	5.1%
Lawrence P. Roan	35,315,899	7.5%
Barney Frank	22,000,000	4.7%
Billy Bean	22,661,374	4.8%
Martina Navratilova	22,661,374	4.8%
Robert Tull	22,648,333	4.8%
Orlando Reece	21,148,174	4.5%
All directors and executive officers as a group (9 persons)	199,883,201	42.2%

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the "SEC"). For this purpose, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares (a) the power to vote, or to direct the voting of, such security and/or (b) the power to dispose, or to direct the disposition of, such security. Shares of common stock subject to options or warrants currently exercisable or convertible, or exercisable or convertible within 60 days of April 15, 2021, are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person.

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(2) Percentages based upon 473,098,618 shares of common stock outstanding as of April 15, 2021.

Securities Authorized for Issuance Under Equity Compensation Plans

On September 10, 2012, our Board of Directors and stockholders owning a majority of our outstanding shares adopted our 2012 Equity Incentive Plan. A total of 666,667 shares of our common stock were originally reserved for issuance under the 2012 Plan but effective December 31, 2015, this amount was increased to 20,000,000 (post-split basis). If an incentive award granted under the 2012 Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to us in connection with an incentive award, the shares subject to such award and the surrendered shares will become available for further awards under the 2012 Plan.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2020, with respect to the shares of common stock that may be issued under our existing equity compensation plans:

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-Average exercise price of outstanding options, warrants and rights	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in the first column)
Equity compensation plans approved by security holders	1,800,000	0.0045	2,753,312
Equity compensation plans not approved by securities holders	—	—	—
TOTAL	1,800,000	0.0045	2,753,312

See “Executive Compensation” for information regarding individual equity compensation arrangements received by our executive officers pursuant to their employment agreements with us.

2012 Equity Incentive Plan

The Board of Directors and stockholders owning a majority of our outstanding shares adopted the 2012 Equity Incentive Plan (the “2012 Plan”) on September 10, 2012. A total of 20,000,000 shares of our common stock were reserved for issuance under the 2012 Plan, 5,800,000 of which were issued and outstanding at December 31, 2019 and 11,446,688 of which have been exercised. If an incentive award granted under the 2012 Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to us in connection with an incentive award, the shares subject to such award and the surrendered shares will become available for further awards under the 2012 Plan.

Shares issued under the 2012 Plan through the settlement, assumption or substitution of outstanding awards or obligations to grant future awards as a condition of acquiring another entity are not expected to reduce the maximum number of shares available under the 2012 Plan. In addition, the number of shares of common stock subject to the 2012 Plan and the number of shares and terms of any incentive award are expected to be adjusted in the event of any stock dividend, spin-off, split-up, stock split, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares or similar transaction.

Administration

It is expected that the compensation committee of the Board, or the Board in the absence of such a committee, will administer the 2012 Plan. Subject to the terms of the 2012 Plan, the compensation committee would have complete authority and discretion to determine the terms of awards under the 2012 Plan.

Eligible Recipients

Any officer or other employee of the Company or its affiliates, or an individual that the Company or an affiliate has engaged to become an officer or employee, or a consultant or advisor who provides services to the Company or its affiliates, including a non-employee director of the Board, is eligible to receive awards under the 2012 Plan.

Grants

The 2012 Plan authorizes the grant to eligible recipients of nonqualified stock options, incentive stock options, restricted stock awards, restricted stock units, performance grants intended to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”) and stock appreciation rights, as described below:

Options granted under the 2012 Plan entitle the grantee, upon exercise, to purchase a specified number of shares from us at a specified exercise price per share. The exercise price for shares of common stock covered by an option cannot be less than the fair market value of the common stock on the date of grant unless agreed to otherwise at the time of the grant. Such awards may include vesting requirements.

Restricted stock awards and restricted stock units may be awarded on terms and conditions established by the compensation committee, which may include performance conditions for restricted stock awards and the lapse of restrictions on the achievement of one or more performance goals for restricted stock units.

The compensation committee may make performance grants, each of which will contain performance goals for the award, including the performance criteria, the target and maximum amounts payable, and other terms and conditions.

Stock awards are permissible. The compensation committee will establish the number of shares of common stock to be awarded and the terms applicable to each award, including performance restrictions.

Stock appreciation rights or SARs, entitle the participant to receive a distribution in an amount not to exceed the number of shares of common stock subject to the portion of the SAR exercised multiplied by the difference between the market price of a share of common stock on the date of exercise of the SAR and the market price of a share of common stock on the date of grant of the SAR.

Duration, Amendment, and Termination

The Board may amend, suspend or terminate the 2012 Plan without stockholder approval or ratification at any time or from time to time. No change may be made that increases the total number of shares of common stock reserved for issuance pursuant to incentive awards or reduces the minimum exercise price for options or exchange of options for other incentive awards, unless such change is authorized by our stockholders within one year. Unless sooner terminated, the 2012 Plan terminates ten years after it is adopted.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions Involving LFAP and/or LFAP Stockholders

On January 25, 2019, in connection with the closing of the January 25, 2019 Securities Exchange Agreement we issued 120,959,996 shares of our common stock and one share of our Series A Convertible Preferred Stock to Maxim in exchange for all of the membership interests of LGBT Loyalty LLC. Effective March 26, 2019, the share of Series A Convertible Preferred Stock was automatically converted into 8,598,578 shares of our common stock.

On November 1, 2018, we entered into an Employment Services Agreement with Lawrence Roan (see Item 11. Executive Compensation – Employment Agreements).

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 January 25, 2019 we issued common stock purchase warrants to Brian Neal (the "Neal Warrants") and Robert Gayman (the "Gayman Warrants") in consideration of amounts due to Brian Neal, Robert Gayman and Robert Blair at the close of business on December 31, 2018. Effective March 26, 2019, the Neal Warrants were automatically converted into 4,609,458 shares of our common stock and the Gayman Warrants were automatically converted into 3,990,840 shares of our common stock (see Item 1. - Business).

In March 2019, Bobby Blair was granted the right to participate in the commission program relating to our LGBTQ Loyalty Sponsorship Program with a 20% commission for a direct sale and 5% commission for assisting the sale of a Sponsorship.

In connection with the March and April 2019 appointments of Barney Frank, Billy Bean, Martina Navratilova, Robert Tull and LZ Granderson (former member) to our Board of Directors, we issued 1,000,000 shares of our restricted common stock to each of them. We also agreed to pay each of them an annual fee of \$25,000 for serving as a Director, payable in monthly installments. As of December 31, 2019, an aggregate of 1,358,382 shares of common stock are issuable pursuant to the monthly fees under the director compensation agreements. We also granted each of them the right to participate in the commission program we intend to establish with respect to direct (20% commission) and indirect (10% commission) sales related to our LGBTQ Loyalty Sponsorship Programs.

In March 2020, Orlando Reece joined the board in replacement of LZ Granderson. We issued 1,000,000 shares of restricted stock to Mr. Reece in connection to joining.

During 2020, we issued an aggregate of 12,942,161 shares of common stock to the board members, including the Chief Executive Officer, who serves on the board.

In March 2021, we issued an aggregate of 163,330,000 to board members and directors of the Company

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Director Independence

We are not currently subject to listing requirements of any national securities exchange or inter-dealer quotation system which has requirements that a majority of the board of directors be "independent" and, as a result, we are not at this time required to have our Board of Directors comprised of a majority of "Independent Directors."

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

Fee Category	Fiscal year ended December 31, 2020	Fiscal Year Ended December 31, 2019
Audit fees (1)	\$ 82,500	\$ 82,500
Audit-related fees (2)		
Tax fees (3)		
All other fees (4)		
Total fees	\$ 82,500	\$ 42,900

(1) Audit fees consist of fees incurred for professional services rendered for the audit of consolidated financial statements, for reviews of our interim consolidated financial statements included in our quarterly reports on Form 10-Q and for services that are normally provided in connection with statutory or regulatory filings or engagements.

(2) Audit-related fees consist of fees billed for professional services that are reasonably related to the performance of the audit or review of our consolidated financial statements but are not reported under "Audit fees."

(3) Tax fees consist of fees billed for professional services relating to tax compliance, tax planning, and tax advice.

(4) All other fees consist of fees billed for all other services.

Audit Committee's Pre-Approval Practice

Prior to our engagement of our independent auditor, such engagement was approved by our board of directors. The services provided under this engagement may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Pursuant to our requirements, the independent auditors and management are required to report to our board of directors at least quarterly regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. Our board of directors may also pre-approve particular services on a case-by-case basis. All audit-related fees, tax fees and other fees incurred by us for the years ended December 31, 2020 and 2019, were approved by our board of directors.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements

See Index to Financial Statements below.

Financial Statement Schedules

All financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Exhibits

In reviewing the agreements included as exhibits to this Form 10-K, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Form 10-K and the Company's other public filings, which are available without charge through the SEC's website at <http://www.sec.gov>.

The following exhibits are included as part of this report:

Exhibit No.	SEC Report Reference No.	Description
2.1	2.1	Agreement and Plan of Merger and Reorganization dated as of September 20, 2012 by and among Registrant, LifeApps Acquisition Corp., and LifeApps Inc. (1)
2.2	2.2	Articles of Merger dated as of September 20, 2012 for the merger of LifeApps Acquisition Corp. into LifeApps Inc. (1)
2.3	2.1	Asset Acquisition Agreement Among the Registrant, LifeApps Inc. and Edward D. Laffey dated March 29, 2013 (3)
3.1	3.1	Amended and Restated Certificate of Incorporation of Registrant dated August 23, 2012 (1)
3.2	3.1	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Registrant dated December 31, 2015 (5)
3.3	3.2	Amended and Restated By-Laws of the Registrant (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 29, 2012 (2)
3.4	3.1	Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of Registrant as filed with the Delaware Secretary of State on January 24, 2019 (13)
3.5	3.1	Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock of Registrant as filed with the Delaware Secretary of State on April 2, 2019 (14)
4.1	4.1	Form of Investor Warrant issued the investors in the September 2012 Private Placement Offering (1)

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4.2	4.1	Form of Non-Qualified Stock Option Agreement under 2012 Equity Incentive Plan (6)
10.3	10.3	Form of Subscription Agreement between Registrant and the investors in the Private Placement Offering (1)
10.4	10.4	Subscription Escrow Agreement dated August 27, 2012, by and among the Registrant and Gottbetter & Partners, LLP (1)
10.5	10.5#	Employment Agreement dated September 20, 2012 between Registrant and Robert R. Gayman (1)
10.6	10.6#	Registrant's 2012 Equity Incentive Plan (1)
10.7	10.7	Form of Lock-Up Agreement (1)
10.8	10.8	Mobile App Agreement between LifeApps and Rachel Buehler dated May 7, 2012 (1)
10.9	10.9	Debt Conversion Agreement by and between the Registrant and Robert Gayman dated March 25, 2015 (4)
10.10	10.1	Debt Conversion Agreement dated as of October 27, 2016 between Registrant and Lesly A. Thompson (7)
10.11	10.1#	Employment Services Agreement dated December 19, 2017 with Robert A. Blair (8)
10.12	10.2#	Employment Services Agreement dated December 19, 2017 with Brian Neal (8)
10.13	10.3#	Executive Management Consulting Agreement dated December 19, 2017 with Robert Gayman (8)
10.14	10.1	Consulting Agreement with Wellfleet Partners, Inc. dated as of January 8, 2018
10.15	10.15	Convertible Promissory Note between Registrant and Power Up Lending Group Limited dated March 6, 2018 (15)
10.16	10.16	Securities Purchase Agreement dated March 6, 2016 between Registrant and Power Up Lending Group Limited (15)
10.17	10.1#	Amendment No. 1 dated as of January 1, 2018, to Employment Services Agreement with Robert A. Blair (11)
10.18	10.2#	Amendment No. 1 dated as of January 1, 2018, to Employment Services Agreement with Brian Neal (11)
10.19	10.3#	Amendment No. 1 dated as of January 1, 2018, to Employment Services Agreement with Robert Gayman (11)
10.20	10.1#	Employment Services Agreement with Lawrence P. Roan entered into as of November 1, 2018. (12)
10.21	10.1	Securities Exchange Agreement, dated January 25, 2019, between Registrant, LGBT Loyalty LLC and Maxim Partners, LLC (13)
10.22	10.2	Management Warrant, dated January 25, 2019 issued to Brian Neal (for cancelled debt of \$161,629) (13)
10.23	10.3	Management Warrant, dated January 25, 2019 issued to Brian Neal (for cancelled debt of \$25,054) (13)
10.24	10.4	Management Warrant, dated January 25, 2019 issued to Robert Gayman (for cancelled debt of \$161,629) (13)
14.1	14.1	Code of Ethics (1)

16.1	16.1	Letter, from Pritchett, Siler & Hardy P.C. dated January 23, 2018
21.1	*	List of Subsidiaries
31.1	*	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	*	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	**	Certifications 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	**	Certifications 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**

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

* Filed herewith.

** 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 if and to the extent that the Registrant specifically incorporates it by reference.

Indicates a management contract or compensatory plan.

- (1) Filed with the Securities and Exchange Commission on September 25, 2012 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated September 20, 2012, which exhibit is incorporated herein by reference.
- (2) Filed with the Securities and Exchange Commission on March 29, 2012 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated March 29, 2012, which exhibit is incorporated herein by reference.
- (3) Filed with the Securities and Exchange Commission on April 4, 2013 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated March 29, 2013, which exhibit is incorporated herein by reference.
- (4) Filed with the Securities and Exchange Commission on April 3, 2015 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated March 25, 2015, which exhibit is incorporated herein by reference.
- (5) Filed with the Securities and Exchange Commission on January 7, 2016 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated December 31, 2015, which exhibit is incorporated herein by reference.
- (6) Filed with the Securities and Exchange Commission on May 27, 2016 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated May 24, 2016, which exhibit is incorporated herein by reference.
- (7) Filed with the Securities and Exchange Commission on November 2, 2016 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated October 27, 2016, which exhibit is incorporated herein by reference.
- (8) Filed with the Securities and Exchange Commission on December 21, 2017 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated December 19, 2017, which exhibit is incorporated herein by reference.
- (9) Filed with the Securities and Exchange Commission on January 12, 2018 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated January 8, 2018, which exhibit is incorporated herein by reference.
- (10) Filed with the Securities and Exchange Commission on January 25, 2018 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated January 23, 2018, which exhibit is incorporated herein by reference.

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- (11) Filed with the Securities and Exchange Commission on May 15, 2018 as an exhibit, numbered as indicated above, to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which exhibit is incorporated herein by reference.
- (12) Filed with the Securities and Exchange Commission on December 31, 2018 as an exhibit, numbered as indicated above, to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, which exhibit is incorporated herein by reference.
- (13) Filed with the Securities and Exchange Commission on January 31, 2019 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated January 25, 2019, which exhibit is incorporated herein by reference.
- (14) Filed with the Securities and Exchange Commission on April 2, 2019 as an exhibit, numbered as indicated above, to the Registrant's Current Report on Form 8-K dated April 2, 2019, which exhibit is incorporated herein by reference.
- (15) Filed with the Securities and Exchange Commission on April 20, 2018 as an exhibit, numbered as indicated above, to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017, which exhibit is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LGBTQ LOYALTY HOLDINGS, INC.

Dated: April 15, 2021

By: /s/ Robert A. Blair
Name: Robert A. Blair
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LGBTQ LOYALTY HOLDINGS, INC.

Dated: April 15, 2021

By: /s/ Eric Sherb
Name: Eric Sherb
Title: Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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LGBT LOYALTY HOLDINGS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of (the Company) as of , and the related consolidated statements of operations, stockholders' deficit, and cash flows for each of the years in the two-year period ended and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of , and the results of its operations and its cash flows for each of the years in the two-year period ended , in conformity with accounting principles generally accepted in the United States of America.

Consideration of the Company's Ability to Continue as a Going Concern

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

Basis for Opinion

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

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.



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Critical Audit Matter Description

As described further in Notes 5, 6, 7, and 8 of the financial statements, during the year ended December 31, 2020 and in prior periods, the Company issued convertible debt and warrants that required management to assess whether the conversion features of the convertible debt required bifurcation and separate valuation as a derivative liability and whether the warrants required accounting as derivative liabilities. The Company determined that the conversion features of certain of its convertible debt and certain warrants issued in financing arrangements required to be accounted for as derivative liabilities due to: (1) variable conversion prices; (2) the inclusion of ratchet provisions in some of the instruments; (3) and in some cases the Company could not assert it had sufficient authorized but unissued shares available to settle instruments considering all other stock-based commitments. The derivative liabilities were recorded at fair value when issued and subsequently re-measured to fair value upon settlement or at the end of each reporting period. The Company utilized a Black-Scholes option pricing model to determine the fair value of the derivative liabilities, which uses certain assumptions related to exercise price, term, expected volatility, and risk-free interest rate.

We identified auditing the determination and valuation of the derivative liabilities as a critical audit matter due to the significant judgements used by the Company in determining whether the embedded conversion features and warrants required derivative accounting treatment and the significant judgements used in determining the fair value of the derivative liabilities. Auditing the determination and valuation of the derivative liabilities involved a high degree of auditor judgement, and specialized skills and knowledge were needed.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included the following, among others:

- We inspected and reviewed debt agreements, warrant agreements, and conversion notices to evaluate the Company's determination of whether derivative accounting was required, including assessing and evaluating management's application of relevant accounting standards to such transactions.
- We tested the reasonableness, accuracy, and completeness of the data and assumptions used by the Company in the Black-Scholes option pricing model, including exercise price, expected term, expected volatility, and risk-free interest rate.
- We developed independent expectations for comparison to the Company's estimates.
- We evaluated the accuracy and completeness of the Company's presentation of these instruments in the financial statements and related disclosures in Notes 5, 6, 7, and 8, including evaluating whether such disclosures were in accordance with relevant accounting standards.

A handwritten signature in cursive script that reads "Haynie & Company".

Haynie & Company
Salt Lake City, Utah
April 15, 2021

**LGBTQ LOYALTY HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2020	2019
ASSETS		
Current assets:		
Cash	\$ 30,312	\$ 13,188
Other receivables	100,000	100,000
Other current assets	20,983	9,220
Total current assets	151,295	122,408
Property and equipment, net	-	1,800
Intangible assets, net	78,285	73,076
Total assets	\$ 229,580	\$ 197,284
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 920,569	\$ 772,065
Accrued salaries and consulting fees	605,857	650,133
Accrued interest and dividends	226,108	71,212
Notes payable	127,986	82,986
Notes payable to related party	17,885	17,885
Convertible notes payable, net of debt discount	1,661,520	363,769
Derivative liability on convertible notes payable	1,930,235	1,111,879
Total liabilities	5,490,160	3,069,929
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized		
Series A, 1 share designated, no shares issued or outstanding as of September 30, 2020 and December 31, 2019	-	-
Series B, 500,000 shares designated, 50,000 and 75,000 shares issued and outstanding as of December 31, 2020 and 2019, respectively	50	75
Series C, 129,559 shares designated, 129,559 and no shares issued and outstanding as of December 31, 2020 and 2019, respectively	130	130
Series D, 400 shares designated, no shares issued and outstanding as of December 31, 2020 and 2019	-	-
Common stock, \$0.001 par value, 2,000,000,000 shares authorized, 263,725,234 and 169,217,460 shares issued and outstanding as of December 31, 2020 and 2019, respectively	263,725	169,217
Additional paid-in capital	7,714,704	6,035,547
Accumulated deficit	(13,239,189)	(9,077,614)
Total stockholders' equity (deficit)	(5,260,580)	(2,872,645)
Total liabilities and stockholders' equity (deficit)	\$ 229,580	\$ 197,284

See the accompanying notes to the consolidated financial statements

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**LGBTQ LOYALTY HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year Ended December 31,	
	2020	2019
Revenue	\$ 560	\$ 3,337
Cost of net revenue	-	-
Gross profit	560	3,337
Operating expenses:		
Personnel costs	827,201	1,499,585
Consulting fees	300,659	734,403
Legal and professional fees	490,742	733,960
Merger costs	-	388,675
Sales and marketing	33,432	50,147
General and administrative	137,037	288,911
Depreciation and amortization	27,592	4,499
Total operating expenses	1,816,663	3,700,180
Loss from operations	(1,816,103)	(3,696,843)
Other income (expense):		
Interest expense	(2,463,310)	(1,024,179)

Other income		3,000	-
Change in derivative liability		167,658	(430,458)
Total other income (expense), net		(2,292,652)	(1,454,637)
Provision for income taxes		-	-
Net loss		<u>\$ (4,108,755)</u>	<u>\$ (5,151,480)</u>
Weighted average common shares outstanding - basic and diluted		203,791,785	210,883,281
Net loss per common share - basic and diluted		<u>\$ (0.02)</u>	<u>\$ (0.02)</u>

See the accompanying notes to the consolidated financial statements

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LGBTQ LOYALTY HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Series A		Series B		Series C		Series D		Common Stock		Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Total Stockholders' Deficit	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balances at December 31, 2018	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	121,984,192	\$ 121,984	\$ 3,242,449	\$ (195,054)	\$ (3,880,234)	\$ (710,855)
Merger with Maxim Partners	1	-	-	-	-	-	-	-	129,558,574	129,559	259,116	-	-	388,675	
Maxim exchange agreement	(1)	-	-	-	129,559	130	(1)	-	(129,558,574)	(129,559)	129,429	-	-	-	
Issuance of Series B preferred stock, net of discount	-	-	125,000	125	-	-	-	-	-	-	124,875	-	-	125,000	
Conversion of Series B preferred stock for common shares	-	-	(50,000)	(50)	-	-	-	-	1,465,949	1,466	(1,416)	-	-	-	
Issuance of Series B dividend common shares	-	-	-	-	-	-	-	-	38,287	38	3,125	-	-	3,163	
Common shares issued to board of directors	-	-	-	-	-	-	-	-	5,000,000	5,000	550,400	-	-	555,400	
Common shares issued for related party debt conversions	-	-	-	-	-	-	-	-	8,600,298	8,600	393,034	-	-	401,634	
Common shares issued pursuant to note conversions	-	-	-	-	-	-	-	-	26,586,234	26,586	768,089	-	-	794,675	
Common shares issued pursuant to debenture conversion	-	-	-	-	-	-	-	-	427,500	428	45,620	-	-	46,048	
Common shares issued for services performed	-	-	-	-	-	-	-	-	250,000	250	7,250	-	-	7,500	
Exercise of stock options	-	-	-	-	-	-	-	-	500,000	500	4,500	-	-	5,000	
Exercise of common stock warrants	-	-	-	-	-	-	-	-	4,365,000	4,365	301,930	-	-	306,295	
Warrants issued to board of directors	-	-	-	-	-	-	-	-	-	-	170,734	-	-	170,734	
Amortization of deferred compensation	-	-	-	-	-	-	-	-	-	-	-	195,054	-	195,054	
Amortization of preferred stock discount	-	-	-	-	-	-	-	-	-	-	36,412	-	(36,412)	-	
Dividends on preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	(9,488)	(9,488)	
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(5,151,480)	(5,151,480)	
Balances at December 31, 2019	-	-	75,000	75	129,559	130	-	-	169,217,460	169,217	6,035,547	-	(9,077,614)	(2,872,645)	

Common shares issued in connection with notes payable	-	-	-	-	-	-	-	-	294,994	295	9,705	-	-	10,000									
Common shares issued for accrued services	-	-	-	-	-	-	-	-	6,662,312	6,662	311,338	-	-	318,000									
Common shares issued to board of directors	-	-	-	-	-	-	-	-	12,942,161	12,942	219,452	-	-	232,394									
Common shares issued for services and compensation	-	-	-	-	-	-	-	-	16,279,273	16,279	264,353	-	-	280,632									
Exercise of common stock warrants	-	-	-	-	-	-	-	-	4,170,000	4,170	121,914	-	-	126,084									
Exercise of stock options	-	-	-	-	-	-	-	-	4,000,000	4,000	6,400	-	-	10,400									
Warrants issued in connection with convertible debenture	-	-	-	-	-	-	-	-	-	-	328,815	-	-	328,815									
Debenture conversions	-	-	-	-	-	-	-	-	49,110,485	49,110	369,698	-	-	418,808									
Conversion of Series B preferred stock for common shares	-	-	(25,000)	(25)	-	-	-	-	958,333	958	(933)	-	-	-									
Issuance of Series B dividend common shares	-	-	-	-	-	-	-	-	90,216	90	3,360	-	-	3,450									
Amortization of preferred stock discount	-	-	-	-	-	-	-	-	-	-	45,056	-	(45,056)	-									
Dividends on preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	(7,764)	(7,764)									
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(4,108,755)	(4,108,755)									
Balances at December 31, 2020	-	\$	-	50,000	\$	50	129,559	\$	130	-	\$	-	263,725,234	\$	263,723	\$	7,714,705	\$	-	\$	(13,239,189)	\$	(5,260,580)

See the accompanying notes to the consolidated financial statements.

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LGBTQ LOYALTY HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (4,108,755)	\$ (5,151,480)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount and original issue discount	862,209	368,257
Change in fair value of derivative liability	(167,658)	430,468
Financing related costs - debt	1,353,874	595,248
Merger expenses	-	388,675
Stock-based compensation expense	213,276	786,954
Officer deferred compensation	-	195,054
Depreciation and amortization	27,592	4,499
Changes in operating assets and liabilities:		
Other receivables	-	(100,000)
Other current assets	(11,763)	(8,625)
Accounts payable	148,504	520,959
Accrued salaries and consulting fees	586,157	649,647
Accrued interest and dividends	154,896	44,490
Net cash used in operating activities	<u>(941,668)</u>	<u>(1,275,855)</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(2,000)
Investment in intangible assets	(32,800)	(77,375)
Net cash used in investing activities	<u>(32,800)</u>	<u>(79,375)</u>
Cash flows from financing activities:		
Proceeds from issuance of convertible debenture agreements	856,000	1,000,000
Net proceeds from promissory note agreements	47,250	162,500
Repayments of notes payable	(5,000)	(97,514)
Proceeds from Series B preferred stock	-	125,000

Proceeds from exercise of warrants	93,342	137,524
Net cash provided by financing activities	991,592	1,327,510
Net increase (decrease) in cash	17,124	(27,720)
Cash at beginning of period	13,188	40,908
Cash at end of period	\$ 30,312	\$ 13,188

Supplemental disclosure of cash flow information:

Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 27,500	\$ 2,500

Supplemental disclosure of non-cash financing activities:

Conversion of accrued consulting fees into common shares	\$ 617,750	\$ -
Conversion of convertible debenture and notes	\$ 418,809	\$ 53,553
Conversion of related party debt	\$ -	\$ 393,034
Exercise of common stock warrants - derivative liability	\$ 126,084	\$ 168,771
Amortization of preferred stock discount	\$ 45,056	\$ 36,412
Exercise of options	\$ 10,400	\$ 5,000
Warrants issued in connection with debt	\$ 328,815	\$ -
Dividends on preferred stock	\$ 7,763	\$ 9,488

See the accompanying notes to the consolidated financial statements

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**LGBTQ LOYALTY HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1. Nature of Business

Throughout this report, the terms “our,” “we,” “us,” and the “Company” refer to LGBTQ Loyalty Holdings, Inc. (formerly LifeApps Brands Inc.), including its subsidiaries.

On January 25, 2019, we acquired LGBT Loyalty LLC, a New York limited liability company, with the goal of creating the first LGBTQ Loyalty Preference Index ETF (the “Index ETF”) to provide the LGBTQ community with the power to influence the allocation of capital within a financial Index ETF based upon LGBTQ consumer preferences. The Index ETF is intended to link the growing economic influence of the LGBTQ community and their allies with many of the top Fortune 500 companies that support and implement diversity, inclusion and equality policies within their organizations. The incorporation of diversity and inclusion in a company’s recruitment and human resource policies is becoming a key concern to investors as part of their growing focus on ESG allocations. Our data and analytics unequivocally reinforce that corporations that have embraced diversity and inclusion policies within their corporate culture perform at a higher level financially than their peers. This includes advancing a more invigorated workforce that attracts and retains the best talent. Innovation and agility have been identified as great benefits of diversity, and there is an increasing awareness of what has come to be known as ‘the power of difference’.

On October 30, 2019, through our wholly-owned subsidiary Loyalty Preference Index, Inc. (“LPI”) and our strategically aligned partnerships with crowd sourced data and analytic providers, we launched the LGBTQ100 ESG Index which integrates LGBTQ community survey data into the methodology for a benchmark listing of the nation’s highest financially performing large-cap publicly listed corporations that our respondents believe are most committed to advancing equality. LPI is the index provider for the LGBTQ + ESG100 ETF; LGBTQ Loyalty was the Sponsor for the prospectus that was filed by the licensed Fund Adviser ProcureAM, and was approved by the Securities and Exchange Commission (“SEC”) in early January 2020. The LGBTQ + ESG100 ETF (the “Fund”) seeks to track the investment results (before fees and expenses) of the LGBTQ100 ESG Index. The Fund earns management fees based on assets under management (“AUM”) and is expected to launch in the fourth quarter of 2021 on the NASDAQ. In late 2020, LPI was renamed to Advancing Equality Preference, Inc.

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 \$13,239,189 and have negative working capital. To date we have funded our operations through advances from a related party, 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. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and our wholly owned subsidiaries, LGBTQ Loyalty, LLC, and Advancing Equality Preference, Inc. All material inter-company transactions and balances have been eliminated in consolidation.

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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.

Reclassifications

The Company has reclassified certain previously reported amounts in its consolidated financial statements. Accordingly, prior year amounts were reclassified to conform to the current year presentation.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company generally maintains balances in various operating accounts at financial institutions that management believes to be of high credit quality, in amounts that may exceed federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. At December 31, 2020 and 2019, all of the Company's cash and cash equivalents were held at one accredited financial institution.

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.

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 and derivative liabilities.

Our financial instruments consist of cash, other current assets, accounts payables, accruals, and notes payable. The carrying values of these instruments approximate fair value because of the short-term maturities. The Company's restricted cash is based on Level 1 inputs. The fair value of the Company's convertible debentures and promissory notes approximates their carrying values as the underlying imputed interest rates approximates the estimated current market rate for similar instruments. The derivative is a measured as Level 3 instrument due to the various inputs which requires significant management judgment. Refer to Note 6 for detail.

The following table is a summary of our financial instruments measured at fair value:

	Fair Value Measurements as of December 31, 2020:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Derivative liability on convertible notes payable	\$ -	\$ -	\$ 1,930,235	\$ 1,930,235
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,930,235</u>	<u>\$ 1,930,235</u>

	Fair Value Measurements as of December 31, 2019:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Derivative liability on convertible notes payable	\$ -	\$ -	\$ 1,111,879	\$ 1,111,879
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,111,879</u>	<u>\$ 1,111,879</u>

Other Receivables - Related Party

Other receivables represent amounts held in escrow at the Fund's custodian. The Company expects to retrieve the funds upon commencement of the Fund's operations.

Intangibles

Intangibles, which include website development costs, 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

The Company has financial instruments that are considered derivatives or contain embedded features subject to derivative accounting. Embedded derivatives are valued separately from the host instrument and are recognized as derivative liabilities in the Company's balance sheet. The Company measures these instruments at their estimated fair value and recognizes changes in their estimated fair value in results of

operations during the period of change. The Company has a sequencing policy regarding share settlement wherein instruments with a fixed conversion price or floor would be settled first, and interest payable in shares settle next. Thereafter, share settlement order is based on instrument issuance date - earlier dated instruments settling before later dated. The sequencing policy also considers contingently issuable additional shares, such as those issuable upon a stock split, to have an issuance date to coincide with the event giving rise to the additional shares. The policy includes all shares issuable pursuant to debenture and preferred stock instruments as well as shares issuable under service and employment contracts and interest on short term loans.

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;

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- allocate the transaction price to performance obligations in the contract; and
- recognize revenue as the performance obligation is satisfied.

Revenue was derived primarily from the sale of sports and fitness apparel and equipment.

Stock-Based Compensation

The Company accounts for stock-based compensation for employees and non-employees in accordance with ASC 718, *Compensation - Stock Compensation*. Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period, which is generally the option vesting period. The Company uses the Black-Scholes option pricing model to determine the fair value of stock options.

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 years ended December 31, 2020 and 2019 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 years ended December 31, 2020 and 2019, and the outstanding stock options and warrants are anti-dilutive. For the years ended December 31, 2020 and 2019, the following number of potentially dilutive shares have been excluded from diluted net loss since such inclusion would be anti-dilutive:

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	Year Ended December 31,	
	2020	2019
Stock options outstanding	1,800,000	5,800,000
Warrants	235,833,333	8,885,000
Shares to be issued upon conversion of notes	600,479,598	47,170,778
	838,112,931	61,855,778

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)* ("ASU 2019-12"). The objective of the standard is to improve areas of GAAP by removing certain exceptions permitted by ASC Topic 740 Income Taxes and clarifying existing guidance to facilitate consistent application. The standard will become effective for the Company beginning on January 1, 2021. The Company is currently

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

Note 3. Intangible Assets

The Company capitalized costs pertaining to the development of the LGBTQ100 ESG Index website. The Company began amortizing upon the launch of the index, and will amortize the costs over a three-year useful life.

At December 31, 2020 and 2019, intangible assets, net was \$78,285 and \$73,076, respectively. Amortization expense was \$25,792 and \$4,499, respectively, for the years ended December 31, 2020 and 2019

Note 4. Notes Payable

As of December 31, 2020 and 2019, the Company has a note payable outstanding in the amount of \$2,986 and \$7,986, respectively. The note is past due at December 31, 2020 and is therefore in default. The note accrues interest at a rate of 2% per annum. During the years ended December 31, 2020 and 2019, the Company repaid \$5,000 and \$10,014 pertaining to this note.

During the year ended December 31, 2018, the Company issued notes to an investor aggregating \$15,000. On March 7, 2019, the lender agreed to convert the \$15,000 in loan principal into shares of our common stock at a conversion price of \$0.08 per share, resulting in an issuance of 187,500 shares. The lender also agreed to waive all interest due on the loans.

During the year ended December 31, 2019, the Company received \$87,500 in bridge loans from a lender. As of December 31, 2019, the Company fully repaid these loans. The Company incurred \$18,300 in interest expense pertaining to these notes, including \$2,500 in interest paid and \$15,800 in shares of our common stock to be issued. The shares were issued in 2020 and the value was included as accrued interest as of December 31, 2019.

In December 2019, the Company issued a promissory note to Pride Partners LLC ("Pride") for \$75,000. The note is secured, accrues interest at a rate of 10% per annum, and matured on June 20, 2020. As of December 31, 2020, the full principal amount was outstanding and in default.

Note 5. Convertible Notes Payable

Convertible Note

In February 2019, the holder of a 2018 Note in the original principal amount of \$35,000 converted the remaining \$19,000 in principal and \$4,255 in interest into an aggregate of 26,398,734 shares of our common stock at a conversion price of \$0.0015 per share. As the result of such conversions, the 2018 Note has been repaid in full and terminated.

Convertible Debenture

Pride

On June 4, 2019 (the "Closing Date"), we entered into and closed a Securities Purchase Agreement (the "SPA") with Pride (or the "Purchaser" or "Pride") pursuant to which for a purchase price of \$500,000, the Purchaser purchased \$550,000 in principal amount of a 10% Original Issue Discount Senior Convertible Debenture (the "Debenture") due 15 months following the date of issuance and an 18 month common stock purchase warrant (the "Warrant") exercisable for up to 6,250,000 shares (subject to adjustment thereunder) of our common stock.

Subject to earlier conversion or redemption, the Debenture is due on June 4, 2020 (the "Maturity Date"). At any time after June 4, 2019, the Debenture is convertible, in whole or in part, into shares of common stock (the "Conversion Shares") at the option of the holder, at any time and from time to time (subject to a 4.99% beneficial ownership limitation). If, on the Maturity Date, the outstanding principal balance of the Debenture is \$50,000 or less, the Debenture, including all accrued and unpaid interest then due thereon, is automatically convertible into common stock. Subject to adjustment, the per share conversion price for the Debenture on any conversion date is the lesser of (i) \$0.1069 or (ii) 85% of the lowest single trading date volume weighted average price for our Common stock during the 5 trading days prior to the conversion date. No later than the earlier of (i) 2 trading days after our receipt of a notice of conversion and (ii) the number of trading days comprising the standard settlement period after our receipt of a notice of conversion, we are required to deliver Conversion Shares which, when permitted under applicable securities laws, will be delivered free of restrictive legends and trading restrictions. In the event that we fail to deliver Conversion Shares by the applicable delivery date, the holder may rescind such conversion until such time that the Conversion Shares are received by the holder. Our failure to timely deliver Conversion Shares subjects us to the payment of liquidated damages to the holder as well as buy-in liability under circumstances where the holder is required to purchase Common Stock in the open market in satisfaction of a sale by the holder of Conversion Shares which the holder was entitled to receive. We are required to reserve and keep available from our authorized and unissued shares of Common Stock a sufficient number of shares to cover conversions of the Debenture. The number and amount of Conversion Shares issuable upon conversion is subject to adjustment in the event of stock splits and stock dividends. The Debenture also provides for full ratchet anti-dilution price adjustments under circumstances where, during the term of the Debenture, we issue Common Stock or common stock equivalents, exclusive of certain exempt issuances, at prices below the then applicable Debenture conversion price. The Debenture further provides for adjustments in the event of certain rights offerings, pro rata distributions to shareholders and fundamental transactions. The Debenture is subject to optional redemption by us, for cash, in whole or in part, upon 20 trading days prior written notice by us but only in the event, unless waived by the holder, we satisfy certain equity conditions (as such term is defined in the Debenture) during such 20 trading day period. Penalty interest is payable by us if we fail to effect an optional redemption by the applicable optional redemption date. The Debenture subjects us to negative covenants while the Debenture is outstanding.

On August 27, 2019, the Company entered into Amendment No. 1 to the Securities Purchase Agreement (the "First Amendment") with Pride. Pursuant to the terms of the Amendment, Pride agreed to purchase an additional \$220,000 in principal amount of 10% Original Issue Discount

Senior Convertible Debenture for \$200,000 in cash proceeds. As a result of this additional investment, the Company amended the currently outstanding 10% Original Issue Discount Senior Convertible Debenture that was issued to Pride on June 4, 2019 to increase the face value of the debenture from \$550,000 to \$770,000. No additional warrants were included in the amended agreement.

On October 14, 2019 the Company entered into Amendment No. 2 to the Securities Purchase Agreement (the "Second Amendment") with Pride. Pursuant to the terms of Amendment. Pride agreed to purchase an additional \$330,000 in principal amount of 10% Original Issue Discount Senior Convertible Debenture for \$300,000 in cash proceeds. As a result of this additional investment, the Company amended the currently outstanding 10% Original Issue Discount Senior Convertible Debenture that was issued to Pride on June 4, 2019 and amended on August 27, 2019 to increase the face value of the debenture from \$770,000 to \$1,100,000.

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Pursuant to the terms of the Second Amendment, the shares of common stock underlying the additional \$330,000 in principal amount of 10% Original Issue Discount Senior Convertible Debenture (the "Additional Underlying Shares") are not subject to the registration rights agreement entered into between the parties on June 4, 2019, but the Company has granted certain demand registration rights to Pride in connection with the Additional Underlying Shares.

From July to August 2019, Pride converted \$21,910 in principal into 427,500 shares of our common stock. The Company recognized \$18,925 of interest expense related to the write-off of discounts related to the conversion amounts.

Cavalry

On February 12, 2020, the Company entered into a Securities Purchase Agreement with Cavalry Fund I LP (the "Calvary Note"). Pursuant to the terms of the Calvary Note, the lender agreed to purchase from the Company, for a purchase price of \$100,000, a 10% convertible note in the principal amount of \$115,500. The Cavalry Note matured and became due and payable on November 11, 2020 and accrues interest at a rate of 10% per annum. The Calvary Note, plus all accrued but unpaid interest, may be prepaid at any time prior to the maturity date.

The Calvary Note is convertible into shares of the Company's common stock at any time at a conversion price (the "Conversion Price") equal to the lower of: (i) the lowest closing price of the common stock during the preceding twenty (20) trading day period ending on the latest complete trading day prior to the issuance date of the Note (the "Closing Price"), (ii) \$0.04, or (iii) 60% of the lowest traded price for the Common Stock on the principal market on which the Common Stock is then trading during the twenty (20) consecutive trading days on which at least 100 shares of Common Stock were traded including and immediately preceding the date of conversion. Upon an event of default, the holder may elect to convert at an alternate conversion price which is the lower of: (i) the closing price of the Common Stock on the Principal Market on the Trading Day immediately preceding the issue date of the Calvary Note or (ii) 60% of either the lowest traded price or the closing bid price, whichever is lower for the common stock on the principal market during any trading day in which the event of default has not been cured. The conversion price of the Note will be further adjusted by another 15% reduction, regardless of whether there is an event of default, if (A) the Common stock is no longer a reporting company pursuant to the Securities Exchange Act of 1934, as amended, (B) the Note cannot be converted into free trading shares after 181 days from the issuance date of the Note, (C) the Common Stock is chilled for deposit at DTC or becomes chilled at any point while the Note remains outstanding, (D) deposit or other additional fees are payable due to a Yield Sign, Stop Sign or other trading restrictions, or (E) if the closing price at any time falls below \$0.015. The conversion price is subject to customary adjustments. The conversion price is not subject to a floor.

Effective July 14, 2020, the Company and Calvary Fund I LP entered into an amendment to the Calvary Note to extend the maturity date of the note from November 11, 2020 to December 31, 2020, prohibit any conversions of the note prior to October 31, 2020, and extend the prepayment option from August 9, 2020 to December 31, 2020.

Power Up

On March 10, 2020, the Company entered into a Securities Purchase Agreement with Power Up Lending Group Ltd ("Power Up Note"). Pursuant to the terms of the Power Up Note, the lender agreed to purchase from the Company, for a purchase price of \$75,000, a 10% convertible note in the principal amount of \$85,800. The Power Up Note matures and becomes due and payable on March 10, 2021 and accrues interest at a rate of 10% per annum. The Power Up Note, plus all accrued but unpaid interest, may be prepaid at any time prior to the maturity date.

The Power Up Note is convertible into shares of the Company's common stock at any time at a conversion price (the "Conversion Price"), which shall equal the Variable Conversion Price. The "Variable Conversion Price" shall mean 60% multiplied by the Market Price, which is the lowest Trading Price for the common stock during the twenty (20) trading day period ending on the latest complete trading day prior to the conversion date. The conversion price is subject to customary adjustments. The conversion price is not subject to a floor.

On May 26, 2020, the Company entered into a Securities Purchase Agreement with Power Up Lending Group Ltd ("Power Up May Note"). Pursuant to the terms of the Power Up May Note, the lender agreed to purchase from the Company, for a purchase price of \$75,000, a 10% convertible note in the principal amount of \$85,800. The Power Up May Note matures and becomes due and payable on May 26, 2021 and accrues interest at a rate of 10% per annum. The Power Up Note, plus all accrued but unpaid interest, may be prepaid at any time prior to the maturity date.

The Power Up May Note is convertible into shares of the Company's common stock at any time at a conversion price (the "Conversion Price"), which shall equal the Variable Conversion Price. The "Variable Conversion Price" shall mean 60% multiplied by the Market Price, which is the lowest Trading Price for the common stock during the twenty (20) trading day period ending on the latest complete trading day prior to the conversion date. The conversion price is subject to customary adjustments. The conversion price is not subject to a floor.

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On September 29, 2020, the Company entered into a Securities Purchase Agreement with Power Up ("Power Up September Note"). Pursuant to the terms of the Power Up September Note, the lender agreed to purchase from the Company, for a purchase price of \$80,000, a 10% convertible note in the principal amount of \$91,300. The Power Up September Note matures and becomes due and payable on September 29, 2021 and accrues interest at a rate of 10% per annum. The Power Up September Note, plus all accrued but unpaid interest, may be prepaid at any time prior to the maturity date.

The Power Up September Note is convertible into shares of the Company's common stock at any time at a conversion price (the "Conversion

Price”), which shall equal the Variable Conversion Price. The “Variable Conversion Price” shall mean 60% multiplied by the Market Price, which is the lowest Trading Price for the common stock during the twenty (20) trading day period ending on the latest complete trading day prior to the conversion date. The conversion price is subject to customary adjustments. The conversion price is not subject to a floor.

As of December 31, 2020, Power Up fully converted the March and May notes, consisting of \$150,000 in principal and accrued interest, into an aggregate of 49,110,485 shares of common stock.

Auctus

On August 11, 2020, the Company entered into a Securities Purchase Agreement (the “SPA”) with Auctus Fund, LLC (“Auctus”). Pursuant to the terms of the SPA, the Purchaser agreed to purchase from the Company, for a purchase price of \$132,000, a 12% Convertible Note in the principal amount of \$150,000. The Note matures and becomes due and payable on August 11, 2021 and accrues interest at a rate of 12% per annum while the Note remains outstanding. The Note may be prepaid on a monthly basis commencing six months after closing. The Note is convertible into shares of the Company’s common stock at any time at a conversion price (“Conversion Price”) equal to the lesser of (i) Current Market Price and (ii) the Variable Conversion Price. The Variable Conversion Price shall mean 100% multiplied by the Market Price (representing a discount rate of 0%). Market Price means the average of the previous 5 days volume weighted average price. In connection with the Note, the Company issued two common stock purchase warrants to purchase up to an aggregate of 15,000,000 shares of common stock (separately, “Warrant A” and “Warrant B”, and together, the “Warrants” and each a “Warrant”), upon the terms and subject to the limitations and conditions set forth in the Note. As of December 31, 2020, one warrant to purchase 7,500,000 shares was issued and outstanding to Auctus. The fair value of the warrants was determined to be \$45,068 and was recorded as a debt discount to the note.

On October 8, 2020, the Company entered into a Securities Purchase Agreement (the “Auctus October Note”) with Auctus Fund, Pursuant to the terms of the Auctus October Note, Auctus agreed to purchase from the Company, for a purchase price of \$300,000: (i) a Convertible Promissory Note in the principal amount of \$300,000 (the “Auctus Note”); (ii) a common stock purchase warrant permitting Auctus to purchase up to 100,000,000 shares of the Company’s common stock at an exercise price of \$0.015 per share (the “Warrant A”); and (iii) a common stock purchase warrant permitting Auctus to purchase up to 100,000,000 shares of the Company’s Common Stock at an exercise price of \$0.015 per share (the “Warrant B”) and together with the Warrant A, the “Warrants”). As of December 31, 2020, two warrants to purchase an aggregate of 200,00,000 shares was issued and outstanding to Auctus. The fair value of the warrants was determined to be \$1,237,906, which was recorded as origination interest and included in interest expense in the consolidated statements of operations.

The Auctus October Note accrues interest at a rate of 12% per annum and matures on October 8, 2021. The Auctus October Note is convertible into shares of the Company’s Common Stock, subject to the adjustments described therein. The conversion price shall be the “Market Price” which is defined as the volume weighted average price for the Common Stock during the 5 trading day period ending on the latest complete trading day prior to the conversion date.

JSJ

On September 28, 2020, the Company entered into a convertible promissory note (“JSJ Note”) with JSJ Investments, Inc., pursuant to which JSJ purchased from the Company, at a purchase price of \$100,000, a 10% Convertible Note in the principal amount of \$108,000.

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The JSJ Note accrues interest at a rate of 10% per annum and matures on September 28, 2021. The JSJ Note, plus all accrued but unpaid interest and other amounts due on the JSJ Note, may be prepaid at any time prior to the maturity date. Upon an event of default, the interest rate shall increase to 18% for as long as the event of default is continuing (“Default Interest”). At any time on or after the Maturity Date, the Company may repay the then outstanding principal plus accrued interest and Default Interest, if any, to JSJ.

The JSJ Note is convertible into shares of the Company’s common stock at any time after 180 days from the issuance date. The conversion price is 60% multiplied by the lowest trading price for the common stock during the 20 trading day period ending on the latest complete trading day prior to the date of a conversion notice.

EMA

On March 11, 2020, the Company entered into a Securities Purchase Agreement (the “EMA Note”) with EMA Financial, LLC. Pursuant to the terms of the EMA Note, EMA agreed to purchase from the Company, for a purchase price of \$75,000, a 10% Convertible Note in the principal amount of \$85,000.

The EMA Note accrues interest at a rate of 10% per annum and matures on November 5, 2020. The EMA Note, plus all accrued but unpaid interest and other amounts due on the EMA Note, may be prepaid at any time prior to the maturity date.

The EMA Note is convertible into shares of the Company’s common stock. The conversion price shall be the lower of: (i) the lowest closing price of the common stock during the preceding 20 trading day period ending on the latest complete trading day prior to March 11, 2020, (ii) \$0.04, or (iii) 60% of the lowest traded price for the common stock on the principal market during the 20 consecutive trading days on which at least 100 shares of common stock were traded including and immediately preceding the conversion date. Additional discounts to the conversion price and penalties will apply if certain events occur, including if the closing price drops below \$0.015, if the Company’s stock is subject to a DTC chill, or if the EMA Note cannot be converted in free trading shares after 181 days from the issuance date.

Effective as of September 29, 2020, the Company and EMA entered into an Amendment to the Note (the “EMA Amendment”), pursuant to which EMA and the Company agreed to amend the issuance date of the EMA Note from March 11, 2020 to September 29, 2020 and to extend the maturity date of the EMA Note from November 5, 2020 to September 29, 2021.

As of December 31, 2020, the EMA Note was in default and the parity value of the EMA Note was determined to be \$615,134. As a result, the Company recorded an expense of \$530,134, which is included in interest expense in the consolidated statements of operations.

In connection with the EMA Note, in October 2020 the Company issued a warrant to purchase 28,333,333 shares of common stock at an exercise price of \$0.015 per share. The fair value of the warrants was determined to be \$99,935, which was recorded as origination interest and included in interest expense in the consolidated statements of operations.

During the years ended December 31, 2020 and 2019, the Company, recorded amortization of debt discount and original discount of \$862,209 and \$368,257, respectively, for all convertible debentures. This amount is included in interest expense in our consolidated statements of

The following is a summary of the activity of the convertible notes payable and convertible debenture for the year ended December 31, 2020 and 2019:

	Note	Debenture	Total
Balance as of December 31, 2018	\$ 34,065	\$ -	\$ 34,065
Issuance of convertible debenture - principal amount	-	1,100,000	1,100,000
Issuance of convertible debenture - debt discount and original issue discount	-	(1,100,000)	(1,100,000)
Amortization of debt discount and original issue discount	-	368,257	368,257
Conversion to common stock, net of discount	(34,065)	(4,487)	(38,552)
Balance as of December 31, 2019	-	363,769	363,769
Issuance of convertible debenture - principal amount	-	1,021,400	1,021,400
Issuance of convertible debenture - debt discount and original issue discount	-	(1,021,400)	(1,021,400)
Amortization of debt discount and original issue discount	-	862,209	862,209
Default penalty	-	530,134	530,134
Conversion to common stock, net of discount	-	(94,593)	(94,593)
Balance as of December 31, 2020	\$ -	\$ 1,661,520	\$ 1,661,520

The following comprises the balance of the convertible debenture outstanding at December 31, 2020:

Principal amount outstanding	\$ 2,458,024
Less: Unamortized original issue discount	(94,857)
Less: Unamortized debt discount	(701,647)
	<u>\$ 1,661,520</u>

Note 6. Derivative Liability

We evaluated the terms of the conversion features of the debentures and related debenture warrants as noted above in accordance with ASC Topic No. 815 - 40, *Derivatives and Hedging - Contracts in Entity's Own Stock*, and determined they are indexed to the Company's common stock and that the conversion features meet the definition of a liability. Therefore, we bifurcated the conversion feature and accounted for it as a separate derivative liability.

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 conversion feature at origination of the notes using the Black-Scholes valuation model. We value the derivative liability at the end of each accounting period, and upon conversion of the underlying note or warrant, with the difference in value recognized as gain or loss included in other income (expense) in our consolidated statements of operations.

2018 Note

In February 2019, the 2018 Note was converted into common stock and the remaining derivative liability balance of \$42,104 was recorded to additional paid-in capital and change in fair value.

Convertible Debentures and Warrants

The Pride debentures and warrants issued in 2019, as well as the Calvary, Power Up, JSJ, EMA and Auctus debentures issued in 2020 have conversion features that resulted in derivative liabilities. We valued the conversion features at each origination date with the following assumptions, on a weighted-average basis:

	Year Ended December 31, 2020
Risk-free interest rate	0.14%
Expected term (in years)	0.89
Expected volatility	188.3%
Expected dividend yield	0%
Exercise price of underlying common shares	\$ 0.01

	Year Ended December 31, 2019			
	Tranche 1	Tranche 2	Tranche 3	Warrants
Risk-free interest rate	2.11%	1.75%	1.67%	2.11%
Expected term (in years)	1.25	1.03	0.89	1.25
Expected volatility	312.4%	303.70%	326.88%	312.4%
Expected dividend yield	0%	0%	0%	0%
Exercise price of underlying common shares	\$ 0.09	\$ 0.04	\$ 0.04	\$ 0.08

During the years ended December 31, 2020 and 2019, the entire value of the debentures of the debentures were assigned to the derivative liability and recognized as a debt discount on the convertible debentures. The debt discount is recorded as reduction (contra-liability) to the debentures and are being amortized over the initial term. Any excess balance was recognized as origination interest on the derivative liability and expensed on origination. In accordance with the Company's sequencing policy, shares issuable pursuant to the convertible debentures would be settled subsequent to the Company's Series B preferred stock.

The following is a summary of the activity of the derivative liability for the years ended December 31, 2020 and 2019:

	Debenture	Warrants	Total
Balance as of December 31, 2018	\$ 42,104	\$ -	\$ 42,104
Conversion of convertible notes payable to common stock	(737,813)	-	(737,813)
Initial fair value on issuance of convertible debenture	1,077,117	492,921	1,570,038
Common stock warrant exercises	-	(168,771)	(168,771)
Conversion of principal amount of debenture to common stock	(24,137)	-	(24,137)
Change in fair value of derivative liability	690,707	(260,249)	430,458
Balance as of December 31, 2019	1,047,977	63,902	1,111,879
Initial fair value on issuance of convertible debenture	1,265,775	-	1,265,775
Debenture conversions	(247,209)	-	(247,209)
New warrant issuances	-	39,690	39,690
Common stock warrant exercises	-	(72,244)	(72,244)
Change in fair value of derivative liability	(136,310)	(31,348)	(167,658)
Balance as of December 31, 2020	\$ 1,930,235	\$ -	\$ 1,930,235

Note 7. Stockholders' Equity

On March 26, 2019, we filed a Certificate of Amendment to our Certificate of Incorporation to increase our authorized capitalization from 500,000,000 shares of common stock, par value \$0.001 per share and 10,000,000 shares of preferred stock, par value \$0.001 per share, to 1,000,000,000 shares of common stock, par value \$0.001 per share and 10,000,000 shares of preferred stock, par value \$0.001 per share.

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Common Stock

2020 Transactions

In January 2020, we issued 294,994 shares of common stock to a bridge noteholder in connection with promissory notes received.

During the year ended December 31, 2020, we issued an aggregate of 10,052,318 shares of common stock to consultants for 2019 services which were accrued at a fair value of \$459,417.

In March 2020, we issued 1,000,000 shares to Orlando Reece pursuant to his appointment to the Board of Directors.

In May 2020, we issued an aggregate of 11,942,161 shares to directors as compensation.

In April 2020, we issued 90,216 shares and 958,333 shares of common stock to a Series B Preferred Stock investor for accrued dividends and conversion of 25,000 shares of the Series B Preferred Stock.

In May 2020, we issued an aggregate of 12,889,267 shares of common stock to executives, officers and consultants for services rendered for a total fair value of \$139,215.

In June 2020, two option holders exercised their outstanding options for a total of 4,000,000 shares of common stock at an exercise price of \$0.0026. The value of \$10,400 was converted from outstanding accounts payable.

During the year ended December 31, 2020, we issued an aggregate of 4,170,000 shares of common stock to Pride Partners pursuant to warrant exercises. Refer to Note 8.

From September through December 2020, the Company issued 49,110,845 shares of common stock pursuant to conversion of debentures in the principal amount of \$171,600.

2019 Transactions

On January 25, 2019, we entered into and closed a securities exchange under a Securities Exchange Agreement (the "Securities Exchange Agreement") with LGBT Loyalty LLC ("LGBT Loyalty") and Maxim Partners, LLC ("Maxim"), pursuant to which we acquired all of the membership interests of LGBT Loyalty, making LGBT Loyalty a wholly owned subsidiary of ours, in exchange for 120,959,996 shares (the "Shares") of our restricted common stock and one share of our newly created Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The Shares issued to Maxim represented, upon issuance, 49.99% of our then issued and outstanding shares of common stock. On March 29, 2019 an additional 8,598,578 shares were issued to Maxim for the conversion of the Series A Convertible Preferred Stock. LGBT Loyalty has no assets, liabilities nor operations at the exchange date, therefore, the value ascribed to the issued stock (\$388,675) has been charged to operations as expenses of the merger.

In February 2019, we issued an aggregate of 750,000 shares of common stock to a consultant in accordance with a service contract that provided for a 250,000 stock grant for services performed of \$7,500, as well as the exercise of 500,000 stock options in exchange for the cancellation of \$5,000 then outstanding accounts payable due to the consultant for prior services.

In March 2019, we issued an aggregate of 8,600,298 shares of our common stock pursuant to the automatic exercise of warrants issued to two current and prior company officers. The warrants were issued in exchange for the cancellation of an aggregate of \$348,312 of salary and interest accruals through December 31, 2018.

During the year ended December 31, 2019, we issued an aggregate of 26,586,234 shares of our common stock to two lenders pursuant to note

conversions. Additionally, we issued 427,500 shares to Pride pursuant to debenture conversions. Refer to Note 5 above.

During the year ended December 31, 2019, we issued an aggregate of 5,000,000 shares of common stock to five unrelated individuals in accordance with their appointment as directors of the Company.

During the year ended December 31, 2019, we issued an aggregate of 4,365,000 shares of common stock to Pride pursuant to warrant exercises. Refer to Note 8.

During the year ended December 31, 2019, we issued an aggregate of 38,287 shares and 1,465,949 shares of common stock to two Series B Preferred Stock investors for accrued dividends and conversion of 50,000 shares of the Series B Preferred Stock.

Series B Convertible Preferred Stock

On April 3, 2019 we filed a Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock with the Delaware Secretary of State to create a new class of preferred stock, \$0.001 par value per share, designated Series B Convertible Preferred Stock ("Series B Preferred Stock") and authorized the issuance of up to 1,500,000 shares of Series B Preferred Stock. The Series B Preferred Stock has no voting, liquidation or other rights other than the right to receive dividends and to convert into common stock.

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The stated value of each share of Series B Convertible Preferred Stock for purposes of conversions and dividends is \$1.15 (the "Conversion/Dividend Stated Value"). The stated value of each share of Series B Convertible Preferred for purposes of redemptions is \$1.35 (the "Redemption Stated Value"). On April 3, 2019 we received an aggregate of \$125,000 from the issuance of 125,000 shares of the Series B Convertible Preferred Stock. Each \$25,000 of the preferred stock is convertible into \$28,750 worth of common stock. The discount between the \$28,750 and \$25,000 for each \$25,000 investment has been recognized and amortized. Additionally, the Preferred Stock contains a Beneficial Conversion Feature (BCF) that has been recognized. The BCF is the difference between the conversion price and the market price at inception multiplied by the number of common shares into which the Preferred Stock is convertible. The BCF is also treated as a discount on the Preferred Stock, which is amortized over the life of the instrument. Amortization of the discount will continue through April 3, 2021 and amounted to \$36,412 for the year ended December 31, 2019. Subject to earlier conversion or redemption, the Series B Preferred Stock will automatically convert into fully paid and non-accessible shares of our common stock 24 months following the date of issuance of such Series B Preferred Stock without any action or payment required on the part of the holder of the Series B Convertible Preferred Stock. Subject to a floor price limitation of \$0.03 per share, the automatic conversion price to which the Conversion/Dividend Stated Value will be applied will be the lower of (i) \$0.10 per share of common stock; or (ii) a 20% discount to the lowest volume weighted average price ("VWAP") for our common stock on our principal trading market during the five (5) trading days immediately prior to the automatic conversion date.

In April 2020, we issued 90,216 shares and 958,333 shares of common stock to a Series B Preferred Stock investor for accrued dividends and conversion of 25,000 shares of the Series B Preferred Stock.

In September 2019, a Series B investor converted 25,000 shares of Series B Preferred Stock for 734,918 shares of common stock. In October 2019, a Series B investor converted 25,000 shares of Series B Preferred Stock for 731,031 shares of common stock. Additionally, we issued an aggregate of 38,287 shares for Series B dividends.

As of December 31, 2020, we had \$12,075 in remaining accrued Series B dividends.

Series C Convertible Preferred Stock

On June 3, 2019 we filed a Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the "Series C COD") with the Delaware Secretary of State to create a new class of preferred stock, \$0.001 par value per share, designated Series C Convertible Preferred Stock ("Series C Preferred Stock") and authorized the issuance of up to 129,559 shares of Series C Preferred Stock. On the Closing Date, all of the 129,559 shares of Series C Preferred Stock were issued to Pride, the assignee of Maxim. On June 4, 2019 we entered into a Securities Exchange Agreement with Maxim (the "Holder") pursuant to which the Holder exchanged 129,558,574 shares of Common Stock for 129,559 shares (the "Exchange Shares") of our Series C Preferred Stock (the "Share Exchange"). At the request of the Holder, the Exchange Shares were issued to Holder's assignee. The Series C Preferred Stock has no voting or other rights other than the right to receive dividends on a pari passu basis with holders of our Common Stock, the right to receive assets in the event of liquidation, dissolution or winding up on a pari passu basis with holders of our Common Stock and the right to convert into common stock. The stated value of each share of Series C Convertible Preferred for purposes of conversions is \$1,000 (the "Stated Value").

Each share of Series C Preferred Stock is convertible, at any time and from time to time, at the option of the holder thereof, into that number of shares of Common Stock (subject in each case to a 4.99% beneficial ownership limitation) determined by dividing the Stated Value of such share of Series C Preferred Stock by the Series C Preferred Stock conversion price of \$1.00 per share. Consequently, each Share of Series C Preferred Stock is presently convertible into 1,000 shares of Common Stock.

Deferred Officer Compensation

We recorded \$195,054 of amortization of deferred officer compensation during the year ended December 31, 2019. As of December 31, 2019, all deferred officer compensation had been fully amortized.

Note 8. Options and Warrants

Options

The following is a summary of stock options issued pursuant to the 2012 Equity Incentive Plan:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Intrinsic Value
Outstanding as of December 31, 2018	6,300,000	\$ 0.0049	2.4	\$ -
Granted	-	-	-	-

Exercised	(500,000)		0.01	-	-
Forfeited	-		-	-	-
Outstanding as of December 31, 2019	5,800,000	\$	0.00	1.5	\$
Granted	-		-	-	-
Exercised	(4,000,000)		0.01	-	-
Forfeited	-		-	-	-
Outstanding as of December 31, 2020	1,800,000	\$	0.00	0.5	\$
Exercisable as of December 31, 2020	1,800,000	\$	0.0045	0.5	\$

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As of December 31, 2020 and 2019, we had 1,800,000 and 5,800,000 options, respectively, remaining outstanding pursuant to the 2012 Equity Incentive Plan.

There was no stock based compensation expense for options for the years ended December 31, 2020 and 2019. There will be no additional compensation expense recognized in future periods.

Warrants

2020 Transactions

During the year ended December 31, 2020, Pride exercised an aggregate of 4,170,000 shares of common stock pursuant to the exercise provisions of the warrant, including a simultaneous grant and exercise of 2,285,000 warrants. As of December 31, 2020, Pride had no outstanding warrants remaining. The Company received total proceeds of \$93,342 a result of the warrant exercises.

In May 2020, we cancelled warrants that were issued in 2019 to board members to purchase an aggregate of 7,000,000 shares of our common stock. See Note 9.

In August 2020, we issued 7,500,000 warrants to Auctus in connection with the Auctus Note. The exercise price of the Auctus Warrants is \$0.15 per share. In October 2020, we issued 200,000,000 warrants in connection with the Auctus October Note with an exercise price of \$0.15 per share. Furthermore, we issued 28,333,333 warrants to EMA in connection with the EMA note. The exercise price of the EMA Warrants is \$0.15 per share.

2019 Transactions

On January 25, 2019 we issued warrants to two Company executives in exchange for the cancellation of an aggregate of \$348,312 of salary and interest accruals through December 31, 2018. The warrants were fully exercised as described in Note 7 above.

On January 25, 2019 we issued warrants to two Company executives in exchange for the cancellation of an aggregate of \$348,312 of salary and interest accruals through December 31, 2018. The warrants were fully exercised as described in Note 7 above.

On June 4, 2019 we issued a warrant to Pride to purchase an aggregate of 6,250,000 shares of our common stock. The warrant is exercisable through December 4, 2020. The exercise price per share of common stock under this warrant shall be the lesser of (i) \$0.0855, or (ii) 75% of the lowest single trading day closing price during the five trading days prior to the exercise date.

During the year ended December 31, 2019, Pride exercise an aggregate of 4,365,000 shares of common stock pursuant to the exercise provisions of the warrant. The Company received total proceeds of \$137,524 a result of the warrant exercises.

On December 13, 2019, we issued warrants to board members to purchase an aggregate of 7,000,000 shares of our common stock. The exercise price per share of common stock is \$0.03 and the warrants were exercisable immediately.

The following is a summary of the warrant activity for the years ended December 31, 2020 and 2019:

	Warrants	Weighted Average Exercise Price
Outstanding as of December 31, 2018	-	\$ -
Granted	21,850,298	0.05
Exercised	(12,965,298)	0.05
Forfeited	-	-
Outstanding as of December 31, 2019	8,885,000	\$ 0.04
Granted	238,118,333	0.02
Exercised	(4,170,000)	0.08
Forfeited	(7,000,000)	0.03
Outstanding as of December 31, 2020	235,833,333	\$ 0.02

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Note 9. Related Party Transactions

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.

Notes Payable to Related Party

Notes payable to related parties at December 31, 2020 and 2019 totaled \$17,885 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.

Accrued Salaries

In March 2019, we issued an aggregate of 8,600,298 shares of our common stock pursuant to the automatic exercise of warrants issued to two current and prior company officers. The warrants were issued in exchange for the cancellation of an aggregate of \$348,312 of salary and interest accruals through December 31, 2018.

As of December 31, 2020 and 2019, accrued salaries to our company officers and executive director totaled \$299,732 and \$91,352, respectively and is included in accrued salaries and consulting fees in our consolidated balance sheets.

Board of Directors

In March 2020, the Company issued 1,000,000 shares to Orlando Reece pursuant to his appointment to the board, and recognized \$17,800 in compensation expense.

In May 2020, we issued an aggregate of 11,942,161 shares to directors as compensation, including 3,942,161 shares pursuant to accrued monthly fees and 8,000,000 shares pursuant to 2020 annual compensation. In conjunction with this transaction, we cancelled 7,000,000 warrants that were issued to the board in December 2019. We accounted for the modification in accordance with ASC 718-20-35. Total fair value of the shares issued and warrant modification was \$214,595.

In March and April 2019, we issued an aggregate of 5,000,000 shares of common stock to five unrelated individuals in accordance with their appointment as directors of the Company, and recognized \$555,401 in compensation expense.

In 2019, we began the accrual of director's fees for five individuals at the rate of \$25,000 per annum. Four of the directors have agreed to receive their fee payments in shares of the Company's common stock with the number of shares to be issued based on the 5-day average trading price of the stock at the end of each month.

Total accrued directors' compensation of \$94,584 and \$80,000 at December 31, 2020 and 2019, respectively, is included in accrued salaries and consulting fees on our consolidated balance sheets.

A board member is the co-founder and president of ProcureAM, LLC, the fund advisor for the Fund. As of December 31, 2020 and 2019, we have \$100,000 included as other receivables on our consolidated balance sheet, which represents amounts held in escrow at the Fund's custodian.

Accounts Payable

As of December 31, 2020, the Company had \$18,981 included in accounts payable to related parties including officers and board members.

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Note 10. Income Taxes

Income tax provision (benefit) for the years ended December 31, 2020 and 2019 is summarized below:

	Year Ended December 31,	
	2020	2019
Current income tax provision:		
Federal	\$ -	\$ -
State	-	-
Total current income tax provision	-	-
Deferred income tax benefit:		
Federal	(139,793)	(497,200)
State	(36,607)	(130,200)
Total deferred income tax benefit	(176,400)	(627,400)
Change in deferred tax asset valuation allowance	176,400	627,400
Total provision for income taxes	\$ -	\$ -

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 December 31, 2020 and 2019 are as follows:

	Year Ended December 31,	
	2020	2019
Federal statutory income tax rate	21.0%	21.0%
State income taxes, net of federal benefit	5.5	5.5
Change in deferred tax asset valuation allowance	(26.5)	(26.5)
Effective income tax rate	-%	-%

Components of the net deferred income tax assets at December 31, 2020 and 2019 were as follows:

	December 31,	
	2020	2019
Net operating loss carryforwards	\$ 1,363,000	\$ 1,155,600
Depreciation and amortization	(31,000)	-
Valuation allowance	(1,332,000)	(1,155,600)

Net deferred tax assets

	December 31,	
	2020	2019
Valuation allowance as of beginning of year	\$ 1,155,600	\$ 528,200
Increases recorded to income tax provision	176,400	627,400
Valuation allowance as of end of year	\$ 1,332,000	\$ 1,155,600

In accordance with ASC 740, at December 31, 2020 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 \$1,332,000.

As of December 31, 2020, we had cumulative net operating loss carry forwards of approximately \$6,539,000 which have varying expirations.

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. Commitments and Contingencies

Employment Agreements

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 Agreements with our current and former Chief Executive Officers provide for base compensation of \$150,000. Effective January 1, 2020, the Board approved that the Chief Executive Officer's salary is \$200,000 per year.

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Each of the foregoing 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 January 1, 2018, the Agreements were modified to remove the conversion right provisions. On February 15, 2019 the Executive Management Consulting Agreement with our former Chief Executive Officer was terminated by mutual agreement.

Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matters will have a material adverse effect on its business, financial condition or results of operations.

Note 12. Subsequent Events

On February 5, 2021, we amended our Certificate of Incorporation to increase our authorized capitalization from 1,000,000,000 shares of common stock, par value \$0.001 per share, to 2,000,000,000 shares of common stock.

On March 5, 2021, the Company entered into a Securities Purchase Agreement with Power Up Lending Group Ltd ("Power Up 2021 Note"). Pursuant to the terms of the Power Up 2021 Note, the lender agreed to purchase from the Company, for a purchase price of \$78,500, a 10% convertible note in the principal amount of \$86,350. The Power Up 2021 Note matures and becomes due and payable on March 5, 2022 and accrues interest at a rate of 10% per annum. The Power Up 2021 Note, plus all accrued but unpaid interest, may be prepaid at any time prior to the maturity date.

The Power Up 2021 Note is convertible into shares of the Company's common stock at any time at a conversion price (the "Conversion Price"), which shall equal the Variable Conversion Price. The "Variable Conversion Price" shall mean 60% multiplied by the Market Price, which is the lowest Trading Price for the common stock during the twenty (20) trading day period ending on the latest complete trading day prior to the conversion date. The conversion price is subject to customary adjustments. The conversion price is not subject to a floor.

Through the issuance date, the Company issued an aggregate of 37,538,998 shares of common stock pursuant to conversions of Calvary and Power Up debentures.

In April 2021, we filed a Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Preferred Stock (the "Series D COD") with the Delaware Secretary of State to create a new class of preferred stock, \$0.001 par value per share, designated Series D Convertible Preferred Stock and authorized the issuance of up to four hundred (400) shares of Series D Preferred Stock. The Series D Preferred Stock has a stated value of \$1,200 per share ("Stated Value") and the holder of the Series D Preferred Stock has the right to receive a dividend equal to eight percent (8%) per annum, payable quarterly, beginning on the issuance date of the Series D Preferred Stock and ending on the date that Series D Preferred Share has been converted or redeemed. Dividends may be paid in cash or in shares of Series D Preferred Stock at the discretion of the Company. Further, the holders of the Series D Preferred Stock has the right to receive assets in the event of liquidation, dissolution or winding up before any distribution or payment shall be made to the holders of any securities junior to the Series D Preferred Stock.

On April 8, 2021, the Company issued 400 shares of Series D Preferred Stock to GHS Investments, LLC pursuant to a Securities Purchase Agreement ("GHS Agreement") for net proceeds of \$427,600. In conjunction with the GHS Agreement, the Company issued warrants to purchase 40,000,000 shares of common stock at an exercise price of \$0.001.

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.

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LIST OF SUBSIDIARIES

LGBT Loyalty LLC

Advancing Equality Preference, Inc.

CERTIFICATIONS

I, Robert A. Blair, certify that:

1. I have reviewed this Annual Report on Form 10-K of LGBTQ Loyalty Holdings, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the most recent fiscal quarter (the registrant's fourth fiscal quarter) covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 15, 2021

/s/ Robert A. Blair

Robert A. Blair
Chief Executive Officer

CERTIFICATIONS

I, Eric Sherb, certify that:

1. I have reviewed this Annual Report on Form 10-K of LGBTQ Loyalty Holdings, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the most recent fiscal quarter (the registrant's fourth fiscal quarter) covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 15, 2021

/s/ Eric Sherb

Eric Sherb
Chief Financial Officer

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

In connection with the Annual Report of LGBTQ Loyalty Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert A. Blair, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Robert A. Blair

Name: Robert A. Blair
Title: Chief Executive Officer
Date: April 15, 2021

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

In connection with the Annual Report of LGBTQ Loyalty Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Eric Sherb, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Eric Sherb

Name: Eric Sherb
Title: Chief Financial Officer
Date: April 15, 2021
