

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## LIFEAPPS BRANDS INC.

**Form: 10-Q**

**Date Filed: 2017-05-22**

Corporate Issuer CIK: 1510247

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

FORM 10-Q

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

For the quarterly period ended **March 31, 2017**

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

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

Commission file number: **000-54867**

**LIFEAPPS BRANDS INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**80-0671280**

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

**Polo Plaza, 3790 Via De La Valle, #116E, Del Mar, CA 92014**

(Address of principal executive offices, including zip code)

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

**Tel: (858)-577-0500**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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 May 22, 2017 there were issued and outstanding 25,311,186 shares of Common Stock, \$0.001 par value.

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LIFEAPPS BRAND INC.

FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2017  
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LIFEAPPS BRAND INC.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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LifeApps Brands Inc.  
Condensed Consolidated Balance Sheets  
(Unaudited)

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 1,117	\$ 1,388
Other current assets	940	940
Total current assets	2,057	2,328
Intangible asset, net of amortization	900	1,125
Total Assets	\$ 2,957	\$ 3,453
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 130,709	\$ 130,708
Amount due to related party	574,854	536,639
Total current liabilities	705,563	667,347
<b>Stockholders' Equity (Deficit)</b>		
Preferred stock, \$.001 par value, 10,000,000 authorized, none issued or outstanding	—	—
Common stock, \$.001 par value, 300,000,000 shares authorized, 25,311,186 shares issued and outstanding, as of March 31, 2017 and December 31, 2016	25,311	25,311
Additional paid in capital	2,101,795	2,099,358
Accumulated (deficit)	(2,829,712)	(2,788,563)
Total stockholders' (deficit)	(702,606)	(663,894)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 2,957	\$ 3,453

See the accompanying notes to the condensed consolidated financial statements

LifeApps Brands Inc.  
Condensed Consolidated Statements of Operations  
(Unaudited)

	For the Three Months Ended March 31,	
	2017	2016
Revenue	\$ 1,055	\$ 6,588
Cost of revenue	49	6,456
Gross profit	<u>1,006</u>	<u>132</u>
Operating expenses:		
General and administrative	41,929	54,096
Depreciation and amortization	225	9,027
Total operating expenses	<u>42,154</u>	<u>63,123</u>
Loss before income taxes	(41,148)	(62,991)
Provision for income taxes	—	—
Net (loss)	<u>\$ (41,148)</u>	<u>\$ (62,991)</u>
Per share information - basic and fully diluted:		
Weighted average shares outstanding	<u>25,311,186</u>	<u>20,469,256</u>
Net (loss) per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

See the accompanying notes to the condensed consolidated financial statements

LifeApps Brands Inc.  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	For the Three Months Ended March 31,	
	2017	2016
Net cash used in operations	\$ (986)	\$ (17,647)
Cash flow from investing activities:		
Net Cash used in investing activities	—	—
Cash flow from financing activities:		
Shareholder advances	715	15,000
Net cash provided by financing activities	715	15,000
Net (decrease) in cash	(271)	(2,647)
Cash at beginning of period	1,388	4,968
Cash at end of period	\$ 1,117	\$ 2,321
Non-cash financing activities:		
Conversion of accounts payable to common stock	\$ —	\$ 8,058
Officer salary accrual	\$ 37,500	\$ 37,500

See the accompanying notes to the condensed consolidated financial statements

**LifeApps Brands Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**March 31, 2017 and 2016**  
**(Unaudited)**

**Note 1. Nature of Business**

Throughout this report, the terms “our,” “we,” “us,” and the “Company” refer to LifeApps Brands Inc., including its subsidiaries. The accompanying unaudited condensed consolidated financial statements of LifeApps Brands Inc. at March 31, 2017 and 2016 have been prepared in accordance with generally accepted accounting principles (“GAAP”) for interim financial statements, instructions to Form 10-Q, and Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2016. In management’s opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation to make our financial statements not misleading have been included. The results of operations for the periods ended March 31, 2017 and 2016 presented are not necessarily indicative of the results to be expected for the full year. The December 31, 2016 balance sheet has been derived from our audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2016.

We are building health, fitness and sports communities across multiple digital platforms including mobile apps, digital sports and fitness publications, sports and fitness products, sporting events, gateway platforms, online websites and social media.

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

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 2,829,712. 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.

*Principles of Consolidation*

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

*Use of Estimates*

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

*Financial Instruments*

The estimated fair values for financial instruments were determined at discrete points in time based on relevant market information. These estimates involved uncertainties and could not be determined with precision. The carrying amounts of accounts receivable, accounts payable and accrued liabilities approximated fair value because of the short-term maturities of these instruments. The fair value of notes payable approximated their carrying value as generally their interest rates reflected our effective annual borrowing rate.



**LifeApps Brands Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**March 31, 2017 and 2016**  
**(Unaudited)**

*Fair Value Measurements:*

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

*Accounts Receivable*

A significant majority of our sales are through credit cards and other electronic payment methods. When we do grant credit to our customers it is generally in the form of short term accounts receivables, normally due in 30 days. The credit worthiness of the customer is evaluated prior to the sale. As of March 31, 2017 all of our accounts receivable were fully reserved. There was no bad debt expense recorded during the three month periods ended March 31, 2017 and 2016.

*Intangibles*

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

*Fixed Assets*

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

*Revenue Recognition*

Revenue is derived primarily from the sale of sports and fitness apparel and equipment, and software applications designed for use on mobile devices such as smart phones and tablets. Revenue is recognized only when persuasive evidence of an arrangement exists, the fee is fixed or determinable, the product or service has been delivered, and collectability is probable.

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

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

*Cost of Revenue*

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

**LifeApps Brands Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
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**(Unaudited)**

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

All research and development costs are expensed as incurred. Software development costs eligible for capitalization under ASC 350-50, *Website Development Cost*, and ASC 985-20, *Software-Costs of Software to be Sold, Leased or Marketed*, were not material to our financial statements for the periods ended March 31, 2017 and 2016. Research and development expenses amounted to \$0 for three months ended March 31, 2017 and 2016. Research and development expenses when present are included in general and administrative expenses.

*Advertising Costs*

We recognize advertising expense when incurred. Advertising expense was \$0 and \$130 for the three months ended March 31, 2017 and 2016, respectively.

*Rent Expense*

We recognize rent expense on a straight-line basis over the reasonably assured lease term as defined in ASC Topic 840, *Leases* ("ASC 840"). Our lease is short term and will be renewed on a month to month basis. Rent expense was \$2,160 and \$2,145 for the for three months ended March 31, 2017 and 2016, respectively.

*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 for three months ended March 31, 2017 and 2016 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 for three months ended March 31, 2017 and 2016, and the outstanding stock options and warrants are anti-dilutive.

**LifeApps Brands Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**March 31, 2017 and 2016**  
**(Unaudited)**

*Recent Pronouncements*

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

**Note 3. Fixed Assets**

At March 31, 2017 and December 31, 2016, fixed assets consisted of the following:

	2017	2016
Furniture and Equipment	\$ 7,670	\$ 7,670
Less accumulated depreciation	(7,670)	(7,670)
	<u>\$ —</u>	<u>\$ —</u>

The amount charged to depreciation expense for furniture and equipment was \$0 and \$607 for the three months ended March 31, 2017 and 2016, respectively.

**Note 4. Intangible Assets**

At March 31 2017 and December 31, 2016, intangible assets consist of the following:

	2017	2016
Internet domain names	\$ 58,641	\$ 58,641
Less accumulated amortization	(58,641)	(58,641)
	<u>\$ —</u>	<u>\$ —</u>
Website and data bases	\$ 56,050	\$ 56,050
Less accumulated amortization	(56,050)	(51,380)
	<u>\$ —</u>	<u>\$ 4,760</u>
Customer and supplier lists	\$ 4,500	\$ 4,500
Less accumulated amortization	(3,600)	(3,375)
	<u>\$ 900</u>	<u>\$ 1,125</u>
Total intangibles	\$ 119,191	\$ 119,191
	(118,291)	(118,066)
	<u>\$ 900</u>	<u>\$ 1,125</u>

We recognized goodwill and identifiable intangibles arising from the allocation of the purchase prices of assets acquired in accordance with ASC 805. Goodwill represents the excess of cost over fair value of all identifiable assets less any liabilities assumed. We have not recognized any goodwill in these financial statements. Additionally, ASC 805 gives guidance on five types of assets: marketing-related, customer-related, artistic-related, contract-related, and technology based intangible assets. We identified identifiable intangibles that are marketing-related, customer-related, and technology based.

The amount charged to amortization expense for all intangibles was \$225 and \$8,419 for the three months ended March 31, 2017 and 2016, respectively.

**LifeApps Brands Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
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**(Unaudited)**

Estimated future amortization expense related to the intangibles as of March 31, 2017 is as follows:

Year Ended December 31,		
2017	\$	675
2018		225
	<u>\$</u>	<u>900</u>

**Note 5. Amounts Due Related Parties**

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.

Amount due to related parties represent cash advances, salary accruals and amounts paid on our behalf by officers and shareholders of the Company. These advances are non-interest bearing, short-term in nature and due on demand. The balance at March 31, 2017 and December 31, 2016, was \$574,854 and \$536,639, respectively. Salary accruals for each period amounted to \$37,500 and net cash advances amounted to \$715 and \$15,000, respectively for the three months ended March 31, 2017 and 2016.

**Note 6. Stockholders' Equity**

During the three months ended March 31, 2016 we issued 597,545 shares of common stock in settlement of \$8,058 in previously accrued legal services.

**Note 7. Stock Based Compensation**

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

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

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

Stock based compensation expense recorded for the periods ended March 31, 2017 and 2016 was \$2,437 and \$0, respectively.

**LifeApps Brands Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**March 31, 2017 and 2016**  
**(Unaudited)**

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

Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding January 1, 2017	10,000,000	\$ 0.0026	3.4
Granted	—	\$ —	—
Exercised	—	\$ —	—
Cancelled	—	\$ —	—
Outstanding March 31, 2017	<u>10,000,000</u>	<u>\$ .0026</u>	<u>3.15</u>
Exercisable March 31, 2017	<u>1,875,000</u>	<u>\$ .0026</u>	<u>3.15</u>

There will be approximately \$21,125 of additional compensation expense recognized in future periods.

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

Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value at date of grant
Outstanding January 1, 2016	5,000,000	\$ 0.026	3.4
Granted	—	\$ —	—
Exercised	—	\$ —	—
Cancelled	—	\$ —	—
Outstanding December 31, 2016	<u>5,000,000</u>	<u>\$ 0.0026</u>	<u>3.15</u>
Exercisable December 31, 2016	<u>937,500</u>	<u>\$ 0.026</u>	<u>3.15</u>

There will be approximately \$10,600 of additional compensation expense recognized in future periods.

**Note 8. Outstanding Warrants**

There were no warrants issued during the periods ended March 31, 2017 or 2016. The following is a summary of outstanding warrants as of March 31, 2017:

Warrants	Number of warrants	Exercise price per share	Average remaining term in years	Aggregate intrinsic value at date of grant
Warrants issued in connection with private placement of units in 2012	<u>400,000</u>	<u>\$ 15.00</u>	<u>1.47</u>	<u>\$ —</u>

**LifeApps Brands Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**March 31, 2017 and 2016**  
**(Unaudited)**

The warrants expire on September 20, 2017.

**Note 9. Income Taxes**

Income tax provision (benefit) for the periods ended March 31, 2017 or 2016, is summarized below:

	<u>2017</u>	<u>2016</u>
Current:		
Federal	\$ —	\$ —
State	—	—
Total current	<u>—</u>	<u>—</u>
Deferred:		
Federal	(14,000)	(21,400)
State	(2,300)	(3,500)
Total deferred	<u>(16,300)</u>	<u>(24,900)</u>
Increase in valuation allowance	16,300	24,900
Total provision	<u>\$ —</u>	<u>\$ —</u>

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before provision for income taxes. The sources and tax effects of the differences as of March 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Income tax provision at the federal statutory rate	34.0%	34.0%
State income taxes, net of federal benefit	5.5%	5.5%
Increase in valuation allowance	<u>(39.5)%</u>	<u>(39.5)%</u>
	<u>0.0%</u>	<u>0.0%</u>

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. The Company had deferred tax assets of \$621,100 and \$604,800 as of December 31, 2016 and 2015, respectively, resulting from net operating loss carry-forwards of approximately \$1,572,000 at December 31, 2016.

**Note 10. Business Segments**

We currently have two business segments; (i) the sale of physical products ("Products") and (ii) digital publishing ("Publishing"). The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The publishing segment does not meet the quantitative threshold for disclosure as outlined ASC Topic 280 *Segment Reporting*.

All of our revenue is generated in the United States and accordingly no geographic segment reporting is included.

No customers accounted for more than 10% of our revenues in the periods March 31, 2017 and 2016.

**LifeApps Brands Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**March 31, 2017 and 2016**  
**(Unaudited)**

**Note 11. Subsequent Events**

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

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

*The following discussion should be read in conjunction with the financial information included elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly Report"), including our unaudited condensed consolidated financial statements as of March 31, 2017 and March 31, 2016 and for the nine months ended September 30, 2016 and 2015 and the related notes. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations section to "us," "we," "our," and similar terms refer to LifeApps Brands Inc., a Delaware corporation. This discussion includes forward-looking statements, as that term is defined in the federal securities laws, based upon current expectations that involve risks and uncertainties, such as plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Words such as "anticipate," "estimate," "plan," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements.*

*We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risk factors in Item 2.01 in our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission (the "SEC") on April 17, 2017. 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.*

### Overview

LifeApps® is a licensed developer and publisher of apps for the Apple App Store for iPhone, iPod touch, iPad and iPad mini. LifeApps® is also a licensed developer on both Google Play and Amazon Appstore for Android. LifeApps® has distributed apps/publications on all three platforms. Moving forward LifeApps® is developing new apps, and exploring new opportunities pairing apps with physical retail and e-commerce/mobile-commerce products.

### Plan of Operation

LifeApps® intends to continue to develop and license the LifeApps Mobile App Platform. We will research and seek out aligned companies with need for tutorial based apps for mobile and we will work to create new revenue through development and licensing of our presentation format for their use. We will pursue a business model of physical-tied-to-mobile, combining mobile app training with a physical retail product. LifeApps® is developing a suite of software tools and enhanced customer experiences that will enable us to scale the LifeApps Mobile App Platform through technology enhancements.

LifeApps® intends to monetize and drive revenue through a combination of its software development, e-commerce/mobile-commerce of mobile applications and in-app sales, subscriptions and advertising across all platforms.

Our previous SportsOne business has been closed to utilize resources to better serve the new direction and focus of the Company.

The Company's acquisition strategy of purchasing companies, development resources and assets that are aligned with our areas of interest can further aid in our entering additional market segments. We will actively research and engage in the acquisition of companies and resources that can expedite our entrance into new markets, or strengthen our position in existing ones.



## Critical Accounting Policies and Estimates

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP"), which contemplates our continuation as a going concern. As of March 31, 2017, we have incurred losses of \$2,829,712. To date we have funded our operations through advances from a related party, issuances of convertible debt, and the sale of our common stock. We intend to raise additional funding through third party equity or debt financing. There is no certainty that funding will be available as needed. These factors raise substantial doubt about our ability to continue operating as a going concern. Our ability to continue our operations as a going concern, realize the carrying value of our assets, and discharge our liabilities in the normal course of business is dependent upon our ability to raise capital sufficient to fund our commitments and ongoing losses, and ultimately generate profitable operations.

### *Use of Estimates*

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

### *Fair Value Measurements:*

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

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

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

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

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

### *Inventory*

Inventory consists of finished goods, sports and fitness products, and is stated at the lower of cost or net realizable value, with cost being determined on a first-in first-out basis.

### *Intangibles*

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

### *Derivative Financial Instruments:*

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

### *Revenue Recognition*

Revenue is derived primarily from the sale of sports and fitness apparel and equipment, and software applications designed for use on mobile devices such as smart phones and tablets. Revenue is recognized only when persuasive evidence of an arrangement exists, the fee is fixed or determinable, the product or service has been delivered, and collectability is probable.

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

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

### *Cost of Revenue*

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

### *Equity Based Payments*

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

## Results of Operations

### Three months ended March 31, 2017 compared with the respective period ended March 31, 2016

Revenues for the three months ended March 31, 2017 and 2016 were \$1,055 and \$6,588, respectively. Revenues for the three months ended March 31, 2017 were derived primarily from sales of sports products. Revenues for the three months ended March 31, 2016 were derived primarily from sales of sports apparel. The decrease in revenues is due to a decrease in marketing by us and increased competition.

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

Cost of revenues for the three months ended March 31, 2017 and 2016 was \$49 (4.6%) and \$6,456 (98%), respectively. This resulted in a gross profit for three months ended March 31, 2017 and 2016 of \$1,066 (95.4%) and \$132 (2%), respectively. Costs were primarily the cost of products sold. The increase in gross margin is primarily due to sales of discontinued product.

The following is a breakdown of our selling, general and administrative expenses for the three months ended March 31, 2017 and 2016:

	Three months Ended March 31,		Difference
	2017	2016	
Personnel costs	\$ 37,500	\$ 38,047	\$ (547)
Professional fees	0	2,000	(2,000)
Marketing and advertising	0	740	(740)
Stock related expenses	2,437	4,498	(2,061)
Rent	2,160	2,145	15
Other expenses	(168)	6,666	(6,834)
	<u>\$ 41,929</u>	<u>\$ 54,096</u>	<u>\$ (12,167)</u>

Professional fees decreased \$2,000 (100%) from \$2,000 for the three months ended March 31, 2016 to \$0 for the three months ended March 31, 2017. The decrease is a result of decreased legal and accounting fees associated with the Company's financing activities.

Expenses related to our common stock decreased \$2,061 (45.8%) from \$4,498 for the three months ended March 31, 2016 to \$2,437 for the three months ended March 31, 2017. The 2017 period includes recognition of stock option expense for options vested during the quarter.

Our marketing and advertising expenses decreased \$740 (100%) from \$740 for the three months ended March 31, 2016 to \$0 for the three months ended March 31, 2017. The decrease is a result of controlling our expenditures.

All of our other operating costs decreased as the result of generally keeping costs down.

We had operating losses and net losses of \$41,148 and \$62,991 for the three months ended March 31, 2017 and March 31, 2016, respectively.

## Liquidity and Capital Resources

To date, we have been financed primarily by capital contributions from members of LifeApps LLC, the predecessor to LifeApps, from short term loans and through sales of our securities. Our existing sources of liquidity may not be sufficient for us to implement our business plans. 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 needed.

As of March 31, 2017, we had negative working capital of \$703,506 as compared to negative working capital of \$665,019 at December 31, 2016.

During the three months ended March 31, 2017 and 2016, operations used cash of \$986 and \$17,647 respectively.

During the three months ended March 31, 2017 and 2016, we used no cash in investing activities.

During the three months ended March 31, 2017 and 2016, net cash provided by financing activities was \$715 and \$15,000, respectively.

Additionally, we received 35+ net amounts of \$715 and \$0 of cash advances from our chief executive officer and net amounts of \$0 and \$15,000 of cash advances from a director during the three months ended March 31, 2017 and 2016, respectively.

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

#### Going Concern

Our financial statements have been prepared on a going concern basis which assumes that we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. We have incurred losses since inception resulting in an accumulated deficit of approximately \$2,829,712 as of March 31, 2017 and further losses are anticipated in the development of our business raising substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our generating profitable operations in the future and/or obtaining the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next twelve months with existing cash on hand and/or additional officer and shareholder advances. These financials do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts, or amounts and classifications of liabilities that might result from this uncertainty.

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

We have no off-balance sheet arrangements.

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

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

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

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

## **Limitations on Effectiveness of Controls and Procedures**

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

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

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

There have been no changes in the Company's internal control over financial reporting during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

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

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

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

For information regarding risk factors, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on April 17, 2017, which may be accessed via EDGAR through the Internet at [www.sec.gov](http://www.sec.gov).

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

We sold no unregistered equity securities during the quarter ended March 31, 2017.

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

None.

#### ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

#### ITEM 5. OTHER INFORMATION

(DELETE SECTION IF NO "OTHER INFORMATION" IS BEING REPORTED)

#### ITEM 6. EXHIBITS

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
<a href="#">31.1</a>	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">31.2</a>	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">32.1</a> *	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<a href="#">32.2</a> *	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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

**SIGNATURES**

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIFEAPPS BRANDS INC.

May 22, 2017

By: /s/ Robert Gayman

Robert Gayman, Chief Executive Officer

LIFEAPPS BRANDS INC.

May 22, 2017

By: /s/ Robert Gayman

Robert Gayman, Chief Financial Officer

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**Certification of Principal Executive Officer Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert Gayman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LifeApps Brands 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 officer(s) 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 registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarterly 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 officer(s) 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 the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 22, 2017

By: /s/ Robert Gayman

Robert Gayman  
Chief Executive Officer and President  
(Principal Executive Officer)

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**Certification of Principal Financial Officer Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert Gayman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LifeApps Brands 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 officer(s) 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 registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarterly 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 officer(s) 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 the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 22, 2017

By: /s/ Robert Gayman  
Robert Gayman  
Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the Quarterly Report of LifeApps Brands Inc. (the "Company") on Form 10-Q, for the fiscal quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Gayman, Chief Executive Officer and President of LifeApps Brands Inc., certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

Date: May 22, 2017

By: /s/ Robert Gayman

Robert Gayman  
Chief Executive Officer and President  
(Principal Executive Officer)

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

In connection with the Quarterly Report of LifeApps Brands Inc. (the "Company") on Form 10-Q, for the fiscal quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Gayman, Chief Financial Officer of LifeApps Brands Inc., certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

Date: May 22, 2017

By: /s/ Robert Gayman

Robert Gayman  
Chief Financial Officer  
(Principal Financial Officer)

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