

**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, 2021**

or

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: **333-202959**

BALANCE LABS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
Identification No.)

47-1146785

(IRS Employer
of incorporation)

407 Lincoln Road, Suite 701

Miami Beach, Florida 33139

(Address of principal executive offices)

(305) 907-7600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

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, 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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
Emerging growth company	<input 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 March 31, 2021, there were 21,674,000 shares outstanding of the registrant's common stock.

BALANCE LABS, INC. AND SUBSIDIARIES
FORM 10-Q

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I – FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements.</u>	3
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	18
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	23
<u>Item 4. Controls and Procedures.</u>	23
<u>PART II – OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings.</u>	23
<u>Item 1A. Risk Factors.</u>	23
<u>Item 2 Unregistered Sales of Equity Securities and Use of Proceeds.</u>	23
<u>Item 3 Defaults Upon Senior Securities.</u>	23
<u>Item 4. Mine Safety Disclosures.</u>	24
<u>Item 5. Other Information.</u>	24
<u>Item 6. Exhibits.</u>	24
<u>Signatures</u>	25

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Balance Labs, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	March 31, 2021	December 31, 2020
	(unaudited)	
Assets		
Current Assets:		
Cash	\$ 7,646	\$ 5,632
Prepaid Expenses	25,000	25,000
Interest Receivable	1,989	-
Notes Receivable, net of discount of \$35,794 and \$0 as of March 31, 2021 and December 31, 2020	83,206	-
Total Current Assets	117,841	30,632
Property and Equipment, Net	1,376	1,416
Other Assets		
Due from Related Party	20,000	20,000
Investment at Fair Value - Related Party	1,210,000	1,215,500
Investment at Fair Value	43,000	-
Trademarks	2,836	2,836
Total Assets	\$ 1,395,053	\$ 1,270,384
Liabilities and Stockholders' Deficit		
Accounts Payable and Accrued Expenses	\$ 891,954	\$ 886,453
Accounts Payable - Related Party	761,659	731,659
Short-Term Advances - Related Party	1,514,558	1,266,058
Convertible Note Payable	25,000	25,000
Convertible Notes Payable - Related Party	120,000	120,000
Notes Payable - Related Party, net	106,850	106,850
Accumulated losses of unconsolidated investees in excess of investment	138,584	117,578
Notes Payable	134,075	134,020
Total Current Liabilities	3,692,680	3,387,618
Note Payable, net of current	12,592	12,647
Convertible Note Payable, net of debt discount of \$39,690 and \$42,525 as of March 31, 2021 and December 31, 2020	460,310	457,475
Total Long-Term Liabilities	472,902	470,122
Total Liabilities	4,165,582	3,857,740
Commitments and Contingencies (See Note 7)		
Stockholders' Deficit		
Preferred Stock, \$.0001 par value: Authorized 50,000,000 shares none issued and outstanding as of March 31, 2021 and December 31, 2020	-	-
Common Stock, \$.0001 par value: Authorized 500,000,000 shares, 21,674,000 and 21,674,000 Issued and outstanding as of March 31, 2021 and December 31, 2020	2,167	2,167
Additional Paid in Capital	806,249	806,249
Accumulated Deficit	(3,523,228)	(3,341,830)
Stockholders' Deficit	(2,714,812)	(2,533,414)
Non-controlling interest	(55,717)	(53,942)
Total Stockholders' Deficit	(2,770,529)	(2,587,356)
Total Liabilities and Stockholders' Deficit	\$ 1,395,053	\$ 1,270,384

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

Balance Labs, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations
(unaudited)

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Revenue related party	<u>\$ -</u>	<u>\$ -</u>
General and Administrative expenses	5,900	10,388
Professional Fees	25,030	21,500
Salaries and Wages	34,391	53,503
General and Administrative expenses - related party	30,000	30,000
Total Operating Expenses	<u>95,321</u>	<u>115,391</u>
Loss from Operations	(95,321)	(115,391)
Other Income (Expenses)		
Unrealized Loss on available for sale purchases	(5,500)	(51,000)
Net Loss allocated from Equity Method Investee	(21,006)	(23,004)
Accreted interest income and interest income on note receivable	9,195	-
Interest expense (includes amortization of warrants on note)	(70,541)	(50,509)
Total Other Expenses	<u>(87,852)</u>	<u>(124,513)</u>
Net Loss	(183,173)	(239,904)
Net Loss attributable to Non Controlling Interest	<u>(1,775)</u>	<u>(1,775)</u>
Net Loss attributable to the company	<u>\$ (181,398)</u>	<u>\$ (238,129)</u>
Net Loss per share Basic and Diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average Number of Common Shares Outstanding- Basic and Diluted	<u>21,674,000</u>	<u>21,674,000</u>

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

Balance Labs, Inc. and Subsidiaries
Condensed Consolidated Statement of Changes in Stockholders' Deficit
For the Three Months ended March 31, 2021 and 2020
(Unaudited)

	Common Stock		Additional Paid-in Capital	Non- Controlling Interest	Accumulated Deficit	Total
	Shares	Par				
Balance December 31, 2019	21,674,000	\$ 2,167	\$ 806,249	\$ (46,843)	\$ (3,699,587)	\$ (2,938,014)
Net Loss	-	-	-	(1,775)	(238,129)	(239,904)
Balance, March 31, 2020 (Unaudited)	21,674,000	\$ 2,167	\$ 806,249	\$ (48,618)	\$ (3,937,716)	\$ (3,177,918)
	Common Stock		Additional Paid-in Capital	Non- Controlling Interest	Accumulated Deficit	Total
	Shares	Par				
Balance December 31, 2020	21,674,000	\$ 2,167	\$ 806,249	\$ (53,942)	\$ (3,341,830)	\$ (2,587,356)
Net Loss	-	-	-	(1,775)	(181,398)	(183,173)
Balance, March 31, 2021 (Unaudited)	21,674,000	\$ 2,167	\$ 806,249	\$ (55,717)	\$ (3,523,228)	\$ (2,770,529)

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

Balance Labs, Inc. and Subsidiaries
Condensed Consolidated Statement of Cash Flows
(unaudited)

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Cash Flows from operating activities		
Net Loss	\$ (183,173)	\$ (239,904)
Adjustments to reconcile net loss to net cash used in operations:		
Amortization of Debt Discount	2,835	4,906
Accreted interest on Note Receivable	(7,206)	-
Depreciation expense	40	40
Net loss from equity method investment	21,006	23,004
Unrealized Loss on Available-for-sale purchase	5,500	51,000
Change in Operating Assets and Liabilities:		
Interest Receivable	(1,989)	-
Accounts Payable and Accrued Expenses	5,501	78,177
Accounts Payable and Accrued Expenses, related party	30,000	30,000
Net Cash used in Operating activities	<u>(127,486)</u>	<u>(52,777)</u>
Cash Flows from Investing Activities		
Notes Receivable	(119,000)	-
Advance to a related party	-	(17,500)
Net Cash used in Investing Activities	<u>(119,000)</u>	<u>(17,500)</u>
Cash Flow from Financing Activities		
Proceeds from short term advances, related parties	248,500	63,750
Net Cash provided by financing activities	<u>248,500</u>	<u>63,750</u>
Net cash increase (decrease) for the period	2,014	(6,527)
Cash beginning of the Period	5,632	9,184
Cash end of the Period	<u>\$ 7,646</u>	<u>\$ 2,657</u>
Supplemental disclosure for Cash Flow Information		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest expense	\$ -	\$ 1,209
Supplemental disclosure for Non Cash investing and financing activities:		
Investment at Fair Value received from issuance of Note Receivable	<u>\$ 43,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Note 1 – Business Organization and Nature of Operations

Balance Labs, Inc. (“Balance Labs” or the “Company”) was incorporated on June 5, 2014 under the laws of the State of Delaware. Balance Labs is a consulting firm that provides business development and consulting services to start up and development stage businesses. The Company offers services to help businesses in various industries improve and fine tune their business models, sales and marketing plans and internal operations as well as make introductions to professional services such as business plan writing, accounting firms and legal service providers.

The Company leverages its knowledge in developing businesses with entrepreneurs and start up companies’ management whereby it creates a customized plan for them to overcome obstacles so that they can focus on marketing their product(s) and/or service(s) to their potential customers.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial position of Balance Labs as of March 31, 2021 and the unaudited condensed consolidated results of its operations and cash flows for the three months ended March 31, 2021. The unaudited condensed consolidated results of operations for the three months ended March 31, 2021 are not necessarily indicative of the operating results for the full year. It is recommended that these unaudited condensed consolidated financial statements be read in conjunction with the audited financial statements and related disclosures of the Company for the year ended December 31, 2020 which was filed with the Securities and Exchange Commission on March 31, 2021.

Note 2 – Going Concern

The condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company used \$127,486 of cash in operating activities and currently has \$7,646 in cash. There is substantial doubt about the Company to continue as a going concern. This will not sustain the Company without additional funds. Management plans to raise additional capital within the next twelve months that will sustain its operations for the next year. In addition, the Company will begin an active marketing campaign to market its services. There can be no assurance that such a plan will successful. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of 90 days or less to be cash equivalents. At March 31, 2021 and December 31, 2020, the Company has \$2,000 and \$2,000 in cash equivalents, respectively.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates may include those pertaining to stock-based compensation, depreciable lives of fixed assets and deferred tax assets. Actual results could materially differ from those estimates.

Accounts Receivable

Accounts receivable are recorded at fair value on the date revenue is recognized. The Company provides allowances for doubtful accounts by specific customer identification. If market conditions decline, actual collections may not meet expectations and may result in decreased cash flow and increased bad debt expense. Once collection efforts by the Company and its collection agency are exhausted, the determination for charging off uncollectible receivables is made.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Joint Venture

Balance Labs, Inc. and subsidiaries use the equity method to account for their financial interest in the following company:

	March 31, 2021	December 31, 2020
iGrow Systems Inc. (a)	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>

a) Balance Labs Inc., is a 43.15% owner of iGrow Systems Inc., as of March 31, 2021 and December 31, 2020, respectively.

The Company has a non controlling interest in iGrow Systems, Inc., a Limited Partnership Corporation formed to develop a rapid plant growing device. Some of the members participate in the project which is under the general management of the members. Summary information on the joint venture follows:

	March 31, 2021	December 31, 2020
Total Assets	\$ 4,497	\$ 4,497
Total Liabilities	322,552	278,871
Shareholders' Deficit	(318,055)	(274,374)
Income	-	-
Expenses	48,681	219,027
Net Loss	<u>\$ (48,681)</u>	<u>\$ (219,027)</u>

The Company's portion of the net loss for the three months ended March 31, 2021 was \$21,006, which exceeded its investment in the joint venture by \$138,584, which is recorded as a Current Liability in the unaudited condensed consolidated financial statements under operating agreement.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Revenue Recognition

The Company accounts for its revenues under FASB ASC 606, which is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Company considers revenue realized or realizable and earned when all the five following criteria are met: (1) Identify the Contract with a Customer, (2) Identify the Performance Obligations in the Contract, (3) Determine the Transaction Price, (4) Allocate the Transaction Price to the Performance Obligations in the Contract, and (5) Recognize Revenue When (or As) the Entity Satisfies a Performance Obligation.

The Company recognizes consulting income when the services are performed, and performance obligations are satisfied.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in the financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts (“temporary differences”) at enacted tax rates in effect for the years in which the temporary differences are expected to reverse.

The Company adopted the provisions of Accounting Standards Codification (“ASC”) Topic 740-10, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management has evaluated and concluded that there are no material tax positions requiring recognition in the Company’s unaudited condensed consolidated financial statements as of March 31, 2021. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date. The Company’s, 2018, 2019, and 2020 tax returns remain open for audit for Federal and State taxing authorities.

The Company’s policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the statement of operations.

Investments – Related Parties

When the fair value of an investment is indeterminable, the Company accounts for its investments that are under 20% of the total equity outstanding using the cost method. For investments in which the Company holds between 20-50% equity and is non-controlling are accounted for using the equity method. For any investments in which the Company holds over 50% of the outstanding stock, the Company consolidates those entities into their condensed consolidated financial statements herein. The Company holds two investments on its Balance Sheet as of March 31, 2021. Our investment in Bang Holdings Corp., is recorded at fair value as available-for-sale securities on March 31, 2021 and December 31, 2020, with the gains and losses being recorded through other income on the consolidated income statement for the periods then ended. On November 9, 2018, the Company acquired a non-controlling interest in iGrow Systems Inc. This investment is recorded on our consolidated balance sheet using the equity method as of March 31, 2021 and December 31, 2020.

On December 2, 2020, the Company received 1,000,000 shares from EZFill Holdings, Inc, a related party, for past services, with each share valued at \$1 each. The shares received are not publicly traded. Each share valued at \$1 each based on a recent cash price of the related party. This investment is recorded on our consolidated balance sheet using the cost method as of December 31, 2020.

Investments

On January 29, 2021, the Company received a 20% ownership in the business and related assets of Pharmacy No, 27, Ltd, a company based in Israel, as part of a Note Receivable from an unrelated party (see Note 5). The business and related assets (collectively referred to as “the Pharmacy”) were recently acquired by Four Acquisitions Ltd., the note receivable holder. The investment has a fair value of \$43,000. This investment is recorded on our consolidated balance sheet using the equity method as of March 31, 2021. No gain or loss has been recorded for this equity method investee as the Pharmacy has been closed since it was acquired and is in the process of reopening.

Marketable Securities

The Company accounts for marketable and available-for-sale securities under ASU 2016-01, “Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities.” ASU 2016-01 requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. The Company accounts for its investment in Bang Holdings, Corp. as available-for-sale securities, therefore, the unrealized gain on the available-for-sale securities during the three months ended March 31, 2021 and 2020 has been recorded in Other Income on the Income Statement.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of cash, cash equivalents and marketable securities. As of March 31, 2021 and December 31, 2020, the carrying value of marketable securities was \$210,000 and \$215,500, respectively, which consist of common shares held in one (1) investment which currently is trading on the Over-the-Counter Bulletin Board (OTCBB). The Company has classified this investment as a Level 3 asset on the fair value hierarchy because the investment is valued using unobservable inputs, due to the fact that observable inputs are not available, or situations in which there is little, if any, market activity for the asset or liability at the measurement date

Principles of Consolidation

The condensed consolidated financial statements include the Company and its wholly owned corporate subsidiaries, Balance Labs LLC., from October 12, 2015, Balance AgroTech Co., from July 11, 2016, Advanced Auto Tech Co., from May 10, 2016, Balance Cannabis Co., from May 13, 2016, and Balance Medical Marijuana Co from December 22, 2015, and our 51% majority owned subsidiary KryptoBank Co from December 28, 2017. All intercompany transactions are eliminated. The Company’s four subsidiaries, Balance AgroTech Co., Advanced AutoTech Co., Balance Cannabis Co., and Balance Medical Marijuana Co. are dormant. The Company has a non-controlling interest of 43.15% in iGrow Systems Inc., which is not included in this consolidation for the period ended March 31, 2021 and 2020, respectively.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Net Income (Loss) Per Common Share

Basic and diluted income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares and warrants from convertible debentures outstanding during the periods. The effect of 640,000 and 740,000 warrants and 3,279,236 and 3,003,137 shares from convertible notes payable for the three months ended March 31, 2021 and 2020, respectively, were anti-dilutive.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Awards granted to directors are treated on the same basis as awards granted to employees.

The Company has computed the fair value of warrants granted using the Black-Scholes option pricing model. The expected term used for warrants is the contractual life. Since the Company's stock has not been publicly traded for a sufficiently long period, the Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities in accordance with GAAP. For certain of our financial instruments, including cash, accounts payable, and the short-term portion of long-term debt, the carrying amounts approximate fair value due to their short maturities.

We adopted accounting guidance for financial and non-financial assets and liabilities (ASC 820). This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

The following table presents certain assets of the Company's measured and recorded at fair value on the Company's balance sheet on a recurring basis and their level within the fair value hierarchy as of March 31, 2021.

	Total	(Level 1)	(Level 2)	(Level 3)
Fair-value – equity securities	\$ 210,000	\$ -	\$ -	\$ 210,000
Total Assets measured at fair value	<u>\$ 210,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,000</u>

The following table presents certain assets of the Company's measured and recorded at fair value on the Company's balance sheet on a recurring basis and their level within the fair value hierarchy as of December 31, 2020.

	Total	(Level 1)	(Level 2)	(Level 3)
Fair-value – equity securities	\$ 215,500	\$ -	\$ -	\$ 215,500
Total Assets measured at fair value	<u>\$ 215,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,500</u>

The following is a reconciliation of the level 3 Assets:

Beginning Balance as of December 31, 2020	\$ 215,500
Unrealized loss on (level 3) securities	<u>(5,500)</u>
Ending Balance as of March 31, 2021 (unaudited)	<u>\$ 210,000</u>

Business Segments

The Company operates in one segment and therefore segment information is not presented.

Advertising, Marketing and Promotional Costs

Advertising, marketing and promotional expenses are expensed as incurred and are included in selling, general and administrative expenses on the accompanying unaudited condensed consolidated statement of operations. For the three months ended March 31, 2021 and March 31, 2020, advertising, marketing and promotion expense was \$1,956 and \$929, respectively.

Property and equipment

Property and equipment consists of furniture and office equipment and is stated at cost less accumulated depreciation. Depreciation is determined by using the straight-line method for furniture and office equipment, over the estimated useful lives of the related assets, generally three to five years.

Expenditures for repairs and maintenance of equipment are charged to expense as incurred. Major replacements and betterments are capitalized and depreciated over the remaining useful lives of the related assets.

Property and equipment as of March 31, 2021 and December 31, 2020 consisted of the following:

	March 31, 2021 (unaudited)	December 31, 2020
Website	\$ 1,336	\$ 1,336
Computer equipment & Software	5,358	5,358
Furniture	4,622	4,622
Total	<u>11,316</u>	<u>11,316</u>
Less Accumulated Depreciation	<u>(9,940)</u>	<u>(9,900)</u>
Property and Equipment, net	<u>\$ 1,376</u>	<u>\$ 1,416</u>

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Depreciation expense for the three months ended March 31, 2021 and 2020 totaled \$40 and \$40, respectively. There were no additions during the three months ended March 31, 2021.

Intangible Assets

Intangible Assets as of March 31, 2021 and December 31, 2020 consisted of the following:

	March 31, 2021 <u>(unaudited)</u>	December 31, 2020
Trademarks	\$ 2,836	\$ 2,836
Total	<u>\$ 2,836</u>	<u>\$ 2,836</u>

There were no additions to Intangible Assets during the three months ended March 31, 2021.

Recently Issued Accounting Pronouncements

The Company has evaluated all new accounting standards that are in effect and may impact its unaudited condensed consolidated financial statements and does not believe that there are any other new accounting standards that have been issued that might have a material impact on its financial position or results of operations.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Note 4 – Stockholders’ Equity

Authorized Capital

The Company is authorized to issue 500,000,000 shares of common stock, \$0.0001 par value, and 50,000,000 shares of preferred stock, \$0.0001 par value.

Non-Controlling Interest

On December 28, 2017, the Company sold a non-controlling interest in its subsidiary, KryptoBank Co. for \$500 equal to 9% of the outstanding equity. On January 17, 2018 the Company sold an additional 40% in its subsidiary KryptoBank Co. for \$4,500. As of March 31, 2021, the non-controlling interest is 49% of the shares outstanding.

Warrants

During 2015, the Company issued 100,000 warrants as part of a convertible note offering. The fair value of the warrants was \$19,965. The warrants expired December 23, 2020.

During 2016, Balance Group LLC loaned the Company \$120,000. In addition to paying interest at 10%, the Company issued 600,000 warrants at an exercise price of \$1.00 per share expiring on September 30, 2021.

On October 3, 2019, the Company received \$40,000 from The Sammy Farkas Foundation in exchange for a promissory note which bears 12% interest per annum and matured on October 10, 2020 or upon the Company raising \$500,000 from outside investors, whichever occurs first. In conjunction with The Sammy Farkas Foundation agreement the Company issued warrants to purchase 40,000 shares of the Company’s common stock at an exercise price of \$1.00 per share expiring on October 10, 2022.

The following tables summarize warrants outstanding as of March 31, 2021 and the related changes during the periods are presented below.

<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	
Balance at December 31, 2020	640,000	\$ 1.00
Granted		
Exercised	-	-
Expired	-	-
Balance at March 31, 2021 (unaudited)	<u>640,000</u>	<u>\$ 1.00</u>

As of March 31, 2021 the warrants had an intrinsic value of \$0.25 for each warrant.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Note 5 – Note Receivable

On January 29, 2021, Balance Labs Inc. made a loan to Four Acquisitions Ltd., an unrelated party in the principal amount of \$119,000 which has an interest rate of 10% per annum and a maturity date of January 28, 2022. Additionally, in connection with the loan, the Company received a 20% ownership in the business and related assets of Pharmacy No, 27, Ltd, a company based in Israel. The business and related assets (collectively referred to as “the Pharmacy”) were recently acquired by Four Acquisitions Ltd. This investment has a fair value of \$43,000, which was recorded as a discount from the note which will be amortized over the life of the note. For the three months ended March 31, 2021, the Company recorded \$7,206 in accreted interest income. The remaining discount as of March 31, 2021 is \$35,794. For the three months ended March 31, 2021, the Company recorded \$1,989 of interest income in relation to this note.

Note 6 – Related Party Transactions

The Company’s CEO earned \$10,000 per month. The following compensation was recorded within general and administrative expenses – related parties on the statements of operations: \$30,000 and \$30,000 for the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021 and December 31, 2020, \$756,659 and \$726,659, respectively, of compensation was unpaid and was included in accounts payable – related party on the consolidated balance sheet.

On September 30, 2016, Balance Group LLC loaned \$120,000 as a convertible note payable to the Company at an interest rate of 10%, due on October 1, 2017. In addition, the Company issued 600,000 warrants at an execution price of \$1.00 which expire on September 30, 2021. See Note 8. The note is currently in default and has an accrued interest balance of \$54,016.

During 2016, 2017, and 2019 Balance Group LLC loaned an additional \$66,850 to the Company. The notes are in default and have an accrued interest balance of \$21,191.

As of March 31, 2021, the CEO and companies controlled by the CEO have loaned the Company a total of \$1,514,558 in addition to the convertible note discussed above. The loans carry an interest rate of 8% and mature one year and one day from the date of the loan. The Company accrued interest of \$239,630 on the loans. \$1,152,699 of these loans are in default as of March 31, 2021.

On July 27, 2016, the Company signed a sublease (the “Master Lease”) with an entity partially owned by a related party to sub-lease approximately 2200 square feet located at 1691 Michigan Ave, Miami Beach, Florida 33139, beginning August 1, 2016 and ending December 31, 2019 at a monthly base rental of \$7,741 per month until July 31, 2017, \$7,973 per month from August 1, 2017 to July 31, 2018, and \$8,212 from August 1, 2018 to the sublease termination date. In addition to base rent, the Company will have to pay 50% of the CAM charges as additional rent. On or about January 15, 2017, the Company was made aware that the Master Lease for the office space was in default. Consequently, the Company ceased payments. On or about March 31, 2017, the Company was served with an eviction notice as the Master Lease was still in default. The Company has partially settled the claim under the sublease and has \$16,725 accrued on its books to cover any further claims. Beginning October 2020, the Company is leasing a virtual office with a new landlord: Spaces, paying only \$99.75 per month. Rent expense for the three months ended March 31, 2021 and March 31, 2020 was \$299 and \$5,500, respectively.

iGrow Systems, Inc., as part of its initial funding borrowed \$15,000 from KryptoBank Co. On July 15, 2019, KryptoBank Co. converted the \$15,000 note into 150,000 shares of common stock at a price of \$0.10 per share.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

On October 3, 2019, The Company received \$40,000 from The Foundation in exchange for a promissory note which bears 12% interest per annum and matured on October 10, 2020 or upon the Company raising \$500,000 from outside investors, whichever occurs first. The promissory note is currently in default, and as of March 31, 2021, accrued interest on the note is \$7,080. The promissory note comes with a warrant to purchase 40,000 shares of the Company's stock with an exercise price of \$1.00 per share and expires on October 10, 2022. The warrants have a relative fair value of \$8,283, which was recorded as a debt discount which has been fully amortized.

On December 2, 2020, the Company received 1,000,000 shares from EZFill Holdings Inc., a related party, in exchange for consulting services provided in the past and as part of an agreement between both parties. The shares are valued at \$1 each. The shares received are not publicly traded. Each share valued at \$1 each based on a recent cash price of the related party. The investment is reflected on the consolidated balance sheet as an investment in a related party.

During January 2021, The Farkas Group, a related party, loaned the Company \$73,500, unsecured, for one year and one day at an interest rate of 8%.

During February 2021, The Farkas Group, a related party, loaned the Company \$165,000, unsecured for one year and one day at an interest rate of 8%.

During March 2021, The Farkas Group, a related party, loaned the Company \$10,000, unsecured for one year and one day at an interest rate of 8%.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Note 7 – Commitments and Contingencies

Litigation, Claims and Assessments

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's condensed consolidated financial position or results of operations.

Previously, the Company entered into a litigation with Bang Holdings in order to have the restrictions on its shares removed. A settlement was reached in which Bang Holdings agreed to remove the restriction on the Company's shares. The Company's shares can now be traded on the open market.

Consulting Fees

The Company will continue to pay its CEO \$10,000 per month as compensation on a month-to-month basis. It will be recorded in general and administrative expenses-related parties on the consolidated statement of operations.

Note 8 – Convertible Notes and Notes Payable

Notes Payable

As of March 31, 2021, the CEO and companies controlled by the CEO have loaned the Company a total of \$1,514,558 in addition to the convertible note discussed below. The loans carry an interest rate of 8% and mature one year and one day from the date of the loan. The Company accrued interest of \$239,630 on the loans. \$1,152,699 of these loans are in default as of March 31, 2021.

During 2016, 2017, and 2019, Balance Group loaned an additional \$66,850 at an interest rate of 8%. The notes are currently in default and have an accrued interest balance of \$21,191.

KryptoBank Co., as part of its initial funding, borrowed an additional \$100,000 from its shareholders during the years ended December 31, 2018 and 2017. The notes have a stated interest rate of 12% compounded annually and are due on demand. The balance outstanding as of March 31, 2021 is \$112,167. The Company has accrued interest of \$34,296 as of March 31, 2021.

On October 3, 2019, The Sammy Farkas Foundation, a related party, loaned the Company \$40,000, the note bears 12% interest per annum and matures on October 10, 2020 or upon the Company raising \$500,000 from outside investors, whichever occurs first (see Note 6). The promissory note comes with a warrant to purchase 40,000 shares of the Company's stock with an exercise price of \$1.00 per share and expires on October 10, 2022. The promissory note is currently in default, and as of March 31, 2021, accrued interest on the note is \$7,080. The warrants have a relative fair value of \$8,283, which was recorded as a debt discount and amortized over the life of the note. The debt discount has been fully amortized.

On May 7, 2020, the Company (the "Borrower") received a note payable in the amount of \$34,500 from Wells Fargo Bank (the "Lender") as part of the Paycheck Protection Program under the CARES Act. The interest rate is 1%. Payments shall be due and payable monthly in the amount of \$1,463.85 commencing on September 2021. The note shall mature on May 3, 2022, at which time all unpaid principal, accrued interest, and any other unpaid amounts shall be due and payable in full. Unless otherwise agreed, all sums received from the borrower may be applied to interest, fees, principal, or any other amounts due to Lender in any order at Lender's sole discretion. The Borrower may apply for the loan to be forgiven in whole or in part. As of March 31, 2021, the accrued interest on the note is \$311. Furthermore, the Company plans on applying for Loan Forgiveness within the subsequent weeks.

During January 2021, The Farkas Group, a related party, loaned the Company \$73,500, unsecured, for one year and one day at an interest rate of 8%.

During February 2021, The Farkas Group, a related party, loaned the Company \$165,000, unsecured for one year and one day at an interest rate of 8%.

During March 2021, The Farkas Group, a related party, loaned the Company \$10,000, unsecured for one year and one day at an interest rate of 8%.

BALANCE LABS, INC. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
As of March 31, 2021 (Unaudited)

Convertible Notes Payable

On December 23, 2015, the Company issued a secured convertible promissory note in the amount of \$25,000. The note carries a rate of 8% and was due on March 23, 2016. It is secured by all the assets of the Company. The note further contains a provision that the lender may convert any part of the note, including accrued interest, that is unpaid into the Company's common stock at an exercise price of \$0.50 per share. The note also contains a five-year warrant to purchase 100,000 shares of common stock at an exercise price of \$0.50 per share until December 23, 2020. As of March 23, 2016, the note is in default and the interest rate has been increased to 18%. As of March 31, 2021, the accrued interest on the note is \$27,388.

On April 1, 2016, the Company received \$500,000 from Newell Trading Group in exchange for a convertible debenture due April 2, 2017 bearing interest at 10% and convertible into common stock at \$.25 per share unless the note is paid by the Company prior to the election of the holder to convert. The Company recognized a beneficial conversion feature expense of \$500,000 that has been fully amortized. As of March 31, 2021, accrued interest on the note is \$249,854. On October 3, 2019, Newell Trading Group assigned its rights and interests in its \$500,000 convertible debenture to the Sammy Farkas Foundation Inc., (the "Foundation"), a related party. The Foundation then entered into an agreement with the Company to extend the maturity date of the convertible debenture to October 10, 2024 in exchange for 54,000 shares of the Company's stock. The shares have a fair value of \$56,700 which was recorded as a debt discount and amortized over the life of the extension. On November 11, 2019, The Sammy Farkas Foundation transferred all the rights and interests of the note to another party, 16th Avenue Associates. The terms remain the same and the transfer has no effect on the financial statements. During the three months ended March 31, 2021, the Company amortized \$2,835 of debt discount. As of March 31, 2021, the remaining debt discount was \$39,690.

On September 30, 2016, Balance Group LLC loaned the Company \$120,000 with an interest rate of 10% and is convertible into common stock at \$1.00. In addition, the Company issued the CEO 600,000 warrants and recorded a debt discount of \$111,428, which has been fully amortized. The Company valued the warrants using the Black-Scholes option pricing model with the following assumptions: Expected volatility of 514%, expected life of five years, risk free rate of return of 1.14% and an expected dividend yield of 0%. The warrants had a fair value of \$85,714. The note is currently in default and has an accrued interest balance of \$54,016 as of March 31, 2021.

Note 9 – Subsequent Transactions

During April 2021, The Farkas Group, a related party, loaned the Company a total of \$82,000, unsecured, for one year and one day at an interest rate of 8%.

During May 2021, The Farkas Group, a related party, loaned the Company a total of \$10,000, unsecured, for one year and one day at an interest rate of 8%.

The coronavirus pandemic may adversely impact our operations and demand for our products and services and our ability to find new clients. This is due in part to restrictions such as: social distancing requirements; stay at home orders and the shutdown of non-essential businesses and the impact these restrictions have on small businesses and their ability to generate revenues which effects their ability to afford our services.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the condensed consolidated results of operations and financial condition of Balance Labs, Inc., and subsidiaries (“Balance Labs” or the “Company”) for the three months ended March 31, 2021 should be read in conjunction with our condensed consolidated financial statements and the notes thereto that are included elsewhere in this Quarterly Report on Form 10-Q. References in this Management’s Discussion and Analysis of Financial Condition and Results of Operations to “us,” “we,” “our,” and similar terms refer to Balance Labs. This Quarterly Report 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. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain risk factors discussed in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 31, 2021, as amended by our Annual Report on Form 10-K/A filed with the SEC on May 18, 2021. 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

We were incorporated on June 5, 2014 under the laws of the State of Delaware. We are a consulting firm that provides business development and consulting services to startup and development-stage companies. We provide businesses in various industries with customized consulting services to meet their business needs and help them improve their business models, sales and marketing plans and internal operations, as well as introduce these businesses to experienced professional contacts that would be vital to the success of these companies.

The Company is not a registered investment company under the Investment Company Act of 1940, as amended (the “1940 Act”) and does not engage primarily, in the business of investing, reinvesting, or trading in securities. The Company is not managed like an active investment vehicle, is not an investment company registered under the 1940 Act, and is not required to register under the 1940 Act.

Additionally, in accordance with the 1940 Act, Section 3(c)(1), the Company is not an Investment Company as defined by the 1940 Act because the Company does not have outstanding securities beneficially owned by more than one hundred persons and, at this time, the Company is not making and does not presently propose to make a public offering of its securities. Additionally, the Company has not and has no plans to purchase or acquire any securities issued by any registered investment company.

Our business focuses on providing advisement services to entrepreneurs and assisting business owners so that their ideas can be fully developed and implemented. Due to limited resources, lack of experienced management and competing priorities, startup and developmental stage companies are not operating as efficiently as they can be, and therefore would benefit from an outside party that could assist in developing and executing certain strategies. We utilize our knowledge in developing businesses, share practical experiences with our clients and introduce the business owners to experienced professionals who could help these inexperienced entrepreneurs further implement their ideas. Startups and development stage businesses across all industries commonly experience these certain “growing pains”.

Plan of Operations

Our plan is to prepare our clients for the many inevitable challenges they will encounter and to develop a customized plan for them to overcome these obstacles, so that they can focus on marketing their product(s) and/or service(s) to their potential customers.

Although we've only worked with three clients since inception, our goal is to add and service a minimum of two to three new clients between now and the end of 2021. We're marketing our services through both personal contact and online by (a) mining our existing network of professional contacts via personal outreach programs, which will also target international prospects that may wish to enter the US market; (b) expanding our network by attending targeted conferences and professional gatherings; and (c) utilizing our website at www.balancelabs.co, plus engaging potential clients on social media, including LinkedIn, Facebook and Twitter. However, because we have a limited budget allocated for our year one on-line marketing campaign, we anticipate that professionals within our professional network and personal referrals from companies that are satisfied with our professional services are likely to be our most significant and efficient near-term form of marketing.

The Company incorporated or formed six subsidiaries since 2016, BalanceLabs, LLC, Balance AgroTech Co., Advanced AutoTech Co., Balance Cannabis Co., Balance Medical Marijuana Co., and KryptoBank Co. Except for KryptoBank Co. all of the subsidiaries are wholly owned by the company.

In November 2018, the Company acquired a non-controlling minority interest in a new startup company, iGrow Systems, Inc. As of March 31, 2021, this investment has a value of \$0 based on the equity method of accounting. iGrow Systems, Inc., is developing a plant growing device for home use.

iGrow Systems, Inc., as part of its initial funding borrowed \$15,000 from KryptoBank Co. On July 15, 2019, KryptoBank Co. converted the \$15,000 note into 150,000 shares of common stock at a price of \$0.10 per share.

KryptoBank Co., as part of its initial funding, borrowed an additional \$95,000 from its shareholders during the year ended December 31, 2018. The notes have a stated interest rate of 12% compounded annually and are due on demand. The balance outstanding as of March 31, 2021 is \$112,167.

We believe that we can support our year one clients with our existing full-time staff, supplemented with part-time subcontracted professionals and service providers, as necessary. Between now and the end of 2021, we intend to formalize our relationships with these sub-contractors so that we can offer our clients turn-key business development products and services.

Our primary requirement for funding is for working capital in order to accommodate temporary imbalances between cash receipts and cash expenditures (see "Liquidity and Capital Resources").

Results of Operations

Three Months Ended March 31, 2021 Compared with Three Months Ended March 31, 2020.

Overview

We reported a net loss of \$183,173 and \$239,904 for the three months ended March 31, 2021 and 2020, respectively. A decrease of \$56,731, or 24%, primarily due to a decrease in salaries and wages, general and administrative expenses, and a decrease of unrealized loss on available for sale securities.

Revenues

For the three months ended March 31, 2021 and March 31, 2020, we generated \$0 in revenue. This was due to the Company's inability to market its services. The Company does not currently have any revenue producing clients.

General and Administrative Expenses

General and administrative expenses were \$5,900 and \$10,388 for the three months ended March 31, 2021 and 2020, respectively, a decrease of 43% primarily because of a decrease in rent and other general office expenses due to COVID-19.

Professional Fees

Professional fees were \$25,030 and \$21,500 for the three months ended March 31, 2021 and 2020, respectively, an increase of 16% due to an increase in accounting fees offset by a decrease in legal fees.

Other expense

Other expense for the three months ended March 31, 2021 and March 31, 2020 was \$70,541 and \$50,509, respectively, an increase of 39% which was attributable to an increase in borrowing from related parties and amortization of debt discount, offset by accreted interest income and interest income on note receivable.

Unrealized loss on available for sale purchases

Unrealized loss on available for sale purchases for the three months ended March 31, 2021 and March 31, 2020 was \$5,500 and \$51,000, respectively, a decrease of \$45,500 or 89% due to a lesser reduction in stock price of the securities.

Net Loss allocated from Equity Method Investee

Net Loss allocated from Equity Method Investee for the three months ended March 31, 2021 and March 31, 2020 was \$21,006 and \$23,004 respectively, a decrease of \$1,998 or 9% due to a decrease in operating expenses by the investee.

Liquidity and Capital Resources

We measure our liquidity in a number of ways, including the following:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	(Unaudited)	
Cash	\$ 7,646	\$ 5,632
Working capital (deficiency)	\$ (3,574,839)	\$ (3,356,986)

Availability of Additional Funds

Except for the monthly consulting fee to our CEO and Chairman of the Board and the month-to-month lease of our office space, as described elsewhere in this Quarterly Report, we currently do not have any material commitments for capital expenditures. We are actively pursuing new client relationships. Even if we were to add a new client(s), due to our current lack of a diversified client base, there could be temporary imbalances between cash receipts and cash operating expenditures, which means that we may need additional capital. The engagement revenues associated with most client engagements will self-fund the in-house and sub-contractor services we need in order to supply products and services to our clients.

As of March 31, 2021, the Company had a working capital deficiency of \$3,574,839. The Company used cash in operations of \$127,486. The Company has raised \$248,500 in debt financing from related parties during the three months ended March 31, 2021. In addition, the Company is working to manage its current liabilities while it continues to make changes in operations to further improve its cash flow and liquidity position.

Net Cash Used in Operating Activities

We experienced negative cash flows from operating activities for the three months ended March 31, 2021 and March 31, 2020 in the amount of \$127,486 and \$52,777, respectively. This was primarily due to a net loss of \$183,173 offset by an unrealized loss on the value of an investment by \$5,500, change in accounts payable and accrued expenses by \$35,501 and net loss from equity method investee of \$21,006.

Net Cash Used in Investing Activities

Net cash used in investing activities during the three months ended March 31, 2021 and March 31, 2020 was \$119,000 and \$17,500, respectively. During the three months ended March 31, 2021, cash used in investing activities was \$119,000 as a note receivable to an unrelated party. During the three months ended March 31, 2020, cash used in investing activities were for capital contributions to the joint venture and advances to a related party.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the three months ended March 31, 2021 and March 31, 2020 was \$248,500 and \$63,750, respectively. Cash provided by financing activities during the three months ended March 31, 2021 was \$248,500 from related parties, an increase of \$184,750 compared to the three months ended March 31, 2020.

Our Auditors Have Issued a Going Concern Opinion

The Company's independent registered public accounting firm has expressed substantial doubt as to the Company's ability to continue as a going concern as of December 31, 2020. The unaudited condensed consolidated financial statements in this report on Form 10-Q have been prepared assuming that the Company will continue as a going concern. As discussed in the notes to the unaudited condensed consolidated financial statements, these conditions raise substantial doubt from the Company's ability to continue as a going concern. The Company's plans in regard to these matters are also described in the notes to the Company's unaudited condensed consolidated financial statements. The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

The Company anticipates the receipt of funding within such period, but there can be no assurance that it will occur. If the Company is unable to meet its internal revenue forecasts or obtain additional financing on a timely basis, it may have to delay vendor payments and/or initiate cost reductions, which would have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately it could be forced to discontinue the Company's operations, liquidate, and/or seek reorganization under the U.S. bankruptcy code.

Furthermore, COVID-19 has also caused severe disruptions in transportation and limited access to the Company's facilities resulting in limited support from its staff and professional advisors. This in turn has limited the Company's resources in promoting its services and acquiring additional capital.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates may include those pertaining to accruals, stock-based compensation and income taxes. Actual results could materially differ from those estimates.

Revenue Recognition

The Company accounts for revenues under FASB ASC 606, which is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Company considers revenue realized or realizable and earned when all the five following criteria are met: (1) Identify the Contract with a Customer, (2) Identify the Performance Obligations in the Contract, (3) Determine the Transaction Price, (4) Allocate the Transaction Price to the Performance Obligations in the Contract, and (5) Recognize Revenue When (or As) the Entity Satisfies a Performance Obligation.

Recent Accounting Standards

We have implemented all new accounting standards that are in effect and may impact our consolidated financial statements and do not believe that there are any other new accounting standards that have been issued that might have a material impact on our financial position or results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2021. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it 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. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of March 31, 2021.

The Company’s assessment identified certain material weaknesses which are set forth below:

Functional Controls, Lack of Audit Committee and Segregation of Duties

Because of the Company’s limited resources, there are limited controls over information processing.

The Company does not have an audit committee and therefore there is no independent review and independent oversight over the Company’s financial reporting.

There is an inadequate segregation of duties consistent with control objectives. Our Company’s management is composed of a small number of individuals resulting in a situation where limitations on segregation of duties exist. In order to remedy this situation, we would need to hire additional staff to provide greater segregation of duties. Currently, it is not feasible to hire additional staff to obtain optimal segregation of duties. Management will reassess this matter at end of the fiscal year to determine whether improvement in segregation of duty is feasible.

Accordingly, as the result of identifying the above material weakness we have concluded that these control deficiencies resulted in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by the Company’s internal controls.

Management believes that the material weaknesses set forth above were the result of the scale of our operations and are intrinsic to our small size. Management believes these weaknesses did not have a material effect on our financial results and intends to take remedial actions upon receiving funding for the Company’s business operations.

This Quarterly Report on Form 10-Q 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 temporary rules of the SEC that permit the Company to provide only management’s report herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter 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.

To the best of our knowledge, there are no material pending legal proceedings to which we are a party or of which any of our property is the subject. 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 our business.

Item 1A. Risk Factors.

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

There were no unregistered sales of the Company’s equity securities during the three months ended March 31, 2021.

Item 3. Defaults Upon Senior Securities.

On December 23, 2015, the Company issued a secured convertible promissory note in the amount of \$25,000 (the “Note”) in favor of Chase Mortgage LLC. The Note became due on March 23, 2016 and is in default as of March 31, 2021. The Note carries a default interest rate of 18% and contains a provision that the lender may convert any part of the Note, including accrued interest that is unpaid into the Company’s common stock at an exercise price of \$0.50 per share. As of March 31, 2021 the Company had accrued \$27,388 of interest.

On September 30, 2016, Balance Group loaned \$120,000 as a convertible note payable to the Company at an interest rate of 10%, due on October 1, 2017. \$54,016 in interest has been accrued as of March 31, 2021. The loan is in default as of March 31, 2021.

During 2016, 2017, and 2019 Balance Group LLC loaned an additional \$66,850 to the Company. The notes are in default and have an accrued interest balance of \$21,191.

As of March 31, 2021, the CEO and companies controlled by the CEO have loaned the Company a total of \$1,514,558 in addition to the convertible note discussed above. The loans carry an interest rate of 8% and mature one year and one day from the date of the loan. The Company accrued interest of \$239,630 on the loans. \$1,152,699 of these loans are in default as of March 31, 2021.

The Company received \$40,000 from The Foundation in exchange for a promissory note which bears 12% interest per annum and matured on October 10, 2020 or upon the Company raising \$500,000 from outside investors, whichever occurs first. The promissory note is currently in default, and as of March 31, 2021, accrued interest on the note is \$7,080.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
31.1	<u>Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 302 of 2002*</u>
31.2	<u>Certification of Principal Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 302 of 2002*</u>
32.1	<u>Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</u>
32.2	<u>Certification of Principal Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</u>
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

*Filed herewith

SIGNATURES

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

BALANCE LABS, INC.

Date: May 21, 2021

By: */s/ Michael D. Farkas*

Michael D. Farkas
President, Chief Executive Officer
Chief Financial Officer
(Principal Executive Officer and Principal Financial
Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Michael D. Farkas, certify that:

1. I have reviewed this Form 10-Q of Balance Labs, 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 present in this report;
4. I am 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 annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 21, 2021

By: /s/ Michael D. Farkas

Michael D. Farkas
Principal Executive Officer
Balance Labs, Inc.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Michael D. Farkas, certify that:

1. I have reviewed this Form 10-Q of Balance Labs, 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 present in this report;
4. I am 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 annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 21, 2021

By: /s/ Michael D. Farkas

Michael D. Farkas
Principal Financial Officer
Balance Labs, Inc.

**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 this Annual Report of Balance Labs, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2021, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Michael D. Farkas, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such Annual Report on Form 10-Q for the period ended March 31, 2021, 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 such Annual Report on Form 10-Q for the period ended March 31, 2021, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 21, 2021

By: /s/ Michael D. Farkas

Michael D. Farkas
Principal Executive Officer
Balance Labs, Inc.

**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 this Annual Report of Balance Labs, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2021, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Michael D. Farkas, Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such Quarterly Report on Form 10-Q for the period ended March 31, 2021, 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 such Quarterly Report on Form 10-Q for the period ended March 31, 2021, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 21, 2021

By: /s/ Michael D. Farkas

Michael D. Farkas
Principal Financial Officer
Balance Labs, Inc.
