United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period: June 30, 2019

Or

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

For the transition period ended:

Q2Earth, Inc.
(Exact name of Registrant as specified in its Charter)

Delaware	000-55148	20-1602779
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

420 Royal Palm Way, #100
Palm Beach, FL 33480
(Address of Principal Executive Offices)

(561) 693-1423
(Registrant's Telephone Number, including area code)

(Former name or former address, if changed since last report.)

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $0.0001

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

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

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 [X] No [ ]

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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.
(1) Yes [X] No [ ]; (2) Yes [X] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company:

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]
Emerging growth company	[X]		

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 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 [X]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

July 31, 2019: Common – 51,997,460

Documents incorporated by reference: None.

Q2EARTH, INC.

FORM 10-Q
TABLE OF CONTENTS

JUMPSTART OUR BUSINESS STARTUPS ACT DISCLOSURE

We qualify as an "emerging growth company," as defined in Section 2(a)(19) of the Securities Act by the Jumpstart Our Business Startups Act (the "JOBS Act"). An issuer qualifies as an "emerging growth company" if it has total annual gross revenues of less than $1.0 billion during its most recently completed fiscal year, and will continue to be deemed an emerging growth company until the earliest of:

- the last day of the fiscal year of the issuer during which it had total annual gross revenues of $1.0 billion or more;

- the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement;

- the date on which the issuer has, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or

- the date on which the issuer is deemed to be a "large accelerated filer," as defined in Section 240.12b-2 of the Exchange Act.

As an emerging growth company, we are exempt from various reporting requirements. Specifically, we are exempt from the following provisions:

- Section 404(b) of the Sarbanes-Oxley Act of 2002, which requires evaluations and reporting related to an issuer's internal controls;

- Section 14A(a) of the Exchange Act, which requires an issuer to seek shareholder approval of the compensation of its executives not less frequently than once every three years; and

- Section 14A(b) of the Exchange Act, which requires an issuer to seek shareholder approval of its so-called "golden parachute" compensation, or compensation upon termination of an employee's employment.

Under the JOBS Act, emerging growth companies may delay adopting new or revised accounting standards that have different effective dates for public and private companies until such time as those standards apply to private companies.

Smaller Reporting Company

We are subject to the reporting requirements of Section 13 of the Exchange Act, and subject to the disclosure requirements of Regulation S-K of the SEC, as a "smaller reporting company." That designation will relieve us of some of the informational requirements of Regulation S-K.

Sarbanes/Oxley Act

Except for the limitations excluded by the JOBS Act discussed under the preceding heading "Emerging Growth Company," we are also subject to the Sarbanes-Oxley Act of 2002. The Sarbanes/Oxley Act created a strong and independent accounting oversight board to oversee the conduct of auditors of public companies and strengthens auditor independence. It also requires steps to enhance the direct responsibility of senior members of management for financial reporting and for the quality of financial disclosures made by public companies; establishes clear statutory rules to limit, and to expose to public view, possible conflicts of interest affecting securities analysts; creates guidelines for audit committee members' appointment, compensation and oversight of the work of public companies' auditors; management assessment of our internal controls; prohibits certain insider trading during pension fund blackout periods; requires companies and auditors to evaluate internal controls and procedures; and establishes a federal crime of securities fraud, among other provisions. Compliance with the requirements of the Sarbanes/Oxley Act will substantially increase our legal and accounting costs.

Exchange Act Reporting Requirements

Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act like we are to comply with the rules and regulations of the SEC regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to shareholders at a special or annual meeting thereof or pursuant to a written consent will require us to provide our shareholders with the information outlined in Schedules 14A (where proxies are solicited) or 14C (where consents in writing to the action have already been received or anticipated to be received) of Regulation 14, as applicable; and preliminary copies of this information must be submitted to the SEC at least 10 days prior to the date that definitive copies of this information are forwarded to our shareholders. We are also required to file annual reports on Form 10-K and quarterly reports on Form 10-Q with the SEC on a regular basis, and will be required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a Current Report on Form 8-K.

Reports to Security Holders

You may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also find all of the reports that we have filed electronically with the SEC at their Internet site www.sec.gov.

PART I – FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

Q2EARTH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

		June 30, 2019 (unaudited)		December 31, 2018
ASSETS				
CURRENT ASSETS				
Cash	$	181,441	$	160,035
Prepaid expenses and other assets		19,049		-
TOTAL CURRENT ASSETS		200,490		160,035
PROPERTY AND EQUIPMENT, NET		89		354
TOTAL ASSETS	$	200,579	$	160,389
LIABILITIES AND STOCKHOLDERS' DEFICIT				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$	148,764	$	166,125
Accrued bonus expense		150,000		-
Note payable - related party		187,500		-
Debentures		165,000		165,000
Convertible bridge notes, current portion		2,781,240		-
Deferred contract liabilities and license deposits		500,039		127,731
TOTAL CURRENT LIABILITIES		3,932,543		458,856
Convertible bridge notes at fair value, less current portion		728,760		2,960,000
TOTAL LIABILITIES		4,661,303		3,418,856
Redeemable convertible preferred stock - Series A; $0.0001 par value, 1,500 designated Series A, 600 shares issued and outstanding (liquidation preference of $730,456)		730,456		712,604
STOCKHOLDERS' DEFICIT				
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, no shares issued and outstanding		-		-
Common stock, $0.0001 par value, 100,000,000 shares authorized, 51,997,460 shares issued and outstanding at March 31, 2019 and December 31, 2018		5,199		5,199
Additional paid-in capital		6,492,610		6,394,748
Subscription receivable		(3,787)		(3,787)
Accumulated deficit		(11,685,202)		(10,367,231)
TOTAL STOCKHOLDERS' DEFICIT		(5,191,180)		(3,971,071)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$	200,579	$	160,389

See notes to the condensed consolidated financial statements.

Q2EARTH INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
REVENUES - Related party	$ 252,882	$ -	426,692	$ -
EXPENSES				
Payroll and employee related expenses	310,164	80,431	875,237	160,863
Professional fees	80,611	197,773	222,597	337,566
General and administrative	43,866	36,376	103,365	72,993
Total Expenses	434,641	314,580	1,201,199	571,422
LOSS FROM OPERATIONS	(181,759)	(314,580)	(774,507)	(571,422)
OTHER INCOME (EXPENSE)				
Financing costs including interest	(135,024)	(73,855)	(276,150)	(144,856)
Change in fair value of convertible bridge notes	(495,914)	(104,051)	(245,726)	345,324
Loss on equity method investment	-	-	(21,588)	-
Total Other Income (Expense), net	(630,938)	(177,906)	(543,464)	200,468
LOSS BEFORE INCOME TAXES	(812,697)	(492,486)	(1,317,971)	(370,954)
INCOME TAXES	-	-	-	-
NET LOSS	(812,697)	(492,486)	(1,317,971)	(370,954)
PREFERRED STOCK				
Series A convertible contractual dividends	(8,975)	(8,975)	(17,852)	(22,621)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (821,672)	$ (501,461)	$ (1,335,823)	$ (393,575)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS: BASIC AND DILUTED	$ (0.02)	$ (0.01)	$ (0.03)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING: BASIC AND DILUTED	51,997,460	48,533,963	51,997,460	48,458,986

See notes to the condensed consolidated financial statements.

Q2EARTH INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE PERIODS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED)

	Preferred Stock		Common Stock		Additional Paid In Capital	Subscription Receivable	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Value	Shares	Value				
Balance, December 31, 2018	-	$ -	51,997,460	$ 5,199	$ 6,394,748	$ (3,787)	$ (10,367,231)	$ (3,971,071)
Stock based compensation for services	-	-	-	-	115,714	-	-	115,714
Series A, preferred stock contractual dividends	-	-	-	-	(8,876)	-	-	(8,876)
Net loss period ended March 31, 2019	-	-	-	-	-	-	(505,274)	(505,274)
Balance, March 31, 2019	-	$ -	51,997,460	$ 5,199	$ 6,501,586	$ (3,787)	$ (10,872,505)	$ (4,369,507)
Series A, preferred stock contractual dividends	-	-	-	-	(8,976)	-	-	(8,976)
Net loss period ended June 30, 2019	-	-	-	-	-	-	(812,697)	(812,697)
Balance, June 30, 2019	-	$ -	51,997,460	$ 5,199	$ 6,492,610	$ (3,787)	$ (11,685,202)	$ (5,191,180)
Balance, December 31, 2017	-	$ -	48,384,009	$ 4,838	$ 6,046,749	$ (3,787)	$ (9,969,974)	$ (3,922,174)
Amortization of stock option grants and restricted units	-	-	-	-	34,579	-	-	34,579
Series A, preferred stock contractual dividends	-	-	-	-	(13,644)	-	-	(13,644)
Net income period ended March 31, 2018	-	-	-	-	-	-	121,532	121,532
Balance, March 31, 2018	-	$ -	48,384,009	$ 4,838	$ 6,067,684	$ (3,787)	$ (9,848,442)	$ (3,779,707)
Amortization of stock option grants and restricted units	-	-	-	-	62,270	-	-	62,270
Series A, preferred stock contractual dividends	-	-	-	-	(8,976)	-	-	(8,976)
Conversion of bridge subscription to equity	-	-	613,451	61	57,603	-	-	57,664
Net loss period ended June 30, 2018	-	-	-	-	-	-	(492,486)	(492,486)
Balance, June 30, 2018	-	$ -	48,997,460	$ 4,899	$ 6,178,581	$ (3,787)	$ (10,340,928)	$ (4,161,235)

See notes to the condensed consolidated financial statements.

Q2EARTH INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the six months ended June 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,317,971)	$ (370,954)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation	266	133
Loss on equity investment	21,588	-
Stock based compensation expense	115,714	96,849
Change in fair value of convertible bridge notes	245,726	(345,324)
Amortization of preferred stock discount	-	1,062
Amortization of debt issuance costs	2,500	2,500
Paid-in-kind interest - convertible bridge notes	271,774	140,488
Changes in operating assets and liabilities		
Increase in prepaid expenses and other current assets	(19,049)	(24,668)
Increase in accounts payable and accrued expenses	(38,950)	90,880
Increase in accrued bonuses	150,000	-
Increase in contract liabilities and license deposits	372,308	-
Net cash used in operating activities	(196,094)	(409,034)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable - related parties, net of issuance costs	187,500	-
Proceeds from convertible bridge notes, net of issuance costs	30,000	290,000
Net cash provided by financing activities	217,500	290,000
NET INCREASE (DECREASE) IN CASH	21,406	(119,034)
CASH - Beginning of period	160,035	298,673
CASH - End of period	$ 181,441	$ 179,639
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Payment of income taxes	$ -	$ -
Payment of interest in cash	$ -	$ 1,244
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of convertible bridge notes and accrued interest to 613,451 shares of common stock	$ -	$ 57,664
Accrual of contractual dividends on Series A convertible preferred stock	$ 17,852	$ 22,621

See notes to the condensed consolidated financial statements.

Q2EARTH INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Q2Earth, Inc. (hereinafter the "Company" or "we", "our", "us"), incorporated in Delaware on August 26, 2004, is currently engaged in the business of managing compost and soil manufacturing facilities, and is pursuing a plan of strategic acquisitions and investments in this sector through an unconsolidated investee called Earth Property Holdings LLC, a Delaware limited liability company ("EPH"). Through EPH, the Company completed one acquisition in November 2018 and a second in January 2019. As of June 30, 2019, the Company owns a 19.2% equity interest in EPH and manages all of its operations pursuant to an eight-year management contract. In May 2019, the Company signed a second services agreement with Community Eco Power, LLC ("CECO"), a waste-to-power company, to assist CECO to complete an acquisition and transition management operations over the following six months. Formerly, the Company's name was Q2Power Technologies, Inc., and before that, Anpath Group, Inc. ("Anpath").

Q2Power Corp. (the "Subsidiary" or "Q2P") operated as an R&D company focused on the conversion of waste to energy and other valuable "reuse" products since July 2014. The operations of the Company have from 2014 until early 2017 been essentially those of the Subsidiary. In May 2016, the Company began exploring other synergistic business lines such as compost and soil manufacturing from wastewater biosolids and other waste feedstocks. In 2017, the Company formally shifted its focus from waste-to-energy technology R&D, including selling its technology to a licensee in August 2017, to facilitating the acquisition of, investment in, and managing the operations of facilities that manufacture compost and sustainable soils from waste resources.

NOTE 2 – BASIS OF PRESENTATION AND GOING CONCERN

Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information, which includes condensed consolidated financial statements and present the consolidated financial statements of the Company and its wholly-owned subsidiary as of June 30, 2019. All intercompany transactions and balances have been eliminated. Accordingly, the condensed consolidated financial statements do not include all the information and notes necessary for a comprehensive presentation of financial position and results of operations and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2018 and included in the form 10-K filed with the SEC on April 1, 2019. It is management's opinion that all material adjustments (consisting of normal recurring adjustments) have been made, which are necessary for a fair financial statement presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year ending December 31, 2019.

Going Concern

For the six months ended June 30, 2019 the Company had cash used in operating activities of $196,094 and incurred a loss of $1,317,971. The accumulated deficit since inception was $11,685,202, which was comprised of operating losses and other expenses. Additionally, certain of the Company's debentures and redeemable convertible preferred stock matured on July 1, 2019. The total principal due on the debentures as of June 30, 2019 is $165,000. As of June 30, 2019, $2,781,240 of our convertible bridge notes and accrued interest will mature beginning in March 2020 through June 2020. As of June 30, 2019, the Company had a working capital deficit of $3,732,053. These conditions raise substantial doubt about the Company's ability to continue as a going concern. There is no guarantee whether the Company will be able to generate revenue and/or raise capital sufficient to support its operations. The ability of the Company to continue as a going concern is dependent on management's plans which include implementation of its business model to facilitate the acquisition of and investment in cash-flowing businesses, grow revenue and earnings of those companies which may result in added management fees for the Company, and continue to raise funds for the Company through debt or equity offerings.

The condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. The Company has concluded that EPH is an equity method investment. The primary investor, and not the Company, has ultimate control over major decisions affecting EPH and the greatest economic risk.

On March 31, 2017, the Company completed the first $1,050,000 tranche of a convertible bridge note offering (the "Bridge Offering"). Through the end of 2017, the Company closed an additional $600,000 of follow-on investments in the Bridge Offering. In 2018, the Company raised an additional $980,000 in convertible notes on substantially same terms as the Bridge Offering with three accredited investors and one institutional investor (the "Follow-On Bridge Offering"). In 2019, the Company raised an additional $30,000 under the Follow-On Bridge Offering.

In July 2018, the Company signed a Stock Purchase Agreement for the purchase of all of the outstanding capital stock of George B. Wittmer Associates Inc. ("GBWA") of Callahan, Florida, from its sole shareholder. On November 9, 2018, the Company transferred the agreement to acquire GBWA to EPH, and through EPH, consummated the GBWA acquisition. Concurrently with the GBWA closing: (i) the Company signed an eight-year Management Agreement (the "Management Agreement") with EPH to oversee all of the operations of EPH and its acquired subsidiaries for an initial annual fee of $200,000 (which was subsequently increased by amendment to $700,000, $300,000 of which is provided for the management of GBWA); (ii) appointed the Company's CEO and President to serve as President and Secretary, respectively, of EPH; and (iii) pursuant to the terms of EPH's Limited Liability Company Agreement (the "LLC Agreement") acquired 124,999 Class B Membership Units of EPH, equal to 19.9% of the voting interests of EPH, for $50,000. To complete the GBWA acquisition, EPH raised $4.4 million from one institutional investor for 500,000 Class A Membership Units, equal to 80.1% of the voting interest of EPH.

On January 18, 2019, EPH completed its second acquisition of Employee Owned Nursery Enterprises Ltd., a Texas limited partnership d/b/a Organics "by Gosh" ("OBG"). Concurrently with the OBG acquisition, the Company: (i) acquired an additional 53,970 Class B Membership Units in EPH for $21,588 through a subscription payable which is included in accounts payable and accrued expenses on the consolidated balance sheets; and (ii) received an additional annual management fee of $500,000 plus expenses in connection with the transaction.

In May 2019, the Company signed a services agreement with Community Eco Power, LLC ("CECO") to assist that company complete an acquisition of two waste-to-power facilities in New England, and to assist management transition operations over the following six months. The acquisition closed on May 15, 2019. Two of the Company's officers and directors each own minority equity stakes in CECO. The fee for the Company's services was $250,000, of which a portion was recognized as revenue upon closing and the balance is recorded as deferred contract liabilities on the Company's balance sheet.

Our net loss resulted largely from our funding of activities related to the execution of our business strategy of facilitating the acquisition of and investment in and managing compost manufacturing businesses, including conducting due diligence and incurring consulting and professional expenses and hiring additional employees to support these operations, as well as ongoing general and administrative expenses.

Management is aware of the Company's liquidity and going concern issues and is taking steps to improve its negative cashflow. Management anticipates facilitating additional acquisitions through EPH in 2019, and upon the completion of such transactions, expects that its management fee to oversee the operations of EPH and its subsidiaries may be increased. Further, management is pursuing other revenue producing contracts and opportunities for the Company including licensing or developing soil science and product brands that can generate revenue through sublicenses and soil sales either from EPH or other companies, and also utilizing its experience in completing acquisitions to help facilitate non-competitive transactions for third parties for a fee. In the second quarter of 2019, the Company successfully licensed soil technology called ABS from Agrarian Technologies, Inc., for which the Company is currently pursuing sales and distributorship agreements. The Company also signed a second services agreement with CECO in the second quarter of 2019, providing and additional $250,000 in revenue. Management may also seek to raise additional capital through equity and debt offerings.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its Subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation. References herein to the Company include the Company and its Subsidiary, unless the context otherwise requires.

Cash

The Company considers cash, short-term deposits, and other investments with original maturities of no more than ninety days when acquired to be cash and cash equivalents for the purposes of the statement of cash flows. The Company held no cash equivalents as of June 30, 2019 and December 31, 2018. The Company maintains cash balances at two financial institutions and has experienced no losses with respect to amounts on deposit.

Revenue Recognition

On January 1, 2018, the Company adopted ASC Topic 606, "Revenue from Contracts with Customers ("ASC 606") and all the related amendments. The Company elected to adopt this guidance using the modified retrospective method. The adoption of this guidance did not have a material effect on the Company's financial position, results of operations, or cash flows.

The core principle of ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASC 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than previously required under U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation.

During the six months ended June 30, 2019, revenue consists of management services performed by the Company for our equity method investment, EPH, as well as revenue from the services agreement with CECO. In its review of contracts with customers, management identifies that a contract exists with a customer, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to the performance obligations in the contract, and then recognizes revenue when the Company satisfies a specific performance obligation. Payments received before all the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

The management services to be provided to our equity method investment are performance obligations satisfied evenly over a period of time. Therefore, revenue from this management service agreement are recognized on a straight-line basis over the one-year service period.

Stock Based Compensation

The Company applies the fair value method of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, "*Share Based Payment*", in accounting for its stock-based compensation. This standard states that compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. The Company values stock-based compensation at the market price for the Company's common stock and other pertinent factors at the grant date.

The Black-Scholes option pricing valuation method is used to determine fair value of stock options consistent with ASC 718, "*Share Based Payment".* Use of this method requires that the Company make assumptions regarding stock volatility, dividend yields, expected term of the awards and risk-free interest rates.

The Company accounts for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of the equity instruments exchanged, in accordance with ASC 505-50, "*Equity Based payments to Non-employees*". The Company measures the fair value of the equity instruments issued based on the fair value of the Company's stock on contract execution.

Equity Method Investment

Investments in partnerships, joint ventures and less-than majority-owned subsidiaries in which we have significant influence are accounted for under the equity method. The Company's consolidated net income includes the Company's proportionate share of the net income or loss of our equity method investee. When we record our proportionate share of net income, it increases income (loss) — net in our consolidated statements of operations and our carrying value in that investment. Conversely, when we record our proportionate share of a net loss, it decreases income (loss) — net in our consolidated statements of income and our carrying value in that investment. The Company's proportionate share of the net income or loss of our equity method investees includes significant operating and nonoperating items recorded by our equity method investee. These items can have a significant impact on the amount of income (loss) — net in our consolidated statements of operations and our carrying value in those investments.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on the straight-line method, based on the estimated useful lives of the assets as follows:

	Years
Furniture and equipment	7
Computers	5

Expenditures for maintenance and repairs are charged to operations as incurred.

Impairment of Long-Lived Assets

The Company continually evaluates the carrying value of its long-lived assets to determine whether there are any impairment losses. If indicators of impairment are present and future cash flows are not expected to be sufficient to recover the assets' carrying amount, an impairment loss would be charged to expense in the period identified. To date, the Company has not recognized any impairment charges.

Income Taxes

Income taxes are accounted for under the asset and liability method as stipulated by FASB ASC 740, "*Income Taxes*" ("ASC 740"). 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 bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities or a change in tax rate is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced to estimated amounts to be realized by the use of a valuation allowance. A valuation allowance is applied when in management's view it is more likely than not (50%) that such deferred tax will not be utilized.

In the event that an uncertain tax position exists in which the Company could incur income taxes, the Company would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by the taxing authorities. Reserves for uncertain tax positions would be recorded if the Company determined it is probable that a position would not be sustained upon examination or if payment would have to be made to a taxing authority and the amount is reasonably estimated. As of June 30, 2019, the Company does not believe it has any uncertain tax positions that would result in the Company having a liability to the taxing authorities; however, federal returns have not been filed since the Company's inception in 2014. Such delinquencies are being resolved by management and a retained tax expert. Interest and penalties related to any unrecognized tax benefits is recognized in the consolidated financial statements as a component of income taxes.

Fair Value Measurement

The Company measures fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Company's convertible Bridge Notes are valued by using Monte Carlo Simulation methods and discounted future cash flow models. Where possible, the Company verifies the values produced by its pricing models to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility and correlations of such inputs. These convertible Bridge Notes do not trade in liquid markets, and as such, model inputs cannot generally be verified and do involve significant management judgment. Such instruments are typically classified within Level 3 of the fair value hierarchy.

Basic and Diluted Loss Per Share

Net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period plus any potentially dilutive shares related to the issuance of stock options, shares from the issuance of stock warrants, shares issued from the conversion of redeemable convertible preferred stock and shares issued for the conversion of convertible debt.

At June 30, 2019, there were the following potentially dilutive securities that were excluded from diluted net loss per share because their effect would be anti-dilutive: 8,515,480 shares from common stock options, 5,337,345 shares from common stock warrants, 1,650,000 shares from the conversion of debentures, 43,979,226 shares that may be converted from Bridge Notes (based upon an assumed conversion price at June 30, 2019 of $0.082 per share), and 6,000,000 shares from the conversion of redeemable convertible preferred stock (not inclusive of cumulative dividends which may be converted to shares of common stock under certain conditions). At June 30, 2018, there were the following potentially dilutive securities that were excluded from diluted net loss per share because their effect would be anti-dilutive: 6,915,480 shares from common stock options, 5,187,345 shares from common stock warrants, 1,100,000 shares from the conversion of debentures (not inclusive of shares that may be converted from Bridge Notes, as the valuation and corresponding share price were not determinable at such time), and 4,000,000 shares from the conversion of redeemable convertible preferred stock.

Significant Estimates

U.S. Generally Accepted Accounting Principles ("GAAP") requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses, cash flows and the related footnote disclosures during the period. On an on-going basis, the Company reviews and evaluates its estimates and assumptions, including, but not limited to, those that relate to the fair value of stock based compensation, the fair value of derivative liabilities and convertible bridge notes, and the assessment and recognition of income taxes and contingencies. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)*", requiring management to recognize any right-to-use-asset and lease liability on the statement of financial position for those leases previously classified as operating leases. The criteria used to determine such classification is essentially the same as under the previous guidance, but it is more subjective. The lessee would classify the lease as a finance lease if certain criteria at lease commencement are met. This ASU is effective for fiscal years beginning after December 15, 2018. Effective January 1, 2019 the Company adopted ASU 2016-02 which did not have an impact on our condensed interim financial statements as the Company has no leases that meet the scope of ASC 842.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting*, which is intended to simplify the accounting for nonemployee share-based payment transactions by expanding the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2018. Early adoption is permitted, but no earlier than an entity's adoption date of ASC 606. Effective January 1, 2019 the Company adopted ASC 2018-07 and it did not have an impact on our interim financial statements.

In August 2018, the FASB issued guidance that amends fair value disclosure requirements. The guidance removes disclosure requirements on the transfers between Level 1 and Level 2 of the fair value hierarchy in addition to the disclosure requirements on the policy for timing of transfers between levels and the valuation process for Level 3 fair value measurements. The guidance clarifies the measurement uncertainty disclosure and adds disclosure requirements for Level 3 unrealized gains and losses and significant unobservable inputs used to develop Level 3 fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019. Entities are permitted to early adopt any removed or modified disclosures upon issuance and delay adoption of the additional disclosures until the effective date. The Company is currently evaluating the impact of this new guidance on its consolidated financial statements and disclosures.

Concentration of Risk

The Company expects cash to be the asset most likely to subject the Company to concentrations of credit risk. The Company's bank deposits may at times exceed federally insured limits. The Company's policy is to maintain its cash with high credit quality financial institutions to limit its risk of loss exposure.

Approximately 80% of the Company's revenue for the six months ended June 30, 2019 was from fees earned from its 19.2% equity method investment, EPH, under a management agreement. This is currently the Company's primary source of on-going revenue, and that agreement is terminable at will by EPH. See Note 4. The Company also earned fees under its services agreement with CECO in the period ended June 30, 2019. During the period ended June 30, 2019, all revenue of the Company was earned from related parties.

NOTE 4 – EQUITY METHOD INVESTMENT

During November 2018, the Company invested $50,000 for a 19.9% Class B limited liability membership interest in EPH and recorded this transaction as an equity method investment due to the Company's ability to exercise significant influence over EPH. The carrying value of the investment in EPH was reduced to zero after recording the proportionate share of the investee's net loss for the year. In January 2019, the Company committed an additional $21,588 through a subscription payable to maintain its 19.9% Class B limited liability interests in EPH, after additional Class A units were sold to investors. The $21,588 remains due at June 30, 2019 and is included in accounts payable and accrued expenses on the condensed consolidated balance sheets. The carrying value of the investment remains at zero at June 30, 2019. The loss in equity investment has been presented on the consolidated statement of operations for the six months ended June 30, 2019. There were no distributions received from the equity method investment through the second quarter of 2019.

In May 2019, EPH issued an additional 36,932 Class A Units in consideration for $325,000 additional investments. The Company did not purchase additional Class B Units at this time, and as a result, its equity stake in EPH was diluted to 19.2%.

For the six months ended June 30, 2019, EPH generated revenue of $5,386,258 and recorded a net loss of $625,455. The net loss was due in material part from fees paid to the Company under its Management Agreement, as well as expenses incurred in connection with the OBG closing on January 18, 2019, and related funding activities.

See Note 5 for transactions with our equity method investment during the six-month period ended June 30, 2019.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Company currently maintains an executive office in Florida, which is leased by GreenBlock Capital LLC, an investment firm in which the Company's President serves as a Managing Director but holds no equity or voting rights. The Company has no formal agreement for this space and pays no rent.

In May 2018, we received $12,500 from our Chief Executive Officer and a Director in the Follow-On Bridge Offering (see Note 6).

During the six months ended June 30, 2019, the Company received an additional $549,000 from our equity method investment (see Note 4) for prepaid management fees. As of June 30, 2019, $328,571 of these accumulated fees remain as contract liabilities and we recognized $338,096 as revenues during the six months ended June 30, 2019 based on the service period. As of December 31, 2018, $117,667 of these fees remained as contract liabilities.

During the six months ended June 30, 2019, the Company received $187,500 from EPH as a demand note payable with interest payable at 6% annually. This has been presented as note payable – related party on the condensed consolidated balance sheets.

During the six months ended June 30, 2019, the Company incurred $11,168 in legal fees with a related party and, during the six months ended June 30, 2018, the Company incurred approximately $39,393 from a law firm in which our audit committee chair is an employee. As of June 30, 2019 and December 31, 2018, our accounts payable and accrued expenses include approximately $5,000 and $30,000, respectively, for legal fees incurred in the prior year with this law firm.

During the six months ended June 30, 2019, the Company earned $88,596 in service fees under its agreement with CECO and recorded $161,404 as deferred contract liabilities to be earned through December 31, 2019. Two of the Company's officers and directors each own minority equity stakes in CECO.

NOTE 6 – NOTES PAYABLE AND DEBENTURES

In March 2017, the Company entered into a Modification and Extension Agreement with two holders of its Original Issue Discount Senior Secured Convertible Debentures (the "Debentures") to extend the maturity date to July 31, 2017, reset the conversion price from $0.21 to $0.15, and waive any defaults under the Debentures from the expiration of the maturity date or otherwise. The exercise price of the warrants that were issued with the Debentures (the "Warrants"), which had been reset to $0.50 per verbal agreement of the parties in the third quarter of 2016, was formally documented under this March 2017 modification agreement. The Debentures do not bear interest but contain an Original Issue Discount of $20,750. All assets of the Company are secured under the Debentures, including our Subsidiary and its assets. The Debentures and Warrants contain certain anti-dilutive protection provisions in the instance that the Company issues stock at a price below the stated conversion price of the Debentures, as well as other standard protections for the holder. As of June 30, 2019, and December 31, 2018, the aggregate outstanding principal amount of the two Debentures was $165,000. In March 2018, the Company and holders extended the maturity date of the Debentures until July 31, 2018 in return for a reduction of the conversion price to $0.10 per share. In March 2019, the Company and the holders again extended the maturity date of the debentures to July 1, 2019 for no additional consideration. The Debentures are currently in default and the Company is in negotiations with the holders to reach a new modification agreement or other resolution. If a resolution cannot be reached, the holder can accelerate all payments due, foreclose on the assets of the Company, or pursue other legal remedies available to it.

On March 31, 2017, the Company closed the initial $1,050,000 tranche in a convertible promissory note (the "Bridge Notes") offering (collectively, the "Bridge Offering"). In addition, as part of that initial closing, three of the Company's directors converted $156,368 and one shareholder converted $11,784 of prior notes and cash advances, including interest thereon, into the Bridge Offering. As of the end of 2017, an additional $600,000 was raised under the Bridge Offering and $23,756 of additional prior notes were converted into this round. In 2018, the Company raised an additional $980,000 in Follow-On Bridge Offering notes on substantially same terms as the Bridge Offering (but with a two-year maturity) with three accredited investors, one being our Chief Executive Officer and another a Director who each entered into a $12,500 Bridge Note, and one institutional investor. In 2019, one of these investors provided an additional $30,000 in Bridge Notes. In June 2018, one of the original Bridge Notes for $50,000 plus $7,664 accrued interest was converted by its holder into 613,451 shares of common stock.

The Bridge Notes from the Bridge Offering and the Follow-On Bridge Offering conducted in 2018 convert at a 50% discount to the post-funding valuation of the Company at the closing of its next offering in the minimum amount of $5,000,000 (the "Equity Offering"). The conversion valuation has a ceiling of $12,000,000, and a "floor" company value of $6,000,000 in the event there is no Equity Offering before the Bridge Notes are able to be converted. As of the date of filing, the Company has not completed an Equity Offering defined in the Bridge Notes.

Pursuant to ASC 825-10-25-1, Fair Value Option, the Company made an irrevocable election at the time of issuance to report the Bridge Notes at fair value, with changes in fair value recorded through the Company's consolidated statements of operations as other income (expense) in each reporting period. The fair value recorded as of June 30, 2019 was $3,510,000 (see Note 8) and the principal amount due was $2,801,908. The change in fair value resulted in a loss for the six months ended June 30, 2019 of $245,726. The fair value recorded as of December 31, 2018 was $2,960,000 (see Note 8) and the principal amount due was $2,771,908.

The Bridge Notes are currently convertible into common stock, or preferred stock if received by investors in the Equity Offering, at the discretion of each holder based on the conversion formula provided in the Bridge Notes. Maturity is 36 months from issuance (24 for the subsequently issued Follow-On Bridge Notes) with 15% annual interest which will be capitalized each year into the principal of the Bridge Notes and paid in kind.

NOTE 7 – FAIR VALUE MEASUREMENT

The Company measures fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As disclosed in Note 6, the Bridge Notes are reported at fair value, with changes in fair value recorded through the Company's consolidated statements of operations as other income (expense) in each reporting period.

The following tables set forth the Company's consolidated financial assets and liabilities measured at fair value by level within the fair value hierarchy at June 30, 2019 and December 31, 2018. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value at June 30, 2019	Level 1	Level 2	Level 3
Convertible Bridge Notes	$ 3,510,000	$ -	$ -	$ 3,510,000
Total	$ 3,510,000	$ -	$ -	$ 3,510,000

	Fair value at December 31, 2018	Level 1	Level 2	Level 3
Convertible Bridge Notes	$ 2,960,000	$ -	$ -	$ 2,960,000
Total	$ 2,960,000	$ -	$ -	$ 2,960,000

The following tables present a reconciliation of the beginning and ending balances of items measured at fair value on a recurring basis that use significant unobservable inputs (Level 3) and the related realized and unrealized gains (losses) recorded in the consolidated statement of operations during the periods.

	Six Months Ended June 30, 2019
Fair value, December 31, 2018	$ 2,960,000
Issuances of debt	30,000
Accrued interest	271,774
Conversions of debt and accrued interest to shares of common stock	-
Amortization of debt issuance costs	2,500
Net unrealized loss on convertible bridge notes	245,726
Fair value, June 30, 2019	$ 3,510,000
Less: current portion of bridge notes	2,781,240
Fair value, June 30, 2019, less current portion	$ 728,760

	Six Months Ended June 30, 2018
Fair value, December 31, 2017	$ 3,270,000
Issuances of debt	290,000
Accrued interest	140,488
Conversions of debt and accrued interest to shares of common stock	(57,664)
Amortization of debt issuance costs	2,500
Net unrealized gain on convertible bridge notes	(345,324)
Fair value, June 30, 2018	$ 3,300,000

The Company's convertible Bridge Notes are valued by using Monte Carlo Simulation methods and discounted future cash flow models. Where possible, the Company verifies the values produced by its pricing models to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility and correlations of such inputs. These convertible Bridge Notes do not trade in liquid markets, and as such, model inputs cannot generally be verified and do involve significant management judgment. Such instruments are typically classified within Level 3 of the fair value hierarchy. The following assumptions were used to value the Company's convertible Bridge Notes at June 30, 2019: dividend yield of -0-%, volatility of 170%, risk free rate of 2.01% and an expected term of 9 months. The fair value of the Bridge Note was estimated based on the present value expected future cash flows using a discount rate of 20%.

NOTE 8 – STOCKHOLDER DEFICIT

Redeemable Convertible Preferred Stock

The Company has 600 shares of Preferred Stock issued and outstanding, which currently are convertible at $0.10 per share of the Company's common stock (the "Conversion Price"), as per the terms of a March 2018 Modification and Extension Agreement (the "2018 Modification"). The Preferred Stock bears a 6% dividend per annum, calculable and payable per quarter in cash or additional shares of common stock as determined in the Certificate of Designation. The Preferred Stock has no voting rights until converted to common stock and has a liquidation preference equal to the aggregate purchase price of $600,000 plus accrued dividends. In December 2017 and January 2018, the Company was obligated to redeem all of the then outstanding Preferred Stock, for an amount in cash equal to the Two Year Redemption Amount (such redemption, the "Two Year Redemption"). The Company extended the redemption date to July 1, 2019 pursuant to a new modification agreement signed in March 2019. The Preferred Stock is currently in default, and the Company is negotiating a modification with the holders. If a resolution cannot be reached, the holder can accelerate the redemption due, foreclose on the assets of the Company, or pursue other legal remedies available to it. Each share of Preferred Stock received warrants (the "Warrants") equal to one-half of the Purchase Price to purchase common stock in the Company exercisable for five years following closing, currently exercisable at a price of $0.50 per share.

The Preferred Stock has price protection provisions in the case that the Company issues any shares of stock not pursuant to an "Exempt Issuance" at a price below the Conversion Price. Exempt Issuances include: (i) shares of Common Stock or common stock equivalents issued pursuant to the original merger of the company or any funding contemplated by that transaction; (ii) any common stock or convertible securities outstanding as of the date of closing; (iii) common stock or common stock equivalents issued in connection with strategic acquisitions; (iv) shares of common stock or equivalents issued to employees, directors or consultants pursuant to a plan, subject to limitations in amount and price; and (v) other similar transactions. The Certificate of Designation contains restrictive covenants not to incur certain debt, repurchase shares of common stock, pay dividends or enter into certain transactions with affiliates without consent of holders of 67% of the Preferred Stock. The holders of the Preferred Stock consented to the Bridge Offering.

Management has determined that the Preferred Stock is more akin to a debt security than equity primarily because it contains a mandatory 2-year redemption at the option of the holder, which only occurs if the Preferred Stock is not converted to common stock. Therefore, management has presented the Preferred Stock outside of permanent equity as mezzanine equity, which does not factor in to the totals of either liabilities or equity. In 2016, the proceeds were allocated between the three features of the stock offering: the embedded conversion feature in the Preferred Stock, the warrants, and the Preferred Stock itself. The fair values of the embedded conversion feature and warrants were recorded as a discount against the stated value of the Preferred Stock on the date of issuance. This discount was amortized to interest expense over the term of the redemption period (2 years), which would result in the accretion of the Preferred Stock to its full redemption value.

The Preferred Stock carries a 6% per annum dividend calculated on the stated value of the stock and is cumulative and payable quarterly beginning July 1, 2016. These dividends are accrued at each reporting period. They add to the redemption value of the stock; however, as the Company shows an accumulated deficit, the charge has been recognized in additional paid-in capital.

Warrants

The following is a summary of all outstanding common stock warrants as of June 30, 2019:

	Number of Warrants		Exercise price per share	Average remaining term in years
Warrants issued in connection with issuance of Debentures	2,033,500	$	0.50	0.25
Warrants issued in connection with issuance of Preferred Stock	1,153,845	$	0.50	1.55
Warrants issued in connection with a services contract	1,000,000	$	0.20	0.98
Warrants issued in connection with a services contract	1,000,000	$	0.35	0.98

The following is a summary of all outstanding common stock warrants as of June 30, 2018:

	Number of Warrants		Exercise price per share	Average remaining term in years
Warrants issued in connection with issuance of Debentures	415,000	$	0.50	0.50
Warrants issued in connection with issuance of Preferred Stock	1,153,845	$	0.50	1.85
Warrants issued in connection with a services contract	1,000,000	$	0.20	1.23
Warrants issued in connection with a services contract	1,000,000	$	0.35	1.23
Warrants issued in connection with a services contract	150,000	$	0.04	4.75

During the year ended December 31, 2018, we committed to issuing warrants to purchase 150,000 shares of common stock at $.04 per share and expiring in five years, to one of our consultants prior to the consummation of any merger or equity financing of more than $1,000,000. These warrants are provisional and are not considered outstanding or granted as of June 30, 2019 or December 31, 2018.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

In April 2017, the Company entered into two Employment Agreements, the first with its Chairman and, as of July 2017, CEO; and the second with its previous CEO and, as of July 2017, President and General Counsel. The annual salaries under these Employment Agreements are $350,000 and $220,000, respectively, and agreements have provisions for severances in the instance either executive is terminated without cause or after a change in control (24 months for the CEO and 12 months for the President).

Pursuant to a services agreement signed in 2018, an additional 150,000 warrants with a five-year term and exercisable at $0.04 per share are issuable to the provider, but were not formally issued in 2018 and remain unissued.

ITEM 2: MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, including or related to our future results, events and performance (including certain projections, business trends and assumptions on future financings), and our expected future operations and actions. In some cases, you can identify forward-looking statements by the use of words such as “may,” “should,” “plan,” “future,” “intend,” “could,” “estimate,” “predict,” “hope,” “potential,” “continue,” “believe,” “expect” or “anticipate” or the negative of these terms or other similar expressions. These forward-looking statements generally relate to our plans and objectives for future operations and are based upon management’s reasonable estimates of future results or trends. In evaluating these statements, you should specifically consider the risks that the anticipated outcome is subject to, including the factors discussed under “RISK FACTORS” in previous filings and elsewhere. These factors may cause our actual results to differ materially from any forward-looking statement. Actual results may differ from projected results due, but not limited to, unforeseen developments, including those relating to the following:

- We fail to raise capital;
- We fail to implement our business plan;
- We fail to complete acquisitions or fail to integrate acquired companies successfully;
- We fail to compete at producing cost effective products;
- Market demand does not materialize for compost and manufactured soils;
- The availability of additional capital at reasonable terms to support our business plan;
- Economic, competitive, demographic, business and other conditions in our markets;
- Changes or developments in laws, regulations or taxes;
- Actions taken or not taken by third-parties, including our suppliers and competitors;
- The failure to acquire or the loss of any license or patent;
- The failure to obtain or loss of a permit or operating license;
- Changes in our business strategy or development plans;
- The availability and adequacy of our cash flow to meet our requirements; and
- Other factors discussed under the section entitled “RISK FACTORS” in previous filings or elsewhere herein.

You should read this Quarterly Report completely and with the understanding that actual future results may be materially different from what we expect. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, future financings, performance, or achievements. Moreover, we do not assume any responsibility for accuracy and completeness of such statements in the future. We do not plan to update any of the forward-looking statements after the date of this Quarterly Report to conform such statements to actual results.

Overview

Our initial subsidiary, Q2P, was originally formed in April 2010 in the state of Florida as a limited liability company called "Cyclone-WHE LLC." The purpose of the Company at such time was essentially the same as it was through most of 2016: to complete research and development on its waste-to-power technology with the goal of pursuing business opportunities in the clean energy sector. We re-domiciled to Delaware as a corporation in April 2014, formally split from our former parent in July 2014, and changed our name to "Q2Power Corp." in February 2015. We are licensed to do business in Florida, where we maintain an office.

On November 12, 2015, Q2P consummated its Agreement and Plan of Merger (the "Merger Agreement") with the Company (then called Anpath Group, Inc.) and a newly formed and wholly-owned subsidiary, AnPath Acquisition Sub, Inc., a Delaware corporation ("Merger Subsidiary"), resulting in the Merger Subsidiary merging with and into Q2P. As a result, Q2P was the surviving company and a wholly-owned subsidiary of AnPath (the "Merger"). As a result of the Merger, all outstanding shares of Q2P were exchanged for approximately 24 million shares of our common stock. In addition, we assumed both the Q2P 2014 Founders Stock Option Plan and the 2014 Employees Stock Option Plan (the "Option Plans"), and 1,095,480 options outstanding thereunder. As of the date of the Merger, the officers and directors of Q2P took over the management and Board of Directors of the Company.

In connection with the Merger, we sold the former operating entity of Anpath, ESI, to three former officers and shareholders of Anpath in exchange for the return of 470,560 shares of our common stock and ESI retaining all of the old liabilities of ESI including a litigation judgment. In December 2015, we officially changed our name to Q2Power Technologies, Inc. to reflect our new business direction – that of Q2P – after the Merger. In February 2016, we changed our fiscal year end from March 31 to December 31 to reflect the year-end of our operating Subsidiary, and up-listed our common stock to the OTCQB. The financial statements and footnotes to the financial statements reflect this change of fiscal year end. On August 18, 2017, we changed our name to Q2Earth, Inc.

Since May 2016, management began to pursue opportunities in the business of manufacturing compost and soils from yard waste, food waste, biosolids and other waste streams. In early 2017, we raised funding through our Bridge Offering to implement this change in business model, and sold our waste-to-power technology to a licensee. In late 2018, we commenced the process of acquiring companies in this environmental sector and managing their operations.

Current Acquisitions and Agreements with EPH

On July 27, 2018, we signed a definitive Stock Purchase Agreement (the "GBWA Purchase Agreement") for the purchase of all of the outstanding capital stock of George B. Wittmer Associates Inc. ("GBWA") of Jacksonville, Florida, from its sole shareholder. GBWA is a residual waste management and compost manufacturing company that services papermills in the southeast United States. The company's assets include land and improvements, equipment, inventory, proprietary know-how and tradenames, long-term contracts and extensive customer lists.

On November 9, 2018, we transferred the GBWA Purchase Agreement to Earth Property Holdings LLC, a Delaware limited liability company ("EPH"), plus $50,000 in non-reimbursed expenses, in return for a 19.9% Class B equity stake and an eight-year Management Agreement to run EPH for an initial annual management fee of $200,000 (this annual fee was increased to $700,000 in January 2019). One institutional entity, in which our CEO is an investor and member, provided $4,400,000 in funding upon transfer of the GBWA Purchase Agreement in return for 500,000 Class A Units equal to 80.1% of the voting equity of EPH. Immediately subsequent to the transfer of the GBWA Purchase Agreement and equity funding, EPH consummated the GBWA acquisition.

On January 18, 2019, EPH completed the acquisition (the "OBG Acquisition") of Employee Owned Nursery Enterprises Ltd., a Texas limited partnership d/b/a Organics "by Gosh" ("OBG"). OBG is an organics recycling and compost and soil manufacturing company based in Austin, Texas. In connection with the OBG Acquisition, EPH raised an additional $1.9 million in Class A equity units and secured a $6 million mezzanine credit facility, from which EPH drew down $3 million at closing. Also, the Company acquired an additional 53,970 Class B equity units as a subscription payable for $21,588 to maintain our 19.9% equity interest in EPH and received an additional $500,000 annual management fee plus reimbursed expenses. In May 2019, EPH issued an additional 36,932 Class A Units in consideration for $325,000 additional investments. The Company did not purchase additional Class B Units at this time, and as a result, its equity stake in EPH was diluted to 19.2%.

In addition to our investment in EPH and the closing of the GBWA and OBG transactions, which we will manage and oversee moving forward, we are currently in negotiations with several other composting facilities to acquire in 2019 through EPH. We can make no guarantee that these additional acquisitions will close due to many factors including failure to raise required funding, failure to reach definitive agreements, and findings of items in the diligence process that would make closing not in the best interests of EPH's members or our shareholders.

Bridge Offering and Follow-On Bridge

The Company issued a total of $2,821,908 in Convertible Promissory Notes (the "Bridge Notes") during 2017 and 2018 (the "Bridge Offering") and $30,000 in 2019. Proceeds from the Bridge Notes were used to complete due diligence, negotiate and secure the initial compost acquisitions, as well as for operational expenses and legacy debt repayment. The Bridge Notes convert at a 50% discount to the post-funding valuation of the Company at the closing of its next offering in the minimum amount of $5,000,000 (the "Equity Offering"). The conversion valuation has a ceiling of $12,000,000, and a "floor" company value of $6,000,000 in the event there is no Equity Offering before the Bridge Notes are able to be converted. The Bridge Notes convert into common stock, or preferred stock if received by investors in the Equity Offering, commencing on the soonest of the Equity Offering closing or December 31, 2017, at the discretion of the holder. In 2018, one Bridge Note in the principal amount of $50,000 was converted into shares of common stock. Maturity is 36 months from issuance (except for certain Bridge Notes issued in 2018, which have a 24-month term) with 15% annual interest which is capitalized each year into the principal of the Notes and paid in kind. The Bridge Notes start maturing in March 2020.

A. Plan of Operation

Over the last eight months, our plans for acquiring and overseeing the acquisition of commercial composting and sustainable soils manufacturing companies advanced materially in the opinion of management. These advancements include and culminated in the closing of the GBWA Purchase Agreement through EPH in November 2018, the closing of the OBG Acquisition in January 2019, and the completion of $5.7 million in equity funding through EPH and $6 million in a mezzanine debt facility. We have also added to our team, hiring two highly experienced compost facility managers and other financial and accounting staff.

Management's plan for 2019 is to complete several more acquisitions in the compost space through EPH, which will require raising additional equity and debt from current and future investors. We will also be focused on our role managing the operations of EPH and its subsidiary entities, which may lead to additional management fees and other opportunities. We cannot be certain that additional acquisitions will close due to many factors including failure to raise required funding, failure to reach definitive agreements, and findings of items in the diligence process that would make closing not in the best interests of EPH's members or our shareholders.

In addition to our acquisition and management role on behalf of EPH, we plan to seek other revenue and value creation opportunities for the Company. These may include development, acquisition or licensing of national soil brands and distribution channels outside the immediate markets of EPH facilities, and soil science and research projects that can be used to advance operations of EPH facilities as well as other companies in the US or internationally under sales or license agreements. We believe these "asset-light" business opportunities could create significant value for our shareholders.

Pursuant to this "asset-light" strategy, in May 2019, we signed a worldwide, exclusive license agreement with Agrarian Technologies LLC and its affiliates ("Agrarian") to sell Agrarian's proprietary ABS bio-stimulant, an organic, natural compound designed to enhance root formation, increase vascular strength and promote overall plant health through the entire growth cycle. The license agreement covers all ABS formulations, applications and improvements, including a proprietary process to utilize ABS to boost the nutrient and commercial value of compost, engineered soils and wood mulch. The license also provides the Company with the exclusive rights to market soil and mulch products under the Wild Earth® and Mulch Masters® federally registered trademarks. The agreement is 10-years with renewal terms, and provides Agrarian royalties based on the sale of the ABS formula including minimum annual guarantees. ABS, a product of over 50 years of university and private research, meets USDA standards for an organic system plan. Management believes that the license with Agrarian will not only support compost production and sales at the Company's affiliated EPH but will also provide the Company with an independent business line. Management has already commenced marketing and sales of ABS both as a stand-alone product and as a soil and mulch enhancement, although revenue is still in its start-up phase.

Also in May 2019, the Company signed a services agreement with Community Eco Power, LLC ("CECO") to assist that company complete an acquisition of two waste-to-power facilities in New England, and to assist management transition operations over the following six months. The acquisition closed on May 15, 2019. The fee for the Company's services was $250,000, of which a portion was recognized as revenue upon closing and the balance is recorded as deferred contract liabilities on the Company's balance sheet.

While we intend to focus on the business of compost and engineered soils, moving forward we may also review and pursue other synergistic opportunities in the waste-to-value, recycling, residual management, or cannabis support products sectors if approved by our Board of Directors.

To continue operations towards these goals, we will need to raise additional capital for the Company. We have a verbal commitment with the primary investor of EPH that they will continue to provide funding to the Company either as Bridge Notes, other Q2 securities, or advances on management fees, to maintain our operations through at least the end of 2019; however, we do not have any formal written agreement and there can be no guarantee that this investor will continue to fund our operations in the future. While we are cautiously optimistic that we will have funding to maintain our current operations and advance our business plan, especially with respect to the growth on our investment in EPH, management cannot guarantee that additional financing can be completed on terms acceptable to the Company, if at all.

B. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

Company Overview

Between July 2014 and mid-2016, through Q2P we primarily devoted our efforts to commercializing the Q2P engine and CHP system, developing our waste-to-power business model, and recruiting executive management and key employees. Starting in the second half of 2016, we began to phase out our R&D operations, and in August 2017, sold our engine technology to our licensee. We are now focused on promoting our compost manufacturing business model, including providing soil management services and facilitating the acquisition of or investing in other compost manufacturing companies. As a new entity, we have limited current business operations and nominal assets. We currently operate at a loss with minimal revenue.

Starting in the third quarter of 2018, we have increased our operating expenses as new employees have been hired and operations to acquire and invest in compost facilities have increased. We currently have five full time employees, including our CEO, President, two VP-Operations, and controller. We have also brought on a part-time CFO on a trial basis. Other expenses which have increased recently include legal and accounting, payment of fees for exclusivity and LOIs with acquisition targets, and other general expenses. We have also used equity, including common stock and stock options, to pay some expenses over the last year.

Results of Operations for the three months ended June 30, 2019 and 2018

We recorded $252,882 in revenue during the three months ended June 30, 2019 compared to none for the same period in 2018.

For the three months ended June 30, 2019, we recorded a net loss of $812,697, an increase of $320,211 (65%) from our net loss of $492,486 for the same period in 2018. Basic and diluted net loss per share was $0.02 for the three-month period ended June 30, 2019, as compared to a basic and diluted net loss per share of $0.01 in the same period of 2018. The primary underlying reasons for the increase in net loss include the increase in fair value of the convertible bridge notes of $495,914 for the three months ended June 30, 2019 compared to a $104,051 for the same period in 2018, and an increase of $120,061 in operating expenses for the three month period ended June 30, 2019 compared to the same period in 2018.

The majority of the $120,061 increase in operating expenses was due to an increase in payroll and related expenses of $229,733, or 286%, to $310,164 for the three-month period ended June 30, 2019 from $80,431 for the same period in 2018, due to the hiring of additional personnel during the second half of 2018. The increase in payroll expense was partially offset by a decrease in professional fees of $117,162 or 59% to $80,611 for the three-month period ended June 30, 2019 from $197,773 due to a decrease in legal fees and consulting fees.

Results of Operations for the six months ended June 30, 2019 and 2018

We recorded $426,692 in revenue during the six months ended June 30, 2019 compared to none for the same period in 2018.

For the six months ended June 30, 2019, we recorded a net loss of $1,317,971, an increase of $947,017 (255%) from our net loss of $370,954 for the same period in 2018. Basic and diluted net loss per share was $0.03 for the six-month period ended June 30, 2019, as compared to a basic and diluted net loss per share of $0.01 in the same period of 2018. The primary underlying reasons for the increase in net loss include the increase in fair value of the convertible bridge notes of $245,726 for the six months ended June 30, 2019 compared to a gain of $345,324 for the same period in 2018, and an increase of $629,777 in operating expenses for the six month period ended June 30, 2019 compared to the same period in 2018.

The majority of the $629,777 increase in operating expenses was due to an increase in payroll and related expenses of $714,374, or 444%, to $875,237 for the six-month period ended June 30, 2019 from $160,863 for the same period in 2018, due to the hiring of additional personnel during the second half of 2018 and accrued bonuses in the first quarter of 2019. The increase in payroll expense was partially offset by a decrease in professional fees of $114,969 or 34% to $222,597 for the six-month period ended June 30, 2019 from $337,566 due to a decrease in legal fees and consulting fees.

Financial Condition, Liquidity and Capital Resources

For the six months ended June 30, 2019, cash increased by $21,406 over December 31, 2018. This increase was primarily the result of the management fees and proceeds from a note payable with EPH.

Net cash used in operating activities was $196,094 for the six months ended June 30, 2019, which reflected our net loss during the period of $1,317,971, offset by a net increase in operating assets and liabilities of $464,309 and net non-cash adjustments of $657,568. The majority of non-cash adjustments consists of a $245,726 loss on change in fair value of convertible bridge notes, $115,714 of shares issued for outside services in 2018, $271,774 in paid-in-kind interest related to the Bridge Notes and $21,588 loss on equity investment.

Our net loss resulted largely from our funding of activities related to the execution of our business strategy of facilitating the acquisition of and investment in and managing compost manufacturing businesses, including conducting due diligence and incurring consulting and professional expenses and hiring additional employees to support these operations, as well as ongoing general and administrative expenses.

Net cash provided by financing activities during the six months ended June 30, 2019 consisted of $187,500 from a related party loan from EPH, our equity method investment and $30,000 in additional bridge loan funding.

At June 30, 2019, our cash totaled $181,441. Our cash is currently held at large U.S. banks.

Based on our current strategy and operating plan, we need to raise additional capital to close subsequent acquisitions and support operations; therefore, there is substantial doubt about our ability to operate as a going concern. See "Note 2 – Basis of Presentation and Going Concern" in our condensed consolidated financial statements.

Since July 2014, we have raised over $7 million in capital over several financings, inclusive of cash invested and some debt and payables converted to stock, but excluding funds raised through EPH. With these Company funds, we have been able to complete the prototype stage of our original technology, place our first operating pilot unit in the field, recruit a solid engineering and business team, and secure strong Directors with significant industry experience. Specifically, with the closing of our Bridge Offering, described below, we have also been able to pivot our business model to the compost and soil manufacturing business.

Bridge Financing. In May 2017, we completed the first round of our Bridge Offering with $1,450,000 of new cash raised and an additional $191,908 in old debt converted into the round. In September 2017, we completed an additional $200,000 follow-up Bridge Offering on the same terms.

The Convertible Promissory Notes (the "Notes") convert at a 50% discount to the post-funding valuation of the Company at the closing of our next offering in the minimum amount of $5,000,000 (the "Equity Offering"). The conversion valuation has a ceiling of $12,000,000, and a "floor" company value of $6,000,000 in the event there is no Equity Offering before the Notes are able to be converted.

The Notes are currently convertible into our common stock, or preferred stock if received by investors in the Equity Offering, at the discretion of the individual holders. Maturity is 36 months from issuance with 15% annual interest which will be capitalized each year into the principal of the Notes and paid in kind. There are no warrants issued in connection with the Bridge Offering.

The Bridge Offering was led by two accredited investors and joined by approximately 25 additional accredited investors which included our Directors. Management conducted the Bridge Offering and no broker fees were paid in connection with the initial closing. All securities issued in the Bridge Offering and debt settlements were issued pursuant to an exemption from registration under Section 4(a)(2) under the Securities Act of 1933.

In May 2018 through June 2019, we raised an additional $970,000 in the Follow-On Bridge Offering primarily from the Institutional Bridge Investor. Two Directors and one Board observer also participated in this round. The terms of this Follow-On Bridge Offering are identical to the 2017 Bridge Offering except the notes have a two-year term (instead of three).

Company's Prior Financings.

Subsequent to the Merger into the public company, we raised $600,000 in our Series A 6% Convertible Preferred Stock (the "Preferred Stock") from two separate accredited investors in November 2015 and January 2016, respectively. The Preferred Stock bears a 6% dividend per annum, calculable and payable per quarter in cash or additional shares of common stock as determined in the Certificate of Designation. The Preferred Stock was originally convertible at $0.26 per share at the discretion of the holders, and contains price protection provisions in the instance that we issue shares at a lower price, subject to certain exemptions. As a result of the July 2016 common stock offering described below, the conversation price for these Preferred Shares automatically reduced to $0.21 per share, and as a result of the Bridge Offering, the conversion price was reset to $0.15 per share. Pursuant to the 2018 Modification, the conversion price is currently $0.10 per share. Preferred Stock holders also received other rights and protections including piggy-back registration rights, rights of first refusal to invest in subsequent offerings, security over our assets (secondary to our debt holders), and certain negative covenant guaranties that we will not incur non-ordinary debt, enter into variable pricing security sales, redeem or repurchase stock or make distributions, and other similar warranties. The Preferred Stock was redeemable on July 1, 2019 per a 2019 modification agreement, and has no voting rights until converted to common stock. The Preferred Stock is currently in default, and the Company is negotiating a new modification and extension agreement with the holder. The Preferred Stock holders also received 50% warrant coverage at an exercise price of $0.50, with a five-year term and similar price protections as in the Preferred Stock. Pursuant to agreements with the warrant holders, this conversion price remains at $0.50 as of June 30, 2019.

On March 15, 2016, we entered into a 120-day term loan agreement with one accredited investor in the principal amount of $150,000. The loan bore 20% interest with interest payments due monthly. The holders of the term loan received 100,000 shares of common stock valued at $26,000, $3,000 cash and a second security interest in our assets of in exchange for arranging the financing. The loan was repaid in full in December 2017.

On April 29, 2016, our three independent Directors loaned us a total of $60,200 pursuant to three convertible notes which were automatically convertible into the equity securities issued in our next financing of at least $1,000,000 at the same price and same terms. The total principal amount of all three notes was $66,000. The notes were converted into the Bridge Offering in March 2017. In June 2016, three other shareholders provided an additional $30,000 us on the same loan terms, which were also subsequently converted into the Bridge Offering.

In July and August 2016, we received subscription agreements from six accredited investors (four of whom were previous shareholders) to purchase 750,000 shares of restricted common at a price of $0.21 per share for an aggregate of $157,500, less $610 in financing costs.

In September 2016, our three independent Board members advanced us $3,000 for payment of insurance premiums. In the fourth quarter of 2016 and first quarter of 2017, the three Board members advanced an additional $29,500 to cover expenses. All of these advances were converted into our initial Bridge Offering.

All promissory notes and shares in these offerings were sold pursuant to an exemption from the registration requirements of the Securities Exchange Commission under Regulation D to accredited or sophisticated investors who completed questionnaires confirming their status. Unless otherwise described in this Quarterly Report, reference to "restricted" common stock means that the shares have not been registered and are restricted from resale pursuant to Rule 144 of the Securities Act of 1933, as amended.

Separation from Cyclone and Related License Agreement

On July 28, 2014, Q2P (which at such time was called WHE Generation Corp. and renamed Q2Power Corp. on January 26, 2015) commenced operations as an independent company after receiving its initial round of seed funding and signing a formal separation agreement (the "Separation Agreement") from Cyclone. The Separation Agreement between Q2P and Cyclone provided for a formal division of certain assets, liabilities and contracts related to Q2P's business, as well as establishing procedures for exchange of information, indemnification of liability, and releases and waivers for the principals moving forward. As part of the separation from Cyclone, Q2P also purchased for $175,000 certain licensing rights to use Cyclone's patented technology on a worldwide, exclusive basis for 20 years with two 10-year renewal terms for Q2P's waste heat and waste-to-power business (the "License Agreement"). The agreements resulting from the separation were fully amortized prior to 2017.

In August 2017, we closed our Transfer Agreement which transferred to Phoenix all of our technology and materials associated with the old Q2P Technology, including transferring and assigning our License Agreement with Cyclone to Phoenix.

We also assumed a contract with Clean Carbon of Australia and a corresponding $10,064 prepayment for services or other value to be provided in the future. This deposit has been presented as contract liabilities and license deposits on the March 31, 2019 and December 31, 2018 condensed consolidated balance sheets.

Cash and Working Capital

We have incurred negative cash flows from operations since inception on an annual basis. As of June 30, 2019, we had an accumulated deficit of $11,710,202 and negative working capital of $3,732,053.

Critical Accounting Policies

Our financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). Disclosures regarding our Critical Accounting Policies are provided in Note 3 – Summary of Significant Accounting Policies of the footnotes to our condensed consolidated financial statements.

Off-Balance Sheet Arrangements

The Company did not engage in any "off-balance sheet arrangements" (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) as of June 30, 2019.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 4: CONTROLS AND PROCEDURES

In connection with the preparation of this Quarterly Report, management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Accounting Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted 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 management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Management concluded that, as of June 30, 2019, the Company's disclosure controls and procedure were not effective based on the criteria in *Internal Control – Integrated Framework* issued by the COSO, version 2013.

Management's Quarterly Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process, under the supervision of the Chief Executive Officer and the Chief Accounting Officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles in the United States (GAAP). Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of our internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 ("COSO"). As a result of this assessment, management identified certain material weaknesses in internal control over financial reporting. A material weakness is a control deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The identified material weaknesses are disclosed below:

- Due to the size of the Company and available resources, there are limited personnel to assist with the accounting and financial reporting function, which results in a lack of segregation of duties.

- The Company has experienced significant turnover in the role that oversees the day-to-day accounting and financial reporting functions, which increases the risk of a material misstatement in the financial statements.

- The Company lacks knowledge and expertise with accounting for stock -based compensation arrangements.

As a result of the material weakness in internal control over financial reporting described above, management concluded that, as of June 30, 2019, our internal control over financial reporting was not effective based on the criteria in *Internal Control – Integrated Framework* issued by the COSO.

The Company is in the process of addressing and correcting these material weaknesses, including drafting, formalizing and implementing greater internal controls to assure proper financial reporting. As the Company retained but then lost its CFO in 2018, and its Principal Accounting Officer and new acting-CFO have not had the resources to implement proper controls, these weaknesses still exist. Management will be diligent in its efforts to continue to improve the reporting processes of the Company, including the addition of accounting resources and the continued development of proper accounting policies and procedures.

This quarterly report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting in connection with the evaluation required by Rule 13a-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q 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

We are not a party to any pending legal proceeding and, to the knowledge of our management, no federal, state or local governmental agency is presently contemplating any proceeding against us. No director, executive officer, affiliate of ours, or owner of record or beneficially of more than five percent of our common stock is a party adverse to the Company or has a material interest adverse to us in any proceeding.

When the Company sold the ESI subsidiary to three former shareholders following the Merger, that company had a judgment against it from a litigation brought in the Superior Court of the County of Iredell, North Carolina, seeking payment of wages of approximately $25,000, together with vacation pay, the value of health insurance benefits and medical expenses. On April 10, 2015, the Court entered judgment against ESI in favor of the plaintiff. Claims made by the plaintiff against AnPath (the Company at that time) and certain of the officers and directors of Anpath at that time were dismissed by the Court. We do not believe we have any liability in this matter, and that the judgment was properly retained by ESI in the sale; however, to management’s knowledge the judgment is still outstanding and management cannot guarantee that it will not be brought back into the litigation or collection efforts in the future.

ITEM 1A: RISK FACTORS

Not required for smaller reporting companies.

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

We did not issue any shares of common stock in the second quarter of 2019. There were no other sales of unregistered equity securities by us in the second fiscal quarter of 2019 and up to the date of filing that have not been previously reported.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

The Company is in default under its Original Issue Discount Senior Secured Convertible Debentures in the total principal amount of $165,000. The Company is currently in negotiations with the holders to modify and extend the maturity date on those notes.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

(a) There was no information required to be disclosed in a report on Form 8-K during the period that the Company failed to report.

(b) None, not applicable.

ITEM 6: EXHIBITS

Exhibit Number	Description
31.1	302 Certification of Kevin M. Bolin, CEO
31.2	302 Certification of Kevin M. Bolin, Chief Accounting Officer
32	906 Certification

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Q2EARTH INC.

Date: 8/1/19	*By: /s/ Kevin M. Bolin* *Kevin M. Bolin* *Chief Executive Officer and Chairman*
Date: 8/1/19	*By: /s/ Kevin M. Bolin* *Kevin M. Bolin* *Chief Accounting Officer*

Exhibit 31.1

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, Kevin M. Bolin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Q2Earth, Inc. for the period ending June 30, 2019;

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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer 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 controls 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 subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly 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;

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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer 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 function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: August 1, 2019

By: *<u>/s/ Kevin M. Bolin</u>*
Kevin M. Bolin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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, Kevin M. Bolin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Q2Earth, Inc. for the period ending June 30, 2019;

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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer 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 controls 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 subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly 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;

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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer 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 function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: August 1, 2019

By: *\/s/ Kevin M. Bolin*
Kevin M. Bolin
Chief Accounting Officer

Exhibit 32

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER 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 on Form 10-Q for Q2Earth, Inc., (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kevin M. Bolin, Chief Executive Officer and Chief Accounting Officer of the Company certifies pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 1, 2019

By: */s/ Kevin M. Bolin*
Kevin M. Bolin
Chief Executive Officer
Chief Accounting Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.