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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **November 30, 2018**
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: **333-161943**

SPORT ENDURANCE, INC.
(Exact name of registrant as specified in its charter)

Nevada	**26-2754069**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

81 Prospect Street, Brooklyn, NY 11201
(Address of principal executive offices) (Zip Code)

(646) 846-4280
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

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

(Check One):

Large Accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
Emerging growth company ☐	

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 64,478,996 shares of $0.001 par value common stock outstanding as of January 7, 2019.

SPORT ENDURANCE, INC.

FORM 10-Q

Quarterly Period Ended November 30, 2018

EXPLANATORY NOTE

Unless otherwise noted, references in this quarterly report on Form 10-Q (the “Report”) to the “Company,” “we,” “our” or “us” means Sport Endurance, Inc.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Sport Endurance, Inc.
CONDENSED BALANCE SHEETS

	November 30, 2018 (Unaudited)	August 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 23,602	$ 199,674
Inventory	9,402	9,402
Total current assets	33,004	209,076
Total assets	$ 33,004	$ 209,076
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	$ 61,707	$ 106,445
Dividends payable	29,808	20,280
Derivative liability	-	2,317,412
Accrued officer salary	132,000	140,000
Convertible notes, net of unamortized debt discounts of $0 and $752,990, respectively	-	274,214
Total current liabilities	223,515	2,858,351
Commitments and contingencies	-	-
Stockholders' deficit		
Preferred stock, $0.001 par value, 20,000,000 shares authorized, 16,294,000 and 19,194,000 shares undesignated and unissued as of November 30, 2018 and August 31, 2018, respectively		
Series A Preferred stock, $0.001 par value 1,000 shares designated, 1,000 shares issued and outstanding as of November 30, 2018 and August 31, 2018	1	1
Series B Convertible Preferred stock, $0.001 par value, 805,000 shares authorized, 0 and 803,969.73 shares issued and outstanding as of November 30, 2018 and August 31, 2018, respectively	-	804
Series E Convertible Preferred stock, $0.001 par value, 2,900,000 shares authorized, 2,846,355.54 and 0 shares issued and outstanding as of November 30, 2018 and August 31, 2018, respectively	2,846	-
Common stock, $0.001 par value, 580,000,000 shares authorized 52,412,342 and 79,683,842 shares issued and outstanding as of November 30, 2018 and August 31, 2018, respectively	52,412	79,683
Additional paid-in capital	5,308,301	3,329,528
Accumulated deficit	(5,554,071)	(6,059,291)
Total stockholders' deficit	(190,511)	(2,649,275)
Total liabilities and stockholders' deficit	$ 33,004	$ 209,076

See accompanying notes to the unaudited condensed financial statements.

Sports Endurance, Inc.
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

	For the Three Months Ended November 30, 2018	For the Three Months Ended November 30, 2017
Revenue	$ -	$ 214
Cost of goods sold	-	27
Gross profit	-	187
Operating expenses:		
Selling, general and administrative	147,523	85,243
Total operating expenses	147,523	85,243
Operating loss	(147,523)	(85,056)
Other income (expense):		
Interest expense	(133,545)	(136,925)
Gain on exchange of debt and equity	472,267	-
Gain on change in fair value of derivative liability	314,021	111,281
Total other income (expense), net	652,743	(25,644)
Net income (loss) before tax	505,220	(110,700)
Provision for income tax	-	-
Net income (loss)	$ 505,220	$ (110,700)
Preferred stock dividend	(41,147)	-
Net income (loss) available to common shareholders	$ 464,073	$ (110,700)
Net income (loss) per share: basic	$ 0.01	$ (0.00)
Net income (loss) per share: diluted	$ 0.00	$ (0.00)
Weighted average shares outstanding - basic	79,084,468	78,409,661
Weighted average shares outstanding - diluted	119,765,896	78,409,661

See accompanying notes to the unaudited condensed financial statements.

Sport Endurance, Inc.
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the Three Months Ended November 30, 2018	For the Three Months Ended November 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 505,220	$ (110,700)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain on exchange of debt and equity transaction	(472,267)	-
Change in fair value of derivative liabilities	(314,022)	(111,281)
Amortization of discount on convertible debt	118,708	118,886
Changes in assets and liabilities:		
Inventory	-	27
Accrued officer salary	(8,000)	24,000
Interest payable - related party	-	241
Accounts payable and accrued liabilities	21,560	(32,193)
Net cash used in operating activities	(148,801)	(111,020)
CASH FLOWS FROM INVESTING ACTIVITIES	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for the purchase of common stock	(27,271)	-
Proceeds from notes payable - related party	-	35,500
Repayments of notes payable - related party	-	(75,000)
Proceeds from convertible debt	-	241,250
Net cash (used in) provided by financing activities	(27,271)	201,750
Net (decrease) increase in cash and cash equivalents	(176,072)	90,730
Cash and cash equivalents at beginning of period	199,674	1,442
Cash and cash equivalents at end of period	$ 23,602	$ 92,172
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ -	$ 950
Income taxes paid	$ -	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued for conversion of notes payable	$ -	$ 55,000
Preferred Stock Series E issued for cancellation of convertible notes payable, accrued interest, Series B Preferred Stock and warrants	$ 2,022,766	$ -
Discount on notes payable due to beneficial conversion feature	$ -	$ 126,557
Settlement of derivative	$ 2,003,390	$ 23,447
Accrued preferred stock dividends	$ 41,147	$ -

See accompanying notes to the unaudited condensed financial statements.

Sport Endurance, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

We were incorporated in the State of Nevada in 2001, and in 2009 changed our name to Sport Endurance, Inc.

Mr. David Lelong has been the Company's President and Chief Executive Officer since February 4, 2016 and the Company's sole director since April 25, 2016.

On March 14, 2018, the Company, through its wholly-owned subsidiary Yield Endurance, Inc. ("Yield"), entered into a series of agreements under which Yield borrowed $5 million of bitcoin ("BTC"). The Company simultaneously entered into transactions with Madison Partners LLC and Prism Funding Co. LP to lend the BTC to third parties. On August 21, 2018, the Company entered into a series of restructuring agreements to unwind the BTC transactions thereby exiting the BTC and cryptocurrency markets.

Previously, the Company marketed for sale three sport nutritional products which it suspended when the Company elected to enter into the BTC lending business.

The Company is currently seeking to enter into the cannabidiol ("CBD"), hemp, or legal marijuana industries and market various products in one of those industries. As of the date of this report, the Company has no written agreements to acquire any businesses. However, on December 17, 2018, the Company used a substantial portion of the proceeds from its recent private placement and acquired a minority interest in a privately-held business engaged in the animal health foods business which markets and sells products using marijuana for veterinary medical purposes. We also are engaged in preliminary discussions to acquire that business. We do not have any binding agreements and in any event we would need to complete a large financing. We cannot assure you we will be successful in making any acquisitions.

In December 2018 we closed on a private placement where we received approximately $2.8 million before fees from the sale of units of common stock and warrants. As a result of raising this capital we believe that we are in a position to make an acquisition which can deliver shareholder value.

Our auditors note that the absence of revenues and operations, in the audit report for the year ended August 31, 2018 dated December 21, 2018, is a going concern. The going concern statement opinion issued by the independent auditors is the result of a lack of operations and working capital.

The Company cannot pay its short-term debt and will need to raise capital which concerned the independent auditors because there is insufficient cash for operations for the next 12 months. If we cannot raise sufficient capital, we will cease operations.

Basis of Presentation

The accompanying unaudited condensed financial statements of the Company, have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and are presented in accordance with the requirements of Rule S-X of the Securities and Exchange Commission (the "SEC") and with the instructions to Form 10-Q. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended November 30, 2018 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2019. The unaudited condensed financial statements should be read in conjunction with the audited financial statements as of and for the year ended August 31, 2018 and footnotes thereto included in the Company's Annual Report on Form 10-K filed with the SEC on December 21, 2018. The Company has adopted a fiscal year end of August 31st.

All amounts referred to in the notes to the financial statements are in United States Dollars ($) unless stated otherwise.

The financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management utilizes various other estimates, including but not limited to determining the collectability of accounts receivable, the fair value of warrants issued, the fair value of conversion features, the recognition of revenue, the valuation allowance for deferred tax assets and other legal claims and contingencies. The results of any changes in accounting estimates are reflected in the financial statements in the period in which the changes become evident. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the period that they are determined to be necessary.

Cash and Cash Equivalents

Cash and equivalents include investments with initial maturities of three months or less. The Company maintains its cash balances at credit-worthy financial institutions that are insured by the Federal Deposit Insurance Corporation up to $250,000. Deposits with these banks may exceed the amount of insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and, therefore, bear minimal risk. At November 30, 2018 and August 31, 2018, the uninsured balances amounted to $0.

Inventory

Inventory consists of finished goods and is stated at the lower of cost by the first-in, first-out method or net realizable value. The Company currently had approximately 2,432 containers of “Ultra Peak T” included in inventory at November 30, 2018 and August 31, 2018.

Revenue Recognition

Adoption of ASU 2014-09, Revenue from Contracts with Customers

On September 1, 2018, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (ASC 606) using the modified retrospective (cumulative effect) transition method. Under this transition method, results for reporting periods beginning September 1, 2018 or later are presented under ASC 606, while prior period results continue to be reported in accordance with previous guidance. The cumulative effect of the initial application of ASC 606 was immaterial, no adjustment was recorded to the opening balance of retained earnings. The timing of revenue recognition for our revenue stream was not materially impacted by the adoption of this standard. The Company believes its business processes, systems, and controls are appropriate to support recognition and disclosure under ASC 606. In addition, the adoption has led to increased footnote disclosures. Overall, the adoption of ASC 606 did not have a material impact on the Company’s condensed balance sheet, statement of operations and statement of cash flows for the three months ended November 30, 2018. ASC 606 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. As described below, the analysis of contracts under ASC 606 supports the recognition of revenue at a point in time, resulting in revenue recognition timing that is materially consistent with the Company’s historical practice of recognizing product revenue when title and risk of loss pass to the customer.

Policy

The Company recognizes revenue upon product delivery. All of our products are shipped through a third party fulfillment center to the customer and the customer takes title to product and assumes risk and ownership of the product when it is delivered. Shipping charges to customers and sales taxes collectible from customers, if any, are included in revenues.

For revenue from product sales, the Company recognizes revenue in accordance with Financial Accounting Standards Board “FASB” Accounting Standards Codification “ASC” 606. A five-step analysis a must be met as outlined in Topic 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied.. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

Contract Assets

The Company does not have any contract assets such as work-in-process. All trade receivables on the Company's condensed balance sheet are from contracts with customers.

Contract Costs

Costs incurred to obtain a contract are capitalized unless short term in nature. As a practical expedient, costs to obtain a contract that are short term in nature are expensed as incurred. The Company does not have any contract costs capitalized as of November 30, 2018.

Contract Liabilities - Deferred Revenue

The Company's contract liabilities may consist of advance customer payments and deferred revenue. Deferred revenue results from transactions in which the Company has been paid for products by customers, but for which all revenue recognition criteria have not yet been met. Once all revenue recognition criteria have been met, the deferred revenues are recognized.

Income Taxes

The Company utilizes ASC 740, Accounting for Income Taxes, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740, "Income Taxes". Accounting guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements, under which a company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Accordingly, the Company would report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company elects to recognize any interest and penalties, if any, related to unrecognized tax benefits in tax expense.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act reduces the U.S. federal corporate tax rate from 35% to 21%. As of the completion of these consolidated financial statements and related disclosures, we have made a reasonable estimate of the effects of the Tax Act. This estimate incorporates assumptions made based upon the Company's current interpretation of the Tax Act, and may change as the Company may receive additional clarification and implementation guidance and as the interpretation of the Tax Act evolves. In accordance with SEC Staff Accounting Bulletin No. 118, the Company will finalize the accounting for the effects of the Tax Act no later than the fourth quarter of fiscal year 2019. Future adjustments made to the provisional effects will be reported as a component of income tax expense in the reporting period in which any such adjustments are determined. Based on the new tax law that lowers corporate tax rates, the Company revalued its deferred tax assets. Future tax benefits are expected to be lower, with the corresponding one time charge being recorded as a component of income tax expense.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the FASB establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short-term nature of the instruments.

Fair Value Measurements

The Company follows Accounting Standards Codification ("ASC") 820–10 "Fair Value Measurement" of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification to measure the fair value of its financial instruments and disclosures about fair value of its financial instruments. ASC 820–10 establishes a framework for measuring fair value and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, ASC 820–10 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels.

The three (3) levels of fair value hierarchy defined by ASC 820–10 are described below:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted in active markets for identical assets or liabilities);

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments classified as Level 1 - quoted prices in active markets include cash.

These financial instruments are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment to estimation. Valuations based on unobservable inputs are highly subjective and require significant judgments. Changes in such judgments could have a material impact on fair value estimates. In addition, since estimates are as of a specific point in time, they are susceptible to material near-term changes. Changes in economic conditions may also dramatically affect the estimated fair values.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of November 30, 2018 and August 31, 2018. The respective carrying value of certain financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts payable and accrued expenses.

Derivative Financial Instruments

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re- measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification.

The pricing model we use for determining fair value of our derivatives is the Lattice Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates and stock price volatilities. Selection of these inputs involves management's judgment and may impact net income (see note 7).

Conversion options are recorded as debt discount and are amortized as interest expense over the life of the underlying debt instrument using effective interest method.

Basic and Diluted Income (Loss) Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common stock outstanding. Diluted net income (loss) per common share is computed by dividing the net income (loss) adjusted on an "as if converted" basis, by the weighted average number of common stock outstanding plus potential dilutive securities. At November 30, 2018 and 2017, there were 94,923,333 and 1,578,896 shares issuable, respectively, pursuant to our convertible notes and convertible preferred stock. The following is a reconciliation of the number of shares used in the calculation of basic earnings per share and diluted earnings per share for the three months ended November 30, 2018, and 2017:

		2018		2017
Net income (loss) available to common shareholders	$	464,073	$	(110,700)
Plus: Income impact of assumed conversions				
Preferred stock dividends		29,808		-
Net income (loss) available to common shareholders + assumed conversions	$	493,881	$	(110,700)
Weighted average common shares outstanding		79,084,468		78,409,661
Plus: Incremental shares from assumed conversions				
Series E Convertible Preferred Stock		40,681,428		-
Dilutive potential common shares		40,681,428		-
Adjusted weighted average shares		119,765,896		78,409,661
Net income (loss) per share:				
Basic	$	0.01	$	(0.00)
Diluted	$	0.00	$	(0.00)

The following securities were not included in the computation of diluted net earnings per share as their effect would have been antidilutive:

	November 30, 2018	November 30, 2017
Conversion of notes payable	-	1,578,896
	-	1,578,896

Recently Issued Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016–02, "Leases (Topic 842)", which creates new accounting and reporting guidelines for leasing arrangements. The new guidance requires organizations that lease assets to recognize assets and liabilities on the balance sheet related to the rights and obligations created by those leases, regardless of whether they are classified as finance or operating leases. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease primarily will depend on its classification as a finance or operating lease. The guidance also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, with early application permitted. The Company is currently evaluating the impact of the new pronouncement on its unaudited condensed financial statements.

In July 2017, the FASB issued ASU 2017-11, "Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features; II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception". Part I of this update addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. Part II of this update addresses the difficulty of navigating Topic 480, Distinguishing Liabilities from Equity, because of the existence of extensive pending content in the FASB Accounting Standards Codification. This pending content is the result of the indefinite deferral of accounting requirements about mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable non-controlling interests. The amendments in Part II of this update do not have an accounting effect. ASU 2017-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company has determined that adopting this pronouncement will not have a material effect on its unaudited condensed financial statements.

ASU 2018-02 - On December 22, 2017, the U.S. federal government enacted a tax bill, H.R.1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (Tax Cuts and Jobs Act of 2017). Stakeholders raised a narrow-scope financial reporting issue that arose as a consequence of the Tax Cuts and Jobs Act of 2017. The amendments in this Update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017. The amendments in this Update affect any entity that is required to apply the provisions of Topic 220, Income Statement-Reporting Comprehensive Income, and has items of other comprehensive income for which the related tax effects are presented in other comprehensive income as required by GAAP. The amendments in this update is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this Update should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized.

This Accounting Standards Update is the final version of Proposed Accounting Standards Update 2018-210—Income Statement—Reporting Comprehensive Income (Topic 220), which has been deleted. We are currently evaluating the impact of adopting ASU 2017-13 on our unaudited condensed financial statements.

ASU 2018-05 Accounting Standards Update adds SEC paragraphs pursuant to the SEC Staff Accounting Bulletin No. 118, which expresses the view of the staff regarding application of Topic 740, Income Taxes, in the reporting period that includes December 22, 2017 - the date on which the Tax Cuts and Jobs Act (H.R.1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018) was signed into law. We are currently evaluating the impact of adopting ASU 2017-13 on our unaudited condensed financial statements.

In June 2018, the FASB issued ASU 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The guidance is effective for public entities, certain not-for-profit entities, and certain employee benefit plans for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. For all other entities, ASU 2018-07 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. The Company is evaluating the impact of adopting this pronouncement.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Changes to the Disclosure Requirements for Fair Value Measurement.

The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement.

Removals

The following disclosure requirements were removed from Topic 820:

1. The amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy

2. The policy for timing of transfers between levels

3. The valuation processes for Level 3 fair value measurements

4. For nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period.

Modifications

The following disclosure requirements were modified in Topic 820:

1. In lieu of a rollforward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities.

2. For investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse *only* if the investee has communicated the timing to the entity or announced the timing publicly.

3. The amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date.

Additions

The following disclosure requirements were added to Topic 820; however, the disclosures are not required for nonpublic entities:

1. The changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period

2. The range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements.

In addition, the amendments eliminate *at a minimum* from the phrase *an entity shall disclose at a minimum* to promote the appropriate exercise of discretion by entities when considering fair value measurement disclosures and to clarify that materiality is an appropriate consideration of entities and their auditors when evaluating disclosure requirements.

The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this Update. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this Update and delay adoption of the additional disclosures until their effective date.

The impact of this ASU on the Company's unaudited condensed financial statements is not expected to be material.

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on our unaudited condensed financial position, results of operations or cash flows.

Note 2 – Going Concern

As shown in the accompanying unaudited condensed financial statements, the Company has incurred recurring net losses from operations resulting in an accumulated deficit of $5,554,071 and net working capital deficiency of $190,511 as of November 30, 2018. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is actively pursuing new ventures to increase revenues. In addition, the Company is currently seeking additional sources of capital to fund short term operations and repay indebtedness. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful, therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

The unaudited condensed financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. The unaudited condensed financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Discontinued Operations

On August 21, 2018, the Company at the request of other parties to the March 2018 agreements cancelled all of the business agreements, related to Yield. The Company's guaranty of the $5.5 million Note payable was cancelled and the warrants were modified. As a result, the Company entered into a Restructuring Agreement and conveyed to Madison its ownership interest in Yield, including the right to continue the business and affairs of Yield stemming from the March 2018 bitcoin transaction in which the Company sought to enter into bitcoin and other cryptocurrency lending arrangements.

Pursuant to the terms of the Restructuring Agreement, the parties agreed to modify the terms of the Former Agreements by (a) assigning to Madison all of the capital stock of Yield to provide for the continuation of the business of Yield as a subsidiary of Madison, (b) terminating the Guaranty Agreement by and between the Company and Prism, and (c) canceling 15,000,000 of 25,000,000 the warrants issued to Prism in connection with the NPA. On the Effective Date, the Company transferred its capital stock of Yield to Madison (the "Transfer") and terminated the Guaranty Agreement, thus, the Company's liability for the Senior Note, as defined below, issued pursuant to the NPA, was extinguished upon the Transfer.

In connection with the Restructuring Agreement, the Company entered into a Securities Purchase Agreement with Madison pursuant to which the Company transferred to Madison all of the capital stock of Yield. Further, the parties released each other from claims with respect to the original purchase of the BTC and the Former Agreements. No payments under the Bitcoin Agreement will be required to be made to the Company.

There are no continuing cash inflows our outflows to or from the discontinued operations.

The following information presents the major classes of line items constituting the after-tax loss from discontinued operations in the consolidated statements of operations for the year ended August 31, 2018:

Share income	$	(48,593)
Sales, general and administrative		368,032
Interest expense – accrued interest		117,534
Interest expense – excess value of warrants		2,988,090
Interest expense – amortization of discount on note payable		5,500,000
Mark to market BTC		509,730
Mark to market derivative liability		(4,051,087)
Reserve for uncollectible note receivable		4,490,270
Gain on disposal of discontinued operations		(8,038,065)
Loss from discontinued operations, net of tax	$	1,835,911

The following table presents the calculation of the gain on the sale of discontinued operations:

Assets of discontinued operations disposed in sale	$	(9,415)
Liabilities of discontinued operations disposed in sale		9,648,488
Fair value of warrants to purchase 10,000,000 shares of common stock to buyer		(1,601,008)
Gain on disposal of discontinued operations	$	8,038,065

Note 4 – Dividends Payable

On May 30, 2018, the Company issued 803,969.73 shares of its Series B Preferred Stock with a stated value of $0.99 per share for a total stated value of $795,930 (the "Series B Preferred Stock"). The Series B Preferred Stock accrued dividends at the rate of 10% per annum on the stated value. During the year ended August 31, 2018, the Company accrued dividends payable in the amount of $20,280 on the Series B Preferred Stock. From the period September 1, 2018 to October 22, 2018, the Company accrued an additional $11,339 in dividends payable. At October 22, 2018, the amount of dividends payable on the Series B Preferred Stock was $31,619. On October 22, 2018, the Company entered into a transaction whereby the Company exchanged all of its convertible debt and all Series B Preferred Stock outstanding for Series E Preferred Stock (the "Exchange Agreement", see note 10). At October 22, 2018, dividends payable in the amount of $31,619 was outstanding in connection with the Series B Preferred Stock; this amount was converted to Series E Preferred Stock in connection with the Exchange Agreement.

The Company accrued dividends on the Series E Preferred Stock from October 23, 2018 through November 30, 2018 in the amount of $29,808. This amount appears as dividends payable on the Company's unaudited condensed balance sheet at November 30, 2018.

Note 5 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

		November 30, 2018		August 31, 2018
Trade accounts payable	$	48,824	$	39,052
Payroll and related		12,883		15,931
Accrued interest		-		51,462
Total	$	61,707	$	106,445

Note 6 – Related Party Transactions

The Company's President and CEO, David Lelong, earns a salary in the amount of $8,000 per month. During the three months ended November 30, 2018, the Company paid current period salary in the amount of $24,000 to Mr. Lelong; also during the three months ended November 30, 2018, the Company paid back salary previously accrued to Mr. Lelong in the amount of $8,000. At November 30, 2018, the Company had accrued salary due to Mr. Lelong in the amount of $132,000. During the three months ended November 30, 2017, the Company accrued salary in the amount $24,000 to Mr. Lelong. At August 31, 2018, the Company had accrued salary due to Mr. Lelong in the amount of $140,000.

During the three months ended November 30, 2017, the Company repaid the amount of to $75,000 Mr. Lelong under a note payable; the Company also borrowed principal in the amount of $35,500 from Mr. Lelong. Also during the three months ended November 30, 2017, the Company accrued interest in the amount of $1,191 and paid interest in the amount of $950 Mr. Lelong. At November 30, 2017, the Company owed Mr. Lelong principal in the amount of $191,500 and accrued interest in the amount of $2,253 under this note payable. There were no notes outstanding due to Mr. Lelong during as of November 30, 2018.

Note 7 – Derivative Liability

The Company entered into convertible note agreements containing beneficial conversion features and warrants. One of the features is a ratchet reset provision which allows the note holders to reduce the conversion price should the Company issue equity with an effective price per share that is lower than the stated conversion price in the note agreement (see note 8). The Company accounts for the fair value of the conversion feature in accordance with ASC 815, Accounting for Derivatives and Hedging and EITF 07-05, the embedded derivatives should be bundled and valued as a single, compound embedded derivative, bifurcate treated as a derivative liability. The Company is required to carry the embedded derivative on its balance sheet at fair value and account for any unrealized change in fair value as a component in its results of operations.

The Company recognized that the conversion feature embedded within its convertible debts is a financial derivative. The GAAP required that the Company's embedded conversion option be accounted for at fair value. The following schedule shows the change in fair value of the derivative liabilities for the three months ended November 30, 2018:

Liabilities Measured at Fair Value		Derivative Liability
Balance as of August 31, 2017	$	312,878
Issuances		1,565,487
Conversions / redemptions		(1,207,308)
Reclass from sale of discontinued operations		1,601,007
Revaluation loss		45,348
Balance as of August 31, 2018	$	2,317,412
Revaluation gain		(314,022)
Conversion / redemptions		(2,003,390)
Balance as of November 30, 2018	$	-

The derivative liabilities incurred valued based upon the following assumptions and key inputs at November 30, 2018 and August 31, 2018:

Assumption		November 30, 2018		August 31, 2018
Expected dividends:		0%		0%
Expected volatility:		155.0%		121.1– 248.8%
Expected term (years):		5.00		0.21–1.00
Risk free interest rate:		2.99%		0.97–2.08%
Stock price	$	0.21	$	0.35– 1.11

Note 8 – Convertible Notes Payable

		November 30, 2018		August 31, 2018
February 2018 Convertible Note On February 15, 2018, the Company entered into a Securities Purchase Agreement with the Lender. The Company issued a 3.5% OID senior secured convertible promissory note with a face amount of $250,000 (the "February 2018 Convertible Note"). The February 2018 Convertible Note bears interest at a rate of 10% per annum and matures in nine months. The Company received cash proceeds of $241,250 net of the 3.5% original issue discount of $8,750. At the Lender's option, the principal and accrued interest under the note are convertible into common stock at a rate of $0.50 per share and have a full reset feature. The February 2018 Convertible Note is secured by all assets of the Company. The Company at any time may prepay in whole or in part the outstanding principal and accrued interest at 120% during the first 90 days and 130% for the period from the 91st day through maturity. In addition, the Company granted the Lender 500,000 warrants to purchase 500,000 shares of the Company's common stock with an exercise price of $0.01. The warrants have a five-year term. A derivative liability in the amount of $667,470 was created with regard to the conversion features and warrants associated with this note; $241,250 was charged to discount on notes payable, and the balance of $426,220 was charged to interest expense during the three months ended February 28, 2018. On March 26, 2018, the Company and the Lender agreed to eliminate the reset feature of this note. During the year ended August 31, 2018, the Company accrued interest in the amount of $13,681 on this note; as of August 31, 2018, principal in the amount of $250,000 was outstanding under the February 2018 Convertible Note. During the three months ended November 30, 2018, the Company accrued interest in the amount of $3,611 on this note. In October 2018, the February 2018 Convertible Note, accrued interest and warrants were converted to a new series of the Company's preferred stock; see note 9. During the three months ended November 30 2018 and 2017, the Company charged to interest expense the amounts of $16,298 and $0, respectively, in connection with the amortization of the discount on these notes.	$	-	$	250,000

	November 30, 2018	August 31, 2018
March 2018 Convertible Note On March 9, 2018, the Company issued a 3.5% OID senior secured convertible promissory note with a face amount of $777,202 (the "March 2018 Convertible Note"). The March 2018 Convertible Note bears interest at a rate of 10% per annum and matures in nine months. The Company received cash proceeds of $750,000 net of the 3.5% original issue discount of $27,202. At the Lender's option, the principal and accrued interest under the note are convertible into common stock at a rate of $0.50 per share. The March 2018 Convertible Note is secured by all assets of the Company. The Company at any time may prepay in whole or in part the outstanding principal and accrued interest at 120% during the first 90 days and 130% for the period from the 91st day through maturity. In addition, the Company granted the Lender 1,554,405 warrants to purchase 1,554,405 shares of the Company's common stock with an exercise price of $0.01. The warrants have a five-year term. A derivative liability in the amount of $771,460 was created with regard to the conversion features and warrants associated with this note, which was charged to discount on notes payable. On May 9, 2018, the Lender transferred their ownership in $497,458 of principal and $18,042 of accrued interest in the March 2018 Convertible Note to a third party. The Company revalued the derivative liability associated with the conversion feature of the March 2018 note at the time of this restructure, and recorded a gain on revaluation in the amount of $40,072. During the year ended August 31, 2018, the Company accrued interest in the amount of $37,780 on the March 2018 Convertible. As of August 31, 2018, principal in the amount of $777,202 was outstanding under the March 2018 Convertible Note. During the three months ended November 30, 2018, the Company accrued interest in the amount of $11,226 on this note. In October 2018, the March 2018 convertible note, accrued interest and warrants were converted to a new series of the Company's preferred stock; see note 9. During the three months ended November 30 2018 and 2017, the Company charged to interest expense the amounts of $102,410 and $0, respectively, in connection with the amortization of the discount on these notes.	$ -	$ 777,202
Total	$ -	$ 1,027,202
Less: Unamortized discount	-	(752,988)
Total, net of discount	$ -	$ 274,214
Current portion	$ -	$ 1,027,202
Long term	-	-
Total	$ -	$ 1,027,202

March 2018 Note to Prism

Under the terms of a series of agreements (the "Former Agreements"), Yield issued Prism Funding Co, LP ("Prism") a 10% OID Senior Secured Convertible Note (the "Senior Note") in the principal amount of $5,500,000 and received the BTC. The Senior Note was payable 30 days following written demand from Prism (the "Maturity Date") and with interest at 10% per annum. Pursuant to the terms of the restructuring agreement entered into in August 2018, the Company's liability for the Senior Note was extinguished upon the restructuring of the BTC loan (see note 3).

Note 9 – Stockholders' Equity

Preferred stock

The Company is authorized to issue 20,000,000 shares of $0.001 par value preferred stock as of November 30, 2018 and August 31, 2018.

The Company has issued and outstanding 1,000 shares of Series A preferred stock as of November 30, 2018 and August 31, 2018.

Series B Convertible Preferred Stock

On May 30, 2018, the Company authorized 805,000 shares of Series B Convertible Preferred Stock. The Series B Convertible Preferred Stock is convertible at a rate of $0.03 per share, has a stated value of $0.99 per share, and accrues dividends at the rate of 10% per annum on the stated value. The Series B Convertible Preferred Stock has voting rights equal to those of the underlying common stock. Under certain default condition, the Series B Convertible Preferred Stock is subject to mandatory redemption at 125%, and the conversion price resets to 75% of the market price of the Company's common stock. On May 31, 2018, the Company issued 803,969.73 shares of Series B Convertible Preferred Stock for the conversion of debt. The Company began to accrue dividends on the Series B Convertible Preferred Stock on June 1, 2018. From June 1, 2018 through August 31, 2018, the Company accrued dividends in the amount of $20,280 on the Series B Convertible Preferred Stock; from September 1, 2018 through October 22, 2018, the Company accrued dividends in the amount of $11,339 on the Series B Convertible Preferred Stock. On October 22, 2018, all 803,969.73 outstanding shares of the Series B Convertible Preferred Stock and accrued dividends in the amount of $31,619 were exchanged for shares of the Company's Series E Convertible Preferred Stock. At November 30, 2018, and August 31, 2018, there were 0 and 803,969.73 shares of the Series B Convertible Preferred Stock outstanding.

Series E Convertible Preferred Stock

On October 22, 2018, the Company authorized 2,900,000 shares of its Series E Convertible Preferred Stock. The Series E Convertible Preferred Stock is convertible at a rate of $0.03 per share, has a stated value of $0.99 per share, and accrues dividends at the rate of 10% per annum on the stated value. The Series E Convertible Preferred Stock has voting rights equal to those of the underlying common stock. Under certain default condition, the Series E Convertible Preferred Stock is subject to mandatory redemption at 125%, and the conversion price resets to 75% of the market price of the Company's common stock. On October 22, 2018, the Company entered into an Exchange Agreement whereby the following were exchanged for 2,846,355.54 shares of Series E Convertible Preferred Stock: (i) Convertible debt and accrued interest in the amounts of $1,027,202 and $66,299, respectively; (ii) 803,969.73 of Series B Convertible Preferred stock; (iii) accrued dividends in the amount $31,619 on the Series B Convertible Preferred Stock; and (iv) outstanding warrants to purchase 12,054,405 shares of the Company's common stock. A derivative liability in the amount of $2,003,390 related to the convertible debt and was also settled pursuant to the Exchange Agreement. The Company valued the 2,846,355.14 shares of Series E Convertible Preferred Stock at $2,022,766, and recorded a gain in the amount of $472,267 on the Exchange Agreement during the three months ended November 30, 2018.

Common stock

The Company is authorized to issue 580,000,000 shares of $0.001 par value common stock as of November 30, 2018 and August 31, 2018. The Company had 52,412,342 and 79,683,842 shares of common stock issued and outstanding as of November 30, 2018 and August 31, 2018, respectively.

Three Months Ended November 30, 2018

On November 28, 2018, the Company repurchased 27,271,500 shares of the Company's common stock from two shareholders in a series of private transactions. The Shares were repurchased by the Company for the par value of the Shares or a total of $27,271.

Three Months Ended November 30, 2017

On September 28, 2017, the Company issued 208,333 shares of common stock, for the conversion of $16,347 of principal and $8,653 of accrued interest of convertible notes payable.

On November 16, 2017, the Company issued 250,000 shares of common stock, for the conversion of $17,518 of principal and $12,482 of accrued interest of convertible notes payable.

Warrants

The Company has no warrants outstanding at November 30, 2018. Transactions involving warrants are summarized as follows:

	Number of Warrants	**Weighted Average Exercise Price**
Warrants outstanding at August 31, 2018	12,054,405	$ 0.01
Granted	-	-
Exercised	-	-
Cancelled / Expired	(12,054,405)	0.01
Warrants outstanding at November 30, 2018	-	$ -

During the three months ended November 30, 2018, the Company exchanged all the warrants with the Series E Convertible Preferred Stock.

Note 10 – Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the FASB establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short-term nature of the instruments. The Company had no other items that required fair value measurement on a recurring basis.

The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following summarized the Company's financial liabilities that are recorded at fair value on a recurring basis at November 30, 2018 and August 31, 2018.

	August 31, 2018			
	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative liabilities	$ -	$ -	$ 2,317,412	$ 2,317,412

	November 30, 2018			
	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative liabilities	$ -	$ -	$ -	$ -

Note 11 – Subsequent Events

On December 13, 2018, the Board of Directors (the "Board") of the Company elected Michael Young to serve as Chairman of the Board, which became effective upon the filing of the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2018 on December 21, 2018.

Mr. Young will receive $25,000 in annual compensation for his services as a director and Chairman. In connection with his appointment Mr. Young has also received five-year options to purchase 500,000 shares of the Company's common stock (the "Young Options") at the exercise price of $0.26 per share. The Young Options will vest in four quarterly installments over a one-year period starting on January 1, 2019, and will immediately become fully vested should Mr. Young resign from his positions with the Company.

In December 2018, Mr. Young also acquired 12,000,000 shares of the Company's common stock pursuant to a securities purchase agreement with David Lelong, the Chief Executive Officer and director of the Company, for a total purchase price of $120,000.

The Company also granted Mr. Lelong five-year options to purchase 500,000 shares at the exercise price of $0.26 per share (the "Lelong Options"). The Lelong Options which will vest in four quarterly installments over a one-year period starting on January 1, 2019 and will immediately become fully vested should Mr. Lelong resign from his positions with the Company.

In December 2018, the Company closed on a private placement where it received proceeds of approximately $2.8 million before fees from the sale of units of common stock and warrants. In connection with the private placement the Company authorized the issuance of a total of 37,066,653 units where each unit consisted of one share of common stock and a warrant to purchase one half of a share of common stock. At January 8, 2019, a total of 36,399,987 of these shares have been issued.

On December 17, 2018 the Company acquired a minority interest in TruPet, a limited liability company that provides nutritional food, supplements, and pet care products for dogs, cats, and horses. The Company invested $2.2 million into TruPet and acquired a Series A Membership Interest equal to approximately 6.7% of the Membership Interests. The Company is entitled to appoint one of the five managers and certain preferential informational rights.

In January 2019, the Company acquired for cancellation 24,333,333 shares of common stock from its President and CEO for cash at the par value of the shares, or $24,333.

We evaluated subsequent events after the balance sheet date through the date the unaudited condensed financial statements were issued. We did not identify any additional material events or transactions occurring during this subsequent event reporting period that required further recognition or disclosure in these unaudited condensed financial statements.

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

OVERVIEW AND OUTLOOK

Sport Endurance is a Nevada corporation that is currently seeking to enter into the cannabidiol ("CBD"), hemp, or legal marijuana industries and market various products in one of those industries. As of the date of this report, the Company has no written agreements to acquire any businesses. We cannot assure you we will be successful in making any acquisitions.

On December 17, 2018 the Company acquired a minority interest in TruPet, a limited liability company that provides nutritional food, supplements, and pet care products for dogs, cats, and horses. On December 28, 2018, the Company announced that it had signed a letter of intent to acquire TruPet which is expected to occur during the first quarter of 2019, subject to negotiation and execution of a definitive Agreement and other customary closing conditions. The Company must also complete a financing to finalize the TruPet acquisition assuming it can reach an agreement on terms.

For the three months ended November 30, 2018, we had a net income of $505,220 compared to a net loss of $110,700 for the three months ended November 30, 2017. Our accumulated deficit as of November 30, 2018 was $5,554,071. These conditions raise substantial doubt about our ability to continue as a going concern over the next 12 months.

Results of Operations for the Three Months Ended November 30, 2018and 2017

Revenues
The Company had sales of $0 during the three months ended November 30, 2018 compared to $214 for the three months ended November 30, 2017. The Company had cost of goods sold in the amount of $0 for gross profit of $0 during the three months ended November 30, 2018 compared to cost of goods sold in the amount of $27 for gross profit of $187 during the three months ended November 30, 2017.

Selling, general and administrative expenses
General and administrative expenses were $147,523 for the three months ended November 30, 2018 compared to $85,243 for the three months ended November 30, 2017, an increase of $62,280. The increase was primarily due to an increase in legal and accounting fees.

Interest expense
Net interest expense for the three months ended November 30, 2018 was $133,545 compared to $136,925 for the three months ended November 30, 2017, a decrease of $3,380. The decrease was due primarily to the non-cash expense of the amortization of discounts on notes payable during the period.

Gain on exchange of debt and equity
During the three months ended November 30, 2018, the Company recorded a gain in the amount of $472,267 on exchange of debt and equity to preferred stock. There were no such comparable transactions during the three months ended November 30, 2017.

Change in fair value of derivative liability
The Company had a non-cash gain of $314,021 on revaluation of derivative liabilities during the three months ended November 30, 2018, an increase of $202,740 compared to a non-cash gain of $111,281 in the three months ended November 30, 2017. The increase in the gain was due to mark to market adjustments on our convertible notes.

Net income (loss)
For the reasons above, our net income for the three months ended November 30, 2018 was $505,220, an increase of $615,920 compared to a net loss of $110,700 for the three months ended November 30, 2017.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working capital at November 30, 2018 compared to August 31, 2018.

	November 30, 2018	August 31, 2018
Current Assets	$ 33,004	$ 209,076
Current Liabilities	$ 223,515	$ 2,858,351
Working Capital (Deficit)	$ (190,511)	$ (2,649,275)

The Company had cash used in operating activities of $148,801 during the three months ended November 30, 2018. This primarily consisted of the Company's net income of $505,220, decreased by non-cash gain on exchange of debt and equity of $472,267 and by a change in the market value of derivative liabilities in the amount of $314,022, offset by amortization of discount on convertible debt in the amount of $118,708. The Company's cash position also increased by $13,560 as a result of changes in components of current assets and current liabilities.

During the three months ended November 30, 2018, the Company had no cash flows from investing activities.

During the three months ended November 30, 2018, the Company had cash used in financing activities in the amount of $27,271, consisting of the purchase of 27,271,500 shares from two shareholders in a series of private transactions.

With the proceeds of the Company's recent private placement and after the making of a $2.2 million equity investment in TruPet, the Company had $297,858 of cash as of January 10, 2019 which should be sufficient to meet our working capital needs for at least the next 12 months. However, it is not likely we can complete an acquisition including that of TruPet without completing a financing. The amount and type of financing and its dilution to existing shareholders cannot be determined at this time.

We anticipate that we will incur operating losses in the next 12 months. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks for us include, but are not limited to, the risks described in our Form 10-K filed on December 21, 2018.

Cautionary Note Regarding Forward Looking Statements

This Report contains forward-looking statements including statements regarding changing the direction of our business, our ability to acquire TruPet, the availability of future financing, and our liquidity. All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy, the acquisition of TruPet, and plans and objectives of management for future operations, are forward-looking statements. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors that could cause actual results to differ from those in the forward-looking statements include those relating to the capital markets summarized under Liquidity and Capital Resources and the risk factors in the Form 10-K for fiscal 2018. Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

Going concern.

Our unaudited condensed financial statements are prepared using GAAP applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of $5,554,071 and net working capital deficit of $190,511 at November 30, 2018, and have reported negative cash flows from operations since Inception. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months. The Company's ability to continue as a going concern must be considered in light of the problems, expenses, and complications frequently encountered by entrance into established markets and the competitive nature in which we operate.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. There can be no assurance, however, that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our future operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reported periods. The more critical accounting estimates include estimates related to revenue recognition and accounts receivable allowances. We also have other key accounting policies, which involve the use of estimates, judgments and assumptions that are significant to understanding our results, which are described in Note 1 to our unaudited condensed financial statements appearing elsewhere in this report.

Recently Issued Accounting Standards

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows. Note 1 to our unaudited condensed financial statements appearing elsewhere in this report includes Recent Accounting Pronouncements.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

This item is not applicable as we are currently considered a smaller reporting company.

Item 4. Controls and Procedures.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit pursuant to the requirements of the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s (“SEC”)’s rules and forms. Disclosure controls and procedures include, among other things, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, David Lelong, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this report. Based on the evaluation, Mr. Lelong concluded that our disclosure controls and procedures are not effective in timely alerting them to material information relating to us that is required to be included in our periodic SEC filings and ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief financial officer, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure, for the following reasons:

- The Company does not have an independent board of directors or audit committee or adequate segregation of duties;
- All of our financial reporting is carried out by our financial consultant;
- We do not have an independent body to oversee our internal controls over financial reporting and lack segregation of duties due to the limited nature and resources of the Company.

We plan to rectify these weaknesses by implementing an independent board of directors and hiring additional accounting personnel once we have additional resources to do so.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of the date of this Report to our knowledge, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

Item 1A. Risk Factors.

This item is not applicable to a smaller reporting company.

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

We have previously disclosed all sales of securities without registration under the Securities Act of 1933.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit	Exhibit Description	Filed herewith	Incorporated by reference		
			Form	Exhibit	Filing date
3.1	Articles of Incorporation		S-1	3.1	09/16/09
3.2	Certificate of Amendment to Articles of Incorporation		10-Q	3.2	07/14/17
3.3	Certificate of Amendment to Articles of Incorporation		8-K	3.1	3/22/18
3.4	Bylaws of Sport Endurance, Inc.		8-K	3.2	4/29/16
3.5	Certificate of Designation of Class A Preferred		S-1/A	3.3	12/31/09
3.6	Certificate of Designation for the Series B Convertible Preferred Stock		8-K	3.1	6/01/18
3.7	Certificate of Designation for Series E Convertible Preferred Stock		8-K	3.1	10/25/18
4.1	Form of Warrant		8-K	4.1	12/13/18
10.1	Form of Exchange Agreement+		8-K	10.1	10/25/18
10.2	Form of Stock Purchase Agreement		8-K	10.1	12/13/18
10.3	Form of Registration Rights Agreement		8-K	10.2	12/13/18
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X			
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X			
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act	X			
101.INS	XBRL Instance Document	X			
101.SCH	XBRL Taxonomy Extension Schema Document	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X			

\+ Certain schedules, appendices and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the Securities and Exchange Commission staff upon request.

SIGNATURES

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

SPORT ENDURANCE, INC.

Date: January 14, 2019

By: /s/ David Lelong
David Lelong
President, Chief Executive Officer, Director
(Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, David Lelong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sport Endurance, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 14, 2019

/s/ David Lelong
David Lelong
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David Lelong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sport Endurance, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 14, 2019

/s/ David Lelong
David Lelong
Principal Financial Officer

Exhibit 32.1

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

In connection with the quarterly report of Sport Endurance, Inc. (the "Company") on Form 10-Q for the quarter ended November 30, 2018, as filed with the Securities and Exchange Commission on the date hereof, I, David Lelong, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly 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 quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David Lelong
David Lelong
Chief Executive Officer and Principal Financial Officer
(Principal Executive Officer)

Date: January 14, 2019