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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020

OR

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

For the transition period from ________________ to ________________

Commission file number 000-54830

SUNSTOCK, INC.
(Exact Name of Registrant as Specified in its Charter)

SANDGATE ACQUISITION CORPORATION
(Former Name of Registrant as Specified in its Charter)

Delaware	**46-1856372**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

111 Vista Creek Circle
Sacramento, California 95835
(Address of principal executive offices) (zip code)

916-860-9622
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer [ ]
Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if smaller reporting company)
Smaller reporting company [X]

Emerging growth company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [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 or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate the number of shares outstanding of each of the issuer's classes of stock, as of the latest practicable date.

Class	Outstanding at June 29, 2020
Common Stock, par value $0.0001	2,319,677,703

Documents incorporated by reference: None

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUNSTOCK, INC.
CONDENSED AND CONSOLIDATED BALANCE SHEETS

	March 31, 2020	December 31, 2019
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash	$ 51,444	$ 153,635
Accounts receivable	219	21,180
Inventory – coins	198,632	134,995
Inventory – precious metals	336,908	397,873
Prepaid expenses	283,240	112,000
Total current assets	870,443	819,683
Property and equipment net	7,277	9,473
Right of use lease asset	47,060	49,596
Total assets	$ 924,780	$ 878,752
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued expenses	$ 272,587	$ 660,114
Operating lease liability – current	11,187	10,740
Stock payable	550,000	150,000
Loans payable – related parties	-	60,742
Convertible notes payable, net of discount	6,944	906,935
Derivative liability - conversion feature	-	3,240,220
Total current liabilities	840,718	5,028,751
Operating lease liability – non-current	35,873	38,856
Total liabilities	876,591	5,067,607
Commitments and contingencies		
Stockholders' equity (deficit)		
Preferred stock, Series A; $0.0001 par value, 1,500,000,000 shares authorized; zero shares issued and outstanding	-	-
Common stock, $0.0001 par value, 5,000,000,000 shares authorized; 2,244,677,703 and 1,292,135,603 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	224,468	129,214
Receivable from shareholders	(50,200)	(25,100)
Additional paid - in capital	59,966,050	58,592,366
Accumulated deficit	(60,092,129)	(62,885,335)
Total stockholders' equity (deficit)	48,189	(4,188,855)
Total liabilities and stockholders' equity (deficit)	$ 924,780	$ 878,752

The accompanying notes are an integral part of the financial statements

SUNSTOCK, INC.
CONDENSED AND CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended March 31, 2020	2019
Revenues	$ 2,729,199	$ 867,438
Cost of revenue	2,668,069	813,913
Gross profit	61,130	53,525
Operating expenses		
Professional fees	476,726	447,088
Compensation	526,575	4,037,870
Other operating expenses	28,540	32,036
Total operating expenses	1,031,841	4,516,994
Loss from operations	(970,711)	(4,463,469)
Other income (expense)		
Unrealized loss on investments in precious metals	(60,965)	(2,337)
Interest expense	(8,821)	(77,096)
Loss on settlement of related party debt	(182,032)	-
Gain from settlement of notes payable	776,315	-
Changes in fair value of derivative liability	3,240,220	(6,721,498)
Total other income (expense), net	3,764,717	(6,800,931)
Income (loss) before provision for income taxes	2,794,006	(11,264,400)
Provision for income taxes	800	800
Net income (loss)	$ 2,793,206	$ (11,265,200)
Income (loss) per share – basic	$ 0.00	$ (0.02)
Income (loss) per share - diluted	$ 0.00	$ (0.02)
Weighted average number of common shares outstanding – basic	1,712,658,626	495,061,893
Weighted average number of common shares outstanding – diluted	1,806,065,219	495,061,893

The accompanying notes are an integral part of the financial statements

SUNSTOCK, INC.

CONDENSED AND CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Shares	Common Stock	Additional Paid- In Capital	Shareholders Receivable	Accumulated Deficit	Total
Balance at December 31, 2018	382,117,449	$ 38,212	$ 49,816,650	-	$ (52,760,269)	$ (2,905,407)
Issuance of common stock for cash	195,000,000	19,500	59,850	-	-	79,350
Estimated fair value difference of common stock issued for cash below fair value	-	-	4,025,650	-	-	4,025,650
Net loss	-	-	-	-	(11,265,200)	(11,265,200)
Balance at March 31, 2019	577,117,449	$ 57,712	$ 53,902,150	-	$ (64,025,469)	$ (10,065,607)
Balance at December 31, 2019	1,292,135,603	$ 129,214	$ 58,592,366	$ (25,100)	$ (62,885,335)	$ (4,188,855)
Issuance of common stock for cash and receivables	206,000,000	20,600	19,500	(25,100)		15,000
Estimated difference in fair value of common stock issued for cash	-	-	421,200			421,200
Issuance of common stock for services	314,000,000	31,400	314,000			345,400
Issuance of common stock for services related party	80,000,000	8,000	200,000			208,000
Issuance of common stock for convertible notes	24,590,164	2,459	12,541			15,000
Issuance of common stock for related party notes payable	229,737,650	22,974	209,232			232,206
Estimated difference in fair value of common stock issued for related party note payable	-	-	182,032			182,032
Issuance of comm stock for exercise of warrants (noncash transaction)	98,214,286	9,821	(9,821)			-
Beneficial conversion feature of convertible note payable	-	-	25,000			25,000
Net income					2,793,206	2,793,206
Balance at March 31, 2020	2,244,677,703	$ 224,468	$ 59,966,050	(50,200)	$ (60,092,129)	$ 48,189

The accompanying notes are an integral part of the financial statements

SUNSTOCK, INC.
CONDENSED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended March 31,	
	2020	2019
OPERATING ACTIVITIES		
Net income (loss)	$ 2,793,206	$ (11,265,200)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Change in fair value of derivative liability	(3,240,220)	6,721,498
Operating lease liability	-	(2,142)
Unrealized loss on investment in precious metals	60,965	2,337
Depreciation	2,196	4,081
Amortization of debt discount and issuance costs, net	-	5,889
Common stock issued for services including amortization of prepaid consulting	553,400	4,025,650
Excess of fair value of common stock issued for cash	421,200	-
Excess of fair value of common stock issued to related party upon conversion of notes payable	182,032	-
Amortization of beneficial conversion feature	6,944	-
Gain on settlement of convertible notes payable	(766,937)	-
Changes in operating assets and liabilities		
Accounts receivable	20,961	788
Inventories – coins	(63,637)	(40,001)
Prepaid expenses	(171,240)	380,283
Accounts payable and accrued expenses	47,339	62,426
Net cash used in operating activities	(153,791)	(104,391)
INVESTING ACTIVITIES		
Net cash used in investing activities	-	-
FINANCING ACTIVITIES		
Proceeds from issuance of common stock	15,000	79,350
Proceeds from convertible notes payable	25,000	-
Payments on convertible notes payable	(539,738)	-
Stock payable	400,000	-
Proceeds from notes payable related parties	151,338	-
Payments on notes payable related parties	-	(11,726)
Net cash provided by financing activities	51,600	67,624
Net change in cash	(102,191)	(36,767)
Cash, beginning of period	153,635	84,439
Cash, end of period	$ 51,444	$ 47,672
SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITIES:		
Interest	$ 150,335	$ 1,772
Income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Estimated fair value of common stock issued for conversion of related party debt	$ 182,032	$ -
Common stock issued for services	$ 553,400	$ -
Common stock issued in exchange for convertible notes	$ 15,000	$ -

The accompanying notes are an integral part of the financial statements

SUNSTOCK, INC.
NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Sunstock, Inc. ("Sunstock" or "the Company") was incorporated on July 23, 2012, as Sandgate Acquisition Corporation, under the laws of the State of Delaware to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. On July 18, 2013, the Company changed its' name from Sandgate Acquisition Corporation to Sunstock, Inc. On the same date, Jason Chang and Dr. Ramnik S Clair were named as directors of the Company.

On October 30, 2013, the Company entered into a Purchase Agreement with Dollar Store Services, Inc. to develop, design and build out a retail store which the Company opened in February 2014. The Company opened its second retail store in May 2014. On August 21, 2014 the first store was forced to close due to below code electrical wiring the landlord had provided. Perishable inventory at this store was relocated to the second store as nonperishables were moved into storage along with fixed assets. The Company's second store was relocated in December of 2015 under lease running through June 2017 and operated on a month to month lease from then until the store was closed in September 2018. The Company currently operates no variety retail stores.

On October 22, 2018, Sunstock, Inc. acquired all assets and liabilities of Mom's Silver Shop, Inc. (the "Retail Store") located in Sacramento, California. Included in the assets acquired was approximately $60,000 in precious metals inventory and approximately $13,000 in net fixtures. Also included were any licenses and permits, customer lists, logo, trade names, signs, and websites. Financing of the purchase was by $20,056 cash, $33,000 unsecured note payable with principle payments of $1,000 per week for 33 weeks starting January 1, 2019 with 4.5% annual interest accrued on the unpaid balance (total accrued interest due August 27, 2019), and the assumption of liabilities and lease obligations. The Retail Store specializes in buying and selling gold, silver, and rare coins, and is one of the leading precious metals retailers in the greater Sacramento metropolitan area.

The Company's business plan includes the buying, selling and distribution of precious metals, primarily gold. The Company pursues a "ground to coin" strategy, whereby it seeks to acquire mining assets as well as rights to purchase mining production and to sell these metals primarily through retail channels including their own branded coins. The company emphasizes investment in enduring assets that we believe may provide 'resource to retail' conversion upside. Our goal is to provide our shareholders with an exceptional opportunity to capture value in the precious metals sector without incurring many of the costs and risks associated with actual mining operations.

BASIS OF PRESENTATION

The accompanying condensed and consolidated financial statements of Sunstock, Inc. were prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all disclosures required for financial statements prepared in conformity with U.S. GAAP.

The accompanying condensed and consolidated balance sheet at December 31, 2019, has been derived from audited condensed and consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("U.S. GAAP). The accompanying unaudited condensed and consolidated financial statements as of March 31, 2020 and for the three months ended March 31, 2020 and 2019, have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements, and should be read in conjunction with the audited condensed and consolidated financial statements and related notes to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the U.S. Securities and Exchange Commission (SEC) on the opinion of management, all material adjustments (consisting of normal recurring

BASIS OF PRESENTATION (CONTINUED)

adjustments) considered necessary for a fair presentation have been made to the condensed and consolidated financial statements. The condensed and consolidated financial statements include all material adjustments (consisting of all normal accruals) necessary to make the condensed and consolidated financial statements not misleading as required by Regulation S-X Rule 10-01. Operating results for the three months ended March 31, 2020 are not necessary indicative of the results that may be expected for the year ended December 31, 2020 or any future periods.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Significant estimates made by the Company's management include realizability and valuation of inventories and value of stock-based transactions.

CONCENTRATION OF RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash with high quality banking institutions. The Company did not have cash balances in excess of the Federal Deposit Insurance Corporation limit as of March 31, 2020 and December 31, 2019.

INVENTORIES

COLLECTIBLE COINS – MOM'S SILVER SHOP

The Company acquired the Retail Store in October 2018 to enter the market for collectible coins. The Company acquires collectible coins from both companies and individuals and then marks them up for resale. The inventory is recorded at lower of cost or market or net realizable value. Inventory can fluctuate in relation to when it is purchased and when it is sold. Collectible coins inventory was $198,632 at March 31, 2020 compared to $134,995 at December 31, 2019.

At each balance sheet date, the Company evaluates its ending inventory quantities on hand and on order and records a provision for excess quantities and obsolescence. Among other factors, the Company considers historical demand and forecasted demand in relation to the inventory on hand, competitiveness of product offerings, market conditions and product life cycles when determining obsolescence and net realizable value. In addition, the Company considers changes in the market value of components in determining the net realizable value of its inventory. Provisions are made to reduce excess or obsolete inventories to their estimated net realizable values. Once established, write-downs are considered permanent adjustments to the cost basis of the excess or obsolete inventories.

PRECIOUS METALS AND COINS HELD FOR INVESTMENT - SUNSTOCK

Inventories of precious metals and coins held for investment at March 31, 2020 also include $336,908 of bullion and bullion coins and $397,873 at December 31, 2019 and are acquired and initially recorded at fair market value. The fair market value of the bullion and bullion coins is comprised of two components: 1) published market values attributable to the costs of the raw precious metal, and 2) a published premium paid at acquisition of the metal. The premium is attributable to the additional value of the product in its finished goods form and the market value attributable solely to the premium may be readily determined, as it is published by multiple reputable sources. The Company's inventory is subsequently recorded at fair market values on a quarterly basis. The fair value of the inventory is determined using pricing and data derived from the markets on which the underlying commodities are traded. Precious metals commodities inventories are classified in Level 1 of the valuation hierarchy. The Company has continuously experienced a shortage of cash and has had significantly past due obligations. While the Company's preference is to hold the silver bullion to achieve long-term gains, the bullion is available to pay current obligations

PRECIOUS METALS AND COINS HELD FOR INVESTMENT – SUNSTOCK (CONTINUED)

should the Company not be able to raise cash through issuance of stock or notes payable. Thus, the Company believes that including the silver bullion in current assets under inventory is appropriate.

The change in fair value of the precious metals was included in the financial statements herein as recorded on the Company's Statements of Operations as an unrealized loss in precious metals of $60,965 for the three months ended March 31, 2020 and $2,337 for the three months ended March 31, 2019.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of 3 to 5 years. Any leasehold improvements are amortized at the lesser of the useful life of the asset or the lease term.

LONG-LIVED ASSETS

The Company reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related asset. No impairment charges were incurred during the three months ended March 31, 2020 and 2019. There can be no assurance, however, that market conditions will not change or demand for the Company's services will continue, which could result in impairment of long-lived assets in the future.

REVENUE RECOGNITION

The Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606") on January 1, 2019. The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance.

The Company's principal activities from which it generates revenue are product sales. Revenue is measured based on considerations specified in a contract with a customer. A contract exists when it becomes a legally enforceable agreement with a customer. These contracts define each party's rights, payment terms and other contractual terms and conditions of the sale. Consideration is typically paid at time of sale via credit card, check, or cash when products are sold direct to consumers.

A performance obligation is a promise in a contract to transfer a distinct product to the customer, which for the Company is transfer of a product to customers. Performance obligations promised in a contract are identified based on the goods that will be transferred to the customer that are both capable of being distinct and are distinct in the context of the contract, whereby the transfer of the goods is separately identifiable from other promises in the contract. The Company has concluded the sale of product and related shipping and handling are accounted for as the single performance obligation.

The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation. The transaction price is determined based on the consideration to which the Company will be entitled to receive in exchange for transferring goods to the customer. We do not issue refunds.

REVENUE RECOGNITION (CONTINUED)

The Company recognizes revenue when it satisfies a performance obligation in a contract by transferring control over a product to a customer when product is shipped based on fulfillment by the Company or when a point of sale transaction is completed. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of product sales. The Company does not accept returns.

INCOME TAXES

The Company accounts for income taxes and the related accounts under the liability method. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the income tax bases of assets and liabilities. A valuation allowance is applied against any net deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Therefore, the Company has recorded a full valuation allowance against the net deferred tax assets. The Company's income tax provision consists of state minimum taxes.

The Company recognizes any uncertain income tax positions on income tax returns at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.

There are no unrecognized tax benefits included in the balance sheet that would, if recognized, affect the effective tax rate.

The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had $0 accrued for interest and penalties on each of the Company's balance sheets at March 31, 2020 and December 31, 2019.

EARNINGS (LOSS) PER COMMON SHARE

Basic earnings (loss) per share represent income (loss) available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income (loss) that would result from the assumed issuance. The potential common shares that may be issued by the Company relate to outstanding stock options and have been excluded from the computation of diluted earnings (loss) per share because they would reduce the reported loss per share and therefore have an anti-dilutive effect.

For the three months ended March 31, 2019, there were no potentially dilutive shares that were included in the diluted loss per share as their effect would have been antidilutive for the years then ended.

For the three months ended March 31, 2020, there were 93,406,593 potentially dilutive shares that were included in the diluted earnings per share.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures the fair value of certain of its financial assets on a recurring basis. A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At March 31, 2020 and December 31, 2019, the Company's financial instruments include cash, accounts receivable and accounts payable. The carrying amount of cash, accounts receivable and accounts payable approximates fair value due to the short-term maturities of these instruments.

NOTE 2 - GOING CONCERN

The Company has not posted operating income since inception. It has an accumulated deficit of $60,092,129 as of March 31, 2020. These matters raise substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and /or obtain additional financing from its stockholders and/or other third parties.

These condensed and consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to meet its obligations and continue its operations for the next fiscal year. The continuation of the Company as a going concern is dependent upon financial support from its stockholders, the ability of the Company to obtain necessary equity financing to continue operations, successfully locating and negotiate with a business entity for the combination of that target company with the Company.

There is no assurance that the Company will ever be profitable. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

In the first quarter of 2020, outstanding convertible notes payable balances as of December 31, 2019, were either converted to common stock or paid off. In relation to that, the Company has had discussions with a third party in regards to raising funds through a private placement of equity which, if it occurs, will provide the Company with funds to expand its operations and likely eliminate the going concern issue.

NOTE 3 - RECENT ACCOUNTING PRONOUNCEMENTS

In December 2019, FASB issued Accounting Standards Update (ASU) No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740).* The amendments in the update simplify the accounting for income taxes by removing the following exceptions:

1. Exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items (for example, discontinued operations or other comprehensive income).
2. Exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment.
3. Exception to the ability not to recognize a deferred tax liability for foreign subsidiary when a foreign equity method investment becomes a subsidiary.
4. Exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year.

The amendments in the update also simplify the accounting for income taxes by doing the following:

1. Requiring that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax.
2. Requiring that an entity evaluate when a step up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered a separate transaction.
3. Specifying that an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements. However, an entity may elect to do so (on an entity-by-entity basis) for a legal entity that is both not subject to tax and disregarded by the taxing authority.
4. Requiring that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date.
5. Making minor Codification improvements for income taxes relating to employee stock ownership plans and investments in qualified affordable housing projects accounted for by using the equity method.

The amendments in this ASU are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Company believes that adoption of the ASU will not have a material effect on its financial statements.

In February 2016, the FASB issued its new lease accounting guidance in ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and ASC 606, Revenue from Contracts with Customers.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. The primary impact to the financial position upon adoption was the recognition, on a discounted basis, of the minimum commitments on the balance sheet under our noncancelable operating lease resulting in the recording of a right of use asset and lease obligation.

The following table summarizes the impact of Topic 842 on our condensed consolidated balance sheet upon adoption on January 1, 2019:

	January 1, 2019 (unaudited)		
	pre-adoption	adoption impact	post-adoption
Assets			
Right of use lease asset	$ -	$ 59,777	$ 59,777
Total assets	$ -	$ 59,777	$ 59,777
Liabilities and Stockholders' Equity			
Operating lease liability – current	$ -	$ 9,088	$ 9,088
Operating lease liability - non-current	-	50,689	50,689
Total liabilities and stockholders' equity	$ -	$ 59,777	$ 59,777

NOTE 4 – PROPERTY AND EQUIPMENT

	March 31, 2020	December 31, 2019
Furniture and equipment	$ 58,460	$ 58,460
Less – accumulated depreciation	(51,183)	(48,987)
	$ 7,277	$ 9,473

Depreciation expense for the three months ended March 31, 2020 and 2019 was $2,196 and $4,081, respectively.

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	March 31, 2020	December 31, 2019
Accounts payable	$ 15,452	$ -
Accrued consultant fees	143,753	130,000
Accrued audit fees	85,528	52,916
Expenses owed consultant	22,668	33,480
Accrued settlement fees	-	26,640
Accrued interest payable	96	415,823
Other accrued expenses	5,090	1,255
	$ 272,587	$ 660,114

NOTE 6 – STOCK PAYABLE

During December 2019, a third party deposited $150,000 in an escrow account in exchange for 200,000,000 shares of Series A Preferred Stock and 100,000,000 common stock warrants. The funds were used as part of the payments of convertible notes payable in January 2020. The preferred stock has not been issued as of the date of this filing.

In January and February 2020, a related party deposited $200,000 in an escrow account in exchange for 400,000,000 shares of Series A Preferred Stock. The funds were used as part of the payments of convertible notes payable in January 2020. The preferred stock has not been issued as of the date of this filing.

In January 2020, a third party deposited $200,000 in an escrow account in exchange for 400,000,000 shares of Series A Preferred Stock and 100,000,000 common stock warrants. The funds were used as part of the payments of convertible notes payable in January 2020. The preferred stock has not been issued as of the date of this filing.

The Series A Preferred Stock have a dividend rate of 8%, which increases to 15% after two years and are cumulative. Upon a liquidation, the shareholders shall receive $0.013 per share before any distribution is made to any junior shares. Shareholders shall have the right to convert any number of their shares into common shares at any time. The conversion shall be equal to the greater of 1) one share of common stock if the market value of the common stock is at or above $0.001 per share, or 2) if the market value of the common stock is below $0.001 per share, then the conversion shall be the number of shares to be converted times the conversion rate of $0.001 divided by the market value.

NOTE 7 - RELATED PARTY ACTIVITY

During the three months ended March 31, 2020, the Company's chief executive officer purchased 400,000,000 shares of Series A Preferred Stock for $200,000. The funds were used as part of the payments of convertible notes payable in January 2020. The preferred stock has not been issued as of the date of this filing.

During the three months ended March 31, 2020, the Company's chief executive officer was granted 80,000,000 shares of the Company's common stock for services for the period January 1, 2020 through June 30,2020. The shares were valued at $208,000 based on the closing price on the grant date. $104,000 was recorded as employee compensation expense and $104,000 was recorded as prepaid expense.

During the three months ended March 31, 2020, Ramnik Clair, the Company's senior VP and a director, purchased 36,000,000 shares of the Company's common stock valued at $424,800 based on the closing price on the grant date. $421,200 was recorded as employee compensation expense and $3,600 was recorded as other receivables.

During the three months ended March 31, 2020, the Company was provided loans totaling $151,338 by the Company's chief executive officer. The loans bear interest at 6% per annum. During the three months ended March 31, 2020, $232,206 in notes payable and accrued interest to the Company's chief executive officer were converted to 229,737,650 shares of the Company's common stock valued at $414,238 based on the closing price on the grant dates. $182,032 was recorded as loss on settlement of related party debt.

During the year ended December 31, 2019, the Company's chief executive officer purchased 302,000,000 shares of the Company's common stock below market price for $172,850. $4,798,150 was recorded as stock-based compensation in the accompanying statement of operations.

During the year ended December 31, 2019, the Company was provided loans totaling $78,400 by the Company's chief executive officer. The loans bear interest at 6% per annum. During the year ended December 31, 2019, the Company's chief executive officer received 186,908,000 shares of common stock below market value in exchange for $186,908 in notes payable related party. $346,073 was recorded as a loss from settlement of debt with related party in the accompanying statement of operations.

NOTE 7 - RELATED PARTY ACTIVITY (CONTINUED)

During the year ended December 31, 2019, the parents of Jason C. Chang, the Company's Chief Executive Officer and a director, purchased a combined total of 90,000,000 shares of the Company's common stock for $25,000 cash. The shares were purchased below market price and $975,000 in stock-based compensation expense was recorded.

During the year ended December 31, 2019, Ramnik Clair, the Company's senior VP and a director, was awarded 30,000,000 shares of the Company's common stock for services valued at an aggregate of approximately $300,000 based on the closing price on the grant date.

In connection with the acquisition of the Retail Store, the Company incurred a $33,000 note payable to the former owner of the Retail Store. During the year ended December 31, 2019, the $33,000 was paid.

The following table is a summary of the activity for Loans payable- related parties for the three months ended March 31, 2020:

Balance at 12/31/2019	$	60,742
Loan increases		151,338
Loan principal converted to common stock		(212,080)
Balance at 03/31/2020	$	-

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Company leases space for the Retail Store. The lease is for five years and runs through September 2023. The lease calls for payments of $1,305.60 per month for the first year, with a 3% increase per year for years two through five.

As of March 31, 2020, the maturities of our operating lease were as follows for the periods ended December 31:

		Remaining Lease Payments
2020	$	12,218
2021		16,738
2022		17,240
2023		13,221
Total remaining lease payments		59,417
Less: imputed interest		(12,357)
Total operating lease liabilities		47,060
Less: current portion		(11,187)
Long term operating lease liabilities	$	35,873

Weighted average remaining lease term	42 months
Weighted average discount rate	12%

LITIGATION

On June 18, 2018, Power Up Lending Group, LTD. ("Power Up"), filed in the Supreme Court of the State of New York that Sunstock and Jason Chang (president and CFO of Sunstock and board member) and Ramnik Clair (board member of Sunstock) materially breached the October 24, 2017, December 19, 2017, and April 16, 2018 notes payable to Power Up by, in June 2018, changing Sunstock's transfer agent in violation of the Notes and Agreements, and existing letter of instructions and authorizations, refusing to provide a replacement irrevocable letter of instruction from the newly appointed transfer agent and also failing to maintain sufficient reserves of stock so as to permit and accommodate the conversion requests of Power Up to go forward. Power Up has requested judgment against Sunstock for $160,180 with default interest, judgment against Sunstock for reasonable legal fees and costs of litigation, three judgments against Jason Chang and Ramnik Clair for $160,180 and interest for each judgment, and a temporary restraining order and a preliminary and permanent injunction directing Sunstock, Jason Chang, and Ramnik Clair to take all steps necessary and proper to permit the conversion of debt into stock and to deliver the stock to Power Up. The October 24, 2017 note payable was extinguished upon final conversion to common stock in July 2019. The December 19, 2017 note payable was extinguished upon final conversion to common stock in November 2019. The

April 16, 2018 note payable was extinguished upon final conversion to common stock and payment of $24,737.65 in 2020 per below.

On June 22, 2018, EMA Financial, LLC ("EMA") sent a letter to Sunstock stating that Sunstock was in default on the June 5, 2017 note payable and the October 11, 2017 note payable to EMA. Among other defaults, the letter stated that Sunstock was in default due to refusing to provide a replacement irrevocable letter of instruction from the newly appointed transfer agent and also failing to maintain sufficient reserves of stock. The letter asked for at least $332,884.

On December 26, 2018, EMA filed a lawsuit in Federal Court for breach of contract.

On July 9, 2018, the attorney for Auctus Fund, LLC ("Auctus") sent a letter to Sunstock stating that Sunstock was in default on the May 24, 2017 note payable and the October 11, 2017 note payable to Auctus. Among other defaults, the letter stated that Sunstock was in default due to changing Sunstock's transfer agent in violation of the note, and existing letter of instructions and authorizations, refusing to provide a replacement irrevocable letter of instruction from the newly appointed transfer agent and also failing to maintain sufficient reserves of stock so as to permit and accommodate the conversion requests of Auctus to go forward. The letters asked for at least $277,397 regarding the May 24, 2017 note payable and at least $299,247 regarding the October 11, 2017 note payable. On December 26, 2018, Auctus filed a lawsuit in Federal Court for breach of contract.

On July 10, 2018, the attorney for Crown Bridge Partners, LLC ("Crown Bridge"), sent a letter to Sunstock stating that Sunstock was in default on the December 8, 2017 note payable to Crown Bridge. The letter stated that Sunstock was in default due to changing Sunstock's transfer agent in violation of the note, and existing letter of instructions and authorizations, refusing to provide a replacement irrevocable letter of instruction from the newly appointed transfer agent and also failing to maintain sufficient reserves of stock so as to permit and accommodate the conversion requests of Crown Bridge to go forward. The letter requested that Sunstock immediately contact Crown Bridge to demonstrate compliance with the note. On August 15, 2018, the attorney for Crown Bridge sent another letter to Sunstock stating that Sunstock owed Crown Bridge $221,470, and that if Sunstock did not respond by August 21, 2018 in regards to payment, then a lawsuit would be filed.

On March 7, 2019, the United States Court of Massachusetts issued electronic order 38 stating that the Court granted on the merits summary judgement on violation of contract claims for the plaintiffs (Auctus and EMA) and found Sunstock in default.

On May 6, 2019, the United States District Court of the District of Massachusetts issued an Order to Show Cause in the case of Auctus and EMA Vs. Sunstock, Inc. The Court ordered Auctus to show cause within 21 days why the Court had jurisdiction at the outset of the case and why the Court ought not to vacate its entry of summary judgement for Auctus, EDF No. 38. The Court said that it had taken no action with regard to EMA's claim.

LITIGATION (CONTINUED)

On May 30, 2019, the United States District Court of Massachusetts issued an order in the case of Auctus vs. Sunstock, Inc. that the Court was satisfied that Auctus compliant raised colorable securities law claims and, accordingly, the Court ruled that it had subject matter jurisdiction to enter summary judgment on Auctus' contract claims.

On June 20, 2019, Power Up filed a motion with the Supreme Court of the State of New York, County of Nassau, accepting judgement of $160,180 plus interest on the three notes with the Company. The Company believed that the interest would be that applicable to each note. In addition, Power Up included in the motion that the Company establish a reserve of 63,317,183,000 of common shares. The Company believed that Power Up was entitled to either $160,180 plus interest or to common shares, but not both.

On July 29, 2019, Power Up converted $1,180 in principal and $6,480 in accrued interest of its October 21, 2017 debt into 2,070,270 shares of common stock. The total of $7,660 was be applied against the $160,180 plus interest.

In October and November 2019, Power Up converted the remaining principal of $53,000 and $3,180 in accrued interest of its December 19, 2017, debt into 32.586,386 shares of common stock.

In December 2019, Power Up converted the remaining principal of $53,000 of its April 16, 2018 debt into 46,503,498 shares of common stock. On January 9, 2020, $15,000 in accrued interest and default penalty were converted to 24,590,164 shares of common stock. The remaining balance of $24,737.65 was paid by the Company's CEO, Jason Chang, on January 9, 2020. The Company issued Jason Chang 24,737,650 shares of common stock in settlement of his payment to Power Up. A Stipulation of Discontinuance was filed with the Supreme Court of the State of New York County of Nassau.

On January 15, 2020, the Company reached a settlement agreement and mutual general release with Auctus and EMA, in which $425,000 cash was paid in total to both on January 31, 2020 whereby both released the Company of all claims. A Stipulation of Dismissal with Prejudice was filed with the United States District Court for the District of Massachusetts.

On January 28, 2020, the Company reached a settlement and release agreement with Crown Bridge, in which $90,000 cash was paid to them on January 31, 2020, whereby Crown Bridge released the Company of all claims. A Stipulation of Dismissal has not been filed as of the date of this report.

In summary of the settlements, the Company recorded $776,315 gain from settlements, $891,935 reduction in loans and loan penalties, $424,118 reduction in accrued interest, and $539,738 cash payments.

INDEMNITIES AND GUARANTEES

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of Delaware. In connection with its facility leases, the Company has agreed to indemnify its lessors for certain claims arising from the use of the facilities. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheets.

NOTE 9 – CONVERTIBLE NOTES PAYABLE

Convertible notes are as follows as of March 31, 2020:

	Original principal	Outstanding balance at March 31, 2020	Interest rate	Accrued interest	Maturity (1)
Innovative Digital, February 26, 2020	25,000	25,000	4%	96	2-Apr-20
	$ 25,000	$ 25,000		$ 96	

(1) The original maturity date of April 2, 2020 was extended to June 30, 2020.

During the three months ended March 31, 2020, the Company recorded $6,944 of beneficial conversion feature interest expense.

On February 26, 2020, the Company entered into a Convertible Promissory Note with Innovative Digital Technology in the principal amount of $25,000. The note bears interest at 4% per annum and was due and payable on April 2, 2020. If the note is not paid prior to maturity date, then the note holder has the right to convert the note into shares of the Company's common stock. The right to conversion was changed to June 30, 2020 with the extension of note maturity to June 30, 2020. The conversion may either be for cash at the price of $0.0001 per share or at a set formula.

All convertible notes outstanding as of December 31, 2019 (see LITIGATION in Note 8) were either converted to stock or paid in the three months ended March 31, 2020.

NOTE 10 – DERIVATIVE LIABILITIES

The Company evaluates its debt instruments, or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, *Derivative Instruments and Hedging: Contracts in Entity's Own Equity*. The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative instrument and is marked-to-market at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date.

The Company applies the accounting standard that provides guidance for determining whether an equity-linked financial instrument, or embedded feature, is indexed to an entity's own stock. The standard applies to any freestanding financial instrument or embedded features that have the characteristics of a derivative, and to any freestanding financial instruments that are potentially settled in an entity's own common stock.

From time to time, the Company has issued notes with embedded conversion features. Certain of the embedded conversion features contain price protection or anti-dilution features that result in these instruments being treated as derivatives for accounting purposes. Accordingly, the Company classified all conversion features as derivative liabilities. All convertible notes with derivative liabilities were either converted to common stock or were settled by payment as of March 31, 2020.

NOTE 10 – DERIVATIVE LIABILITIES (CONTINUED)

The following table presents the changes in fair value of our embedded conversion features measured at fair value on a recurring basis for the three months ended March 31, 2020:

Balance December 31, 2019	$	3,240,220
Elimination of fair value due to elimination of debt		(3,240,220)
Balance as of March 31, 2020	$	-

NOTE 11- STOCKHOLDER'S EQUITY (DEFICIT)

The Company is authorized to issue 5,000,000,000 shares of common stock and 1,500,000,000 of preferred stock.

During the three months ended March 31, 2020, the Company recorded stock receivable in the aggregate of $25,100 from the issuance of 206,000,000 shares of its common stock. $20,600 was recorded to common stock and $19,500 to additional paid-in capital. $15,000 cash was received.

During the three months ended March 31, 2020, the Company issued 314,000,000 shares of its common stock for services with a fair market value of $345,400. $172,700 was recorded to consultant comp expense and $172,700 was recorded to prepaid expenses.

During the three months ended March 31, 2020, the Company issued 80,000,000 shares of its common stock to its chief executive officer for services with a fair market value of $208,000. $104,000 was recorded to employee comp expense and $104,000 was recorded to prepaid expenses.

During the three months ended March 31, 2020, the Company issued 24,590,164 shares of its common stock for the conversion of $15,000 of convertible note payable.

During the three months ended March 31, 2020, the Company issued 229,737,650 shares of its common stock for the conversion of $212,080 of related party notes payable and $20,126 accrued interest payable.

During the three months ended March 31, 2020, the Company issued 98,214,286 shares of its common stock for the cashless conversion of warrants exercised.

During the three months ended March 31, 2020, the Company recorded $25,000 in beneficial conversion feature for a convertible note issued in February 2020. $6,944 was expensed to interest expense.

During the year ended December 31, 2019, the Company received an aggregate of $236,600 from the issuance of 435,750,000 shares of its common stock. $43,575 was recorded to common stock, $5,966,175 to additional paid-in capital, and $5,773,150 to employee comp expense in general and administrative expense.

During the year ended December 31, 2019, the Company converted $186,908 of note payable to an officer into 186,908,000 shares of its common stock, which resulted in a loss from settlement of debt from related party of $346,073. $18,691 was recorded to common stock and $514,290 to additional paid-in capital.

During the year ended December 31, 2019, the Company converted $109,180 of notes payable and $31,049 of accrued interest into 81,160,154 shares of its common stock. $8,116 was recorded to common stock, $253,871 to additional paid-in capital, $26,500 in loan penalty reduction, $430,182 in derivative liability reduction, and $334,924 in gain from settlement.

During the year ended December 31, 2019, the Company issued 206,200,000 shares of its common stock for services with a fair market value of $2,062,000.

NOTE 12 – SUBSEQUENT EVENTS

The Company follows the guidance in FASB ASC Topic 855, *Subsequent Events* ("ASC 855"), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. ASC 855 sets forth (i) the period after the balance sheet date during which management of a reporting entity evaluates events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its consolidated financial statements, and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

On April 3, 2020, the Company issued 75,000,000 shares of its common stock for $7,500 cash.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global situation on its financial condition, liquidity operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for the fiscal year 2020. However, to date there has not been a decrease in sales. The Company believes that in this time of uncertainty, individuals are buying collectible coins as a safe haven. The Company is unable to predict if such buying will continue during this time of uncertainty or if the buying will decrease as events change and evolve.

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

The following information should be read in conjunction with the condensed consolidated financial statements and notes thereto appearing elsewhere in this report. For additional context with which to understand our financial condition and results of operations, see the discussion and analysis included in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission ("SEC") on April 27, 2020, as well as the consolidated financial statements and related notes contained therein.

Forward Looking Statements

Certain statements in this report, including information incorporated by reference, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements reflect current views about future events and financial performance based on certain assumptions. They include opinions, forecasts, intentions, plans, goals, projections, guidance, expectations, beliefs or other statements that are not statements of historical fact. Words such as "may," "should," "could," "would," "expects," "plans," "believes," "anticipates," "intends," "estimates," "approximates," "predicts," or "projects," or the negative or other variation of such words, and similar expressions may identify a statement as a forward-looking statement. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our business, our goals, strategies, focus and plans, and other characterizations of future events or circumstances, including statements expressing general optimism about future operating results and the development of our products, are forward-looking statements.

Although forward-looking statements in this Quarterly Report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed elsewhere in this Quarterly Report on Form 10-Q. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We file reports with the SEC. You can read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

Overview

Sunstock, Inc. ("Sunstock" or "the Company") was incorporated on July 23, 2012, as Sandgate Acquisition Corporation, under the laws of the State of Delaware to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions.

On July 18, 2013, the Company changed its' name from Sandgate Acquisition Corporation to Sunstock, Inc. On the same date, Jason Chang and Dr. Ramnik S Clair were named as directors of the Company.

On October 30, 2013, the Company entered into a Purchase Agreement with Dollar Store Services, Inc. to develop, design and build out a retail store which the Company opened in February 2014. The Company opened its second retail store in May 2014. On August 21, 2014 the first store was forced to close due to below code electrical wiring the landlord had provided. Perishable inventory at this store was relocated to the second store as nonperishables were moved into storage along with fixed assets. The Company's second store was relocated in December of 2015 under lease running through June 2017 and operated on a month to month lease from then until the store was closed in September 2018. The Company currently operates no variety retail stores.

On October 22, 2018, the Company acquired all assets and liabilities of the Retail Store of Sacramento, California. Included in the assets acquired was approximately $60,000 in precious metals inventory and approximately $13,000 in net fixtures. Also included were any licenses and permits, customer lists, logo, trade names, signs, and websites. Financing of the purchase was by $20,056 cash, $33,000 unsecured note payable with principle payments of $1,000 per week for 33 weeks starting January 1, 2019 with 4.5% annual interest accrued on the unpaid balance (total accrued interest due August 27, 2019), and the assumption of liabilities and lease obligations. The Retail Store specializes in buying and selling gold, silver, and rare coins, and is one of the leading precious metals retailers in the greater Sacramento metropolitan area.

Going Concern

The Company has not posted operating income since inception. It has an accumulated deficit of $60,092,129 as of March 31, 2020. These matters raise substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and/or obtain additional financing from its stockholders and/or other third parties.

These condensed financial statements have been prepared on a going concern basis, which implies the Company will continue to meet its obligations and continue its operations for the next fiscal year. The continuation of the Company as a going concern is dependent upon financial support from its stockholders, the ability of the Company to obtain necessary equity financing to continue operations, successfully locating and negotiating with an acquisition target.

There is no assurance that the Company will ever be profitable. The condensed financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

In the first quarter of 2020, outstanding convertible notes payable balances as of December 31, 2019, were either converted to common stock or paid off. In relation to that, the Company has had discussions with a third party in regards to raising funds through a private placement of equity which, if it occurs, will provide the Company with funds to expand its operations and likely eliminate the going concern issue.

Critical Accounting Policies

There have been no material changes from the critical accounting policies as previously discussed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Results of Operations

Discussion of the Three Months ended March 31, 2020 and 2019

The Company generated revenues during the three months ended March 31, 2020 of $2,729,199 as compared to $867,438 in revenues posted for the three months ended March 31, 2019. The increase in revenues is due to increased business at Mom's Silver Shop, which was acquired in October 2018.

For the three months ended March 31, 2020 and 2019, cost of sales was $2,668,069 and $813,913, respectively, which increase was driven by the increase in revenues as disclosed above. Professional fees increased to $476,726 from $447,088 for the three months ended March 31, 2020 and 2019, respectively, of which $172,700 was due to services performed in the quarter for stock issued in February 2020. Compensation decreased to $526,575 from $4,037,870 for the three months ended March 31, 2020 and 2019, respectively, of which $525,200 in the three months ended March 31, 2020 were for shares issued to the chief executive officer below market price for services and for shares sold to the senior VP below market price and $4,025,650 for the three months ended March 31, 2019 were for the fair value of shares purchased by the chief executive officer below market prices. Other operating expenses decreased to $28,540 from $32,036 for the three months ended March 31, 2020 and 2019, respectively.

Interest expense decreased to $8,821 for the three months ended March 31, 2020 from $77,096 for the three months ended March 31, 2019, primarily due to the conversion to common stock and the settlement of all convertible debt as of March 31, 2019 during the rest of 2019 and the three months ended March 31, 2020. Fair value of derivative liability decreased by $3,240,220 for the three months ended March 31, 2020 compared to an increase of $6,721,498 for the three months ended March 31, 2019. All derivative liability was reversed in the three months ended March 31, 2020 due to all related convertible debt converted to common stock or settled in the three months ended March 31, 2020.

Stock issued below market increased to $182,032 for the three months ended March 31, 2020 from $0 for the three months ended March 31, 2019. That represents shares issued below market value to the Company's chief financial officer in exchange for related party debt.

Gain from settlement increased to $776,315 for the three months ended March 31, 2020 from $0 for the three months ended March 31, 2019. That is the result of settlements of the outstanding December 31, 2019 convertible notes in which the settlements were less than the recorded totals of principal, loan penalties, and accrued interest.

Unrealized loss on investments in precious metals increased to $60,965 for the three months ended March 31, 2020 from $2,337 for the three months ended March 31, 2019. The March 31, 2020 price of silver was 21% less than the price at December 31, 2019.

During the three months ended March 31, 2020, the Company posted a net income of $2,793,206 as compared to a net loss of $11,265,200 for the three months ended March 31, 2019. Such change is primarily related to the writeoff of derivative liabilities, the gain from settlements of convertible notes payable, and the net decreases in fair value of stock issued to our CEO and consultants, offset by loss on settlement of related party debt.

Liquidity and Capital Resources

As of March 31, 2020, the Company had $51,444 in cash, $50,419 in accounts receivable, and $535,540 in inventory of precious metals and coins compared to $153,635 in cash, $46,280 in accounts receivable, and $532,868 in inventory at December 31, 2019.

Net cash used in operating activities totaled $153,791 during the three months ended March 31, 2020 as compared to net cash used in operating activities of $104,391 during the three months ended March 31, 2019. Consolidated net income was $2,793,206 for the three months ended March 31, 2020 as compared to consolidated net loss of $11,265,200 for the three months ended March 31, 2019. Explanation of the difference between these three months of 2020 and 2019 are explained above in the results of operations of the Company.

Changes in the adjustments to reconcile net income/(net loss) for the three months ended March 31, 2020 and 2019, respectively, consist primarily of change in fair value of derivative liability, unrealized loss on investment in precious metals, depreciation, estimated fair value of common stock issued for services, estimated fair value of common stock issued for cash, and gain on settlements of convertible notes payable.

Change in fair value of derivative liability were ($3,240,220) and $6,721,498, respectively, for the three months ended March 31, 2020 and 2019. Operating lease liability was $0 and ($2,142), respectively, for the three months ended March 31, 2020 and 2019. Unrealized losses on investment in precious metals were $60,965 and $2,337, respectively, for the three months ended March 31, 2020 and 2019. Depreciation was $2,196 and $4,081, respectively, for the three months ended March 31, 2020 and 2019. Amortization of debt discount and issuance costs was $0 and $5,889, respectively, for the three months ended March 31, 2020 and 2019. Estimated fair value of common stock issued for services was $553,400 and $4,025,650, respectively, for the three months ended March 31, 2020 and 2019. Excess of fair value of common stock issued for cash was $421,200 and $0, respectively, for the three months ended March 31, 2020 and 2019. Excess of fair value of common stock issued to related party upon conversion of note payable was $182,032 and $0, respectively, for the three months ended March 31, 2020 and 2019. Amortization of beneficial conversion feature was $6,944 and $0, respectively, for the three months ended March 31, 2020 and 2019. Gain on settlement of convertible notes payable was $766,937 and $0, respectively, for the three months ended March 31, 2020 and 2019.

Changes in assets and liabilities for accounts receivable, inventories, prepaid expenses, stock payable, and accounts payable and accrued expenses totaled ($166,577) and $403,496, respectively, for the three months ended March 31, 2020 and 2019, respectively.

No cash was used in investing activities for the three months ended March 31, 2020 and 2019, respectively.

Net cash provided by financing activities was $51,600 for the three months ended March 31, 2020 and net cash provided by financing activities was $67,624 for the three months ended March 31, 2019. Proceeds of $25,000 and $0 were received from the issuance of convertible notes payable for the three months ended March 31, 2020 and 2019, respectively. Payments on convertible notes payable were $539,738 and $0, respectively, for the three months ended March 31, 2020 and 2019. Proceeds of $400,000 and $0 were received from stock payable, respectively, for the three months ended March 31, 2020 and 2019. Proceeds of $15,000 and $79,350 were received from the issuance of common stock, respectively, for the three months ended March 31, 2020 and 2019. $151,338 and $0, respectively were received from notes payable related party for the three months ended March 31, 2020 and 2019. Payments of $0 and $11,726 were made on notes payable related party for the three months ended March 31, 2020 and 2019, respectively.

Off-balance Sheet Arrangements

The Company has not entered into 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 of operations, liquidity, capital expenditures or capital resources that would be considered material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information not required to be filed by Smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Management must evaluate its internal controls over financial reporting, as required by Sarbanes-Oxley Act, Section 404 (a). The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s Chief Executive Officer and Chief Financial Officer 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 U.S. generally accepted accounting principles or GAAP.

ITEM 4. CONTROLS AND PROCEDURES (CONTINUED)

As of March 31, 2020, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of the Company's internal controls over financial reporting that adversely affected its internal controls and that may be considered to be material weaknesses.

Material Weaknesses:

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified are:

1. Inadequate number of personnel that could accurately and timely record and report the Company's financial statements in accordance with GAAP.

2. We did not employ an adequate number of people to ensure a control environment that would allow for the accurate and timely reporting of the financial statements.

3. Ineffective controls to ensure that the accounting for transactions are recorded in accordance with GAAP financial statements.

4. We have not performed a risk assessment and mapped our processes to control objectives.

Notwithstanding the existence of these material weaknesses in internal control over financial reporting, we believe that the financial statements in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition in conformity with U.S. generally accepted accounting principles (GAAP). Further, we do not believe the material weaknesses identified had an impact on prior financial statements.

Remediation:

As part of our ongoing remedial efforts, we have and will continue to, among other things:

1. Expand our accounting policy and controls organization by hiring qualified accounting and finance personnel;

2. Increase our efforts to educate both our existing and expanded accounting policy and control organization on the application of the internal control structure;

3. Emphasize with management the importance of our internal control structure;

4. Seek outside consulting services where our existing accounting policy and control organization believes the complexity of the existing exceeds our internal capabilities.

5. Plan to implement improved accounting systems.

We believe that the foregoing actions will improve our internal control over financial reporting, as well as our disclosure controls and procedures. When funds permit, we intend to perform such procedures and commit such resources as necessary to continue to allow us to overcome or mitigate these material weaknesses such that we can make timely and accurate quarterly and annual financial filings until such time as those material weaknesses are fully addressed and remediated.

Management's Report of Internal Control over Financial Reporting

The Company is responsible for establishing and maintaining adequate internal control over financial reporting in accordance with the Rule 13a-15 of the Securities Exchange Act of 1934. The Company's officer, its president, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of March 31, 2020 based on the criteria establish in Internal Control Integrated Framework issued by the 2013 Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was not effective as of March 31, 2020, based on those criteria. A control system can provide only reasonably, not absolute, assurance that the objectives of the control system are met and no evaluation of controls can provide absolute assurance that all control issues have been detected.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during its current fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

As a smaller reporting company, we are not required to provide the information required by this Item.

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

During the three months ended March 31, 2020, we issued the following unregistered securities:

We recorded stock receivable in the aggregate of $25,100 and received $15,000 cash from the issuance of 206,000,000 shares of our common stock.

We issued 314,000,000 shares of our common stock for services with a fair market value of $345,400.

We issued 80,000,000 shares of our common stock to our chief executive officer for services with a fair market value of $208,000.

We issued 24,590,164 shares of our common stock for the conversion of $15,000 of convertible note payable.

We issued 229,737,650 shares of our common stock for the conversion of $212,080 of related party notes payable and $20,126 accrued interest payable.

We issued 98,214,286 shares of our common stock for the cashless conversion of warrants exercised.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) Not applicable.

(b) Item 407(c)(3) of Regulation S-K:

During the quarter covered by this Report, there have not been any material changes to the procedures by which security holders may recommend nominees to the Board of Directors.

ITEM 6. EXHIBITS

(a) Exhibits

31.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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.

	SUNSTOCK, INC.
Dated: June 29, 2020	By: */s/ Jason C. Chang*
	Jason C. Chang *President, Chief Financial Officer* *(Principal Executive and Accounting Officer)*
Dated: June 29, 2020	By: */s/ Ramnik Clair*
	Ramnik Clair *President, Chief Financial Officer* *Vice President, Board Member*

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302

I, Jason C. Chang, certify that:

1. I have reviewed this Form 10-Q for the period ended March 31, 2020 of Sunstock, 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 evaluations; 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, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material 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.

Dated: June 29, 2020

By: */s/ Jason C. Chang*
Jason C. Chang
President, Chief Financial Officer
(Principal Executive and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned officer of Sunstock Inc. (the "Company"), hereby certify to my knowledge that:

The Report on Form 10-Q for the period ended March 31, 2020 of the Company fully complies, in all material respects, with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

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

Dated: June 29, 2020

By: */s/ Jason C. Chang*

Jason C. Chang
President, Chief Financial Officer
(Principal Executive and Accounting Officer)