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

FORM 10-Q

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

For the quarterly period ended March 31, 2021

☐ **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 0-53944

REGO PAYMENT ARCHITECTURES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**35-2327649** **(I.R.S. Employer Identification No.)**
325 Sentry Parkway, Suite 200 **Blue Bell, PA** **(Address of Principal Executive Offices)**	**19422** **(Zip Code)**

(267) 465-7530
(Registrant's Telephone Number, Including Area Code)

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
None		

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.

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: 123,337,977 shares of common stock outstanding at May 17, 2021.

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PART I - FINANCIAL INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included or incorporated by reference in this Quarterly Report on Form 10-Q, including without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "plans," "projects," "estimates," "anticipates," "believes," "contemplates," "targets," "could," "would" or "should" or the negative thereof or any variation thereon or similar terminology or expressions. Management cautions readers not to place undue reliance on any of the Company's forward-looking statements, which speak only as of the date made.

We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our ability to raise additional capital, the absence of any material operating history or revenue, our ability to attract and retain qualified personnel, our ability to develop and introduce a new service and products to the market in a timely manner, market acceptance of our services and products, our limited experience in the industry, the ability to successfully develop licensing programs and generate business, rapid technological change in relevant markets, unexpected network interruptions or security breaches, changes in demand for current and future intellectual property rights, legislative, regulatory and competitive developments, intense competition with larger companies, general economic conditions, the impact of the current COVID-19 pandemic, and other risks discussed in Part I – Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission (the "SEC"), and the Company's other subsequent filings with the SEC.

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. The Company has no obligation to and does not undertake to update, revise, or correct any of these forward-looking statements after the date of this report.

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ITEM 1. FINANCIAL STATEMENTS

Rego Payment Architectures, Inc.

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Rego Payment Architectures, Inc.
Condensed Consolidated Balance Sheets
March 31, 2021 and December 31, 2020

ASSETS	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
CURRENT ASSETS		
Cash and cash equivalents	$ 1,858,687	$ 273,176
Prepaid expenses	15,595	162,840
Deposits	341	341
TOTAL CURRENT ASSETS	1,874,623	436,357
OTHER ASSETS		
Patents and trademarks, net of accumulated amortization of $229,306 and $221,925	321,105	328,486
	321,105	328,486
TOTAL ASSETS	$ 2,195,728	$ 764,843
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 5,810,586	$ 5,631,518
Accounts payable and accrued expenses - related parties	229,380	289,704
Embedded derivative liability	-	10,987,578
Paycheck protection program loan payable	-	81,500
Loans payable	42,600	42,600
Deferred revenue	200,000	200,000
10% secured convertible notes payable - stockholders	3,116,357	3,116,357
Notes payable - stockholders, net of discount of $0 and $40,031	1,095,000	1,095,000
4% secured convertible notes payable - stockholders	11,919,250	9,494,250
Preferred stock dividend liability	7,462,357	7,195,243
TOTAL CURRENT LIABILITIES	29,875,530	38,133,750
CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Preferred stock, $.0001 par value; 2,000,000 preferred shares authorized; 195,500 preferred shares Series A authorized; 102,350 shares issued and outstanding at March 31, 2021 and 107,850 issued outstanding at December 31, 2020	10	11
Preferred stock, $.0001 par value; 2,000,000 preferred shares authorized; 222,222 preferred shares Series B authorized; 28,378 shares issued and outstanding at March 31, 2021 and December 31, 2020	3	3
Preferred stock, $.0001 par value; 2,000,000 preferred shares authorized; 150,000 preferred shares Series C authorized; 0 shares issued and outstanding at March 31, 2021 and December 31, 2020	-	-

Common stock, $ .0001 par value; 230,000,000 shares authorized; 122,737,977 shares issued and outstanding at March 31, 2021 and 120,096,866 shares issued and outstanding at December 31, 2020	12,274	12,010
Additional paid in capital	65,061,411	61,447,232
Accumulated deficit	(92,690,897)	(98,770,661)
Noncontrolling interests	(62,603)	(57,502)
STOCKHOLDERS' DEFICIT	(27,679,802)	(37,368,907)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 2,195,728	$ 764,843

See the accompanying notes to the condensed consolidated financial statements.

Rego Payment Architectures, Inc.
Condensed Consolidated Statements of Comprehensive Loss
For the Three Months Ended March 31, 2021 and 2020
(Unaudited)

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
NET REVENUE	$ 533	$ -
OPERATING EXPENSES		
Transaction expense	37,314	-
Sales and marketing	457,016	6,833
Product development	830,358	73,620
General and administrative	3,068,957	458,715
Total operating expenses	4,393,645	539,168
NET OPERATING LOSS	(4,393,112)	(539,168)
OTHER INCOME (EXPENSE)		
Interest income	251	-
Forgiveness of debt	81,500	-
Interest expense	(334,440)	(207,624)
	(252,689)	(207,624)
NET LOSS	(4,645,801)	(746,792)
LESS: Accrued preferred dividends	(267,114)	(271,780)
Net loss attributable to noncontrolling interests	101	257
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (4,912,814)	$ (1,018,315)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.04)	$ (0.01)
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	121,255,150	119,596,866

See the accompanying notes to the condensed consolidated financial statements.

Rego Payment Architectures, Inc.
Condensed Consolidated Statement of Changes in Stockholders' Deficit
For the Three Month Period Ended March 31, 2021

	Preferred Stock Series A		Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional			
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-In Capital	Accumulated Deficit	Noncontrolling Interests	Total
Balance, December 31, 2020, as previously reported	107,850	$ 11	28,378	$ 3	-	$ -	120,096,866	$ 12,010	$61,447,232	$(98,770,661)	$ (57,502)	$(37,368,907)
Adoption of new accounting principle for embedded derivative liabilities	-	-	-	-	-	-	-	-	-	10,987,578	-	10,987,578
Balance, December 31, 2020, as adjusted	107,850	11	28,378	3	-	-	120,096,866	12,010	61,447,232	(87,783,083)	(57,502)	(26,381,329)
Conversion of Series A Preferred stock into common stock	(5,500)	(1)	-	-	-	-	611,111	61	$ (60)	-	-	-
Issuance of common stock to board members and employees	-	-	-	-	-	-	1,800,000	180	1,929,820	-	-	1,930,000
Issuance of common stock for accounts payable	-	-	-	-	-	-	150,000	15	134,985	-	-	135,000
Exercise of options	-	-	-	-	-	-	80,000	8	19,992	-	-	20,000
Fair value of options for software	-	-	-	-	-	-	-	-	111,817	-	-	111,817
Fair value of options for services	-	-	-	-	-	-	-	-	1,417,625	-	-	1,417,625
Accrued preferred dividends	-	-	-	-	-	-	-	-	-	(262,114)	(5,000)	(267,114)
Net loss	-	-	-	-	-	-	-	-	-	(4,645,700)	(101)	(4,645,801)
Balance, March 31, 2021 (Unaudited)	102,350	$ 10	28,378	$ 3	-	$ -	122,737,977	$ 12,274	$65,061,411	$(92,690,897)	$ (62,603)	$(27,679,802)

Condensed Consolidated Statement of Changes in Stockholders' Deficit
For the Three Month Period Ended March 31, 2020

	Preferred Stock Series A		Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional			
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-In Capital	Accumulated Deficit	Noncontrolling Interests	Total
Balance, December 31, 2019	107,850	$ 11	28,378	$ 3	-	$ -	119,596,866	$ 11,960	$60,233,849	$(83,130,943)	$ 206,049	$(22,679,071)
Issuance of warrants for services	-	-	-	-	-	-	-	-	74,886	-	-	74,886
Fair value of options for services	-	-	-	-	-	-	-	-	25,663	-	-	25,663
Accrued preferred dividends	-	-	-	-	-	-	-	-	-	(266,780)	(5,000)	(271,780)
Net loss	-	-	-	-	-	-	-	-	-	(746,535)	(257)	(746,792)
Balance, March 31, 2020 (Unaudited)	107,850	$ 11	28,378	$ 3	-	$ -	119,596,866	$ 11,960	$60,334,398	$(84,144,258)	$ 200,792	$(23,597,094)

See the accompanying notes to the condensed consolidated financial statements.

Rego Payment Architectures, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2021 and 2020
(Unaudited)

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (4,645,801)	$ (746,792)
Adjustments to reconcile net loss to net cash used in operating activities:		
Fair value of common stock issued in exchange for services	1,930,000	-
Fair value of options and warrants issued in exchange for services	1,417,626	100,549
Accretion of discount on notes payable	-	40,031
Impairment loss	111,817	-
Depreciation and amortization	7,381	7,329
Forgiveness of debt	(81,500)	-
Decrease in assets		
Prepaid expenses	147,245	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	314,067	426,087
Accounts payable and accrued expenses - related parties	(60,324)	(210,519)
Net cash used in operating activities	(859,489)	(383,315)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of options	20,000	-
Proceeds from convertible notes payable - stockholders	2,425,000	-
Net cash provided by financing activities	2,445,000	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,585,511	(383,315)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	273,176	430,076
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 1,858,687	$ 46,761
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during year for:		
Interest	$ 576	$ -
Income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
Accrued preferred dividends	$ 267,114	$ 271,781
Options issued for software	$ 111,817	$ -
Issuance of common stock for accounts payable	$ 135,000	$ -

Conversion of Series A Preferred stock to common stock	$ 61	$ -
Adoption of new accounting principle for embedded derivative liabilities affecting accumulated deficit	$ 10,987,578	$ -

See the accompanying notes to the condensed consolidated financial statements.

Rego Payment Architectures, Inc.
Notes to Condensed Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business
REGO Payment Architectures, Inc. ("REGO") was incorporated in the state of Delaware on February 11, 2008.

REGO Payment Architectures, Inc. and its subsidiaries (collectively, except where the context requires, the "Company") is a provider of consumer software that delivers a mobile payment platform solution—Mazoola[SM] - a family focused mobile banking solution (the "Platform"). Headquartered in Blue Bell, Pennsylvania, the Company maintains a portfolio of trade secrets and four US patent awards. REGO offers an all-digital financial payments platform to enable minors, particularly under 13 years old, to purchase goods and services, complete chores and learn in a secure online environment guided by parental permission, oversight, and control, while remaining Children's Online Privacy Protection Act ("COPPA") and General Data Protection Regulation ("GDPR") compliant.

Management believes that building on its COPPA advantage, the future of REGO Payment Architectures, Inc. will be based on the foundational architecture of the Platform that will allow its use across multiple financial markets where secure controlled payments are needed. The Company intends to license in each alternative field of use the ability for its partners, distributors and/or value added resellers to private label each of the alternative markets. These partners would deploy, customize and support each implementation under their own label, but with acknowledgement of the Company's proprietary intellectual assets as the base technology. Management believes this approach will enable the Company to reduce expenses while broadening its reach.

Revenues generated from the platform will come from multiple sources depending on the level of service and facilities requested by the parent. There will be levels of subscription revenue paid monthly, service fees, transaction fees and in some cases revenue sharing and licensing with banking and distribution partners.

ZOOM Solutions, Inc. ("ZS")

ZS (formerly Zoom Payment Solutions, Inc.) was incorporated in the state of Delaware on February 16, 2018 as a subsidiary of REGO Payment Architectures, Inc. During the year ended December 31, 2020, the minority common shareholders of ZS exchanged their shares in ZS for REGO 10% secured convertible notes payable. REGO now owns 100% of the common stock of ZS. ZS is the holding company for various subsidiaries that will utilize REGO's payment platform to address emerging markets.

There were minimal operations at ZS during the three months ended March 31, 2021 and 2020.

ZOOM Payment Solutions, Inc. ("ZPS")

ZPS (formerly Zoom Payment Solutions USA, Inc.) was incorporated in the state of Nevada on December 6, 2017. ZPS is a wholly owned subsidiary of ZS with the core focus on providing mobile payments solutions. ZPS has secured a sublicense from ZS for the REGO payment platform and access to the patents from REGO.

There were minimal operations at ZPS during the three months ended March 31, 2021 and 2020.

ZOOM Blockchain Solutions, Inc. ("ZBS")

ZBS was incorporated in the state of Delaware on April 20, 2018 as an 85% owned subsidiary of ZS. This company was focused on blockchain as a business solution for the retail and Consumer Packaged Goods ("CPG") industries.

There were minimal operations at ZBS during the three months ended March 31, 2021 and 2020.

ZOOM Cloud Solutions, Inc. (“ZCS”)

ZCS (formerly Zoom Canada Solutions, Inc.) was incorporated in the state of Delaware on April 20, 2018 as an 85% owned subsidiary of ZS. ZCS was focused on providing a highly secure cloud storage as a service.

There were minimal operations at ZCS during the three months ended March 31, 2021 and 2020.

ZOOM Auto Solutions, Inc. (“ZAS”)

ZAS (formerly Zoom Mining Solutions) was incorporated in the State of Delaware on February 19, 2018 as a wholly owned subsidiary of ZCS. It is now a wholly owned subsidiary of ZBS.

There were minimal operations at ZAS during the three months ended March 31, 2021 and 2020.

REGO Data Solutions, Inc. (“RDS”)

RDS was incorporated in the State of Delaware on February 25, 2021 as a wholly-owned subsidiary of REGO for the purpose of maintaining data collected by Mazoola[SM].

The Company’s principal office is located in Blue Bell, Pennsylvania.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). These statements include all adjustments (consisting only of normal recurring adjustments) which management believes necessary for a fair presentation of the statements and have been prepared on a consistent basis using the accounting policies described in the summary of accounting policies included in the Company’s 2020 Annual Report on Form 10-K (the “Form 10-K”). All significant intercompany transactions and balances have been eliminated in consolidation. Certain information and note disclosures normally included in the financial statements prepared in accordance with US GAAP have been condensed, or omitted pursuant to such rules and regulations, although the Company believes that the accompanying disclosures are adequate to make the information presented not misleading. The accompanying unaudited financial statements should be read in conjunction with the financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the SEC. Operating results for the three months ended March 31, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

The Company’s activities are subject to significant risks and uncertainties, including failing to secure additional financing to operationalize the Company’s current technology before another company develops similar technology to compete with the Company.

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes*. The amendments in this Update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For public business entities, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company adopted this pronouncement on January 1, 2021, and there was not a material impact on the financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity.* The amendments in this Update affect entities that issue convertible instruments and/or contracts in an entity's own equity. For convertible instruments, the instruments primarily affected are those issued with beneficial conversion features or cash conversion features because the accounting models for those specific features are removed. However, all entities that issue convertible instruments are affected by the amendments to the disclosure requirements in this Update. For contracts in an entity's own equity, the contracts primarily affected are freestanding instruments and embedded features that are accounted for as derivatives under the current guidance because of failure to meet the settlement conditions of the derivatives scope exception related to certain requirements of the settlement assessment. FASB simplified the settlement assessment by removing the requirements (1) to consider whether the contract would be settled in registered shares, (2) to consider whether collateral is required to be posted, and (3) to assess shareholder rights. Those amendments also affect the assessment of whether an embedded conversion feature in a convertible instrument qualifies for the derivatives scope exception. Additionally, the amendments in this Update affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. The amendments in this Update are effective for public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The FASB specified that an entity should adopt the guidance as of the beginning of its annual fiscal year. The FASB decided to allow entities to adopt the guidance through either a modified retrospective method of transition or a fully retrospective method of transition. The Company adopted the modified retrospective transition method of this pronouncement on January 1, 2021 and as a result reclassifed $10,987,578 between debt and accumulated deficit.

Recently Issued Accounting Pronouncements Not Yet Adopted

As of March 31, 2021, there are no recently issued accounting standards not yet adopted which would have a material effect on the Company's financial statements.

NOTE 2 – MANAGEMENT PLANS

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred significant losses and experienced negative cash flow from operations since inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Since inception, the Company has focused on developing and implementing its business plan. The Company believes that its existing cash resources will not be sufficient to sustain operations during the next twelve months. The Company currently needs to generate revenue in order to sustain its operations. In the event that the Company cannot generate sufficient revenue to sustain its operations, the Company will need to reduce expenses or obtain financing through the sale of debt and/or equity securities. The issuance of additional equity would result in dilution to existing shareholders. If the Company is unable to obtain additional funds when they are needed or if such funds cannot be obtained on terms acceptable to the Company, the Company would be unable to execute upon the business plan or pay costs and expenses as they are incurred, which would have a material, adverse effect on the business, financial condition and results of operations.

The Company's current monetization model is to derive revenues from levels of subscription revenue paid monthly, service fees, transaction fees and in some cases revenue sharing with banking and distribution partners. As these bases of revenues grow, the Company expects to generate additional revenue to support operations.

The Covid-19 pandemic caused a significant economic slowdown that adversely affected the demand for services. While the Company expects this matter to negatively impact its results of operations, cash flow and financial position, the related financial impact cannot be reasonably estimated at this time.

As of May 17, 2021, the Company has a cash position of approximately $3,570,000. Based upon the current cash position and the Company's planned expense run rate, management believes the Company has funds currently to finance its operations through January 2022.

NOTE 3 – IMPAIRMENT OF LONG-LIVED ASSETS

On January 1, 2021, REGO entered into a Purchase of Business Agreement ("Agreement") with Chore Check, LLC pursuant to which it purchased the assets of Chore Check, LLC, consisting primarily of a software application, valued at $111,817, fair value. The consideration for the acquisition consisted of the issuance of an option to purchase 100,000 shares of the Company's common stock, with an exercise price of $0.90, vesting immediately and with a term of three years.

Long-lived assets are tested for impairment by performing a qualitative assessment to determine whether it is more likely than not that the fair value is less than the carrying value. Long-lived assets are considered impaired if the carrying value exceeds its fair value. We determined that the carrying value of the asset acquired from Chore Check, LLC exceeded its fair value and have recorded an impairment loss in the amount of $111,817 as of March 31, 2021, which is included in general and administrative expenses.

NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES - RELATED PARTIES

As of March 31, 2021 and December 31, 2020, the Company owed the Chief Executive Officer, who is also a more than 5% beneficial owner, a total of $167,227 and $184,507, consisting of $127,692 and $78,462 in unpaid salary and consulting fees to a company owned by the Chief Executive Officer of $39,535 and $106,045.

Additionally as of March 31, 2021 and December 31, 2020, the Company owed the son of a more than 5% beneficial owner, Chief Executive Officer, President and Board member, $31,549 and $21,549, pursuant to a consulting agreement.

As of March 31, 2021 and December 31, 2020, the Company owed the Chief Financial Officer $30,603 and $83,648 in unpaid salary.

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

During April 2020, the Company received $2,000 from the Emergency Injury Disaster Loan program and $79,500 from the Paycheck Protection Program. The Company has spent all of the proceeds under these programs for payroll related expenses.

In accordance with FASB ASC 470, *Debt*, the Company has recorded the loans as a current liability in the amount of $81,500. The Company will record derecognition of the liability in accordance with FASB ASC 405-20, *Liabilities-Extinguishment of Liabilities*, when either (1) the loan is, in part or wholly, forgiven and the Company has been legally released or (2) the Company pays off the loan.

On January 28, 2021, the Company received notification from the lender that its Paycheck Protection Program loan had been forgiven in full by the Small Business Administration in the amount of $79,500, and that no further payments were required. Therefore the Paycheck Protection Program loan was recognized as forgiveness of debt.

Additionally, the Economic Injury Disaster Loan of $2,000 ($1,000 per employee) does not require repayment and was also recognized as forgiveness of debt.

NOTE 6 – LOANS PAYABLE

Loans payable as of March 31, 2021 and December 31, 2020 were $42,600. Interest accrued on the loans at 0% and 10% was $3,040 and $2,790 as of March 31, 2021 and December 31, 2020. Interest expense related to these loans payable was $251 and $1,450 for the three months ended March 31, 2021 and 2020.

NOTE 7 – 10% SECURED CONVERTIBLE NOTES PAYABLE - STOCKHOLDERS

On March 6, 2015, the Company, pursuant to a Securities Purchase Agreement (the "Purchase Agreement"), issued $2,000,000 aggregate principal amount of its 10% Secured Convertible Promissory Notes due March 5, 2016 (the "Notes") to certain stockholders. On May 11, 2015, the Company issued an additional $940,000 of Notes to stockholders. The maturity dates of the Notes have been extended most recently from September 6, 2019 to October 31, 2021, with the consent of the Note holders.

The Notes are convertible by the holders, at any time, into shares of the Company's Series B Preferred Stock at a conversion price of $90.00 per share, subject to adjustment for stock splits, stock dividends and similar transactions with respect to the Series B Preferred Stock only. Each share of Series B Preferred Stock is currently convertible into 100 shares of the Company's common stock at a current conversion price of $0.90 per share, subject to anti-dilution adjustment as described in the Certificate of Designation of the Series B Preferred Stock. In addition, pursuant to the terms of a Security Agreement entered into on May 11, 2015 by and among the Company, the Note holders and a collateral agent acting on behalf of the Note holders (the "Security Agreement"), the Notes are secured by a lien against substantially all of the Company's business assets. Pursuant to the Purchase Agreement, the Company also granted piggyback registration rights to the holders of the Series B Preferred Stock upon a conversion of the Notes.

The Notes are recorded as a current liability as of March 31, 2021 and December 31, 2020 in the amount of $3,116,357. Interest accrued on the Notes was $1,933,277 and $1,855,368 as of March 31, 2021 and December 31, 2020. Interest expense related to these Notes payable was $77,909 and $70,329 for the three months ended March 31, 2021 and March 30, 2020.

NOTE 8 – NOTES PAYABLE – STOCKHOLDERS

During the three months ended March 31, 2021 and 2020, the Company issued $100,000 and $0 aggregate principal amount of its notes payable - stockholders with no formal repayment terms and 10% interest. This loan also included an option to purchase 100,000 shares of the Company's common stock. The option was valued at $74,518 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the option, with the following assumptions: no dividend yield, expected volatility of 124.3%, risk free interest rate of 0.11% and expected life of 2 years. The relative fair value of the option of $42,699 was recorded as a discount to the loan payable in accordance with FASB ASC 835-30-25, *Recognition,* and was accreted over the term of the note payable for financial statement purposes. The loan payable was repaid in full, plus interest, on March 2, 2021 and the full amount of the discount was accreted to interest expense.

These notes payable are recorded as a current liability as of March 31, 2021 and December 31, 2020 in the amount of $1,095,000. Interest accrued on the notes, as of March 31, 2021 and December 31, 2020 was $196,030 and $115,917. Interest expense including accretion of discount was $155,205 and $61,522 for the three months ended March 31, 2021 and 2020.

NOTE 9 – 4% SECURED CONVERTIBLE NOTES PAYABLE - STOCKHOLDERS

On August 26, 2016, the Company, pursuant to a Securities Purchase Agreement, issued $600,000 aggregate principal amount of its 4.0% Secured Convertible Promissory Notes due June 30, 2019 (the "New Secured Notes") to certain accredited investors ("investors"). The Company issued additional New Secured Notes during 2016, 2017, 2018, 2019 and 2020.

The New Secured Notes are convertible by the holders, at any time, into shares of the Company's authorized Series C Cumulative Convertible Preferred Stock ("Series C Preferred Stock") at a conversion price of $90.00 per share, subject to adjustment for stock splits, stock dividends and similar transactions with respect to the Series C Preferred Stock only. Each share of Series C Preferred Stock is currently convertible into 100 shares of the Company's common stock at a current conversion price of $0.90 per share, subject to full ratchet anti-dilution adjustment for one year and weighted average anti-dilution adjustment thereafter, as described in the Certificate of Designation of the Series C Preferred Stock. Upon a liquidation event, the Company shall first pay to the holders of the Series C Preferred Stock, on a pari passu basis with the holders of the Company's outstanding Series A Preferred Stock and Series B Preferred Stock, an amount per share equal to 700% of the conversion price (i.e., $630.00 per share of Series C Preferred Stock), plus all accrued and unpaid dividends on each share of Series C Preferred Stock (the "Series C Preference Amount"). The Series C Preference Amount shall be paid prior and in preference to payment of any amounts to the Common Stock. After the payment of all preferential amounts required to be paid to the holders of shares of Series C Preferred Stock, Series A Preferred Stock, Series B Preferred Stock and any additional senior preferred stock, the Series C Preferred Stock participates in further distributions subject to an aggregate cap of seven and one-half times (7.5x) the original issue price thereof, plus all accrued and unpaid dividends.

The maturity dates of the New Secured Notes were extended by the investors to October 31, 2021.

During the three months ended March 31, 2021, the Company issued $2,425,000 aggregate principal amount of its New Secured Notes to certain investors.

The New Secured Notes are recorded as a current liability in the amount of $11,919,250 as of March 31, 2021 and $9,494,250 as of December 31, 2020. Interest accrued on the New Secured Notes was $1,119,679 and $1,019,180 as of March 31, 2021 and December 31, 2020. Interest expense related to these notes payable was $100,499 and $74,323 for the three months ended March 31, 2021 and 2020.

NOTE 10 – INCOME TAXES

Income tax expense was $0 for the three months ended March 31, 2021 and 2020.

As of January 1, 2021, the Company had no unrecognized tax benefits, and accordingly, the Company did not recognize interest or penalties during 2021 related to unrecognized tax benefits. There has been no change in unrecognized tax benefits during the three months ended March 31, 2021, and there was no accrual for uncertain tax positions as of March 31, 2021. Tax years from 2017 through 2020 remain subject to examination by major tax jurisdictions.

There is no income tax benefit for the losses for the three months ended March 31, 2021 and 2020, since management has determined that the realization of the net tax deferred asset is not assured and has created a valuation allowance for the entire amount of such benefits.

NOTE 11 – CONVERTIBLE PREFERRED STOCK

Rego Payment Architectures, Inc. Series A Preferred Stock

The Series A Preferred Stock has a preference in liquidation equal to two times its original issue price, or $20,470,000, to be paid out of assets available for distribution prior to holders of common stock and thereafter participates with the holders of common stock in any remaining proceeds subject to an aggregate cap of 2.5 times its original issue price. The Series A Preferred Stockholders may cast the number of votes equal to the number of whole shares of common stock into which the shares of Series A Preferred Stock can be converted. The Series A Preferred Stock also contains customary approval rights with respect to certain matters. The Series A Preferred Stock accrues dividends at the rate of 8% per annum or $8.00 per Series A Preferred Share.

The conversion price of Series A Preferred Stock is currently $0.90 per share. The Series A Preferred Stock is subject to mandatory conversion if certain registration or related requirements are satisfied and the average closing price of the Rego's common stock exceeds 2.5 times the conversion price over a period of twenty consecutive trading days.

On January 1, 2021, upon adoption of FASB ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, the Company reclassified the embedded derivative value of the beneficial conversion feature of the Series A Preferred Stock issued in January 2014 valued at $3,481,050 as of December 31, 2020, to retained earnings. The Company also reclassified the embedded derivative value of the beneficial conversion feature of the Series A Preferred Stock issued in April 2014 valued at $5,349,800 as of December 31, 2020, to accumulated deficit.

During the three months ended March 31, 2021, certain shareholders of the Series A Preferred Stock converted 5,500 shares of the Series A Preferred Stock into 611,111 shares of the Company's common stock.

Rego Payment Architectures, Inc. Series B Preferred Stock

The Series B Preferred Stock is pari passu with the Series A Preferred Stock and has a preference in liquidation equal to two times its original issue price, or $5,108,040, to be paid out of assets available for distribution prior to holders of common stock and thereafter participates with the holders of common stock in any remaining proceeds subject to an aggregate cap of 2.5 times its original issue price. The Series B Preferred Stockholders may cast the number of votes equal to the number of whole shares of common stock into which the shares of Series B Preferred Stock can be converted. The Series B Preferred Stock also contains customary approval rights with respect to certain matters. The Series B Preferred Stock accrues dividends at the rate of 8% per annum.

The conversion price of the Series B Preferred Stock is currently $0.90 per share. The Series B Preferred Stock is subject to mandatory conversion if certain registration or related requirements are satisfied and the average closing price of the Company's common stock exceeds 2.5 times the conversion price over a period of twenty consecutive trading days.

On January 1, 2021, upon adoption of FASB ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, the Company reclassified the embedded derivative liability relative to the beneficial conversion feature of the Series B Preferred Stock issued in October 2014 valued at $2,156,728 as of December 31, 2020, to accumulated deficit.

Rego Payment Architectures, Inc. Series C Preferred Stock

In August 2016, Rego authorized 150,000 shares of Rego's Series C Cumulative Convertible Preferred Stock ("Series C Preferred Stock"). As of March 31, 2021, none of the Series C Preferred Stock was issued or outstanding. After the date of issuance of Series C Preferred Stock, dividends at the rate of $7.20 per share will begin accruing and will be cumulative. The Series C Preferred Stock is pari passu with the Series A Preferred Stock and Series B Preferred Stock and has a preference in liquidation equal to seven times its original issue price to be paid out of assets available for distribution prior to holders of common stock and thereafter participates with the holders of common stock in any remaining proceeds subject to an aggregate cap of 7.5 times its original issue price. The Series C Preferred Stockholders may cast the number of votes equal to the number of whole shares of common stock into which the shares of Series C Preferred Stock can be converted. The Series C Preferred Stock also contains customary approval rights with respect to certain matters. There are no outstanding Series C Preferred Shares, therefore the current per annum dividend per share is $0.

As of March 31, 2020, the value of the cumulative 8% dividends for all Rego preferred stock was $7,414,024 Such dividends will be paid when and if declared payable by Rego's board of directors or upon the occurrence of certain liquidation events. In accordance with FASB ASC 260-10-45-11, the Company has recorded these accrued dividends as a current liability.

ZS Series A Preferred Stock

In November 2018, ZS pursuant to a Securities Purchase Agreement (the "ZS Series A Purchase Agreement"), issued in a private placement to an accredited investor, 83,334 units at an original issue price of $3 per unit (the "ZS Original Series A Issue Price"), which includes one share of ZS' Series A Cumulative Convertible Preferred Stock (the "ZS Series A Preferred Stock") and one warrant to purchase one share of ZS' common stock with an exercise price of $3.00 per share expiring in three years (the "Series A Warrants"). ZS raised $250,000 with respect to this transaction. Dividends on the ZS Series A Preferred Stock accrue at a rate of 8% per annum and are cumulative. The ZS Series A Preferred Stock has a preference in liquidation equal to two times the ZS Original Series A Issue Price to be paid out of assets available for distribution prior to holders of ZS common stock and thereafter participates with the holders of ZS common stock in any remaining proceeds subject to an aggregate cap of 2.5 times the ZS Original Series A Issue Price. The ZS Series A Preferred Stockholders may cast the number of votes equal to the number of whole shares of ZS common stock into which the shares of ZS Series A Preferred Stock can be converted.

As of March 31, 2021, the value of the cumulative 8% dividends for ZS preferred stock was $48,333. Such dividends will be paid when and if declared payable by the ZS' board of directors or upon the occurrence of certain liquidation events. In accordance with FASB ASC 260-10-45-11, the Company has recorded these accrued dividends as a current liability.

NOTE 12 – STOCKHOLDERS' EQUITY

The Company entered into a financial advisory agreement in November 2018 whereby generally the Company will pay the financial advisor a success fee equal to 6% of the capital committed in a capital transaction involving the sale of the Company.

Issuance of Restricted Shares

A restricted stock award ("RSA") is an award of common shares that is subject to certain restrictions during a specified period. Restricted stock awards are independent of option grants and are generally subject to forfeiture if employment terminates prior to the release of the restrictions. The grantee cannot transfer the shares before the restricted shares vest. Shares of nonvested restricted stock have the same voting rights as common stock, are entitled to receive dividends and other distributions thereon and are considered to be currently issued and outstanding. The Company's restricted stock awards generally vest over a period of one year. The Company expenses the cost of the restricted stock awards, which is determined to be the fair market value of the shares at the date of grant, straight-line over the period during which the restrictions lapse. For these purposes, the fair market value of the restricted stock is determined based on the closing price of the Company's common stock on the grant date.

During the three months ended March 31, 2021, the Company issued 150,000 shares of the Company's common stock with a value of $0.90 at the time of issuance, with a fair value of $135,000, to a vendor in settlement of $135,000 of accounts payable.

During the three months ended March 31, 2021, the Company issued a Board Member and the Chief Financial Officer 400,000 shares of the Company's common stock each, with an aggregate fair value of $920,000 upon the launch of the Mazoola app. The Chief Exectuive Officer, who is also a Board Member, received 500,000 shares of the Company's common stock, with an aggregate fair value of $575,000.

During the three months ended March 31, 2021, the Company issued the Chief Executive Officer, who is also a Board Member, 500,000 shares of the Company's common stock each, with an aggregate fair value of $435,000 upon raising $2,000,000.

During the three months ended March 31, 2021, an employee exercised an option to purchase 80,000 shares of the Company's common stock at $0.25 per share or $20,000.

NOTE 13 – STOCK OPTIONS AND WARRANTS

During 2008, the Board of Directors ("Board") of the Company adopted the 2008 Equity Incentive Plan ("2008 Plan") that was approved by the stockholders. Under the 2008 Plan, the Company was authorized to grant options to purchase up to 25,000,000 shares of common stock to any officer, other employee or director of, or any consultant or other independent contractor who provides services to the Company. The 2008 Plan was intended to permit stock options granted to employees under the 2008 Plan to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended ("Incentive Stock Options"). All options granted under the 2008 Plan, which are not intended to qualify as Incentive Stock Options are deemed to be non-qualified options ("Non-Statutory Stock Options"). As of March 31, 2021, options to purchase 1,825,000 shares of common stock have been issued and are unexercised, and 0 shares are available for grants under the 2008 Plan. The 2008 Plan expired on March 3, 2019.

During 2013, the Board adopted the 2013 Equity Incentive Plan ("2013 Plan"), which was approved by stockholders at the 2013 annual meeting of stockholders. Under the 2013 Plan, the Company is authorized to grant awards of stock options, restricted stock, restricted stock units and other stock-based awards of up to an aggregate of 5,000,000 shares of common stock to any officer, employee, director or consultant. The 2013 Plan is intended to permit stock options granted to employees under the 2013 Plan to qualify as Incentive Stock Options. All options granted under the 2013 Plan, which are not intended to qualify as Incentive Stock Options are deemed to be Non-Statutory Stock Options. As of March 31, 2021, under the 2013 Plan grants of restricted stock and options to purchase 4,887,500 shares of common stock have been issued and are unexercised, and 32,500 shares of common stock remain available for grants under the 2013 Plan.

The 2013 Plan is administered by the Board or its compensation committee, which determines the persons to whom awards will be granted, the number of awards to be granted, and the specific terms of each grant, including the vesting thereof, subject to the terms of the 2013 Plan. In connection with Incentive Stock Options, the exercise price of each option may not be less than 100% of the fair market value of the common stock on the date of the grant (or 110% of the fair market value in the case of a grantee holding more than 10% of the outstanding stock of the Company).

Prior to January 1, 2014, volatility in all instances presented is the Company's estimate of volatility that is based on the volatility of other public companies that are in closely related industries to the Company. Beginning January 1, 2014, volatility in all instances presented is the Company's estimate of volatility that is based on the historical volatility of the Company's common stock.

The following table presents the weighted-average assumptions used to estimate the fair values of the stock options granted by REGO during the three months ended March 31, 2021:

Risk Free Interest Rate	0.3%
Expected Volatility	149.1%
Expected Life (in years)	3.8
Dividend Yield	0%
Weighted average estimated fair value of options during the period	$ 0.79

During the three months ended March 31, 2021, the Company issued options to purchase 1,837,500 shares of the Company's common stock to various consultants and employees. The options were valued at $1,417,624 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the options. The fair value of options was expensed immediately. The Company also issued an option to purchase 100,000 shares of the Company's common stock to Chore Check, LLC with a fair value of $111,817. The $111,817 was capitalized as fixed assets and subsequently deemed to be impaired in full and expensed (Note 3).

The following table summarizes the activities for REGO's stock options for the three months ended March 31, 2021:

	Options Outstanding			
	Number of Shares	**Weighted-Average Exercise Price**	**Weighted - Average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value (in 000's) (1)**
Balance, December 31, 2020	10,012,500	$ 0.50	2.5	$ 8,782
Granted	1,937,500	0.74		
Exercised	(80,000)	0.25		
Expired	(75,000)	0.44		
Balance, March 31, 2021	11,795,000	$ 0.57	2.5	$ 3,499
Exercisable at March 31, 2021	11,795,000	$ 0.57	2.5	$ 3,499
Exercisable at March 31, 2021 and expected to vest thereafter	11,795,000	$ 0.57	2.5	$ 3,499

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying options and the closing stock price of $0.83 for REGO's common stock on March 31, 2021.

For the three months ended March 31, 2021 and 2020, Rego expensed $1,417,624 and $25,663 with respect to options.

As of March 31, 2021, there was $0 of unrecognized compensation cost related to outstanding stock options. The difference, if any, between the stock options exercisable at March 31, 2021 and the stock options exercisable and expected to vest relates to management's estimate of options expected to vest in the future.

The following table summarizes the activities for REGO's warrants for the three months ended March 31, 2021:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000's) (1)
Balance, December 31, 2020	3,375,000	$ 0.90	1.1	$ 1,620
Expired	(175,000)	0.90	-	
Balance, March 31, 2021	3,200,000	$ 0.90	1.0	$ -
Exercisable at March 31, 2021	3,200,000	$ 0.90	1.0	$ -
Exercisable at March 31, 2021 and expected to vest thereafter	3,200,000	$ 0.90	1.0	$ -

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying warrants and the closing stock price of $0.83 for Rego's common stock on March 31, 2021.

All warrants were vested on the date of grant.

The following table summarizes the activities for ZS's stock options for the three months ended March 31, 2021:

	Options Outstanding			
	Number of Shares	Weighted-Average Exercise Price	Weighted - Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000's) (1)
Balance, December 31, 2020	1,600,000	$ 5.00	3.0	$ -
Balance, March 31, 2021	1,600,000	$ 5.00	2.7	$ -
Exercisable at March 31, 2021	1,600,000	$ 5.00	2.7	$ -
Exercisable at March 31, 2021 and expected to vest thereafter	1,600,000	$ 5.00	2.7	$ -

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying options and the value of $4.00 for ZS's common stock on March 31, 2021.

For the three months ended March 31, 2021 and 2020, ZS expensed $0 with respect to options.

The following table summarizes the activities for ZS's warrants for the three months ended March 31, 2021:

	Warrants Outstanding			
	Number of Shares	Average Exercise Price	Weighted - Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000's) (1)
Balance, December 31, 2020	83,334	$ 3.00	0.9	$ 83
Balance, March 31, 2021	83,334	$ 3.00	0.6	$ 83
Exercisable at March 31, 2021	83,334	$ 3.00	0.6	$ 83
Exercisable at March 31, 2021 and expected to vest thereafter	83,334	$ 3.00	0.6	$ 83

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying warrants and the value of $4.00 for ZS's common stock on March 31, 2021.

For the three months ended March 31, 2021 and 2020, ZS expensed $0 with respect to warrants.

The following table summarizes the activities for ZCS's stock options for the three months ended March 31, 2021:

	Options Outstanding			
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000's) (1)
Balance December 31, 2020	1,600,000	$ 5.00	3.0	$ -
Balance, March 31, 2021	1,600,000	$ 5.00	2.7	$ -
Exercisable at March 31, 2021	1,600,000	$ 5.00	2.7	$ -
Exercisable at March 31, 2021 and expected to vest thereafter	1,600,000	$ 5.00	2.7	$ -

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying options and the value of $0.01 for ZCS's common stock on March 31, 2021.

For the three months ended March 31, 2021 and 2020, ZCS expensed $0 with respect to options.

NOTE 14 – NONCONTROLLING INTERESTS

Losses incurred by the noncontrolling interests for the three months ended March 31, 2021 and 2020 were $101 and $257.

NOTE 15 – OPERATING LEASES

For the three months ended March 31, 2021 and 2020, total rent expense under leases amounted to $761 and $10,347. The Company has elected not to recognize right-of-use assets and lease liabilities arising from short-term leases. The Company has no long-term lease obligations as of March 31, 2021.

NOTE 16 – SUBSEQUENT EVENTS

On April 29, 2021, the Company issued a consultant, an option to purchase 20,000 shares of the Company's common stock with an exercise price of $0.90 and a term of 2 years with a fair value of $10,432 for marketing services.

On May 7, 2021, the Company issued a new member of the Board of Advisors an option to purchase 100,000 shares of the Company's common stock at an exercise price of $1.035 and a term of 2 years with a fair value of $63,325.

Also on May 7, 2021 the Board of Directors approved the issuance of 600,000 shares of the Company's common stock to the Chief Executive Officer, for raising an additional $2 million.

From April 1, 2021 through May 17, 2021, the Company received $2,345,000 through the issuance of our 4% secured convertible notes payable-stockholders.

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

Overview

Rego Payment Architectures, Inc. (the "Company," "we", or "us") was incorporated in Delaware on February 11, 2008 under the name Chimera International Group, Inc. On April 4, 2008, we amended our certificate of incorporation and changed our name to Moggle, Inc. On August 22, 2011, we filed a Certificate of Ownership with the Secretary of State of Delaware, pursuant to which the Company's newly-formed wholly-owned subsidiary, Virtual Piggy Incorporated was merged into and with the Company (the "Merger"). In connection with the Merger and in accordance with Section 253 of the Delaware General Corporation Law, the name of the Company was changed from "Moggle, Inc." to "Virtual Piggy, Inc." On February 28, 2017, we amended our certificate of incorporation and changed our name to Rego Payment Architectures, Inc. Our principal offices are located at 325 Sentry Parkway, Suite 200, Blue Bell , PA 19422 and our telephone number is (267) 465-7530.

As of the date of this report, we have not generated significant revenues. Our initial business plan was to develop an online game platform to allow game companies to create, monetize and distribute massive multiplayer online games (MMOG). The Company technology was the monetization component of this overall software platform (our "Platform"). During 2010, we analyzed the market potential for an expanded Company solution and decided to concentrate our efforts on the delivery of a full-featured Company solution that was not restricted to online gaming. The expanded Company solution is designed to provide a complete online solution for families and parents to teach their children about financial management and spending on gaming, retail, music and entertainment. In late 2013, we rebranded our Company product under the name "Oink®". In March 2016, we discontinued our prior Oink product offering.

Our current focus is monetizing the Mazoola^{SM} Digital Wallet Platform in the Financial Technology ("FinTech") industry through white label, licensing and partnership agreements. We are have successfully launched the Mazoola^{SM} App and are focused on improving and monetizing the existing Platform and App that will act as the foundation for the strategic alignment with the FinTech industry. The FinTech industry is composed primarily of startup companies that use software to provide financial services more efficiently and less costly than traditional financial service companies. With our Children's Online Privacy Protection Act ("COPPA") and GDPRkids^{TM} Trustmark compliant technology as an added feature, we believe we may have better market success.

Strategic Outlook

We believe that the virtual goods market and the FinTech industry will continue to grow over the long term. Within the market and industry, we intend to provide services to allow transactions with children in compliance with COPPA and similar international privacy laws. We believe that this particular opportunity is relatively untapped and intend to be a leading provider of online transactions for children.

Sustained spending on technology, our ability to raise additional financing, our ability to successfully implement technology partnerships or joint ventures, the continued growth of the FinTech industry, and compliance with regulatory and reporting requirements are all external conditions that may affect our ability to execute our business plan. In addition, the FinTech industry is intensely competitive, and most participants have longer operating histories, significantly greater financial, technical, marketing, customer service and other resources, and greater name recognition. In addition, certain potential customers, particularly large organizations, may view our small size and limited financial resources as a negative even if they prefer our offering to those of our competitors.

Our goal, moving forward is to enable both incumbent and new FinTech participants, as well as key verticals with a large base of 'family accounts,' to provide their consumers with safe and empowering youth money management and financial literacy content and tools via the mobile payment platform.

While some of the Rego Platform can be easily duplicated/commoditized, such as the app skin, APIs to retailers, APIs to financial infrastructure and cloud storage, we believe that defending our market position rests on three factors:

1. The ability to define data control settings from parent to child.

   Our approach to this opportunity uses a master account to dictate purchase rules to sub-accounts via a hierarchical architecture. This approach adheres to data flow and privacy policy requirements specifically outlined for COPPA compliance. We believe other approaches based on machine learning, or other artificial intelligence methodologies are potentially viable alternatives but are likely too costly, do not meet current compliance timelines, and may defy the core of COPPA's "opt-in" parameters. There is considerable room for next-generation automation techniques to be layered on Rego's hierarchical approach. Given its current stability and scalability metrics, the Rego Platform strongly features these advances in its technical development roadmap without compromising any of its current data control performance.

2. The ability to (mis)attribute the child's transaction and personal identification.

   Rego has solved this issue by masking user data and maintaining separate identity and financial data flows. As a result, Rego can verify the age of the internet user throught the transaction lifecycle on its Platform. Authenticating and validating the identity of the actual user on the internet is one of the more difficult cybersecurity challenges. Current approaches are mainly not for commercial use; however, there is investment in commercial innovation in this area. Rego's data control features and its (mis)attribution approach are inextricably linked and a key to its scalability and extensibility.

3. The ability to disseminate transactional data on minors while remaining COPPA and GDPR compliant.

   The highest value data will be that which shows the most nuanced detail afforded under current regulations. Without extreme data control features, such as in the Rego Platform, any lesser data precision will be less valuable.

These three factors are all supported by Rego's patented technology.

Currently, we are targeting established brands with large family-focused account bases — including banks, telecommunication companies, faith-based organizations, media distributors, mobile device Original Equipment Manufacturers ("OEMs"), and merchants.

We have launched our Mazoola^{SM} app. We plan to develop additional enhancements to the app and develop a web based platform, which is expected to be completed in the third quarter of 2021.

In addition to expanding the existing payment solution to a growing US and global customer base, management believes there is robust demand for:

1) A digital ecosystem for children embedded within a marketplace of service offerings, delivered via in-house technology and through third party integrations ("super app"). The inherent fenced design and systems architecture of the MazoolaTM digital wallet aligns well with the overall purpose and approach of a "super app"— to offer a wide array of services within a controlled environment on mobile operating systems, such as iOS and Android.

2) Expanded in-application service modules such as investments, charitable giving, and financial literacy, as well as, the inclusion of new marketplaces, health centers, and logistic/inventory management systems.

3) Predictive analytic products and services based on REGO's anonymized data collection techniques.

4) A two-sided platform of the REGO offering, Mazoola*Pay*, which is currently in later stage development. This provides a way for retailers to offer families a compliant payment offering when engaging in e-commerce transactions.

Within this model, the Company is incorporating licensing fees. This should enable the Company to begin creating shareholder value above and beyond consumer transaction fees. As our service grows, we intend to hire additional information technology staff to maintain our product offerings and develop new products to increase our market share.

We believe that our near-term success will depend particularly on our ability to develop customer awareness and confidence in our service. Since we have extremely limited capital resources, we will need to closely manage our expenses and conserve our cash by continually monitoring any increase in expenses and reducing or eliminating unnecessary expenditures. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies at an early stage of development, particularly given that we operate in new and rapidly evolving markets, that we have limited financial resources, and face an uncertain economic environment. We may not be successful in addressing such risks and difficulties.

Results of Operations

Comparison of the Three Months Ended March 31, 2021 and 2020

The following discussion analyzes our results of operations for the three months ended March 31, 2021 and 2020. The following information should be considered together with our condensed financial statements for such period and the accompanying notes thereto.

Net Revenue

We have not generated significant revenue since our inception. For the three months ended March 31, 2021 and 2020 we generated revenues of $533 and $0.

Net Loss

For the three months ended March 31, 2021 and 2020, we had a net loss of $4,645,801 and $746,792.

Transaction Expense

Transaction expense for the three months ended March 31, 2021 was $37,314 compared to $0 for the three months ended March 31, 2020. These are transactional charges primarily for the operation of the Mazoola^{SM} app, but also the Chore Check app.

Sales and Marketing

Sales and marketing expenses for the three months ended March 31, 2021 were $457,016 compared to $6,833 for the three months ended March 31, 2020, an increase of $450,183. This resulted from the issuance of options to consultants involved with the marketing of the Mazoola^{SM} app prior to its launch on February 8, 2021.

Product Development

Product development expenses were $830,358 and $73,620 for the three months ended March 31, 2021 and 2020, an increase of $756,738. The Company continued the process to complete the development of the Mazoola^{SM} app prior to its launch and then began developing further enhancements to the app to increase its marketability.

General and Administrative Expenses

General and administrative expenses increased $2,610,242 to $3,068,957 for the three months ended March 31, 2021 from $458,715 for the three months ended March 31, 2020. This resulted from the Company issuing shares of common stock and options to Board members, officers and consultants, an increase of approximately $2,565,000 compared to $87,000 for the three months ended March 31, 2020. Additionally impairment of the Chore Check, LLC assets of $112,000 contributed to the increase.

Interest Expense

During the three months ended March 31, 2021, the Company incurred interest expense of $334,440, compared to $207,624 for the three months ended March 31, 2020, an increase of $128,616. The increase in interest expense relates to additional debt outstanding.

Forgiveness of Debt

During the three months ended March 31, 2021, the Company had $79,500 of debt forgiven compared to $0 for the three months ended March 31, 2020. On January 28, 2021, the Company received notification that the Paycheck Protection Plan loan was forgiven in full by the Small Business Administration and therefore $79,500 was recognized as forgiveness of debt during the three months ended March 31, 2021.

Additionally, the Economic Injury Disaster Loan of $2,000 ($1,000 per employee) does not require repayment and was also recognized as forgiveness of debt.

Liquidity and Capital Resources

As of May 17, 2021 we had cash on hand of approximately $3,570,000.

Net cash used in operating activities increased $476,174 to $859,489 for the three months ended March 31, 2021 as compared to $383,315 for the three months ended March 31, 2020. The increase resulted primarily from the increased development costs to launch the Mazoola^{SM} app and continue enhancements to increase its marketability.

Net cash provided by financing activities increased to $2,445,000 for the three months ended March 31, 2021 from $0 for the three months ended March 31, 2020. Cash provided by financing activities during the three months ended March 31, 2021, consisted of convertible notes payable to provide capital to continue operations.

As we have not realized significant revenues since our inception, we have financed our operations through offerings of debt and equity securities. We do not currently maintain a line of credit or term loan with any commercial bank or other financial institution.

Since our inception, we have focused on developing and implementing our business plan. We believe that our existing cash resources will not be sufficient to sustain our operations during the next twelve months. We currently need to generate sufficient revenues to support our cost structure to enable us to pay ongoing costs and expenses as they are incurred, finance enhancements to our Platform, and execute the business plan. If we cannot generate sufficient revenue to fund our business plan, we intend to seek to raise such financing through the sale of debt and/or equity securities. The issuance of additional equity would result in dilution to existing shareholders. The issuance of convertible debt may also result in dilution to existing stockholders. If we are unable to obtain additional funds when they are needed or if such funds cannot be obtained on terms acceptable to us, we will be unable to execute upon the business plan or pay costs and expenses as they are incurred, which would have a material, adverse effect on our business, financial condition and results of operations. See Note 2, to our consolidated financial statements included in this Form 10-Q.

Even if we are successful in generating sufficient revenue or in raising sufficient capital in order to complete the Platform, our ability to continue in business as a viable going concern can only be achieved when our revenues reach a level that sustains our business operations. We do not project that significant revenue will be developed until the fourth quarter of 2021. There can be no assurance that we will raise sufficient proceeds, or any proceeds, for us to implement fully our proposed business plan. Moreover there can be no assurance that even if the Platform is fully developed and successfully launched, that we will generate revenues sufficient to fund our operations. In either such situation, we may not be able to continue our operations and our business might fail.

Based upon the current cash position and the Company's planned expense run rate, management believes the Company will not be able to finance its operations beyond January 2022.

The foregoing forward-looking information was prepared by us in good faith based upon assumptions that we believe to be reasonable. No assurance can be given, however, regarding the attainability of the projections or the reliability of the assumptions on which they are based. The projections are subject to the uncertainties inherent in any attempt to predict the results of our operations, especially where new products and services are involved. Certain of the assumptions used will inevitably not materialize and unanticipated events will occur. Actual results of operations are, therefore, likely to vary from the projections and such variations may be material and adverse to us. Accordingly, no assurance can be given that such results will be achieved. Moreover due to changes in technology, new product announcements, competitive pressures, system design and/or other specifications we may be required to change the current plans.

Off-Balance Sheet Arrangements

As of March 31, 2021, we do not have any off-balance sheet arrangements.

Critical Accounting Policies

Our financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. A complete summary of these policies is included in Note 1 of the Notes to Financial Statements included in the Company's Form 10-K for the year ended December 31, 2020. We have identified below the accounting policies that are of particular importance in the presentation of our financial position, results of operations and cash flows and which require the application of significant judgment by management.

Stock-based Compensation

We have adopted the fair value recognition provisions of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 718. In addition, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 "*Share-Based Payment*" ("SAB 107"), which provides supplemental FASB ASC 718 application guidance based on the views of the SEC. Under FASB ASC 718, compensation cost recognized includes compensation cost for all share-based payments granted, based on the grant date fair value estimated in accordance with the provisions of FASB ASC 718.

We have used the Black-Scholes option-pricing model to estimate the option fair values. The option-pricing model requires a number of assumptions, of which the most significant are, expected stock price volatility, the expected pre-vesting forfeiture rate and the expected option term (the amount of time from the grant date until the options are exercised or expire).

All issuances of stock options or other equity instruments to non-employees as consideration for goods or services received by the Company are accounted for based on the fair value of the equity instruments issued. Non-employee equity based payments that do not vest immediately upon grant are recorded as an expense over the vesting period.

Revenue Recognition

In accordance with FASB ASC 606, *Revenue from Contracts with Customers*, the Company recognizes revenue when it satisfies performance obligations, by transferring promised goods or services to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for fulfilling those performance obligations.

Recently Issued Accounting Pronouncements

Recently issued accounting pronouncements are discussed in Note 1 of the Notes to Financial Statements contained elsewhere in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not required.

ITEM 4. CONTROLS AND PROCEDURES.

As of March 31, 2021 we carried out the evaluation of the effectiveness of our disclosure controls and procedures required by Rule 13a-15(e) under the Exchange Act under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2021, our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended March 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There have been no material developments since the disclosure provided in the Company's Form 10-K for the year ended December 31, 2020.

ITEM 1A. RISK FACTORS.

Not required.

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

On January 1, 2021, REGO entered into a Purchase of Business Agreement ("Agreement") with Chore Check, LLC pursuant to which it purchased the assets of Chore Check, LLC, consisting primarily of a software application, valued at $111,817. The consideration for the acquisition consisted of the issuance of an option to purchase 100,000 shares of the Company's common stock, with an exercise price of $0.90, vesting immediately and with a term of three years.

During the three months ended March 31, 2021 the Company issued $2,425,000 aggregate principal amount of its New Secured Notes to certain accredited investors.

During the three months ended March 31, 2021, the Company issued 150,000 shares of the Company's common stock, with a fair value of $135,000, to a vendor in settlement of $135,000 of accounts payable.

During the three months ended March 31, 2021, the Company issued a Board Member and the Chief Financial Officer 400,000 shares of the Company's common stock each, with an aggregate fair value of $920,000 upon the launch of the Mazoola app. Another Board Member received 500,000 shares of the Company's common stock, with an aggregate fair value of $575,000.

During the three months ended March 31, 2021, the Company issued a Board Member 500,000 shares of the Company's common stock each, with an aggregate fair value of $435,000 upon raising $2,000,000.

During the three months ended March 31, 2021, an employee exercised an option to purchase 80,000 shares of the Company's common stock at $0.25 per share or $20,000.

During the three months ended March 31, 2021, the Company issued options to purchase 1,937,500 shares of the Company's common stock to various consultants and employees. The options were valued at $1,417,624 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the options, with the following assumptions: no dividend yield, expected volatility of 122.4 to 167.1%, risk free interest rate of 0.11% to 0.48% and expected life of 2 to 5 years. The fair value of the options was $1,417,624 and was expensed immediately.

On April 29, 2021, the Company issued a consultant, an option to purchase 20,000 shares of the Company's common stock with an exercise price of $0.90 and a term of 2 years with a fair value of $10,432 for marketing services.

On May 7, 2021, the Company issued a new member of the Board of Advisors an option to purchase 100,000 shares of the Company's common stock at an exercise price of $1.035 and a term of 2 years.

Also on May 7, 2021 the Board of Directors approved the issuance of 600,000 shares of the Company's common stock to the Chief Executive Officer, for raising an additional $2 million.

Each of the foregoing issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. See the footnotes to the financial statements contained herein for additional detail on the applicable securities issued.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

The disclosure set forth in Part II – Item 2 above is incorporated by reference.

ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

SIGNATURES

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

REGO PAYMENT ARCHITECTURES, INC.

By: /s/ Scott McPherson
Scott McPherson
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Date: May 17, 2021