GROW CONDOS, INC.
Form 10-Q
November 19, 2018

0001448558 --06-30 grwc Non-accelerated Filer Yes true true false false 2019 Q1 0001448558 2018-07-01 2018-09-30 0001448558 2018-09-30 0001448558 2018-11-02 0001448558 2018-06-30 0001448558 2017-07-01 2017-09-30 0001448558 2017-06-30 0001448558 2017-09-30 0001448558 us-gaap:LandMember 2018-07-01 2018-09-30 0001448558 us-gaap:BuildingMember 2018-07-01 2018-09-30 0001448558 us-gaap:EmployeeStockOptionMember 2018-07-01 2018-09-30 0001448558 fil:LakeSelmacResortMember 2018-07-01 2018-09-30 0001448558 fil:LakeSelmacResortMember 2017-03-07 0001448558 srt:MinimumMemberfil:LakeSelmacResortMember 2017-03-07 0001448558 srt:MaximumMemberfil:LakeSelmacResortMember 2017-03-07 0001448558 fil:LakeSelmacResortMemberus-gaap:CommonStockMember 2018-07-01 2018-09-30 0001448558 us-gaap:LandMember 2016-04-30 2016-04-30 0001448558 us-gaap:LandMember 2016-04-30 0001448558 us-gaap:LandMember 2017-12-31 0001448558 us-gaap:LandMember 2017-12-31 2017-12-31 0001448558 us-gaap:BuildingMember 2018-09-30 0001448558 us-gaap:BuildingMember 2018-06-30 0001448558 us-gaap:LandMember 2018-09-30 0001448558 us-gaap:LandMember 2018-06-30 0001448558 fil:FurnitureAndFixtureMember 2018-09-30 0001448558 fil:FurnitureAndFixtureMember 2018-06-30 0001448558 fil:AccruedSalariesAndWagesMember 2018-09-30 0001448558 fil:AccruedSalariesAndWagesMember 2018-06-30 0001448558 fil:AccruedExpensesMember 2018-09-30 0001448558 fil:AccruedExpensesMember 2018-06-30 0001448558 fil:MortgagesOneMember 2013-12-31 0001448558 fil:MortgagesOneMember 2013-12-31 2013-12-31 0001448558 fil:MortgagesOneMember 2018-09-30 0001448558 fil:MortgagesOneMember 2018-06-30 0001448558 fil:MortgagesTwoMember 2013-12-31 0001448558 fil:MortgagesTwoMember 2013-12-31 2013-12-31 0001448558 fil:MortgagesTwoMember 2018-09-30 0001448558 fil:MortgagesTwoMember 2018-06-30 0001448558 fil:MortgagesThreeMember 2016-04-30 0001448558 fil:MortgagesThreeMember 2016-04-30 2016-04-30 0001448558 fil:MortgagesThreeMember 2017-10-01 0001448558 fil:MortgagesThreeMemberfil:AmendamentMember 2017-10-31 2017-10-31 0001448558 fil:MortgagesThreeMemberfil:AmendamentMember 2017-10-31 0001448558 fil:MortgagesThreeMember 2018-09-30 0001448558 fil:MortgagesThreeMember 2018-06-30 0001448558 fil:MortgagesFourMember 2017-03-31 0001448558 fil:MortgagesFourMember 2017-03-31 2017-03-31 0001448558 fil:MortgagesFourMember 2018-09-30 0001448558 fil:MortgagesFourMember 2018-06-30 0001448558 fil:OfficersAndDirectorsMember 2018-07-01 2018-09-30 0001448558 fil:CEOAndPresidentMember 2018-07-01 2018-09-30 0001448558 fil:CEOAndPresidentMember 2018-09-30 0001448558 fil:PrivatePlacementsMember 2018-09-30 0001448558 fil:PrivatePlacementsMember 2018-07-01 2018-09-30 0001448558 fil:SeriesAConvertiblePreferredStockMember 2018-09-30 0001448558 fil:N2015EquityIncentivePlanMember 2018-07-01 2018-09-30 0001448558 fil:N2015StockPlanMember 2018-07-01 2018-09-30 0001448558 us-gaap:ChiefExecutiveOfficerMember 2018-07-01 2018-09-30 0001448558 us-gaap:ChiefFinancialOfficerMember 2018-07-01 2018-09-30 0001448558 us-gaap:ChiefExecutiveOfficerMember 2018-09-30 0001448558 fil:GreenValleyCorporateCenterMember 2018-07-01 2018-09-30 0001448558 fil:BoardOfDirectorsMemberus-gaap:SubsequentEventMember 2015-07-01 2016-06-30 xbrli:pure iso4217:USD xbrli:shares iso4217:USD xbrli:shares utr:sqft

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2018

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

For the transition period from __________ to __________

000-53548
Commission File Number

GROW CONDOS, INC.
(Exact name of registrant as specified in its charter)

Nevada	860970023
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
722 W. Dutton Road, Eagle Pointe, Oregon	97524
(Address of principal executive offices)	*(Zip Code)*

541-879-0504
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [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 (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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[ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]
	Emerging growth company [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

113,835,141 shares of common stock outstanding as of November 2, 2018

(Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.)

GROW CONDOS, INC.

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PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GROW CONDOS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	September 30,	June 30,
ASSETS	**2018**	**2018***
	(Unaudited)	
CURRENT ASSETS:		
Cash	$ 110,523	$ 13,891
Lease receivable, net of allowance for doubtful accounts	5,120	2,440
Prepaid expenses	273,581	5,681
Assets held for sale	-	326,629
Due from related party	197,832	40,268
Total current assets	587,056	388,909
Property, plant and equipment, net	1,734,726	1,742,149
Other assets	6,150	6,150
Deposits	2,823	2,823
TOTAL ASSETS	$ 2,330,755	$ 2,140,031
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 13,305	$ 5,031
Accrued liabilities	570,441	612,020
Advances from related parties	105,000	105,000
Short term mortgages	-	902,710
Liability held for sale	-	250,868
Current portion of mortgage loans payable	7,763	7,926
Total current liabilities	696,509	1,883,555
Mortgage loans payable, net of current portion	604,137	605,922

Other liabilities		79,100		79,100
Total Non-Current Liabilities		683,237		685,022
TOTAL LIABILITIES		1,379,746		2,568,577
Commitments and contingencies				
STOCKHOLDERS' DEFICIT				
Preferred stock, $0.001 par value, 5,000,000 shares authorized, none issued and outstanding	$	-	$	-
Common stock, $0.001 par value, 175,000,000 shares authorized, 113,597,601 and 94,204,741 issued, issuable and outstanding at September 30, 2018 and June 30, 2018 respectively.		113,598		94,205
Additional paid-in capital		46,439,092		44,813,485
Accumulated deficit		(45,601,681)		(45,336,236)
Total stockholders' deficit		951,009		(428,546)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$	2,330,755	$	2,140,031

The accompanying notes are an integral part of these unaudited consolidated financial statements.

*Derived from audited information

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GROW CONDOS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30, 2018	2017
Net revenues	$ 108,473	$ 87,105
Operating expenses		
Cost of revenues	28,230	12,506
General and administrative	62,079	100,761
Sales and marketing	5,610	-
Professional fees	33,604	11,567
Stock based compensation	210,000	-
Depreciation, amortization and impairment	7,423	26,677
Total operating expenses	346,946	151,511
Income (Loss) from operations	(238,473)	(64,406)
Other income (expense):		
Loss on disposal of property	(5,412)	-
Interest expense	(21,560)	(699,633)
Total other income (expense), net	(26,972)	(699,633)
Net income (loss)	$ (265,445)	$ (764,039)
Basic and diluted net loss per common share	$ 0	$ (0.02)
Weighted average shares outstanding used in completing basic and diluted net loss per common share	107,046,746	43,090,419

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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GROW CONDOS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended September 30, 2018		2017	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$	(265,445)	$	(764,039)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation, amortization and impairment expense		7,423		26,677
Non-cash interest		-		677,206
Stock based compensation		210,000		-
Loss on disposal of property		5,412		-
Changes in operating assets and liabilities:				
Lease receivable		(2,680)		(5,065)
Prepaid expenses and other assets		2,100		8,438
Accounts payable, trade		2,881		(11,093)
Accrued expenses		(41,579)		60,881
Net cash used (provided) in operating activities		(81,888)		-6,995
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from purchase option on property		-		13,500
Proceeds used in purchase of property, plant, and equipment		-		(19,254)
Due from related party		(157,564)		-
Net cash used in investing activities		(157,564)		(5,754)

CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of mortgages		(903,385)		(25,553)
Proceeds from convertible notes		-		30,000
Proceeds from private placement		1,165,000		-
Net cash (used) provided by financing activities		261,615		4,447
CASH FLOWS FROM DISCOUNTED OPERATIONS:				
Operating activities		-		-
Investing activities		74,469		-
Financing activities		-		-
Net cash (used) provided by discontinued activities		74,469		-
Net increase (decrease) in cash		96,632		(8,302)
Cash at beginning of period		13,891		30,067
Cash at the end of the period	$	110,523	$	21,765
Supplemental Disclosure of Cash Flows Information:				
Cash paid for interest	$	9,273	$	22,251
Cash paid for income taxes	$	-	$	-
Non-cash Investing and Financing Activities:				
Conversion of debt and accrued interest into common stock	$	-	$	594,596
Stock settled debt liability	$	-	$	110,000
Repayment of mortgage from escrow	$	252,141	$	-

The accompanying notes are an integral part of these unaudited consolidated financial statements.

GROW CONDOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 – Organization and Description of Business

Grow Condos, Inc. ("GCI" or the "Company") (f/k/a Fanatic Fans Inc. and Calibrus, Inc.) was incorporated on October 22, 1999, in the State of Nevada.

Our wholly owned subsidiary, WCS Enterprises, Inc. ("WCS") is an Oregon limited liability company which was formed on September 9, 2013 with operations beginning in October 2013. WCS is a real estate purchaser, developer and manager of specific use industrial properties providing "Condo" style turn-key aeroponics grow facilities to support cannabis farmers. WCS intends to own, lease, sell and manage multi- tenant properties so as to reduce the risk of ownership and reduce costs to tenants and owners.

Our wholly owned subsidiary, Smoke on the Water, Inc. was incorporated on October 21, 2016, in the State of Nevada. Smoke on the Water is focused on acquiring properties in the RV and campground rental industry.

On March 7, 2017, Smoke on the Water, Inc. executed a Real Estate Purchase Agreement to acquire the Lake Selmac Resort located at 2700 Lakeshore Drive, Selma, Oregon (see Note 3 below).

On June 22, 2018, the Board of Directors of the Company approved an amendment to our articles of incorporation to increase our authorized capital to 180,000,000 shares, consisting of 175,000,000 shares of common stock and 5,000,000 shares of preferred stock (the "Recapitalization") and to change the name of the Company to Grow Capital Inc. The Company filed articles of amendment with the State of Nevada to effect the aforementioned changes on July 10, 2018 and August 28, 2018 respectively. The Company has submitted application to the Financial Industry Regulatory Authority ("FINRA") for approval of the above noted corporate actions.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation:

The interim unaudited financial information referred to above has been prepared and presented in conformity with accounting principles generally accepted in the United States applicable to interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. The interim financial information has been prepared on a condensed basis, such that certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission. These interim financial statements include all adjustments that, in the opinion of management, are necessary in order to make the financial statements not misleading.

This report on Form 10-Q should be read in conjunction with the Company’s financial statements and notes thereto included in the Company’s Form 10-K for the fiscal year ended June 30, 2018 filed on October 12, 2018. Results of the three months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ended June 30, 2019 and any other future periods.

Consolidation

These consolidated financial statements include the accounts of Grow Condos, Inc., and its wholly-owned subsidiaries, WCS, Enterprises, LLC and Smoke on the Water, Inc. as of September 30, 2018. All significant intercompany accounting transactions have been eliminated as a result of consolidation.

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GROW CONDOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We believe that it is at least reasonably possible that the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events and the effect of the change would be material to the financial statements.

Going Concern

265,445

764,039

approximately $900,000 of these proceeds from the private placements to retire the two mortgages held on the WCS condo property (see Note 7 to the unaudited financial statements contained herein). In addition, in September 2018, the Company completed the sale of its land held in the Pioneer Business Park (see Note 4 to the unaudited financial statements contained herein). The Company received proceeds of approximately $74,000 after payment of expenses of the sale and

Cash and Cash Equivalents

For financial accounting purposes, cash and cash equivalents are considered to be all highly liquid investments with a maturity of three (3) months or less at the time of purchase.

Lease Receivables and deferred rent

Lease receivables are recognized when rents are due, and for the straight-line adjustment to rents over the term of the lease less an allowance for expected uncollectible amounts. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates including, among others, the customer's willingness or ability to pay, the Company's compliance with lease terms, the effect of general economic conditions and the ongoing relationship with the customer. Accounts with outstanding balances longer than the payment terms are considered past due. We do not charge interest on past due balances. The Company writes off lease receivables when it determines that they have become uncollectible after all reasonable collection efforts have been made. If we record bad debt expense, the amount is reflected as a component of operating expenses in the statements of operations. As of September 30, 2018, and June 30, 2018, an allowance for doubtful accounts was recorded in the amount of $2,861. As of September 30, 2018, and June 30, 2018, the Company had recorded deferred rent for the straight-line value of rental income of $6,150 as part of other assets.

Investment In and Valuation of Real Estate Assets

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GROW CONDOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Real estate assets are stated at cost, less accumulated depreciation and amortization. Amounts capitalized to real estate assets consist of the cost of acquisition (excluding acquisition related expenses), construction costs, and mortgage interest during the period the facilities are under construction and prior to readiness for occupancy, and any tenant improvements, major improvements and betterments that extend the useful life of the real estate assets and leasing costs. All repairs and maintenance are expensed as incurred.

The Company is required to make subjective assessments as to the useful lives of its depreciable assets. The Company considers the period of future benefit of each respective asset to determine the appropriate useful life of the assets. Real estate assets, other than land, are depreciated on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives of the Company's real estate assets by class are generally as follows:

Land	Indefinite
Buildings	40 years
Tenant improvements	Lesser of useful life or lease term
Intangible lease assets	Lease term

Revenue Recognition

We recognize revenue only when all of the following criteria have been met:

persuasive evidence of an arrangement exists;

use of the real property has taken place or services have been rendered;

the fee for the arrangement is fixed or determinable; and collectability is reasonably assured.

Persuasive Evidence of an Arrangement – We document all terms of an arrangement in a real property lease signed by the tenant, for leases with a term greater than 30 days, prior to recognizing revenue.

Our real property lease agreements, which are governed by the laws of the state of Oregon, usually are non-cancellable and range from six to thirty-six months with a cash security deposit and personal guarantee required. We account for our leases in accordance with Accounting Standard Codification ("ASC") Topic 840, *Leases*, as operating leases. Leases may include escalating rental rates, an option to extend the term of the lease at a fixed rental rate, and an option to purchase the portion of the building being leased at the end of the lease term. Leases may be assigned with our approval. Common area maintenance and water are paid by the Company with the tenant responsible for maintenance, repairs and liability insurance associated with their specific unit within the building. Cash received for purchase options is recorded as deferred option revenue in the accompanying consolidated financial statements. These amounts are recorded to revenue upon the exercise of the option by the tenant or the expiration of the unused option.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $5,610 and $0 for the three months ended September 30, 2018 and 2017, respectively

Fair Value of Financial Instruments:

The Company follows the fair value measurement rules, which provides guidance on the use of fair value in accounting and disclosure for assets and liabilities when such accounting and disclosure is called for by other accounting literature. These rules establish a fair value hierarchy for inputs to be used to measure fair value of

GROW CONDOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

financial assets and liabilities. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels: Level 1 (highest priority), Level 2, and Level 3 (lowest priority).

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the balance sheet date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Inputs are unobservable and reflect the Company's assumptions as to what market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available.

Investments are reflected in the accompanying financial statements at fair value. The carrying amount of receivables and accounts payable and accrued expenses approximates fair value due to the short-term nature of those instruments.

Share-based compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. Restricted stock awards are measured based on the fair market values of the underlying stock on the dates of grant. For service type awards, share-based compensation expense is recognized on a straight-line basis over the period during which the employee is required to provide service in exchange for the entire award. For awards that vest or begin vesting upon achievement of a performance condition, the Company estimates the likelihood of satisfaction of the performance condition and recognizes compensation expense when achievement of the performance condition is deemed probable using an accelerated attribution model.

The fair value of options is calculated using the Black-Scholes option pricing model to determine the fair value of stock options on the date of grant based on key assumptions such as expected volatility and expected term, so long as the option does not contain provisions that require a more complex model to be used.

Convertible debt and beneficial conversion features

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GROW CONDOS, INC. AND SUBSIDIARIES

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(Unaudited)

Impairment of long-lived assets

The Company monitors its long-lived assets and finite-lived intangibles for indicators of impairment. If such indicators are present, the Company assesses the recoverability of affected assets by determining whether the carrying value of such assets is less than the sum of the undiscounted future cash flows of the assets. If such assets are found not to be recoverable, the Company measures the amount of such impairment by comparing the carrying value of the assets to the fair value of the assets, with the fair value generally determined based on the present value of the expected future cash flows associated with the assets.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured at rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date. A valuation allowance is recorded when it is not more likely than not that all or a portion of the net deferred tax assets will be realized.

Net (loss) income per share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period and contains no dilutive securities. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. For the three months ended September 30, 2018, all potentially dilutive securities are anti-dilutive due to the Company's losses from operations.

All dilutive common stock equivalents are reflected in our earnings (loss) per share calculations. Anti-dilutive common stock equivalents are not included in our earnings (loss) per share calculations.

The following table sets forth the number of dilutive shares as of September 30, 2018:

Options	500,000
Total dilutive shares	500,000

Recent accounting pronouncements

In August 2018, the Securities and Exchange Commission ("SEC") adopted amendments to eliminate, integrate, update or modify certain of its disclosure requirements. The amendments are part of the SEC's efforts to improve disclosure effectiveness and were focused on eliminating disclosure requirements that have become redundant, duplicative, overlapping, outdated, or superseded.

Note 3 – Acquisition of Lake Selmac Resort

On March 7, 2017, the Company, through its wholly-owned subsidiary Smoke on the Water, Inc. executed a Real Estate Purchase Agreement to acquire the Lake Selmac Resort located at 2700 Lakeshore Drive, Selma, Oregon.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

The Company agreed to acquire the property for a purchase price of $875,000 plus closing costs consisting of a seller financing note in the amount of $625,000 with the seller carrying the note at 5% per annum for the first twelve months and then 6% per annum for the next four years, $200,000 in cash plus closing costs, and 50,000 shares of the Company's common stock valued at $52,000 based on the closing price of the common stock at the close. Because all RV and campground rentals have contracts lengths for a maximum term of 30 days, no amounts were allocated to the small number of rentals acquired at acquisition.

Note 4 – Assets Held for Sale

In April 2016, the Company purchased a parcel of land near Eugene, Oregon within the Pioneer Business Park from a private seller in the amount of $326,629 plus closing costs. As part of the purchase, the Seller financed through a note payable $267,129 of the purchase price (see Note 7). The intent of the Company was to build an industrial condominium building on the parcel, akin to the WCS property. The Company was unable to secure additional funding via debt or equity and due to the hostility of the local county government towards the intended operations of the tenants, the Company in late calendar 2017 abandoned those plans.

In December 2017, the Company made the decision to put the property up for sale. The Company has retained a sales agent and has listed the property for sale at a purchase price of $399,000. The financial statements show the value of the land and the related mortgage under Assets Held for Sale and Liabilities Held for Sale on the balance sheet, respectively. In September 2018, the Company completed the sale of the property for a gross sales price of $349,000 (See Note 7). After payment of all closing costs, the Company recorded a loss on sale of approximately $5,400.

Note 5 – Property and Equipment, Net

Property and improvements consisted of the following as of September 30, 2018 and June 30, 2018:

	September 30, 2018	June 30, 2018
Cost		
Buildings and improvements	$ 1,360,240	$ 1,360,240
Land	777,162	777,162
Furniture and Fixture	21,421	21,421
	2,158,823	2,158,823
Less: accumulated depreciation and impairment	(424,097)	(416,674)
	$ 1,734,726	$ 1,742,149

Depreciation expense (excluding impairment) amounted to $7,423 and $12,191 for the three months ended September 30, 2018 and 2017, respectively.

Impairment of condo construction deposits and other assets in regard to the land purchased in Eugene during the three months ended September 30, 2017 was $14,486.

Note 6 – Accrued Liabilities

Accrued Liabilities at September 30, 2018 and June 30, 2018 consist of the following:

	September 30, 2018	June 30, 2018
Accrued salaries and wages	$ 549,009	$ 556,588
Accrued expenses	21,432	55,432
	$ 570,441	$ 612,020

Note 7 – Mortgages Payable

In 2013, upon the acquisition of the condominium property in Eagle Point, Oregon, WCS assumed the mortgage payable of the Seller to Peoples Bank of Commerce, NA. The original principal amount of the mortgage was $930,220, bears interest at the rate of the bank's prime rate plus 1.75%, and required 58 monthly payments of $5,946 and matures on June 28, 2018 with a balloon payment due at that time of $802,294. The mortgage is secured by liens against certain properties owned by the Seller. In August 2018, the Company paid the mortgage in full. As of September 30, 2018, and June 30, 2018, and 2017, the balance on the mortgage was $0 and $797,476, respectively.

In 2013, after acquisition, WCS entered into a second mortgage with Peoples Bank of Commerce, NA in the amount of $120,000. The mortgage bears interest at the rate of the bank's prime rate plus 3%, requires 56 monthly payments of $883 and matures on October 15, 2018 with a balloon payment due at maturity of $104,329. The mortgage is collateralized by a deed of trust and assignment of rents with the Seller and WCS in the amount of $120,000. In August 2018, the Company paid the mortgage in full. As of September 30, 2018, and June 30, 2018, balance on the mortgage was $0 and $105,235, respectively.

In April 2016, as more fully described in Note 4, the Company acquired a parcel of land and entered into a mortgage with the seller in the amount of $267,129. The mortgage bears an interest rate of 6% per annum and has a maturity date of the sooner of (a) October 1, 2017 or the date construction begins on the condominium building proposed to be built. As of June 30, 2017, the balance on the mortgage was $267,129. In October 2017, the Company entered into an amended mortgage by making a principal payment of $15,000 and financing the remaining balance of $252,129. The amended mortgage bears interest at the rate of 6% per annum and requires interest only monthly payments of $1,261 from November 2017 through June 2018 with the remaining amount due on the note in the form of a final balloon payment will be due in July 2018. As noted above in Footnote 4, in September 2018, the Company closed on the sale of the parcel of land acquired with financing provided by the mortgage. As a condition of the sale, the mortgage was fully repaid at closing. As of September 30, 2018, and June 30, 2018, the balance on the mortgage was $0 and $250,868, respectively.

In March 2017, as more fully described in Note 3, the Company acquired a RV and campground park in Selma, Oregon. Upon closing, the Company entered into mortgage payable with the Seller in the amount of $625,000 with a maturity date of March 6, 2022. The mortgage bears interest at the rate of 5% per annum covering the monthly payments of $3,355 for the following 12 months, then increases to 6% per annum for the monthly payments of $3,747 for the following 48 months. Upon maturity, the remaining balance due on the note is required to be paid through a balloon payment. As of September 30, 2018, and June 30, 2018, the balance on the mortgage was $611,900 and $613,848, respectively. The note is unsecured.

Note 8 – Capital Stock

On June 22, 2018, the Board of Directors of the Company approved an amendment to our articles of incorporation to increase our authorized capital to 180,000,000 shares, consisting of 175,000,000 shares of common stock with par value of $0.001 and 5,000,000 shares of preferred stock with par value of $0.001 per share As of June 30, 2018, and 2017, the Company's authorized common stock consists of 100,000,000 common shares with par value of $0.001 and 5,000,000 shares of preferred stock with par value of $0.001 per share.

Common Stock

During the three months ended September 30, 2018, the Company issued 1,000,000 shares to officers and directors as part of their board compensation package. The Company valued those issuances at the closing price of the

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(Unaudited)

Company’s stock as traded on the OTCMarket on the date of grant and recorded stock-based compensation of $120,000.

Common Stock (cont’d)

During the three months ended September 30, 2018, the Company issued 3,000,000 shares to its CEO and President for his initial term of one-year compensation as part of his employment agreement. Of the shares issued, 1,500,000 vested at grant and the remaining 1,500,000 shares vest 180 days after signing of the employment agreement. The Company valued the issuance at $0.12 per share, the closing price of the Company’s stock as traded on the OTCMarket on the date of grant. Because the share compensation will be all of the compensation earned by the new CEO and President, the Company treated the issuance akin to a cash payment and recorded $360,000 into prepaid expense upon issuance. The Company will ratably amortize the prepaid compensation over the initial 12-month period of employment covered in the employment agreement. For the three months ended September 30, 2018, the Company expensed $90,000 as stock-based compensation.

During the three months ended September 30, 2018, the Company agreed to issue a total of 15,392,860 shares in respect to private placements at between $0.07 and $0.10 per share and received cash proceeds of $1,165,000. A total of 2,437,500 shares were issued subsequent to September 30, 2018 in respect of the aforementioned placements and the balance of shares remain issuable as of the date of these financial statements.

Preferred Stock

The Company has designated a Series A Convertible Preferred Stock (the "Series A Preferred"). The number of authorized shares totals 5,000,000 and the par value is $0.001 per share. The Series A Preferred shareholders vote together with the common stock as a single class. The holders of Series A Preferred are entitled to receive all notices relating to voting as are required to be given to the holders of the Common Stock. The holders of shares of Series A Preferred shall be entitled to 5 votes per share and have a conversion right granted to the holder to allow to convert into 5 common shares of the Company for each Series A Preferred Share held.

Equity Incentive Plan

In December 2015, the Company adopted the 2015 Equity Incentive Plan ("Incentive Plan") with a term of 10 years. The Incentive Plan allows for the issuance up to a maximum of 2 million shares of common stock, options exercisable into common stock of the Company or stock purchase rights exercisable into shares of common stock of the Company. The plan is administered by the board of directors unless a separate delegation to an administrator is made by the board of directors. Options granted under the plan carry a maximum term of 10 years, except to a grantee who is also a 10% beneficial owner at the time of grant, in which case the maximum term is 5 years. In addition, exercise prices of options granted must be within a certain percentage of the closing price on date of grant depending on the level of beneficial ownership of common stock of the Company by the grantee. All vesting conditions are set by the board or administrator. In December 2015, the Company filed a registration statement on Form S-8 covering all shares issued or issuable under the Incentive Plan.

Stock Plan

In December 2015, the Company adopted the 2015 Stock Plan ("Stock Plan"). As a condition of adoption of the Stock Plan, the Company entered into a registration statement on Form S-8 and covered the shares issued under the

plan, which registration statement was filed in December 2015. The Stock Plan allows for the issuance up to a maximum of 2 million shares of common stock of the Company. The plan is administered by the board of directors unless a separate delegation to an administrator is made by the board of directors. The Stock Plan shall continue in effect until such time as is terminated by the Board or all shares are issued pursuant to the Stock Plan.

Note 9 – Related Party Transactions

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The Company is currently leasing units located in Eagle Point Oregon. The building has approximately 15,000 square feet and is divided into four 1,500 square feet condo style grow rooms which are being leased to four tenants, 1,500 square feet of office space for Grow Condos, Inc., and one 7,500 square feet grow facility. Four units are currently under lease to three different unrelated companies and the 7,500 square foot unit is under lease to a company controlled by our Chairman. The agreement to the lease 7,500 square feet to a company controlled by our Chairman was entered into by the owner prior to purchase of the facility by WCS in 2013. The lease term begins once the tenant improvements are completed and the premises are occupied and continues for a period of 36 months. Four-unit lease terms began in the fiscal year ended June 30, 2016, with cash payments commencing on all four unit leases in the fiscal year ended June 30, 2017. The lease on the 7,500 grow facility commenced in fiscal 2017.

As of September 30, 2018, and June 30, 2018, a related party had advanced the Company, on an unsecured basis, $105,000.

On July 1, 2018, Wayne Zallen resigned as the President and CEO of the Company and David Tobias resigned his position as a member of the Board of Directors. On the same day, Jonathan Bonnette was elected to the Board of Directors filling the vacancy created by the resignation of David Tobias. Mr. Bonnette was also appointed the President and CEO of the Company. Wayne Zallen will remain the Chairman of the Board of Directors and will

continue to serve as the CFO until such time as a replacement can be found. Mr. Zallen's employment contract was terminated, and the Company and Mr. Zallen have agreed on compensation of $2,500 per month.

In July 2018, the Company entered into an employment agreement with its CEO and President having an initial term of one year including compensation for the first year at $240,000 payable in restricted stock at the valuation rate of $0.08 per share or 3,000,000 shares which have been issued.

In fiscal 2018, the Company was notified by its primary banks that these banks would no longer accept the Company as a client for its banking services. As of June 30, 2018, the Company's wholly owned subsidiary, WCS, was notified that its bank, which also holds both of its mortgages, would no longer continue to accept WCS as a customer shortly after its fiscal year end. Because the Company rents its properties to those who engage in a federal crime under the Controlled Substances Act, most banks subject to any federal oversight (the Office of the Comptroller of the Currency or any of the Federal Reserve Bank's of the United States) have declined to do business with any entity that is related in any way to cannabis operations. The Company's management and directors have as of June 30, 2018 transferred the Company's cash and its banking operations to an entity owned and controlled by them. The Company has treated the cash transferred as amounts due from this related entity and the cash expended from these accounts on behalf of the Company as reductions of the amounts due from these entities. As of September 30, 2018, and June 30, 2018, the amount held in cash by the related entity and reported as a current asset as due from related party was $197,832 and $40,268.

Note 10- Commitments

During the three months ended September 30, 2018, the Company entered into a sublease agreement with a third-party corporation to lease approximately 1,500 square feet of office space at a business center known as Green Valley Corporate Center South located in Henderson, Nevada. The lease has a term of 123 months, an abatement of the first four months of rent, and escalating base monthly rent per square foot ranging between $2.00 to $3.00 per square foot.

Note 11- Subsequent Events

On October 1, 2018 the Company issued a total of 237,540 shares of common stock to certain officers and directors as part of their respective employment and/or board compensation package.

On October 24, 2018 Ms. Joann Cleckner, the Company's Secretary resigned her position with an effective date of November 15, 2018.

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GROW CONDOS, INC. AND SUBSIDIARIES

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(Unaudited)

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

This current report contains forward-looking statements relating to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intends", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

The management's discussion and analysis of our financial condition and results of operations are based upon our condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Overview

Grow Condos, Inc. (the "Company") was incorporated on October 22, 1999 as Calibrus, in the State of Nevada. From its inception, the Company was a call center that contracted out as a customer contact center for a variety of business clients throughout the United States. Over time our main business became a third party verification service. After making a sale on the telephone, a company would send the call to a Company operator to confirm the order. This process protected both the customer and the company selling services from telephone sales fraud.

While continuing to operate as a call center, in 2008 we expanded our business plan to include the development of a social networking site called JabberMonkey (Jabbermonkey.com) and the development of a location based social networking application for smart phones called Fanatic Fans.

On June 22, 2018, the Board of Directors of the Company approved an amendment to our articles of incorporation to increase our authorized capital to 180,000,000 shares, consisting of 175,000,000 shares of common stock and 5,000,000 shares of preferred stock (the “Recapitalization”) and to change the name of the Company to Grow Capital Inc. The Company filed articles of amendment with the State of Nevada to effect the aforementioned changes on July 10, 2018 and August 28, 2018 respectively. The Company has submitted application to the Financial Industry Regulatory Authority ("FINRA") for approval of the above noted corporate actions.

WCS Enterprises

Our wholly-owned subsidiary, WCS Enterprises, LLC ("WCS Enterprises") is an Oregon limited liability company which was formed on September 9, 2013 and was acquired by us in June 2014 in exchange for shares of our common stock. The acquisition of WCS Enterprises resulted in a change of control of the Company and at or shortly after the closing of such acquisition, the persons designated by WCS Enterprises became the officers and directors of the Company. As a result of our acquisition of WCS Enterprises in June 2014, we became engaged in the business of being a real estate purchaser, developer and manager of specific use industrial properties business.

WCS Enterprises Business Operations

Through WCS Enterprises, we are a real estate purchaser, developer and manager of specific use industrial properties providing "Condo" style turn-key grow facilities to support cannabis growers in the United States cannabis industry. We intend to own, lease, sell and manage multi-tenant properties so as to reduce the risk of ownership and reduce costs to the tenants and owners. We offer tenants the option to lease, lease to purchase or buy their condo warehouse space that is divided into comparable 1,500- 2,500 square foot condominium units. Each Condo unit will be uniquely designed and have all necessary resources as an optimum stand-alone grow facility. We believe that Cannabis farmers will pay an above market rate to lease or buy our condo grow facility. We will purchase and develop buildings that are divisible into separate units to attract multiple farmers and reduce the risk of single tenant leases. In addition to our "Condo" turn-key growing facilities we intend to provide marijuana grow consulting services and equipment and supplies as part of our turn-key offerings. The Company is not directly involved in the growing, distribution or sale of cannabis.

Smoke on the Water, Inc.

Smoke on the Water, Inc., was incorporated on October 21, 2016, in the State of Nevada and is a wholly owned subsidiary.

Smoke on the Water Business Operations

Smoke on the Water is designed to capitalize on the country's growing level of recreational marijuana acceptance. The company plans to engage in a roll up strategy for this highly-fragmented industry and provide turn-key solutions for Marijuana-friendly campgrounds and resorts. The company has strategized to initially develop the property through acquisition, subsequently rebranding the existing RV business to represent the Smoke on The Water brand. Upon project launch, the Company plans to provide fully functional vacationing solutions to campground operators and owners seeking to fill the growing demand for stress free and acceptable vacationing for the pro-personal choice and marijuana smoking community.

On March 7, 2017, Smoke on the Water, Inc. executed a Real Estate Purchase Agreement to acquire the Lake Selmac Resort located at 2700 Lakeshore Drive, Selma, Oregon.

Plan of Operations

The Company believes that its existing capital resources may not be adequate to satisfy its cash requirements for the next twelve months and further funding will be required to fully execute our business plans. Through the date of this report we have been able to rely on bank and non-bank financing in the form of mortgages, convertible notes with third parties, sales of common stock, and advances from related parties to continue to fund shortfalls in our operations. The Company estimates that it will require additional cash resources during fiscal 2019 and beyond based on its current operating plan and condition. The Company expects cash flows from operating activities to improve, primarily as a result of the reduction in interest expense going forward, however we do not presently have enough revenue to meet our overhead. We will continue to rely on funding from our officers, directors and third parties to meet our operational shortfalls. While we expect to continue to have these resources available to us, there is no guarantee we will be able to continue to meet our obligations in the normal course. If we fail to generate positive cash flow or obtain additional financing, when required, we may have to modify, delay, or abandon some or all of our business and expansion plans.

There is substantial doubt that we can continue as an on-going business after the next twelve months unless we obtain additional capital to pay our expenditures.

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RESULTS OF OPERATIONS

Three Months Ended September 30, 2018 compared to Three Months ended September 30, 2017

Revenue

During the three months ended September 30, 2018 and 2017, respectively, we generated net revenues of $108,473 and $87,105. We do not yet have sufficient revenues to meet our ongoing operational overhead. The increase in revenue in 2018 was due to the ongoing leasing fees paid by a related party from our condominium property and increased revenues from our Lake Selmac RV campground property.

Operating expenses

Our operating expenses for the three-month periods ended September 30, 2018 and 2017 are as follows:

	Three Months Ended September 30,	
	2018	**2017**
Net revenues	$ 108,473	$ 87,105
Operating expenses		
Cost of revenues	28,230	12,506
General and administrative	62,079	100,761
Sales and marketing	5,610	-
Professional fees	33,604	11,567
Stock based compensation	210,000	-
Depreciation, amortization and impairment	7,423	26,677
Total operating expenses	346,946	151,511

Three months ended September 30, 2018 and 2017

Our general and administrative expenses include rent, telephone, internet services, banking charges, salaries, consulting fees and miscellaneous office costs.

The Company experienced an increase in operating expenses over the comparative periods from $151,511 in the three months ended September 30, 2017 to $346,946 during the three months ended September 30, 2018. The increase to expenses is predominantly attributable to stock-based compensation in relation to services provided by our CEO settled by way of the issuance of shares of common stock, and certain compensation payable quarterly to members of our Board of Directors, with no similar expense in the prior comparative three month period ended September 30, 2017. Professional fees also increased from $11,567 during the three months ended September 30, 2017 to $33,604 in the three months ended September 30, 2018. Costs of revenues in the current period totaled $28,230 in the current three-month period ended September 30, 2018 as compared to $12,506 in the prior comparative three months ended September 30, 2017. The increase in costs of revenue were attributable to our acquisition of the RV campground near Lake Selmac, Oregon and were comprised of costs associated with concession items sold at the campground and other associated expenses. Depreciation, amortization and impairment decreased to only $7,423 in the current three month period, as compared to $26,677 in the three months ended September 30, 2017 primarily due to prior period impairment of construction deposits and other costs associated with the land purchased in April 2016 near Eugene Oregon in the amount of $14,486, as we determined subsequent to quarter end to put the land up for sale due to hostility encountered from local government officials based on our intended use of the property. During the three months ended September 30, 2018 we recorded sales and marketing costs of $5,610 with no similar expenditure in the three month period ended September 30, 2017.

We expect operating expenses to increase in future periods as we continue to expand our holdings and our revenue base.

Other Expenses

Other expenses recorded in the three months ended September 30, 2018 and 2017 totaled $26,972 and $699,633 respectively. The Company experienced a substantial decrease to interest expenses in the current three months ended September 30, 2018 to $21,560 as compared to $699,633 in the prior comparative period due to the fact that during the period ended September 30, 2017 the company recorded interest expense relative to the issuance of certain convertible notes and their conversion through issuance of our common stock, with no similar transactions during the current three month period ended September 30, 2018. Further, the Company recorded a loss on disposal of property of $5,412 during the current three month period, with no comparative expense in the comparative three months in 2017.

Net losses in the three months ended September 30, 2018 and 2017 totaled $265,445 and $764,039, respectively.

Liquidity and Financial Condition

Liquidity and Capital Resources

	At September 30, 2018	**At June 30, 2018**
Current Assets	$ 587,056	$ 388,909
Current Liabilities	696,509	1,883,555
Working Capital Deficit	$ (109,453)	$ (1,494,646)

As of September 30, 2018, the Company had total current assets of $587,056 and a working capital deficit of $109,453 compared to total current assets of $388,909 and a working capital deficit of $1,494,646 as of June 30, 2018. The decrease in our working capital deficit was directly due to sale of certain owned properties during the period and proceeds from financings of $1,165,000 which allowed us to retire certain mortgages payable.

During the three months ended September 30, 2018, cash used by operating activities totaled $81,888, primarily as a result of a net loss from operations of $265,445, offset by share based compensation of $210,000, loss on disposal of property of $5,412 and depreciation, amortization and impairment expenses of $7,423. Further during the three months ended September 30, 2018 our accrued expenses were reduced by $41,579, offset by a slight increase to accounts payable of $2,881. In the three months ended September 30, 2017 cash used by operating activities totaled $6,995 with a net loss from operations of $764,039 offset by non-cash interest of $677,206 and depreciation, amortization and impairment expenses of $26,677. During the three months ended September 30, 2017 the Company experienced an increase to accrued expenses of $60,881 offset by a reduction to accounts payable of $11,093.

Net cash used in investing activities was $5,754 in the three months ended September 30, 2017 as compared to $157,564 in 2018 as a result of the loss of certain banking facilities in fiscal 2018 due to the nature of our area of operations which required us to transfer the Company's cash and its banking operations to an entity owned and controlled by management while sourcing other banking solutions. Further, in the three months ended September 30, 2017 we received $13,500 under option agreements for certain units at our Eagle Creek condominium compared to $Nil received in the three months ended September 30, 2018. The Company purchased certain property and equipment during fiscal 2017 in the amount of $19,254 with no similar expenditures during fiscal 2018.

Net cash provided by financing activities was $261,615 in the three months ended September 30 2018 as compared to $4,447 in 2017. During the current three-month period ended September 30, 2018 the Company closed private placements for total proceeds of $1,165,000 which amounts were offset by the repayment of mortgages in the

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amount of $903,385. During the three months ended September 30, 2017 the Company received proceeds from related party advances of $30,000 offset by mortgage repayments of $25,553.

Going Concern

265,445

764,039

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. The results of their evaluation form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and circumstances. Our significant accounting policies are more fully discussed in the Notes to our Financial Statements. Refer to Note 2 of the Unaudited Consolidated Financial Statements included herein.

Recent Accounting Pronouncements

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company and are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2018, our disclosure controls and procedures were not effective, for the reasons discussed below, to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

A material weakness is a deficiency, or combination of deficiencies, that creates a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected in a timely manner.

The material weakness related to our company was due to not having the adequate personnel to address the reporting requirements of a public company and to fully analyze and account for our transactions.

Accordingly, while we identified a material weakness in our system of internal control over financial reporting as of September 30, 2018, we believe that we have taken reasonable steps to ascertain that the financial information contained in this report is in accordance with GAAP. We are committed to remediating the control deficiencies that constitute the material weaknesses by implementing changes to our internal control over financial reporting.

Management is responsible for implementing changes and improvements in the internal control over financial reporting and for remediating the control deficiencies that gave rise to the material weaknesses.

Going forward, we intend to evaluate our processes and procedures and, where practicable and resources permit, implement changes in order to have more effective controls over financial reporting.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company's property is not the subject of any pending legal proceedings.

ITEM 1A. RISK FACTORS

The Company is a smaller reporting company and is not required to provide this information.

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

On October 1, 2018 the Company issued a total of 237,540 shares of common stock to certain officers and directors as part of their respective employment and/or board compensation package.

Other than as set out above, there were no unregistered sales of equity securities during the period covered by this Report that were not previously included in a Current Report on Form 8-K or on Form l0-K or Form 10-Q.

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

On October 24, 2018 Ms. Joann Cleckner, the Company's Secretary resigned her position with an effective date of November 15, 2018.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit
31.1	Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer) pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.

	Section 1350)
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.

GROW CONDOS, INC.

Date: November 19, 2018 By: /s/ Jonathan Bonnette

Name: Jonathan Bonnette

Jonathan Bonnette

Chief Executive Officer, and President (Principal Executive Officer)